



Promising Reliability, For Now and Tomorrow



# Progress with purpose



Annual Report  
2024







ANNUAL REPORT 2024

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

## ABOUT THE THEME

"Progress with Purpose" is the guiding theme of International Industries Limited's Annual Report 2024, reflecting our unwavering commitment to a greener, more inclusive, and prosperous future of the societies we operate in. As we stride forward with a focus on green energy, we envision a future where our initiatives contribute to a cleaner, greener environment, ensuring a sustainable legacy for generations to come. Our journey is fuelled by the belief that true progress is rooted in inclusivity and diversity, empowering every member of society to take part in building a brighter, more promising future.

Together, we are not just enabling progress today but laying the foundation for a better tomorrow, so that future generations can look back and not just be grateful for the fruits of industrial progress, but also the sustainable and green environment they live in.

## ABOUT THE REPORT

We are pleased to present our Annual Report for the year ended June 30, 2024. The objective of this report is to provide all stakeholders with a transparent and balanced appraisal of the material events and challenges that the business faced during the year under review. This report should be read in conjunction with the full financial statements.

### Scope and Limitation of This Report

This annual report is for the period from July 1, 2023, to June 30, 2024, and provides an account of the Company's operational, financial, social, economic, and environmental performance as well as corporate governance.

### Annual Financial Statements

These financial statements are also available on our website ([www.iil.com.pk](http://www.iil.com.pk)) and provide a detailed insight into the financial position of the Company for the period under review.

### Forward-Looking Statements

This report contains certain 'forward-looking statements' which are related to the future. These statements include known and unknown risks and opportunities, uncertainties, and important factors that could turn out to be materially different from current expectations following the publication of these results. These statements are as of the date of this document. The company undertakes no obligation to update publicly or release any provisions pertaining to these forward-looking statements.

### Feedback

We value the feedback of our stakeholders and use it to continuously improve our reporting and to ensure that we are sharing information about matters relevant to them. Feedback is welcome at [investors@iil.com.pk](mailto:investors@iil.com.pk)

# KEY PERFORMANCE HIGHLIGHTS



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76<sup>th</sup> ANNUAL GENERAL MEETING

Beach Luxury Hotel, Karachi and via Video Conferencing

Friday, September 27, 2024 at 10:30 am









# Pioneering the Path to Tomorrow

*As industry leaders, we are committed to innovation and setting new benchmarks. By embracing cutting-edge technologies and forward-thinking strategies, IIL continues to drive progress, paving the way for a future where we can contribute to a more efficient, connected, and sustainable world.*





# Future with Promise

*Our vision extends beyond today's successes to the opportunities of tomorrow. IIL is dedicated to nurturing talent, investing in research, and developing solutions that meet the evolving needs of our customers and society. With a focus on long-term value creation, we aim to secure a promising future for generations to come.*







# Green Today, Thriving Tomorrow

*Sustainability is at the heart of our operations. IIL's commitment to environmentally friendly practices ensures that our growth does not come at the cost of the planet. By implementing green initiatives, we not only reduce our carbon footprint but also inspire others to join us in building a thriving, sustainable tomorrow.*

# SECTION 1.0

## ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

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## Company Profile

**International Industries Limited (IIL)** is a premier manufacturer of steel and polymer pipes, tubes, and fittings, recognized globally for its commitment to innovation, quality, and sustainability. As Pakistan's market leader and a notable player on the international stage, IIL has a proud legacy of driving industrial growth since its establishment in 1948.

Publicly listed on the Pakistan Stock Exchange, IIL is supported by a substantial equity of PKR 18.4 billion (USD 65 million) and generates annual revenue of PKR 29 billion (USD 103 million). The company has consistently ranked among Pakistan's Top 25 Companies for 16 consecutive years, reflecting its strong financial performance and industry leadership.

IIL is a core member of the **Amir S. Chinoy (ASC) Group**, a conglomerate known for its ethical practices, industrial excellence, and innovation. The ASC Group also includes:

- **International Steels Limited (ISL):** Pakistan's largest producer of cold-rolled, galvanized, and color-coated steel coils and sheets, with an annual manufacturing capacity exceeding 1 million tons and annual revenues of PKR 69 billion (USD 244 million).
- **Pakistan Cables Limited (PCL):** The nation's largest manufacturer of electrical cables, wires, copper rods, PVC compounds, and aluminium sections, a household brand with annual revenues of PKR 26 billion (USD 92 million).
- **Chinoy Engineering & Construction (Pvt) Limited (CECL):** A pivotal entity in the ASC Group's strategic diversification into construction and engineering, providing value-added revenue streams and enhancing downstream integration.

Expanding its global footprint, IIL operates through key subsidiaries:

- **IIL Australia Pty Limited:** IIL's wholly-owned Australian subsidiary represents the Group's interests in the Asia-Pacific region, with annual revenues of AUD 13 million (USD 8.8 million).
- **IIL Americas Inc.:** Based in Toronto, this subsidiary focuses on the North American market, generating annual revenues of CAD 11 million (USD 8.1 million).

IIL's products reach over 60 countries across six continents, enabling the company to earn the prestigious **FPCCI Export Performance Award** for 24 consecutive years. This accolade underscores IIL's unwavering commitment to quality in international markets.

Our dedication to excellence is further reflected in the numerous awards and certifications IIL has garnered, including the **Corporate Excellence Award**, **Environment Excellence Award**, and **OHSE Award**. IIL is certified to international standards such as ISO 9001, ISO 14001, ISO 45001, API 5L, PSQCA, UL, and CE. Notably, IIL was the first Pakistani company to achieve ISO 45001 certification from Lloyds Register Quality Assurance (LRQA).

As a responsible corporate citizen, IIL actively contributes to community development and upholds ESG best practices. We are proud to champion the **UN Sustainable Development Goal (SDG) 7—Affordable and Clean Energy for All**—by transitioning a significant portion of our energy needs to renewable sources.

Our industry leadership is further strengthened through memberships in esteemed associations such as the **International Tube Association (ITA)**, **Galvanizers Associations of Australia (GAA)**, **Australian Wire Industry Association (AWIA)**, and **Canadian Fence Association (CFA)**. Additionally, IIL’s accreditation as an Australian Trusted Trader (ATT) and by the Australia Border Force (ABF) highlights our dedication to international standards and integrity.

For more information on IIL’s legacy of innovation and reliability, please visit [www.iil.com.pk](http://www.iil.com.pk).

### Key Achievements FY 2023–24

1. **Employer of the Year Award (Gold Recognition in the National Category)** by the Employers Federation of Pakistan (EFP).
2. **Top 25 Companies Award** by the Pakistan Stock Exchange (PSX).
3. **Certificate of Excellence** by the Management Association of Pakistan (MAP).
4. **CSR Awards 2024 in the 'Green Energy' Category** by the National Forum for Environment & Health (NFEH).
5. **OHSE Best Practices Award** by the Employers Federation of Pakistan (EFP).
6. **Risk-Based Fire Safety Excellence Award 2023** by the Fire Protection Association of Pakistan (FPAP).
7. **Supplier Excellence Awards 2023 (Silver Award in the Innovation Champion Category)** by K-Electric
8. **Best Export Performance Award for Export of Engineering Products - Mechanical** by the Federation of Pakistan Chamber of Commerce and Industry (FPCCI)
9. **Certificate of Merit for the Best Corporate Report** by the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).



## VISION

To be a globally respected, innovative, and entrepreneurial company, enriching lives while remaining focused on providing competitive quality products and services.

## MISSION

International Industries Limited is a customer-focused, quality-conscious company committed to economies of scale. IIL shall continually endeavor to enhance the effectiveness of its quality, environmental, and occupational health & safety management systems. It is committed to being an ethical company at all times and shall conform to all applicable legal requirements, and endeavour to fulfill and exceed the expectations of all stakeholders.

Teamwork, continuous improvement, waste reduction, protection of the environment, improvement in safety practices, a fair return to shareholders, and fulfillment of social responsibility shall be the hallmark of all activities.

## VALUES

Our values define how we do business and interact with our colleagues, partners, customers, consumers, and other stakeholders.

Our core values are:

Ethics | Excellence | Fairness | Innovation | Reliability | Respect | Responsibility



# ETHICS, CULTURE AND VALUES

At IIL, we take pride in uncompromising integrity through each individual's effort towards a quality product for our customers and fairness in our dealings with all stakeholders.



## ETHICAL

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



## FAIRNESS

IIL believes in fairness towards all stakeholders.



## RELIABILITY

IIL has established itself as a reliable and dependable business partner and a preferred supplier of choice.



## EXCELLENCE

IIL endeavours to exceed the expectations of all stakeholders.



## INNOVATION

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



## RESPECT

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



## RESPONSIBILITY

IIL considers health, safety and care for the environment an integral part of its activities and way of life.



# COMPANY INFORMATION

## **Chairman** (Non-Executive)

Mr. Kamal A. Chinoy

## **Independent Directors**

Mr. Adnan Afridi

Mr. Asif Jooma

Mr. Haider Rashid

Mr. Jehangir Shah

Mr. Mansur Khan

## **Non-Executive Directors**

Mr. Mustapha A. Chinoy

Mrs. Selina R. Khan

## **Chief Executive Officer**

Mr. Sohail R. Bhojani

## **Chief Financial Officer**

Mr. Muhammad Akhtar

## **Company Secretary & Head of Legal Affairs**

Mr. Mohammad Irfan Bhatti

## **Chief Internal Auditor**

Mr. Muhammad Atif Khan

## **External Auditors**

M/s A.F. Ferguson & Co.

## **Bankers**

Allied Bank Limited

Askari Bank Limited

Bank AL Habib Limited

Bank Alfalah Limited

BankIslami Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

Industrial and Commercial Bank of China Limited

MCB Bank Limited

Meezan Bank Limited

Samba Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

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KMS Law Associates

## **National Tax Number**

0710735-8

## **Sales Tax Registration Number**

02-04-7306-001-82

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35017030

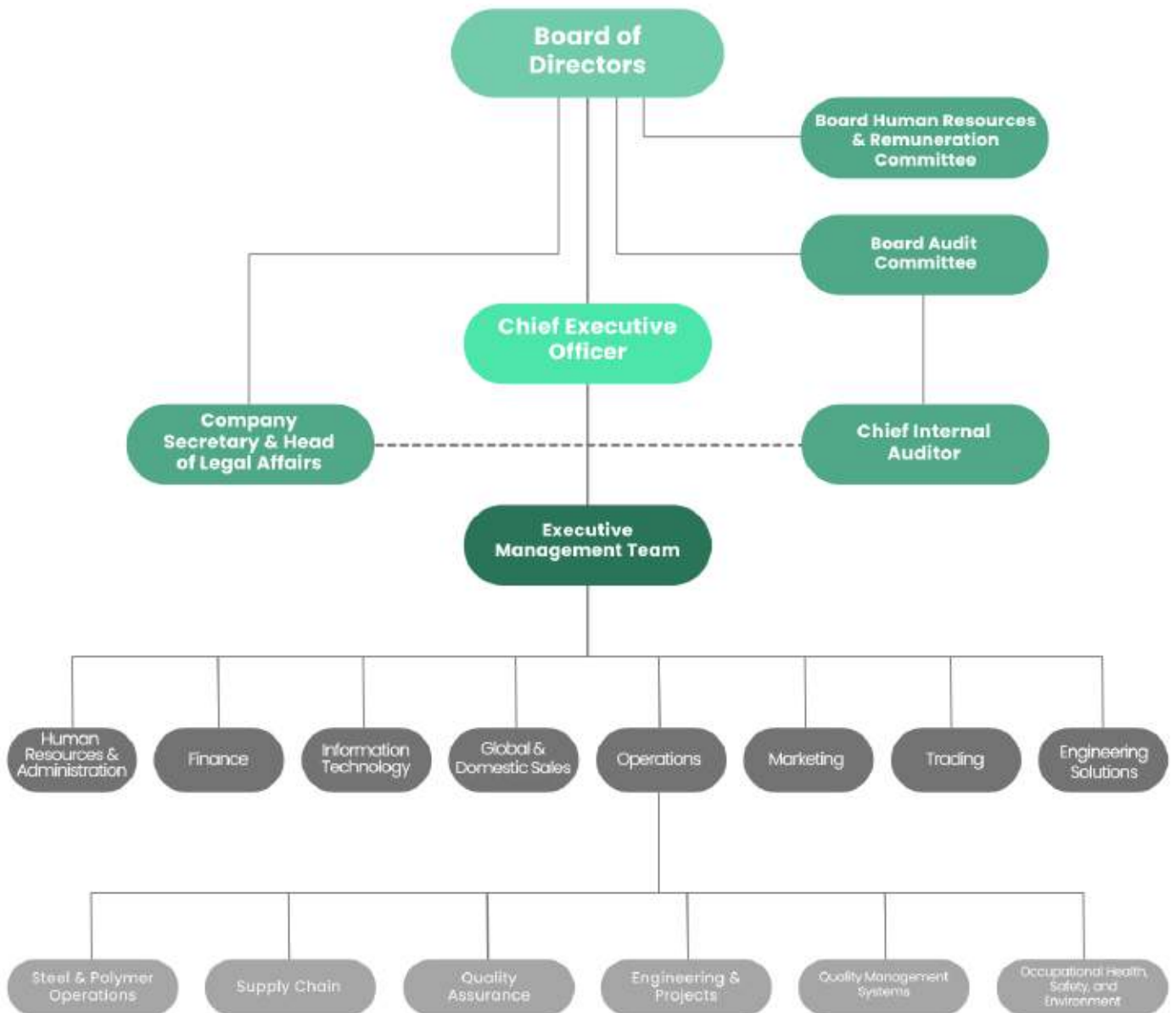
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E-mail: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

# ORGANIZATION CHART



# BUSINESS AT A GLANCE

## Principal Business Activities

ILL is engaged in the manufacture, marketing, and sale of steel pipes and tubes, stainless steel tubes, and polymer pipes and fittings.

ILL's Engineering Solutions division provides innovative products & services to meet industry needs i.e., Scaffolding (tube & clamp, ringlock, and frames & brace), Shoring, Formwork solutions, and customized value added products and solutions.

The Company has also successfully established a new business, ILL Trading Division, which will act as a business development hub to introduce and represent reputable overseas industrial brands in Pakistan.

## Key Markets

The Company is the market leader in Pakistan with sales across the nation. Its domestic operations are geographically divided into 20 territories representing the country's largest urban centers.

Additionally, ILL is also Pakistan's largest exporter of pipes and tubes with a widespread export footprint spanning 60 countries across 6 continents.

ILL's key export markets are Australia, North America, Europe, the United Kingdom, Southeast Asia, and the Middle East.

## Key Products

ILL is widely recognized as Pakistan's leading brand of pipes and tubes across various business segments. These comprise of:

1. Steel Pipes & Tubes
2. Stainless Steel Tubes
3. Polymer Pipes & Fittings
4. Scaffolding & Formwork Solutions
5. Fixing Solutions, Tools, and Industrial Chemicals

# Steel Pipes & Tubes

EN391/L3



# STEEL PIPES & TUBES



## III Galvanized Iron (GI) Pipes

III GI pipes are corrosion and rust-resistant pipes that are ideal for the transmission of potable water, natural gas, oil, and other fluids. They are also used in fencing, hand pumps, low-cost shelters, and general fabrication.

They are certified to European Conformity Standards (CE) and are manufactured in accordance with the highest applicable international standards (BS EN 10255: 2004, ASTM A53, ASTM A795, EN39, SLS829:2009, AS 1074, AS 4792).

They are available in nominal diameters from 15mm (1/2") to 200mm (8") and in thicknesses ranging from 1.60mm to 5.40mm.



## III Hollow Structural Sections (HSS)

III HSS is ideal for the construction of buildings, bridges, pedestrian walkways, stadiums, and many other structures.

They are made in accordance with the highest applicable international quality standards (BS EN 10219, ASTM A53, A500 & A252).

They are available in round, square and rectangle shapes with thicknesses ranging from 1.65mm to 12.70mm.



## III Cold Rolled (CR) Steel Tubes

III CR steel tubes are predominantly used in the automotive, motorcycle, bicycle, and transformer industries and in the manufacturing of fans, furniture, tents, and other mechanical and general engineering items.

They are certified to European Conformity Standards (CE) and are manufactured in accordance with the highest applicable international standards (BS 1717: 1983, BS EN 10305-3: 2010, BSEN 10305-5: 2010 and EN 10296-1:2003).

They are available in round, square, rectangle, oval, and elliptical shapes in various sizes with thicknesses ranging from 0.60mm to 2.00mm.



## III Scaffolding Pipes

III's high-strength scaffolding pipes can be applied for scaffolding use in all types of construction projects.

They are manufactured in accordance with BS EN 39:2001 which is the highest applicable international quality standard for such pipes.

They are available in galvanized and black forms with an outer diameter of 48.30mm in Types 2, 3, and 4.



### **III Firefighting Pipes**

III firefighting pipes are ideal for specialized water transmission (high pressure, chemical liquids, extreme temperature steam, water, and gas).

They are certified by European Conformity Standards (CE) and Underwriters Laboratories (UL) and are manufactured in accordance with the highest applicable international standards (ASTM A53 Sch. 40 Grade A and B and ASTM A795).

They are available in nominal diameters of 1/2" to 12" with thicknesses ranging from 2.77mm to 10.31mm.



### **III Pre-Galvanized (PG) Tubes**

III PG tubes have a variety of uses in general fabrication including fence framework and are manufactured in accordance with BS EN10305-3 standard.

They are available in round, square, and rectangle shapes and thicknesses ranging from 0.80mm to 1.50mm.



### **III CRS Tubes**

III CRS tubes are ideal for straight use and are most commonly used in the fabrication of gates, grills, railings, light bedsteads, and other furniture.

They are available in various thicknesses ranging from 0.90mm to 1.80mm.



### **III American Petroleum Institute (API) Line Pipes**

III API Line pipes are used in the distribution of natural gas and petroleum.

They are available in PSL1 and PSL2 specifications made in accordance with API Monogram and API Specification under license 5L-0391 and 5L-1104.

They are available in diameters ranging from 3/4" to 12 3/4" with lengths ranging from 6.00m to 12.20m.



### **III L-T-Z-D Profiles**

III L-T-Z-D profiles are used in the fabrication of doors, windows, gates, and railings.

These profiles are available in various sizes with thicknesses ranging from 0.70mm to 1.20mm.

A close-up photograph of a stack of stainless steel tubes. The tubes are arranged in a way that creates a strong sense of depth and perspective. A prominent diagonal band of a vibrant green color runs across the image from the top right towards the bottom left, partially obscuring the tubes. The lighting highlights the metallic texture and the circular openings of the tubes.

# **Stainless Steel Tubes**



## STAINLESS STEEL TUBES



### **III Cosmo (SS Grade 300 Series)**

III Cosmo tubes are rust-resistant, premium stainless steel tubes that can be used in a variety of ornamental applications.

III Cosmo tubes are made in accordance with ASTM A240 & A554 and JIS G-4305 standards. They are available in round, square, and rectangular shapes in various sizes with thicknesses ranging from 0.80mm to 1.50mm.

These tubes are available in bright, satin/euro, and hairline surface finish.

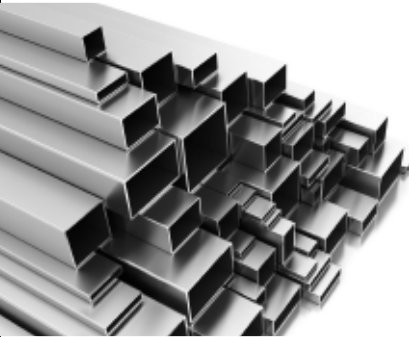


### **III Econic (SS Grade 200 Series)**

III Econic tubes are economical-grade stainless steel tubes that can be used in indoor applications and non-coastal environments.

III Econic tubes are made in accordance with ASTM A240 and A554, JIS G-4305 standards.

They are available in round, square, and rectangular shapes in various sizes with thicknesses ranging from 0.80mm to 1.50mm. These tubes are available in bright, satin/euro, and hairline surface finishes.



### **III Forza (SS Grade 400 Series)**

III Forza tubes are manufactured for use in automotive exhausts, trims, frames, and mufflers as well as home hot water systems.

III Forza tubes are manufactured in accordance with ASTM A240 and A554 standards.

They are available in diameters ranging from 12.00mm to 63.50mm with thicknesses ranging from 0.80mm to 1.50mm.

# Polymer Pipes & Fittings

OIL HOPE WATER



## POLYMER PIPES & FITTINGS



### IIL PPRC Pipes & Fittings

IIL PPRC pipes and fittings are ideal for the transmission of hot and cold water in all residential, commercial, and industrial settings.

IIL PPRC pipes and fittings are manufactured in accordance with the highest applicable international quality standards (DIN 16962, DIN 8077, DIN 8078). They are the only PSQCA-certified PPRC pipes and fittings in Pakistan.

These pipes are available in PN-16, PN-20, and PN-25 standards with diameters ranging from 20mm to 110mm and thicknesses ranging from 2.80mm to 18.30mm, making IIL PPRC range to be the widest range of PPRC pipes in Pakistan.



### IIL UPVC Pipes & Fittings

IIL UPVC Pipes & Fittings are excellent at fulfilling the needs of customers for sewerage, soil, waste, and vent systems and are manufactured on state-of-the-art automatic machinery with standardized raw material formulations.

They are available in Medium Grades M, G1, G2, and G3 with diameters ranging from 2 inches to 8 inches and thicknesses ranging from 1.60mm to 5.00mm.



### IIL MDPE Gas Pipes

IIL MDPE gas pipes are used for the distribution of natural gas, Liquefied Petroleum Gas (LPG), and other gaseous fuels.

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

They are available in PE-80, PE-100, and SDR 7-17.6, with diameters ranging from 20.00mm to 250.00mm and thicknesses ranging from 1.00mm to 22.70mm.



### IIL HDPE Water Pipes

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

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

They are available in Grade-80 (PN 08), Grade-100 (PN 08, PN 10, PN 12.5, PN 16, and PN 20) with diameters ranging from 20.00mm to 1600.00mm and thicknesses ranging from 1.90mm to 94.10mm. At 1600.00mm in diameter, IIL



## **III HDPE Duct Pipes**

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

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

They are available in diameters ranging from 12.00mm to 250.00mm with thicknesses ranging from 1.90mm to 27.90mm.



## **III HDPE CorruDuct Pipes**

III HDPE CorruDuct pipes are corrugated structural wall ducts with the advantages of lightweight and high flexibility. They are used to provide a ducting sheath for fiber optic and telecom cables.

III HDPE CorruDuct pipes are made in accordance with the highest applicable international quality standards (ASTM D638, ISO 1183, ASTM F-2160, ISO 2505, Bell Core GR-456). These pipes are available in diameters ranging from 20.00mm to 50.00mm with thicknesses ranging from 0.40mm to 1.00mm.





# Scaffolding and Formwork Solutions

# SCAFFOLDING AND FORMWORK SOLUTIONS



## Ringlock Scaffolding

ILL's Ringlock Scaffolding solution is ideal for high-rise structures and heavy construction loads and is quick to erect and dismantle compared to conventional scaffolding systems. Its rosette allows up to four braces and four horizontal attachments providing excellent frame-body stability.



## Frame & Brace Scaffolding

ILL's Frame & Brace Scaffolding solution is the fastest system to set up compared to others. It's lightweight and easy to handle, making it less labor-intensive. Additionally, users can easily convert it to a mobile scaffolding system for use in various applications.



## Shoring Props

ILL manufactures telescopic steel shoring props with a sturdy nut and pin arrangement in the middle for easily adjusting their length. This system is a cost-effective way to provide strong support without requiring expensive labor or taking up too much time.



## Formwork Solution

ILL serves as the authorized distributor of MEVA Formwork Systems in Pakistan. Through this partnership, ILL provides top-notch modular formwork systems to construction projects in Pakistan, enabling fast and effortless installation of the material and timely completion of the project work on site.

# Trading Business





## TRADING BUSINESS

The Company has established a new business trading division which will act as a business development hub to introduce and represent reputable overseas industrial brands in Pakistan. Through this business, ILL will be representing the following brands for distribution of their products throughout Pakistan:

- 1) Fischer – Over 14,000 products including electrical fixings, nylon and steel fixings, chemical fixings, bits and accessories, construction chemicals, machine accessories, fire protection, and screws.
- 2) Brenntag – Oil & Gas specialty chemicals.
- 3) Milwaukee – Power Tools, Accessories, Hand Tools, Storage, and related Spare Parts.
- 4) Mapei – Chemical products for the building industry.



# LEGISLATIVE AND REGULATORY ENVIRONMENT

International Industries Limited (IIL) operates within a complex legislative and regulatory environment. Understanding and complying with these regulations is the core for maintaining operational integrity, legal compliance, and competitive advantage. Below is an overview of the key legislative and regulatory aspects with which we comply:

## 1. Industry-Specific Regulations

### Steel Industry Regulations:

- **Environmental Compliance:** Regulations governing emissions, waste management, and environmental impact are stringent. Compliance with standards such as the Environmental Protection Agency (EPA) guidelines and local environmental regulations is mandatory.
- **Safety Standards:** The steel industry is subject to occupational health and safety regulations to ensure worker safety. Compliance with standards set by organizations such as OSHAS (Occupational Safety and Health Administration Systems) is required.

### Trade Regulations:

- **Import/Export Controls:** Regulations governing the import and export of steel products, including tariffs, trade agreements, and customs procedures, affect cross-border trade. Adherence to international trade agreements and local customs laws is essential.
- **Product Standards:** Compliance with international standards for quality, such as those set by BSEN, ASTM, API, ISO and others, is necessary to meet market expectations.

## 2. Corporate Governance and Compliance

### Corporate Law:

- **Companies Act Compliance:** Adherence to corporate governance standards as defined by the Companies Act, which governs company registration, management, and reporting requirements.
- **Disclosure and Transparency:** Requirements for financial reporting, audit processes, and corporate disclosures are enforced to ensure transparency and protect shareholder interests.

### Ethical Practices:

- **Anti-Corruption Laws:** Compliance with anti-corruption and anti-bribery laws to prevent unethical practices and ensure fair dealings.
- **Data Protection:** Adherence to data protection regulations such as the General Data Protection Regulation (GDPR) or local data privacy laws to safeguard customer and employee information.

## 3. Environmental and Sustainability Regulations

### Environmental Protection:

- **Pollution Control:** Regulations related to air and water pollution control, including limits on emissions and discharge, is followed.
- **Waste Management:** Compliance with waste disposal and recycling regulations to manage industrial by-products and reduce environmental impact.

### Sustainability Reporting:

- **ESG Requirements:** Reporting obligations related to environmental, social, and governance (ESG) factors to demonstrate sustainability and ethical practices.

## 4. Labor and Employment Laws

### Labor Standards:

- **Employment Rights:** Compliance with local labor laws concerning wages, working conditions, and employee rights.
- **Health and Safety:** Adherence to occupational health and safety regulations to ensure a safe working environment.

### Union Regulations:

- **Collective Bargaining:** Compliance with laws related to employee unions, collective bargaining agreements, and labor disputes.

## 5. Financial Regulations

### Taxation:

- **Corporate Tax Compliance:** Adherence to corporate tax laws, including the filing of tax returns and payment of taxes in accordance with FBR.

Navigating the legislative and regulatory environment is critical for IIL's operations. Compliance with industry-specific regulations, corporate governance standards, environmental laws, labor and employment rules, and financial regulations ensures legal adherence and supports sustainable business practices. Staying informed and proactive in addressing regulatory changes is essential for maintaining operational efficiency and achieving long-term success.

# Amir S. Chinoy Group



Although its roots can be traced back to the early 1800s, the foundation of the ASC Group was laid by Mr. Amir S. Chinoy, our founder and a pioneer of industrialization in Pakistan, who established manufacturing concerns in steel pipes (International Industries Limited, 1948), heavy chemicals (Pak Chemicals Ltd, 1951), and electrical wires and cables (Pakistan Cables Limited, 1953).

As flag bearers of determination and innovation, the Group later invested in a greenfield project for the manufacture of cold-rolled, galvanized, and colour-coated steel coils and sheets (International Steels Limited, 2007). Today, the ASC Group is one of the leading industrial groups in Pakistan with proven expertise in manufacturing, trading, and industrial services. In Pakistan, the ASC Group has 7 manufacturing locations, nationwide offices, and an extensive distribution network through 2600+ outlets in over 500 cities and towns across the country.

The ASC Group enjoys a credible export pedigree with combined export revenues in excess of USD 65 million. The Group's global footprint is further represented by its growing network of international subsidiaries and an on-ground presence in Australia, Canada, Ireland, Sri Lanka, and Qatar.

The broad range of products and services offered by the Group includes:

**Flat Steel**

**Pipes & Tubes**

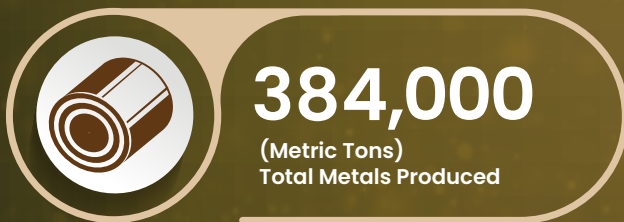
**Wires & Cables**

**Engineering &  
Construction  
Solutions**

**Industrial  
Products &  
Solutions**

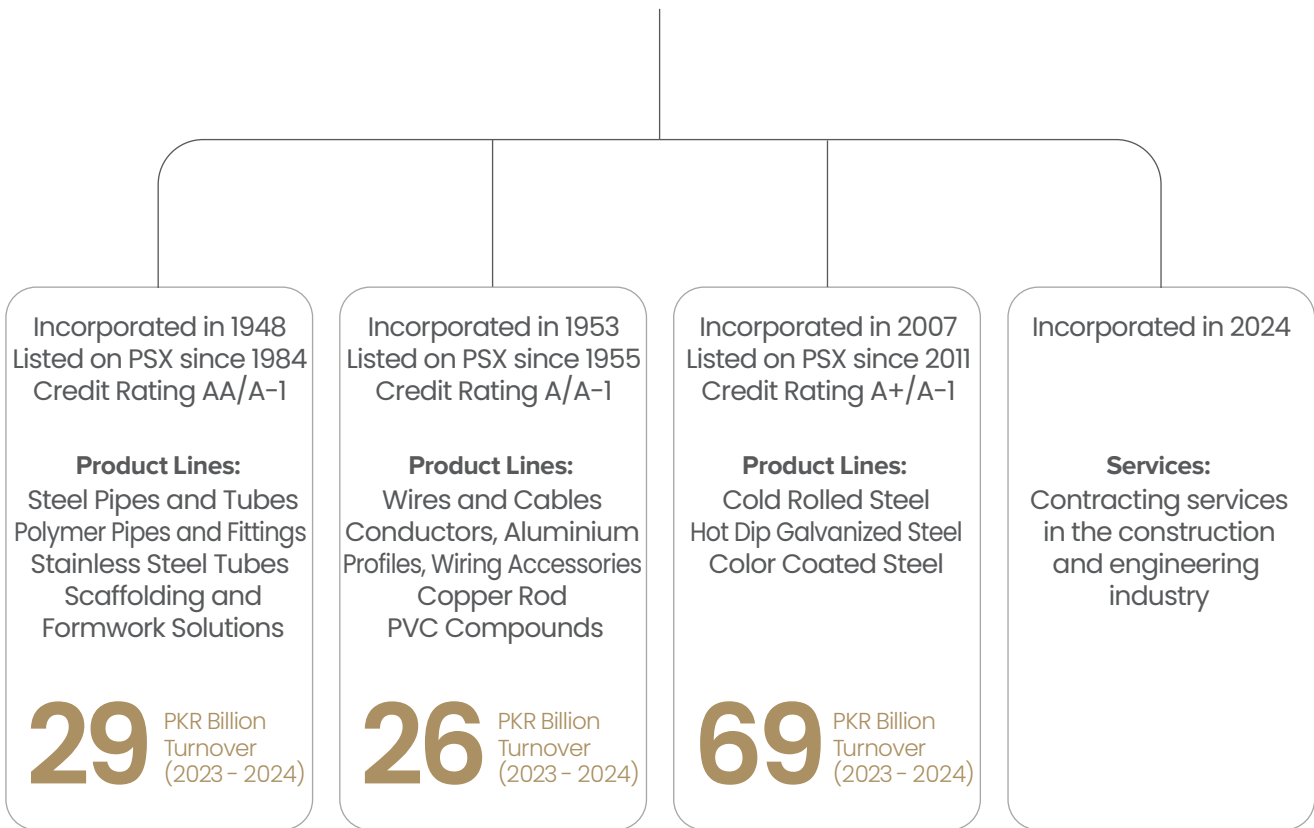
Recognizing the importance of environmental stewardship and social responsibility, the ASC Group integrates sustainable practices across its businesses and the communities in which it operates. The Group is a proud signatory to the UN Global Compact, is a champion of the UN Sustainability Development Goal 7 (Affordable & Clean Energy), and has installed over 13MW of renewable energy and planted 50,000+ trees at its factories. In addition to a health clinic that treats 35,000 patients each year, the Group has established two schools with a total enrolment of more than 1,000 students (with 51% female enrolment) in underprivileged communities in Karachi. By championing sustainability and philanthropy, the Group not only gives back to society but also fosters a culture of empathy and compassion, contributing to a brighter and more sustainable future for all.

# Group Highlights



\*As on FY ending 30<sup>th</sup> June 2024

# Member Companies



# Highlights of the ASC Group Events



## **PINKTOBER Marked**

Member companies of the ASC group jointly organized a Breast Cancer Awareness event, featuring Dr. Sana Zeeshan from Aga Khan University Hospital's Breast Department and Nausheen Farrukh, a clinical psychologist with 20 years of rich experience in the field. The session helped attendees learn more about the symptoms, prevention and treatment of the disease.



## **1st Amir S. Chinoy Women's Tape ball Cricket Tournament 2023**

Proud teams of Tectonic Titans (ILL), Electric Eagles (PCL), Steel Strikers (ISL) showcased the spirit of inclusivity and women's empowerment on the field at the 1st Amir S. Chinoy Women's Tape ball Cricket Tournament 2023 held in Karachi.

ISL lifted the trophy of the 1st Amir S. Chinoy Women's Tape ball Cricket Tournament 2023.



## **10th Amir S. Chinoy Memorial Tape ball Tournament 2023**

Reliving the spirit of passion, the 10th Amir S. Chinoy Memorial Tape-ball Tournament was organized in Karachi. ISL lifted the trophy for the 10th Amir S. Chinoy Memorial Tape-ball Tournament 2023. ILL Tigers and PCL Shaheens emerged as runners-up.



## **International Women's Day Celebration**

International Women's Day festivities were organized by the ASC group in Karachi, aimed to #InspireInclusion. The event featured sessions on "The Empowered Her" by Saya Health's Natasha Khan, a Martial Arts demonstration by Madiha Habib and "Her Health Check" by Sobana Baree from SIB. The activities concluded with shield distribution and a lively session at Jumbo Jump for all female staff of member companies.

# Highlights of the ASC Group Events



## Super Challengers' Premier League Edition 14

The ASC group Cricket Team won the runner-up trophy in the thrilling Super Challengers' Premier League (Edition 14) Grand Final held in Karachi.



## Engineering and Healthcare Show 2023, Lahore

The ASC group jointly exhibited at TDAP's 3rd Engineering and Healthcare held in Lahore. All three group member companies showcased their product range and interacted with visitors during the three days exhibition.



## ASC Group sponsored the Access. Ability. Careers Fair

The ASC group supported ConnectHear as Bronze Sponsors at the Access. Ability. Careers Fair, championing diversity and equal opportunities for all. ASC group stall attracted over 300 enthusiastic individuals, united in shaping a more inclusive tomorrow.



## ASC Group sponsored the 38th MAP Corporate Excellence Awards 2023

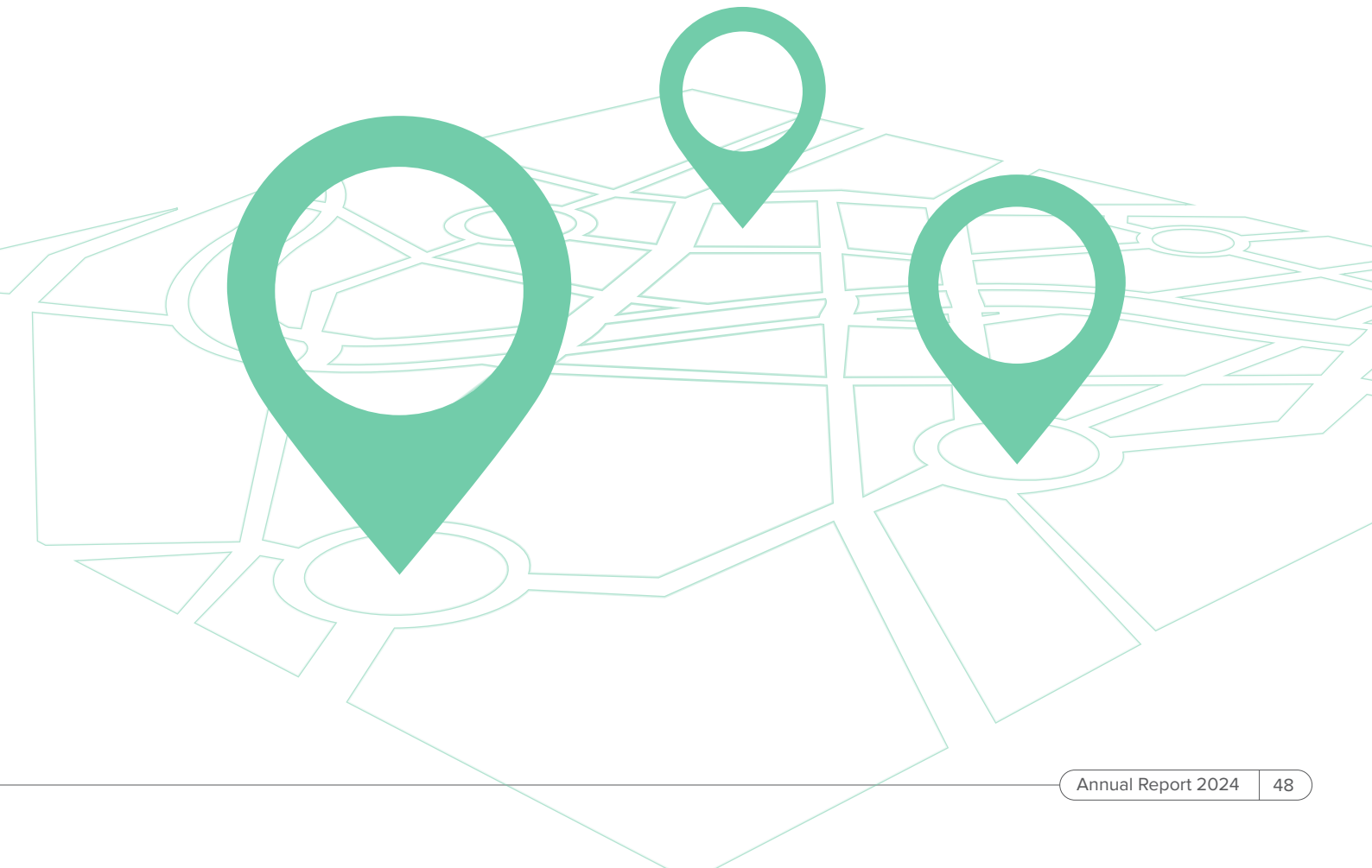
The ASC group jointly sponsored the 38th MAP Corporate Excellence Awards held in Karachi.

Member companies of the ASC group were awarded and recognized at the 38th Corporate Excellence Awards 2023 organized by the Management Association of Pakistan (MAP).

ISL and PCL won the excellence awards in the Engineering Goods category and Cable and Electrical Goods category, respectively; while ILL received Certificate of Excellence under the Engineering Goods category.



# Our Presence



# DOMESTIC PRESENCE

ILL has established itself as a cornerstone of Pakistan's industrial landscape, with a significant domestic presence that spans the length and breadth of the country. Our commitment to quality, innovation, and customer satisfaction is deeply embedded in our operations, ensuring that we serve our local market with the same dedication that has earned us international acclaim.

## Headquarters and Production Facilities:

ILL's corporate headquarters are strategically located in Karachi, the commercial and industrial hub of Pakistan. From this central location, we oversee and manage our extensive operations across the country, ensuring that our strategic vision is effectively implemented at every level of the organization.

Our manufacturing strength is anchored by three state-of-the-art production facilities, two of which are located in Karachi and a third in Sheikhupura. These facilities are equipped with the latest technology and adhere to the highest international standards of production. This allows us to meet the diverse needs of our domestic market while maintaining the quality and reliability that our customers have come to expect from ILL. The strategic placement of these facilities enables us to efficiently manage production and logistics, ensuring timely delivery of our products to customers across the country.

## Regional Offices:

To provide comprehensive coverage and support to our customers, ILL has established regional offices in all major urban centers of Pakistan. These offices serve as vital points of contact for our clients, offering localized support and ensuring that we remain closely connected to the needs of the market. Our regional offices are located in:

- **Karachi:** Serving as both our corporate headquarters and a key regional hub, our Karachi office plays a pivotal role in managing our operations across the southern region of Pakistan.
- **Lahore:** As the heart of Pakistan's economic and cultural activity, our Lahore office caters to the central region, providing essential support to industries and businesses throughout Punjab.
- **Rawalpindi:** Our office in Rawalpindi enables us to efficiently serve the northern region, including the capital city of Islamabad and the surrounding areas.
- **Peshawar:** Located in the northwest, our Peshawar office allows us to maintain a strong presence in Khyber Pakhtunkhwa, supporting the region's growing industrial and construction sectors.
- **Multan:** Our Multan office serves the southern Punjab region, providing tailored solutions and support to the agricultural and industrial sectors that are the backbone of the local economy.



Offices



Factories



**Distribution and Retail Network:**

ILL's extensive distribution and retail network is a testament to our commitment to ensuring that our products are readily available to customers across Pakistan. With over 1,500 customers, our network serves more than 200 cities and towns nationwide, effectively covering both urban and rural areas. Our distribution system is meticulously organized into 5 regions and 20 territories, allowing us to manage our operations efficiently and deliver our products with precision.

This robust network not only ensures the widespread availability of our products but also supports our customers by providing them with the resources and assistance they need to succeed. Our network's reach extends to every corner of the country, making ILL a trusted and reliable partner for businesses and industries throughout Pakistan.

# GLOBAL PRESENCE

At IIL, our commitment to excellence and innovation has allowed us to establish a truly global presence, reflecting our vision of being a world-class manufacturer and supplier of steel and polymer pipes, tubes, and fittings. Our products are trusted in over 60 countries across 6 continents, making IIL a significant player on the international stage.

## Expanding Our Global Footprint

### Over 1 Million Tons of Exports to Date:

Our journey towards becoming a global leader is marked by the milestone of exporting over 1 million tons of products worldwide. This achievement underscores our ability to meet the rigorous demands of international markets, where quality, reliability, and consistency are paramount.

### Presence in Key Markets:

As a truly international company, IIL has strategically established on-ground operations in several key markets, including Australia, Canada, and Sri Lanka. These locations serve as critical hubs for our operations, enabling us to respond swiftly to the needs of our customers and ensure the timely delivery of our products.

**Australia:** Our wholly-owned subsidiary, IIL Australia Pty Limited, plays a vital role in representing the Group's interests across the Asia-Pacific region. This presence allows us to tap into one of the world's most dynamic markets, characterized by a high demand for quality infrastructure and industrial products.

**Canada:** IIL Americas Inc., our subsidiary in Toronto, serves as the cornerstone of our operations in North America. This strategic positioning allows us to cater to the complex and diverse needs of the North American market, offering customized solutions that meet the highest standards of quality and performance.

**Sri Lanka:** Our operations in Sri Lanka enable us to strengthen our presence in South Asia, providing us with a platform to serve emerging markets with significant growth potential.

## Preferred Supplier in Global Markets

### Proven Quality:

IIL's reputation for producing high-quality products that meet international standards has been a key driver of our global success. Our adherence to stringent quality controls and certifications, such as ISO 9001, ISO 14001, ISO 45001, API 5L, PSQCA, UL, and CE, ensures that our products are trusted by customers worldwide, whether in advanced economies or emerging markets.

### Strong Supply Chain:

Our robust supply chain capabilities enable us to efficiently manage the complexities of global logistics, ensuring that our products reach customers on time, every time. By leveraging state-of-the-art technology and strategic partnerships with leading logistics providers, we maintain a seamless flow of products across borders, adapting to the unique requirements of each market.



**Dedicated Customer Service:**

At IIL, customer satisfaction is at the core of our operations. Our dedicated customer service teams are equipped with the knowledge and expertise to provide personalized support, ensuring that our clients receive the best possible solutions tailored to their specific needs. This commitment to customer service has earned us the loyalty and trust of clients around the world, positioning IIL as a preferred supplier in both advanced and conventional export markets.

**Recognition and Accolades**

**Export Performance Awards:**

IIL's excellence in international trade has been recognized with the prestigious FPCCI Export Performance Award for 23 consecutive years. This accolade is a testament to our unwavering commitment to delivering superior products and services to our global clientele.



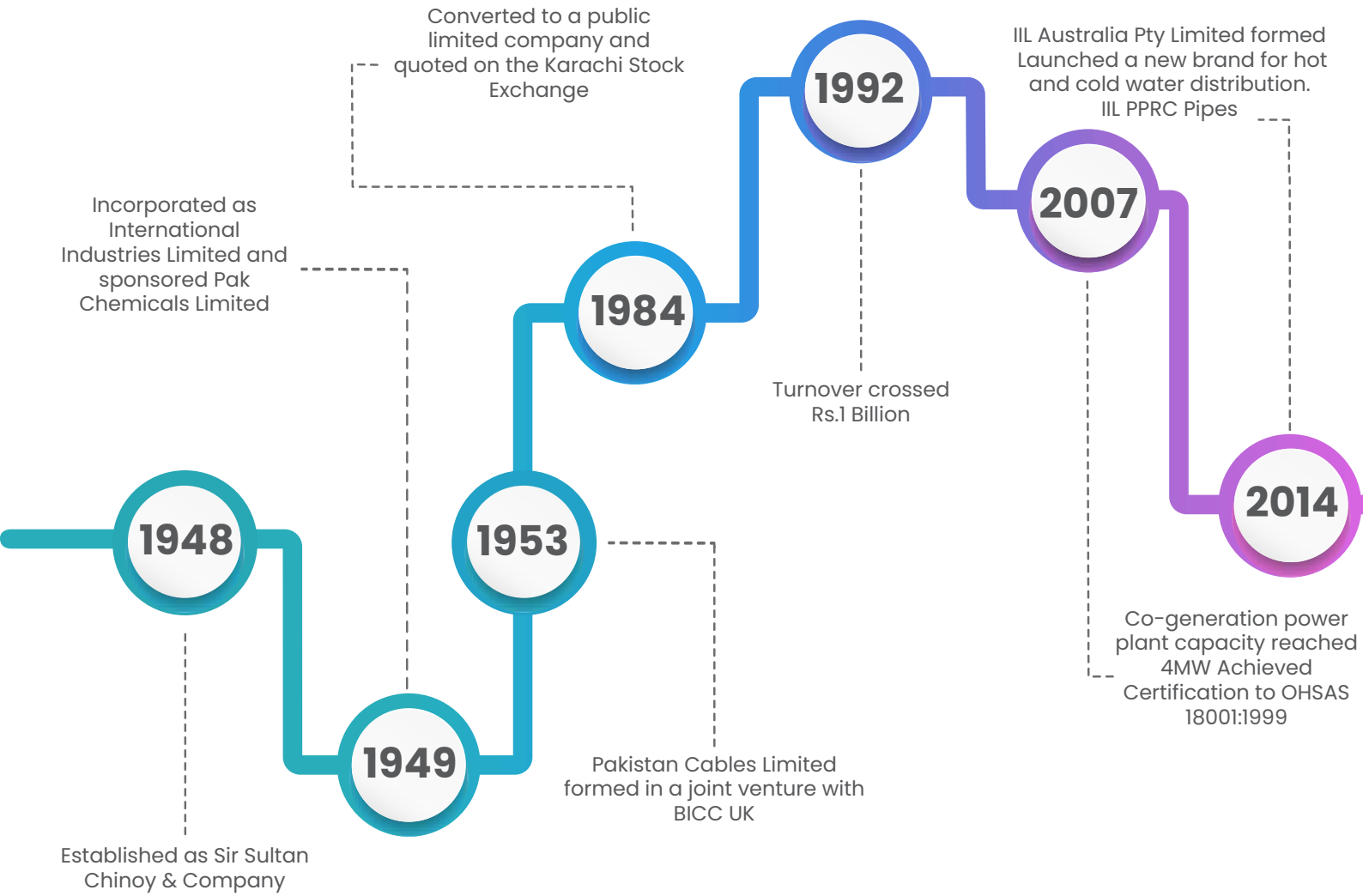
**Strategic Global Partnerships:**

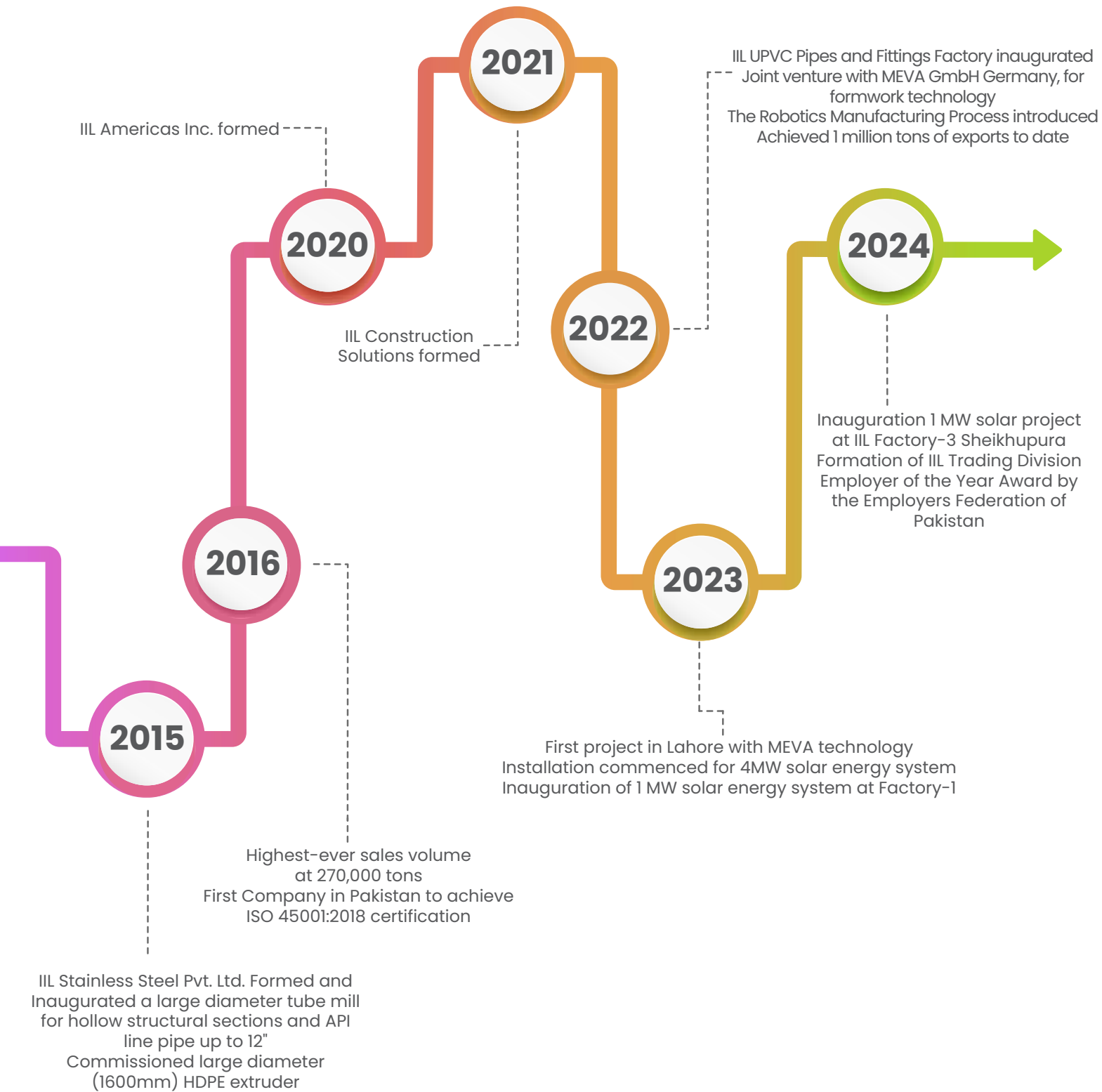
Our memberships in esteemed associations such as the International Tube Association (ITA), the Galvanizers Associations of Australia (GAA), the Australian Wire Industry Association (AWIA), and the Canadian Fence Association (CFA) further enhance our global standing. These affiliations enable us to stay at the forefront of industry trends and best practices, ensuring that we continue to meet the evolving needs of our customers worldwide.

**Looking Ahead:**

As part of our strategic vision for continued growth in the global markets, we are exploring opportunities to further our reach in our strategic markets, tap into new markets, and strengthen our global presence.

# MILESTONES





## AWARDS AND ACCOLADES

ILL is proud to have received numerous awards and accolades from renowned institutions over the years.

YEAR	AWARDS AND ACCOLADES
2024	<p>Employer of the Year Award (Gold Recognition in the National Category) by the Employers Federation of Pakistan (EFP).</p> <p>Top 25 Companies Award by the Pakistan Stock Exchange (PSX).</p> <p>Certificate of Excellence by the Management Association of Pakistan (MAP).</p> <p>CSR Awards 2024 in the 'Green Energy' Category by the National Forum for Environment &amp; Health (NFEH).</p> <p>OHSE Best Practices Award by the Employers Federation of Pakistan (EFP).</p> <p>Risk-Based Fire Safety Excellence Award 2023 by the Fire Protection Association of Pakistan (FPAP).</p> <p>Supplier Excellence Awards 2023 (Silver Award in the Innovation Champion Category) by K-Electric</p> <p>Best Export Performance Award for Export of Engineering Products - Mechanical by the Federation of Pakistan Chamber of Commerce and Industry (FPCCI)</p> <p>Certificate of Merit for the Best Corporate Report by the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).</p>
2023	<p>Certificate of Excellence by the Management Association of Pakistan in the Engineering category Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI</p>
2022	<p>Top 25 Companies Award by PSX</p> <p>Award for the Best Corporate Report 2021 by ICAP and ICMAP</p> <p>Certificate of Merit for the Best Sustainability Report 2021 by ICAP and ICMAP</p> <p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Certificate of Excellence at 37th Corporate Excellence Awards by MAP</p>
2021	<p>Top 25 Companies Award by PSX</p> <p>Award for the Best Corporate Report 2020 by ICAP and ICMAP</p> <p>Certificate of Merit for the Best Sustainability Report 2020 by ICAP and ICMAP</p> <p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI</p>
2020	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI IAPEX Karachi 2019 Award for 2nd best stall</p> <p>Award for the Best Corporate Report 2019 by ICAP and ICMAP</p>
2019	<p>Top 25 Companies of Pakistan Award by PSX</p> <p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Award for the Best Corporate Report 2018 by ICAP and ICMAP</p> <p>Living the Global Compact Business Sustainability Award 2018</p>
2018	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI City of Casey Best Business Award - Melbourne, Australia</p>
2017	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Employers' Federation of Pakistan OHSE Award</p> <p>Best Corporate and Sustainability Report Award by jointly by ICAP and ICMAP IAPEX Karachi 2017 Award for 2nd best stall</p>
2016	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Employers' Federation of Pakistan OHSE Award</p>
2015	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Annual Environment Excellence Award by National Forum for Environmental Health (NFEH) Best Corporate and Sustainability Report by ICAP and ICMAP</p> <p>Employers' Federation of Pakistan OHSE Award Top 25 Companies of Pakistan Award by KSE Prime Minister's Export and Innovation Award</p>
2014	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI</p>
2013	<p>Best Corporate and Sustainability Report Award by ICAP and ICMAP</p> <p>MAP 'Corporate Excellence Award' for the Industrial Metals and Mining Sector IAPEX Karachi 2013 Award for 2nd best stall</p>



YEAR	AWARDS AND ACCOLADES
2012	<p>Top 25 Companies Award by KSE.            Best Presented Accounts South Asian Federation of Accountants Award for the year 2011. Best Corporate and Sustainability Report Award by ICAP and ICMAP (2nd overall for 2011). Best Corporate and Sustainability Report Award by ICAP and ICMAP (1st position in Engineering Sector) for 2011.            Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Environment Excellence Award for 2011 from National Forum for Environment &amp; Health.</p>
2011	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Annual Environment Excellence Award by National Forum for Environmental Health (NFEH) Talent Triangle Award by Sidat Hyder Morshed Associates            Good HR Practices Award by Sidat Hyder Morshed Associates            Best Corporate and Sustainability Report Award by ICAP and ICMAP</p>
2010	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Annual Environment Excellence Award by National Forum for Environmental Health (NFEH)</p>
2009	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI CSR National Excellence Award by Help International Welfare Trust (HIWT)            Annual Environment Excellence Award by the National Forum for Environmental Health (NFEH)</p>
2008	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Top 25 Companies of Pakistan Award by KSE            Best Presented Accounts by South Asian Federation of Accountants (SAFA)            Annual Environment Excellence Award by the National Forum for Environmental Health (NFEH)</p>
2007	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Top 25 Companies of Pakistan Award by KSE</p>
2006	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Top 25 Companies of Pakistan Award by KSE            Best Corporate and Sustainability Report Award by ICAP and ICMAP</p>
2005	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Top 25 Companies of Pakistan Award by KSE</p>
2004	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Top 25 Companies of Pakistan Award by KSE</p>
2003	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Top 25 Companies of Pakistan Award by KSE</p>
2002	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Top 25 Companies of Pakistan Award by KSE</p>
2001	<p>Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Top 25 Companies of Pakistan Award by KSE</p>
2000	<p>Merit Trophy for Export of Non-Traditional Items (Galvanized Steel Pipes) Top 25 Companies of Pakistan Award by KSE</p>

## AWARDS AND ACCOLADES



**Employer of the Year Award (Gold Recognition in the National Category)**  
by the Employers Federation of Pakistan (EFP)



**Top 25 Companies Award**  
by the Pakistan Stock Exchange (PSX)



**Certificate of Excellence**  
by the Management Association of Pakistan (MAP)



**CSR Awards 2024 in the 'Green Energy' Category**  
by the National Forum for Environment & Health (NFEH)



**OHSE Best Practices Award**  
by the Employers Federation of Pakistan (EFP)



**Risk-Based Fire Safety Excellence Award 2023**  
by the Fire Protection Association of Pakistan (FPAP)

## AWARDS AND ACCOLADES



**Supplier Excellence Awards 2023 (Silver Award in the Innovation Champion Category)**  
by the K-Electric



**Best Export Performance Award for Export of Engineering Products - Mechanical**  
by the Federation of Pakistan Chamber of Commerce and Industry (FPCCI)



**Certificate of Merit for the Best Corporate Report**  
by the Institute of Chartered Accountants of Pakistan (ICAP) and  
the Institute of Cost and Management Accountants of Pakistan (ICMAP).

# SIGNIFICANT EVENTS 2023-24

- PSX Top 25 Companies Award 2022
- Certificate of Merit for the Best Corporate Report 2022 Award by ICAP & ICMAP
- KE's 'Innovation Champion' Award
- NextGen Session
- Pakistan Auto Show 2023 (Karachi Expo Center)
- Saudi Build 2023 (Riyadh International Convention & Exhibition Center, Riyadh, Saudi Arabia)
- 17th Build Asia Exhibition 2023 (Karachi Expo Center)
- First-Ever ASC Women's Cricket Tournament 2023
- Coffee Talk with HR
- Breast Cancer Awareness
- Christmas Day
- 365th Board of Directors Meeting

- TDAP's 'Made in Pakistan' Exhibition (Tashkent, Uzbekistan) (28-30 June 2024)
- Nationwide Customer Events
- Student Visit from UET at Sheikhpura Factory
- Briefing Sessions on Core Competencies and Performance Management Process
- WISE – Women in Science & Engineering Recruitment Drive
- Internal Audit Techniques Training Based on ISO 19011 Standard
- Information Security Awareness Session
- Access. Ability. Careers. Fair
- 368th, 369th & 370th Board of Directors Meetings

01  
QUARTER

02  
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03  
QUARTER

04  
QUARTER

- 5th Town Hall Meeting
- Inauguration of Vessel & Transmission Products Distributor
- Annual Safety Week (21-26 August, 2023)
- 17th OHSE Best Practices Award
- Best Export Performance Award
- Independence Day Celebrations
- Corporate Briefing Session
- 364th Board of Directors Meeting
- 75th Annual General Meeting

- 6th Town Hall Meeting
- Commissioning of 1 MW Solar Installation at Sheikhpura Factory
- Employee Appreciation Day
- TDAP's 3rd Engineering and Healthcare Show (Expo Center Lahore)
- Tube 2024 (Messe Düsseldorf, Germany) (April 15th to April 19th, 2024)
- ASC Group's International Women's Day Celebration
- Participation in Career Fairs (IBA, IoBM, SZABIST, NED, IU, and UET)
- Core Competencies: Focus Group Sessions
- Safety Walks & Training
- 366th & 367th Board of Directors Meetings at Sindh Club



**Tube 2024  
(Messe Düsseldorf, Germany)**



**Saudi Build 2023  
(Riyadh International Convention & Exhibition Center, Riyadh, Saudi Arabia)**



**TDAP's 3rd Engineering and Healthcare Show  
(Expo Center Lahore)**



**TDAP's 'Made in Pakistan' Exhibition  
(Tashkent, Uzbekistan)**



**Pakistan Auto Show 2023  
(Karachi Expo Center)**



**17th Build Asia Exhibition 2023  
(Karachi Expo Center)**



**Commissioning of 1 MW Solar Installation  
at Sheikhpura Factory**



**Inauguration of Vessel & Transmission  
Products Distributor**



**Town Hall Meetings**





NextGen Session



Coffee Talk with HR



Independence Day Celebrations



**Breast Cancer Awareness**



**WISE (Women in Science and Engineering) – Trainee Engineers**



**Employee Appreciation Day**



Participation in Career Fairs (IBA, IoBM, SZABIST, NED, IU, and UET)



Annual General Meeting



Student Visit from UET at Shekhupura Factory

# CERTIFICATIONS

STANDARD	DESCRIPTION	CERTIFIED BY	SINCE	LICENSE #
ISO 9001	Quality Management System	Lloyds Register Quality Assurance (United Kingdom)	1997	ISO 9001 – 0049981
ISO 14001	Environment Management System		2000	ISO 14001 – 0049980
ISO 45001	Occupational Health & Safety Management Systems		2000	ISO 45001 – 0049979
API Specification Q1® & 5L	FACTORY-1 Manufacturer of Line Pipe Plain End as PSL 1	American Petroleum Institute - API (United States)	2000	5L-0391
	FACTORY-2 Manufacturer of Line Pipe Plain End as PSL 1 & PSL 2		2016	5L-1104
BS EN 10255, BS EN10266	CE Mark for Hot Dip Galvanized ERW Carbon Steel Pipes	CNC Services (Germany)	2011	CNC/EEC/4112/11
BS EN 10296-1, BS EN 10305-5 & BS 1717	CE Mark for ERW Tubes from Cold Rolled Carbon Steel		2011	CNC/EEC/4113/11
BS EN 10219, BS EN 39, BS EN 10240, ASTM A-500, ASTM A-252, ASTM A-53, AS/NZS 1163 AS/NZS 4792	CE Mark for Cold-Formed Welded Structural Hollow Sections (HSS)		2018	CNC/EEC/4525/18
UL-852 ASTM 795	UL Certification (ERW & Galvanized Pipes for Fire Sprinkler System)	Underwriter Laboratories UL (United States)	2017	EX27362
UL-852 (UAE)	UL UAE Certification (Metallic Sprinkler Pipe For Fire Protection Service)	Underwriter Laboratories UL (United States)	2017	VIZY - EX27362
PS:4533-34	License for the use of Pakistan Standard Mark for PPRC Pipe - FACTORY-3	Pakistan Standards Quality Control Authority (PSQCA)	2018	CML/N/1287/2018
DIN 16962	License for the use of Pakistan Standard Mark for PPRC Fittings - FACTORY-3		2018	CML/N/1288/2018
PS:3580	Polyethylene Pipe for Water Supply "MEGAFLO" Brand		2015	CSDC/L-170/2015 (R)
ASTM A53	MS Pipe (Mild Steel Pipe) - FACTORY-1		2017	CSDC/L-205/2017 (R)
ASTM A53	MS Pipe (Mild Steel Pipe) - FACTORY-2		2017	CSDC/L-206/2017 (R)
SLSI	Sri Lanka Standards Institution		SLSI	2020

# CODE OF CONDUCT

The Code of Conduct is applicable to the Board of Directors as well as all the employees of the Company and employees of local and overseas wholly-owned subsidiaries. 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 society at large.
- 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 contribute funds to groups whose activities promote political interests.
- iv. The Company is committed to providing products that consistently offer value in terms of price and quality and are safe for their intended use to satisfy customer needs and expectations.
- v. The Board of Directors and the management are committed to ensuring that the Company is a responsible corporate citizen and that business is carried out in a sustainable manner.
- vi. The Company's operations shall be carried out with minimum adverse effects on the environment and produce quality products in a healthy and safe working environment.
- vii. The Company as a responsible corporate citizen shall play its part in the betterment of society in the health and education sectors as a part of its Corporate Social Responsibility.

## **B. Anti-harassment, Diversity, Equity, Inclusion and Belonging**

- i. The Company is committed to providing an environment that is free from all forms of harassment, intimidation, bullying, ragging, discrimination, or exploitation. Each employee is responsible for fostering mutual respect and dignity and for refraining from conduct that violates this.
- ii. The Company is dedicated to fostering a diverse, equitable, inclusive, and supportive environment where all individuals are valued and respected. Our focus is on principles of Equal Opportunity Employer and fostering an inclusive workplace that reflects gender diversity and equality.

## **C. 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 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 that he/she believes may be questionable under this Code, he/ she should disclose the matter.
- v. Conflicts of interest shall be avoided and promptly disclosed where they exist and guidance should be sought from supervisors.

#### **D. Accounting Records, Controls and 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.

#### **E. Environment**

- i. The Company is committed to carrying its business in an environmentally sound and sustainable manner and promoting the 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.

#### **F. Regulatory Compliance**

- i. The Company is committed to making prompt public disclosure of 'material information' as prescribed by the Pakistan Stock Exchange Regulations if required.
- ii. Where an employee is privy to information that 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 or is no longer considered as 'material inside information'.
- iii. Employees shall abide by applicable competition laws and shall not enter into understandings, arrangements or agreements with competitors that have the effect of fixing or controlling prices, dividing and allocating markets or territories or boycotting suppliers or customers.

#### **G. 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. 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 purposes and shall abide by the Closed Period announced by the Company from time to time and also sign a Non- Disclosure Agreement if the need arises.
- iii. 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.
- vi. Employees must ensure no instances of personal deliveries using the company's resources, tax number and/or business name.

## H. Miscellaneous

- i. 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 can cause reputational risk or damage or financial loss to the Company, may amount to gross misconduct, which may result in 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 it. The Board monitors the findings of this certification on an annual basis.
- iii. The Company has in place a confidential 'Whistleblowing Policy' as a mechanism and process to encourage the reporting of any non-compliance with the Code of Conduct.
- iv. Employees agree that all right, title and interest in and to all work product resulting from the course of his/her employment with the Company, whether generated or produced by him/her or others or under his/her supervision, whether for the Company and/or for any affiliate or associate of the Company, including, without limiting the generality of the foregoing, all ideas, designs, concepts, information, data, inventions, improvements, works, discoveries, know-how and all intellectual property, including but not limited to patent, copyright, trade secrets and other related rights, belong to the Company and/or the affiliate or associate, as the case may be, exclusively and shall be the exclusive property of the Company and/or the affiliate or associate, as the case may be, and may be used by the Company and/or the affiliate or associate, as the case may be, at any time without any obligation to pay the employee any compensation whatsoever, and to the extent that ownership of such work product may not automatically vest in the Company and/or the affiliate or associate, as the case may be, by operation of law or otherwise, the employee hereby assign, and upon the future creation thereof shall assign, all right, title and interest in and to the work product to the Company and/or the affiliate or associate, as the case may be, and may be used by the Company and/or the affiliate or associate, as the case may be, at any time without any obligation to pay him/her any compensation whatsoever, and to the extent that ownership of such work product may not automatically vest in the Company and/or the affiliate or associate, as the case may be, by operation of law or otherwise, the employee hereby assign, and upon the future creation thereof shall assign, all right, title and interest in and to the work product to the Company and/or the affiliate or associate, as the case may be, without any obligation on the part of the Company and/or the affiliate or associate, as the case may be, to pay him/her any compensation whatsoever, and the employee shall not use the same for any purpose other than for the benefit of the Company and/or the affiliate or associate, as the case may be, nor will he/she pass it on to any other person or institution other than to those approved by the Board of Directors of the Company, and the employee will not take the same with him/her when the employee cease to be an employee of the Company for any reason whatsoever, and the employee shall take all steps and shall execute all such documents as may be necessary or reasonably required by the Company, at the expense of the Company, to procure and ensure that the Company and/or the affiliate or associate, as the case may be, obtains and retains complete and exclusive legal title to any such invention or improvement, and the employee shall assist the Company and/or the affiliate or associate, as the case may be, in obtaining, securing and enforcing the abovementioned intellectual property rights as is needed by the Company and/or the affiliate or associate, as the case may be.
- v. Employee shall not, for a period of three (3) years after separation from the Company, engage directly or indirectly, either as proprietor, stockholder, partner, officer, employee, or otherwise, in any business within Pakistan, which manufactures, produces, distributes or sells products or provides services similar to those manufactured, produced, distributed, sold or provided by the Company and/or any affiliate or associate of the Company.

# POSITION OF IIL WITHIN THE VALUE CHAIN

IIL plays a central role in the steel and polymer pipe industries, serving as a leading manufacturer and global player. Positioned strategically within the value chain, IIL connects with upstream suppliers and downstream customers to drive industrial growth and deliver high-quality products.



Here is an overview of IIL's position and its interactions within the value chain:

## 1. Upstream Value Chain

### Raw Material Suppliers:

- **Steel and Polymer Raw Materials:** IIL sources essential raw materials, including steel coils and polymers, from leading suppliers globally. These materials are crucial for the production of steel and polymer pipes, tubes, and fittings.
- **Logistics and Transportation Partners:** We engage with logistics providers to ensure timely and efficient transportation of raw materials to our manufacturing facilities, optimizing supply chain operations and minimizing delays.

### Research and Development Partners:

- **Innovation Collaborators:** We partner with research institutions and technology providers to drive innovation in product development and process optimization. This collaboration supports our commitment to quality and sustainability.

## 2. IIL's Core Operations

### Manufacturing and Production:

- **Steel Pipes and Tubes:** IIL operates state-of-the-art manufacturing facilities where we produce ERW steel pipes & tubes. Our facilities are equipped with advanced technology to ensure precision and quality in our products.
- **Polymer Pipes and Fittings:** We also manufacture polymer-based pipes and fittings, leveraging our expertise to meet diverse market needs and enhance product offerings.

### Quality Assurance and Certification:

- **Standards Compliance:** IIL maintains rigorous quality control measures and adheres to international standards, including ISO 9001, ISO 14001, ISO 45001, API 5L, and CE certifications. These certifications underscore our commitment to excellence and safety.



### 3. Downstream Value Chain

#### Logistics:

- **Transportation Partners:** We engage with logistics providers to ensure timely and efficient transportation of finished goods to our distribution partners, optimizing supply chain operations and minimizing delays.

#### Distribution Channels:

- **Distributors and Wholesalers:** IIL collaborates with distributors, dealers and wholesalers to expand our market reach and ensure the availability of our products across different regions. Our extensive distribution network supports efficient delivery to various market segments.
- **Retail and Trade Partners:** We work with retail and trade partners to serve end-users in construction, manufacturing, and other industries, ensuring that our products meet specific application requirements.

#### End-Users:

- **Construction and Infrastructure:** Our products are integral to construction projects and infrastructure development. We supply to major construction firms, developers, and contractors, contributing to significant industrial and urban development.
- **Manufacturing Sector:** IIL's steel and polymer products are utilized by manufacturers in diverse sectors, including automotive, machinery, and consumer goods, adding value through high-performance materials.

#### Global Presence and Market Expansion:

- **International Subsidiaries:** IIL's global footprint includes subsidiaries such as IIL Australia Pty Limited and IIL Americas Inc., which serve regional markets in Asia-Pacific and North America, respectively. This international presence enhances our ability to cater to global customer needs and expand market share.

#### Value-Added Services:

- **Technical Support:** We provide technical support and consulting services to assist customers in optimizing product use and addressing specific requirements.
- **After-Sales Service:** Our after-sales services ensure ongoing customer satisfaction and support, reinforcing our commitment to quality and reliability.
- **Engineering Solutions:** Our Engineering Solutions division offers clients end to end construction and engineering turn-key solutions from conceptualization to finishing and delivery, making use of IIL's core products and adding value by collaborating with partners outside of the company.

#### Sustainability and ESG Initiatives:

- **Renewable Energy:** IIL actively invests in renewable energy sources and adheres to ESG best practices, supporting the UN Sustainable Development Goal (SDG) 7—Affordable and Clean Energy for All.

# STEEPLE ANALYSIS

- High Population Growth Rate
- Declining Per Capita Income
- Increasing Demand for Affordable Housing
- Rapid Increase in Urbanization
- Social Polarization and the Rise of Intolerance
- ESG Imperatives and Reporting as an Integral Part of Business
- Moral Obligations to Environmental Stewardship
- Steel as a 'Hard to Abate' Segment
- Renewable/Alternate Energy is an Imperative
- Scarcity of Water and Gas
- Global Demand for 'Green Steel'
- Drive Towards Net Zero Emission
- Importance of UN SDGs
- VUCA World Volatility, Uncertainty, Complexity, and Ambiguity
- Highly Fluid and Uncertain National Political Landscape
- Implications of Security Challenges in the Region
- Growth of Multiple Centers of Global Power
- Global and Regional Geopolitical Developments
- Growing Chinese Influence
- Tax Evasion and Questionable Business Practices rampant in market
- Inaccurate Declarations of Imports and Under-Invoicing
- Below Standard Pipe Quality, Thickness, and Weight in market
- General Acceptance of the Endemic Environment of Corruption
- Regulatory Circumvention by International Competitors



- Industry 4.0 and the Growing Role of Artificial Intelligence (AI)
- Digital Marketing Growth
- Low-Cost Industrial Equipment
- Growth in E-Commerce, and Alternate Energy Sectors
- Growth in Communication Infrastructure
- Modernization of Trade
- Economic Volatility in Pakistan
- Rising Energy Costs and Inflation
- Circular Debt
- Import Restrictions and Supply Chain Pressures
- Rupee Depreciation
- Reliance on IMF and Other Lenders
- Drive to Increase Tax Net in Pakistan
- Low Barriers to Entry in Certain Segments
- High Inflation-High Interest Rate Environment Globally
- Declining Foreign Direct Investment
- Legislative Volatility
- Anti-Dumping Rules and International Trade Measures
- Slow Judicial Process/Rule of Law Issues
- Inadequate Legal Protection of Assets
- Poorly Implemented Labor Laws

## SOCIAL

- **High Population Growth Rate:** Pakistan's high population growth rate creates a growing demand for infrastructure, housing, and utilities, which can drive demand for ILL's products, particularly in the steel and polymer sectors. This demographic trend offers long-term growth opportunities.
- **Declining Per Capita Income:** The decline in per capita income poses a challenge, as it may reduce overall consumer spending power, particularly in the housing and construction sectors. ILL may need to focus on cost-efficient products to maintain market share in this environment.
- **Increasing Demand for Affordable Housing:** As urbanization accelerates, there is a rising demand for affordable housing solutions. ILL can capitalize on this by supplying cost-effective, durable materials that cater to this market segment.
- **Rapid Increase in Urbanization:** Urbanization drives the need for extensive infrastructure development, which benefits ILL by increasing demand for its construction-related products and services, including pipes, tubes, and fittings.
- **Social Polarization and the Rise of Intolerance:** Social instability and polarization can impact consumer confidence and economic stability, potentially disrupting business operations and market conditions. ILL needs to be aware of these social dynamics and their potential impacts on the business environment.

## TECHNOLOGICAL

- **Industry 4.0 and the Growing Role of Artificial Intelligence (AI):** The adoption of Industry 4.0 and AI technologies presents an opportunity for ILL to enhance manufacturing efficiency, reduce costs, and improve product quality through automation and data-driven decision-making.
- **Digital Marketing Growth:** The shift towards digital marketing allows ILL to reach a broader audience, engage customers more effectively, and enhance brand visibility, especially in advanced markets where digital engagement is critical.
- **Low-Cost Industrial Equipment:** The availability of low-cost industrial equipment enables ILL to upgrade its manufacturing capabilities without significant capital expenditure, improving competitiveness in both domestic and international markets.
- **Growth in Fintech, E-Commerce, and Alternate Energy Sectors:** The expansion of these sectors provides new business opportunities for ILL, particularly in supplying specialized steel and polymer products for fintech infrastructure, e-commerce facilities, and renewable energy projects.
- **Growth in Communication Infrastructure:** As communication infrastructure develops, ILL can benefit by supplying materials for telecommunication towers, data centers, and other related projects, further expanding its market reach.
- **Modernization of Trade:** The modernization of trade, including digital trade platforms and enhanced logistics, offers ILL opportunities to streamline its export processes, reduce lead times, and improve customer satisfaction in global markets.

## ENVIRONMENTAL

- **ESG Imperatives and Reporting as an Integral Part of Business:** Environmental, Social, and Governance (ESG) factors are increasingly critical for investors and customers. IIL is committed to enhancing its ESG performance and reporting, aligning with global best practices to attract investment and maintain customer trust.
- **Moral Obligations to Environmental Stewardship:** As a responsible corporate entity, IIL is committed to minimizing its environmental impact through sustainable practices, including reducing emissions, conserving resources, and promoting recycling.
- **Steel as a 'Hard to Abate' Segment:** The steel industry is traditionally carbon-intensive. IIL is investing in technologies and processes to reduce its carbon footprint, including exploring green steel production and increasing energy efficiency.
- **Renewable/Alternate Energy is an Imperative:** IIL is expanding its use of renewable energy sources to power its operations, aligning with global trends and reducing its reliance on fossil fuels. This transition supports both environmental goals and energy security.
- **Scarcity of Water and Gas:** Limited availability of water and gas resources can disrupt production. IIL is exploring alternative sources and investing in water and energy conservation technologies to ensure operational continuity.
- **Global Demand for 'Green Steel':** As demand for environmentally friendly products grows, IIL is positioning itself as a leader in green steel production, tapping into new markets and meeting the evolving expectations of consumers and regulators.
- **Drive Towards Net Zero Emission:** IIL is committed to achieving net-zero emissions by implementing comprehensive strategies that include energy efficiency, renewable energy adoption, and carbon offset initiatives.
- **Growing Importance of UN SDGs:** The United Nations Sustainable Development Goals (SDGs) are increasingly shaping corporate strategies. IIL is aligning its operations with relevant SDGs, particularly those related to clean energy, sustainable industrialization, and climate action.

## ECONOMIC

- **Economic Volatility in Pakistan:** Economic instability in Pakistan poses significant challenges, including fluctuating demand and financial uncertainty. IIL is diversifying its product offerings and markets to reduce dependence on the local economy.
- **Rising Energy Costs and Inflation:** Increasing energy costs and inflationary pressures can erode profit margins. IIL is investing in energy-efficient technologies and exploring alternative energy sources to mitigate these effects.
- **Circular Debt:** The issue of circular debt in Pakistan, particularly in the energy sector, can impact IIL's operations. The company is advocating for policy reforms and exploring alternative financing models to address these challenges.
- **Import Restrictions and Supply Chain Pressures:** Import restrictions and global supply chain disruptions can affect raw material availability. IIL is enhancing its supply chain resilience by diversifying suppliers and increasing local sourcing.

- **Rupee Depreciation:** The depreciation of the Pakistani Rupee affects import costs and overall profitability. IIL is focusing on export growth to offset currency risks and exploring hedging strategies to manage financial exposure.
- **Reliance on IMF and Other Lenders:** Pakistan's dependence on international financial institutions like the IMF for economic stability can lead to austerity measures that impact business. IIL is preparing for potential economic reforms and adjusting its strategies accordingly.
- **Drive to Increase Tax Net in Pakistan:** Efforts to expand the tax base may increase operational costs for IIL. The company is ensuring full compliance with tax regulations while advocating for a fair and transparent tax system.
- **Low Barriers to Entry in Certain Segments:** The low barriers to entry in some segments of the steel and polymer industries could lead to increased competition. IIL is differentiating itself through quality, innovation, and strong customer relationships.
- **Uncertain Economic Conditions / High Inflation-High Interest Rate Environment Globally:** Global economic uncertainty, coupled with high inflation and interest rates, poses challenges to investment and consumer spending. IIL is adopting a cautious approach to capital expenditure and focusing on maintaining liquidity.
- **Rising Commodity Prices:** The increase in global commodity prices can impact raw material costs. IIL is implementing cost-control measures and exploring long-term contracts with suppliers to stabilize input costs.
- **Declining Foreign Direct Investment:** The reduction in foreign direct investment (FDI) in Pakistan limits growth opportunities. IIL is exploring strategic partnerships and joint ventures to attract investment and expand its capabilities.

## POLITICAL

- **VUCA World: Volatility, Uncertainty, Complexity, and Ambiguity:** In a VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) environment, IIL is maintaining agility in its strategic planning, ensuring the company can quickly adapt to changing political and economic landscapes.
- **Highly Fluid and Uncertain National Political Landscape:** Political instability in Pakistan can affect business operations, regulatory environments, and market conditions. IIL is navigating this uncertainty by maintaining strong government relations and staying informed on policy changes.
- **Implications of Security Challenges in the Region:** Regional security challenges may impact supply chains, market access, and overall business continuity. IIL is developing contingency plans and diversifying its operations to mitigate these risks.
- **Growth of Multiple Centers of Global Power:** The emergence of new global power centers, such as China, presents opportunities for IIL to expand its market presence through strategic partnerships and by leveraging trade relationships with these rising powers.
- **Global and Regional Geopolitical Developments:** Geopolitical tensions can affect trade routes, market access, and international relations. IIL is being proactive in understanding these dynamics and adjusting its global strategy accordingly.
- **Growing Chinese Influence:** China's growing influence in the region, particularly through initiatives like the Belt and Road Initiative (BRI), offers IIL opportunities to participate in large-scale infrastructure projects.

## LEGAL

- **Legislative Volatility:** Frequent changes in legislation can create an unpredictable business environment. IIL is staying agile and proactive in monitoring legal developments to ensure compliance and minimize disruptions.
- **Anti-Dumping Rules and International Trade Measures:** Anti-dumping regulations and intensified trade measures in global markets can affect IIL's export competitiveness. The company is developing strategies to comply with these rules and advocate for fair trade practices.
- **Slow Judicial Process/Rule of Law Issues:** Delays in the judicial process and weak rule of law can impact IIL's ability to enforce contracts and protect its interests. Strengthening legal teams and developing robust risk management strategies are supporting IIL in overcoming these challenges.
- **Inadequate Legal Protection of Assets:** Weak legal protections for intellectual property and physical assets pose a risk. IIL should invest in safeguarding its assets through comprehensive legal frameworks and by enhancing security measures.
- **Poorly Implemented Labor Laws:** Inconsistent enforcement of labor laws may lead to operational challenges and reputational risks. IIL ensures that its labor practices not only comply with but also exceed local requirements, promoting a fair and safe workplace.

## ETHICAL

- **Tax Evasion and Questionable Business Practices:** The prevalence of tax evasion and unethical practices in the industry presents a challenge. IIL is committed to ethical business practices, ensuring full compliance with tax laws and promoting transparency in its operations.
- **Inaccurate Declarations of Imports and Under-Invoicing:** These practices can distort market competition. IIL advocates for stricter enforcement of import regulations and works closely with authorities to ensure a level playing field.
- **Below Standard Pipe Quality, Thickness, and Weight:** Substandard products in the market undermine industry reputation. IIL stands out by emphasizing high-quality manufacturing standards and obtaining relevant certifications to differentiate its products from inferior alternatives.
- **General Acceptance of the Endemic Environment of Corruption:** Corruption remains a significant challenge in Pakistan's business environment. IIL is committed to maintaining integrity and ethical conduct, actively participating in anti-corruption initiatives, and fostering a culture of transparency.
- **Regulatory Circumvention by International Competitors:** Some international competitors may bypass regulations to gain an advantage. IIL is strengthening its compliance mechanisms and advocating for fair trade practices to ensure a level playing field in global markets.

# III'S STRATEGIC RESPONSE TO STEEPLE ANALYSIS

## SOCIAL

### 1. High Population Growth Rate & Urbanization:

**Response:** III is expanding its production capabilities and product offerings to cater to the growing demand for construction materials, particularly in the housing and infrastructure sectors. The company is also investing in marketing campaigns targeting urban developers and construction companies to strengthen its market presence.

### 2. Declining Per Capita Income:

**Response:** III is focusing on cost-efficient production processes to offer affordable products without compromising quality. The company is also exploring partnerships with financial institutions to provide financing options to customers, making its products more accessible.

### 3. Increasing Demand for Affordable Housing:

**Response:** III is developing tailored product lines that cater specifically to the affordable housing sector. This includes creating standardized, cost-effective steel and polymer products that meet the needs of this market segment.

### 4. Social Polarization and Rise of Intolerance:

**Response:** III is promoting diversity and inclusion within its workforce and engaging in corporate social responsibility (CSR) initiatives aimed at community development. The company is also working on communication strategies that foster unity and understanding among its stakeholders.

## TECHNOLOGICAL

### 1. Industry 4.0 and AI Adoption:

**Response:** III is integrating Industry 4.0 technologies into its manufacturing processes, including AI for predictive maintenance and quality control. The company is also investing in digital transformation to enhance operational efficiency and product innovation.

### 2. Digital Marketing Growth:

**Response:** III is expanding its digital marketing efforts, using social media, online advertising, and e-commerce platforms to reach a broader audience. The company is also developing content that highlights its innovative products and commitment to quality, targeting both domestic and international markets.

### 3. Low-Cost Industrial Equipment:

**Response:** III is continuously upgrading its manufacturing facilities with cost-effective, advanced machinery to improve production efficiency and maintain a competitive edge in the market.

### 4. Growth in E-Commerce, and Alternate Energy Sectors:

**Response:** III is exploring new business opportunities in these sectors by developing specialized products such as steel solutions for infrastructure and components for renewable energy projects. The company is also expanding its product range to meet the needs of e-commerce and digital businesses.

### 5. Growth in Communication Infrastructure:

**Response:** III is positioning itself as a key supplier for communication infrastructure projects, providing materials for telecommunication towers, data centers, and related infrastructure.

### 6. Modernization of Trade:

**Response:** III is leveraging modern trade platforms and digital tools to streamline its export processes, enhance logistics efficiency, and reduce lead times, ensuring timely delivery of products to international markets.

## ENVIRONMENTAL

### 1. ESG Imperatives & Green Steel:

**Response:** IIL is committed to enhancing its ESG performance by investing in sustainable technologies and practices. The company is also exploring green steel production methods and increasing its use of renewable energy sources to reduce its carbon footprint.

### 2. Renewable Energy & Resource Scarcity:

**Response:** IIL is expanding its renewable energy capacity to reduce reliance on traditional energy sources. The company is also implementing water and energy conservation initiatives to address resource scarcity and ensure sustainable operations.

### 3. Net Zero Emissions & UN SDGs:

**Response:** IIL is developing a comprehensive roadmap to achieve net-zero emissions, including carbon offset projects and energy efficiency improvements. The company is also aligning its business practices with the UN Sustainable Development Goals (SDGs) to contribute to global sustainability efforts.

## ECONOMIC

### 1. Economic Volatility & Energy Costs:

**Response:** IIL is diversifying its revenue streams and markets to mitigate the impact of economic volatility. The company is also investing in energy-efficient technologies to reduce operational costs and maintain profitability in a high-cost environment.

### 2. Circular Debt & Supply Chain Pressures:

**Response:** IIL is advocating for policy reforms to address circular debt issues and is exploring alternative financing models to manage cash flow along with steps for credit control. The company is also enhancing its supply chain resilience by diversifying suppliers and increasing local sourcing.

### 3. Rupee Depreciation & Import Restrictions:

**Response:** IIL is focusing on export growth to offset the impact of rupee depreciation and is exploring hedging strategies to manage currency risks. The company is also optimizing its supply chain to navigate import restrictions and ensure the timely availability of raw materials.

### 4. Low Barriers to Entry & Rising Commodity Prices:

**Response:** IIL is differentiating its products through innovation, quality, and customer service to maintain a competitive edge in the market. The company is also implementing cost-control measures and exploring long-term contracts with suppliers to stabilize input costs.

### 5. Declining FDI:

**Response:** IIL is seeking strategic partnerships and joint ventures to attract investment and expand its capabilities. The company is also exploring opportunities in emerging markets to drive growth and increase its market share.



## POLITICAL

### 1. VUCA World & Political Uncertainty:

**Response:** ILL is adopting a flexible and adaptive business strategy to navigate the volatile and uncertain political environment. The company is diversifying its market presence to reduce dependence on any single region and is actively engaging with policymakers to stay informed on potential regulatory changes.

### 2. Security Challenges in the Region:

**Response:** ILL is implementing robust risk management and contingency planning strategies to mitigate the impact of regional security challenges. The company is also exploring opportunities to diversify its supply chain and reduce reliance on potentially unstable regions.

### 3. Multiple Centers of Global Power & Chinese Influence:

**Response:** ILL is expanding its global partnerships, particularly with emerging markets and Chinese enterprises, to leverage new opportunities. The company is also aligning its business strategies with global power shifts to ensure sustained growth and market access.

### 4. Global and Regional Geopolitical Developments:

**Response:** ILL is closely monitoring geopolitical developments and adjusting its international strategy accordingly. The company is exploring new markets and partnerships that align with its long-term growth objectives, reducing exposure to geopolitical risks.

## LEGAL

### 1. Legislative Volatility:

**Response:** ILL has established a dedicated legal team to monitor legislative changes and ensure compliance with all relevant laws and regulations. The company is also engaging with industry associations to advocate for stable and predictable regulatory environments.

### 2. Anti-Dumping Rules & Trade Measures:

**Response:** ILL is actively participating in trade discussions and working with government bodies to address anti-dumping concerns. The company is also diversifying its product offerings and markets to mitigate the impact of trade restrictions.

### 3. Slow Judicial Process & Rule of Law Issues:

**Response:** ILL is strengthening its legal frameworks and working with reputable legal firms to navigate the slow judicial processes. The company is also investing in robust contract management systems to protect its interests.

### 4. Inadequate Legal Protection & Labor Laws:

**Response:** ILL is enhancing its asset protection measures, including intellectual property and physical assets. The company is also ensuring compliance with labor laws and promoting fair labor practices across its operations.

## ETHICAL

### 1. Tax Evasion & Unethical Practices:

**Response:** IIL is committed to ethical business practices and full compliance with tax laws. The company is also advocating for stricter enforcement of regulations to ensure a level playing field in the industry.

### 2. Substandard Products & Corruption:

**Response:** IIL is emphasizing high-quality manufacturing standards and obtaining relevant certifications to differentiate its products from inferior alternatives. The company is also participating in anti-corruption initiatives and fostering a culture of transparency across its operations.

### 3. Regulatory Circumvention:

**Response:** IIL is strengthening its compliance mechanisms and working with industry bodies to address regulatory circumvention by international competitors. The company is also advocating for fair trade practices to ensure a level playing field in global markets.

# SWOT ANALYSIS

The below SWOT analysis provides a comprehensive overview of ILL's strategic position, helping the company identify areas of strength to leverage, weaknesses to address, opportunities to pursue, and threats to mitigate in order to sustain its leadership in the industry.

INTERNAL	<h3>STRENGTHS</h3> <ul style="list-style-type: none"> <li>• Economies of scale and manufacturing capacity</li> <li>• Strong corporate governance structure</li> <li>• Reputation for leading quality products</li> <li>• Strong engineering core competence</li> <li>• Multiple manufacturing facilities and nationwide presence</li> <li>• Diverse product range and ability to customize</li> <li>• Stock availability</li> <li>• Distribution channels and relationships</li> <li>• Financial strength</li> <li>• On-ground presence and knowledge of export markets</li> <li>• Leverage of ASC group networks</li> <li>• Installed renewable energy capacity</li> <li>• Strong ESG approach</li> </ul>	<h3>WEAKNESSES</h3> <ul style="list-style-type: none"> <li>• High labor, freight, and interest costs</li> <li>• Lead time for imported raw materials</li> <li>• Space constraints at older factories</li> <li>• Lack of brand awareness in advanced markets</li> <li>• Diversity, equity, inclusion, and belonging (DEI+B)</li> </ul>
	<h3>OPPORTUNITIES</h3> <ul style="list-style-type: none"> <li>• Sustained growth in key market segments</li> <li>• Enhanced demand for existing and new products</li> <li>• Export opportunities in strategic markets</li> <li>• Product and revenue diversification</li> <li>• Growth in alternative energy markets</li> <li>• Strengthening ESG initiatives</li> </ul>	<h3>THREATS</h3> <ul style="list-style-type: none"> <li>• Economic uncertainty and inflation</li> <li>• Geopolitical challenges</li> <li>• International price competition</li> <li>• Mushrooming cottage industry</li> <li>• Protectionism in export markets</li> <li>• Free trade arrangements among regional players</li> <li>• Energy availability and supply chain disruption</li> <li>• Future pandemic-like events</li> </ul>
EXTERNAL	POSITIVE	NEGATIVE

## STRENGTHS

- **Economies of Scale and Manufacturing Capacity:** IIL's large-scale production facilities enable cost efficiencies and the ability to meet high demand both domestically and internationally.
- **Strong Corporate Governance Structure:** A robust framework that ensures ethical business practices, compliance, and effective management.
- **Reputation for Leading Quality Products:** IIL is recognized for its high-quality products in both domestic and export markets, enhancing customer trust and brand loyalty.
- **Strong Engineering Core Competence:** The company's expertise in engineering, particularly in galvanizing and specialized pipe-making, sets it apart in the industry.
- **Multiple Manufacturing Facilities and Nationwide Presence:** IIL operates multiple production facilities across Pakistan, providing logistical advantages and market penetration.
- **Diverse Product Range and Ability to Customize:** A broad portfolio allows IIL to cater to various market needs, including tailored solutions for specific customer requirements.
- **Stock Availability:** IIL's ability to meet most customer demands from stock ensures quick turnaround and customer satisfaction.
- **Distribution Channel and Relationships:** A well-established distribution network and strong channel relationships facilitate market reach and customer engagement.
- **Financial Strength:** Solid financial performance and backing provide stability and the capacity for investment in growth opportunities.
- **On-ground Presence and Knowledge of Export Markets:** IIL's strategic presence in advanced markets like Australia and North America enhances its ability to serve international clients effectively.
- **Leverage of ASC Group Networks:** IIL benefits from the ASC Group's industry networks and resources, strengthening its market position.
- **Installed Renewable Energy Capacity:** Commitment to sustainability is demonstrated through IIL's renewable energy initiatives and captive power generation capabilities.
- **Strong ESG Approach:** IIL's focus on environmental, social, and governance (ESG) practices reinforces its reputation as a responsible corporate citizen.

## WEAKNESSES

- **High Labor, Freight, and Interest Costs:** These cost factors can impact profitability, especially in a competitive market environment.
- **Lead Time for Imported Raw Materials:** Dependence on imported raw materials can lead to delays and increased costs due to long procurement lead times.
- **Space Constraints at Older Factories:** Limited space for expansion at older manufacturing sites may restrict capacity growth and modernization efforts.
- **Lack of Brand Awareness in Advanced Markets:** IIL's brand recognition in some advanced markets remains limited, potentially hindering its growth potential in those regions.
- **Diversity, Equity, Inclusion, and Belonging (DEI+B):** The company's DEI+B initiatives require further development to align with global best practices and enhance workplace culture.

## OPPORTUNITIES

- **Sustained Growth in Key Market Segments:** Continued demand in core segments presents opportunities for revenue growth and market share expansion.
- **Enhanced Demand for Existing and New Products:** Growing market needs in specific sectors offer the potential for increased sales of both current and new product lines.
- **Export Opportunities in Strategic Markets:** ILL can capitalize on emerging markets and strategic regions to expand its export footprint.
- **Product and Revenue Diversification:** Introducing new product lines and services could open up additional revenue streams and reduce dependence on existing products.
- **Growth in Alternative Energy Markets:** The rise of alternative energy sectors presents opportunities for ILL to supply related products, such as specialized pipes and fittings.
- **Strengthening ESG Initiatives:** Enhanced focus on ESG practices can improve ILL's reputation, attract investment, and meet the growing demand for sustainable products.

## THREATS

- **Economic Uncertainty and Inflation:** Macroeconomic instability and rising inflation can negatively impact consumer spending, raw material costs, and overall profitability.
- **Geopolitical Challenges:** Regional and international political tensions could disrupt supply chains, trade agreements, and market access.
- **International Price Competition:** Aggressive pricing by global competitors may pressure ILL's margins and market share.
- **Mushrooming Cottage Industry:** The rise of unregulated small-scale producers with unethical practices could erode market prices and standards.
- **Protectionism in Export Markets:** Increasing trade barriers and protectionist policies in target export markets could limit ILL's access and competitiveness.
- **Free Trade Arrangements Among Regional Players:** Competitors benefiting from favorable trade agreements may pose a threat to ILL's market position.
- **Energy Availability and Supply Chain Disruption:** Energy shortages and supply chain disruptions could impact production capacity and delivery timelines.
- **Future Pandemic-like Events:** Potential global health crises could disrupt operations, supply chains, and market demand, similar to the impacts observed during the COVID-19 pandemic.

# IIL'S STRATEGIC RESPONSE TO SWOT ANALYSIS

## STRENGTHS

- **Leverage Economies of Scale and Manufacturing Capacity:** IIL continues to optimize its large-scale production capabilities, investing in advanced technologies to enhance efficiency and reduce costs. This includes upgrading equipment and adopting automation to increase output while maintaining quality.
- **Enhance Corporate Governance:** IIL remains committed to maintaining its strong corporate governance structure by continuously improving transparency, compliance, and ethical practices. The company regularly reviews its governance policies to ensure alignment with international standards.
- **Capitalize on Reputation for Quality:** To further solidify its reputation, IIL focuses on stringent quality control measures across all production stages. The company also invests in research and development to innovate new products that meet emerging market demands, reinforcing its status as a preferred supplier.
- **Expand Engineering Expertise:** IIL is expanding its engineering capabilities by recruiting top talent and investing in training programs. The company is also exploring partnerships with leading engineering firms and academic institutions to stay at the forefront of industry advancements.
- **Maximize Manufacturing and Distribution Network:** IIL is optimizing its multiple manufacturing facilities by improving logistics and supply chain management. The company is also expanding its distribution network to penetrate deeper into untapped domestic and international markets.
- **Diversify Product Range:** IIL is actively exploring opportunities to introduce new products and customization options that cater to specific market needs. This includes developing niche products for specialized industries and enhancing existing product lines with new features.
- **Strengthen Financial Position:** IIL is focusing on prudent financial management, ensuring a strong balance sheet, and maintaining liquidity. The company is also exploring strategic investments and partnerships to drive growth and enhance shareholder value.
- **Expand International Presence:** To strengthen its on-ground presence in advanced export markets, IIL is expanding its subsidiaries and representative offices. The company is also increasing its participation in international trade fairs and industry associations to enhance brand visibility.
- **Utilize ASC Group Synergies:** IIL continues to leverage the ASC Group's networks and resources to identify new business opportunities, streamline operations, and enhance its competitive advantage. Collaborative initiatives within the group are being prioritized to create value across the board.
- **Promote ESG and Renewable Energy Initiatives:** IIL is accelerating its transition to renewable energy sources, aiming to reduce its carbon footprint and achieve sustainability targets. The company is also enhancing its ESG practices to align with global expectations, ensuring that it remains a leader in responsible corporate citizenship.

## WEAKNESSES

- **Mitigate High Labor, Freight, and Interest Costs:** ILL is implementing cost-saving measures, such as optimizing its supply chain and renegotiating freight contracts. The company is also exploring automation and energy efficiency initiatives to reduce labor and operational costs.
- **Address Raw Material Lead Times:** To mitigate the impact of long lead times for imported raw materials, ILL is diversifying its supplier base and exploring local sourcing options. The company is also increasing inventory levels for critical materials to ensure uninterrupted production.
- **Overcome Space Constraints at Older Factories:** ILL is assessing the feasibility of expanding or relocating certain operations to new sites with more space. The company is also exploring vertical integration and smart manufacturing solutions to maximize the use of existing space.
- **Boost Brand Awareness in Advanced Markets:** ILL is launching targeted marketing campaigns in advanced markets to build brand recognition. The company is also engaging with local distributors and industry influencers to strengthen its presence and credibility.
- **Enhance DEI+B Initiatives:** ILL is committed to improving its diversity, equity, inclusion, and belonging (DEI+B) practices by implementing comprehensive programs that promote a diverse and inclusive workplace. This includes training, policy updates, and employee engagement initiatives. The WISE (Women in Science & Engineering) Program is a testament to this commitment.

## OPPORTUNITIES

- **Capitalize on Market Growth:** ILL is actively expanding its product offerings in growing market segments. The company is investing in R&D to develop innovative solutions that meet the evolving needs of these sectors, positioning itself as a market leader.
- **Seize Export Opportunities:** ILL is targeting strategic international markets where demand for its products is rising. The company is enhancing its export strategy by tailoring products to local market needs and strengthening partnerships with global distributors.
- **Diversify Revenue Streams:** To reduce reliance on core products, ILL is exploring new business opportunities, including venturing into related industries and services. This diversification strategy aims to create additional revenue streams and enhance overall business resilience.
- **Leverage Alternative Energy Markets:** ILL is tapping into the growing alternative energy sector by developing products tailored for renewable energy projects, such as solar and wind energy infrastructure. This aligns with the company's commitment to sustainability and opens new revenue opportunities.
- **Strengthen ESG Practices:** ILL is deepening its focus on ESG by setting ambitious goals and implementing comprehensive sustainability initiatives. This not only enhances the company's reputation but also meets the increasing demand from customers and investors for responsible business practices.

## THREATS

- **Navigate Economic Uncertainty and Inflation:** IIL is adopting a flexible pricing strategy to mitigate the impact of inflation and economic volatility. The company is also focusing on cost control measures and efficiency improvements to protect margins.
- **Manage Geopolitical Risks:** IIL is diversifying its market portfolio to reduce dependence on any single region, thereby mitigating the risks associated with geopolitical instability. The company is also staying informed about global political developments to proactively adjust its strategies.
- **Counter International Price Competition:** To remain competitive, IIL is focusing on product differentiation through quality, innovation, and customer service. The company is also optimizing its cost structure to offer competitive pricing without compromising on quality.
- **Address the Mushrooming Cottage Industry:** IIL is advocating for stricter industry regulations and standards to combat the rise of unregulated small-scale producers. The company is also differentiating its products through quality certifications and branding to highlight its superior value proposition.
- **Mitigate Protectionism and Trade Barriers:** IIL is working closely with trade bodies and government agencies to navigate trade barriers and protectionist policies. The company is also exploring free trade agreements and other avenues to enhance market access.
- **Prepare for Supply Chain Disruptions:** IIL is building a more resilient supply chain by diversifying suppliers, increasing inventory buffers, and investing in supply chain technology. The company is also developing contingency plans to ensure continuity in case of disruptions.
- **Adapt to Future Pandemic-like Events:** IIL is enhancing its business continuity plans, focusing on health and safety measures, and increasing its digital capabilities to ensure resilience in the face of potential global health crises.



# STATEMENT ON SEASONALITY

ILL recognizes that its operations and market demand are influenced by seasonal factors. Understanding these seasonal trends is critical for effectively managing production schedules, inventory, and sales strategies to meet the varying needs of our diverse customer base.

## Seasonal Demand Patterns

### 1. Construction and Infrastructure Projects:

- **Peak Seasons:** The construction industry, which constitutes a significant portion of our clientele, typically experiences heightened activity during the spring and summer months. This period sees an increase in demand for construction materials, including steel and polymer pipes, due to favorable weather conditions that facilitate building and infrastructure projects.
- **Off-Peak Seasons:** Conversely, demand tends to slow down during the winter months, particularly in regions experiencing harsh weather conditions, which can delay or halt construction activities.

### 2. Agricultural Sector:

- **Peak Seasons:** In regions where our products are used in irrigation and agricultural infrastructure, demand spikes during planting and harvesting seasons. These periods generally align with the spring and fall seasons.
- **Off-Peak Seasons:** During off-peak agricultural periods, demand for our products in this sector decreases.

### 3. International Markets:

- **Geographic Variations:** Our international operations, spanning over 60 countries, experience seasonal variations that align with local climate and economic cycles. For instance, in North America and Europe, construction activity peaks in the summer, while in Australia, peak demand may occur during different months due to the opposite seasonal calendar.

## Strategic Response to Seasonality

To mitigate the effects of seasonality and ensure consistent service levels, ILL employs several strategic measures:

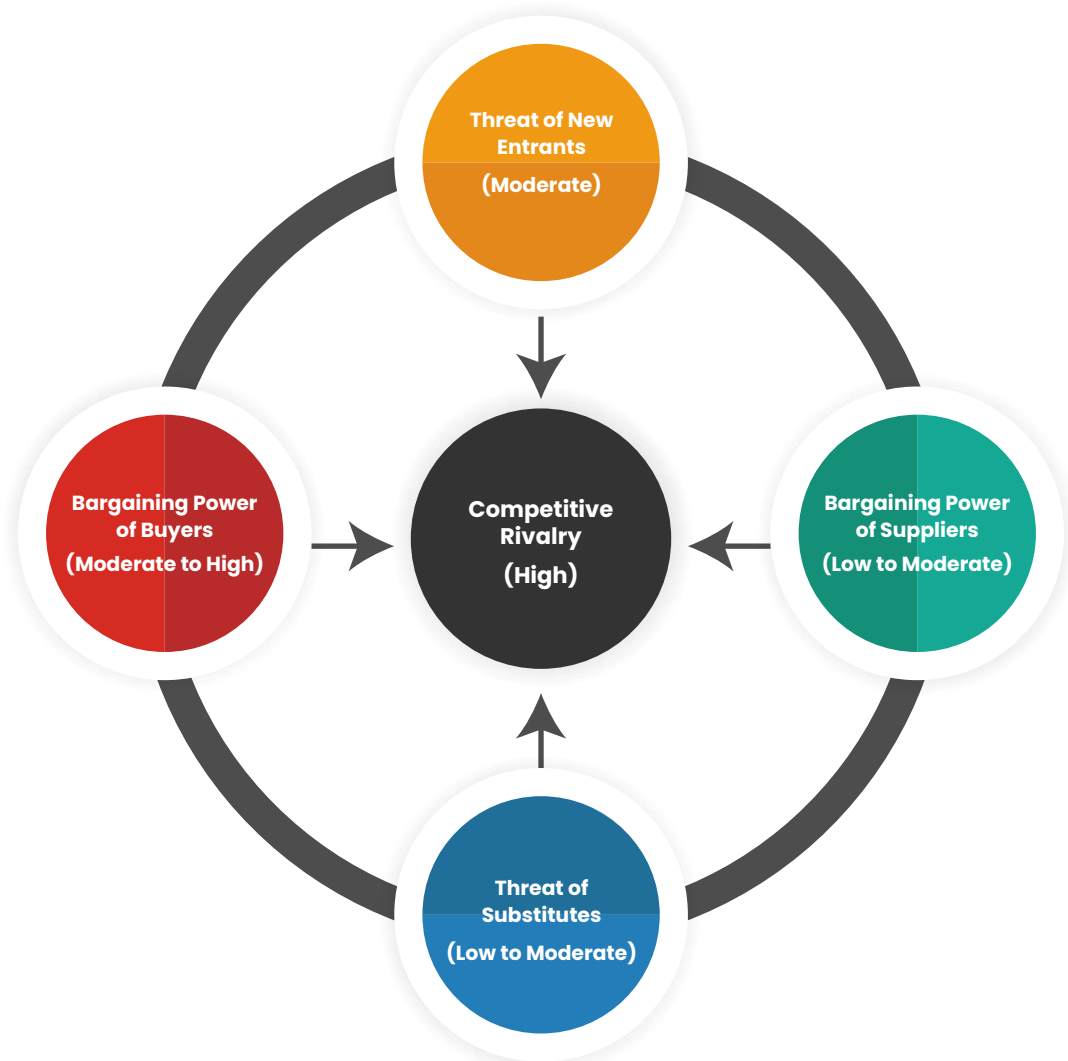
- **Inventory Management:** We maintain optimal inventory levels to cater to seasonal demand fluctuations, ensuring that our supply chain remains robust and responsive to peak season requirements.
- **Production Planning:** Our production schedules are adjusted to align with forecasted demand patterns, allowing us to ramp up production in anticipation of peak seasons and scale down during slower periods.
- **Market Diversification:** By diversifying our markets and expanding our global presence, we balance seasonal demand across different regions, reducing the overall impact of seasonality on our operations.
- **Customer Engagement:** Proactive engagement with our customers helps us understand their seasonal needs and plan accordingly. We work closely with them to ensure timely delivery and support for their projects during peak demand periods.

Seasonality is a significant factor in the industries we serve, and at ILL, we are committed to leveraging our expertise and strategic planning capabilities to navigate these fluctuations effectively. By anticipating seasonal trends and responding proactively, we ensure that our customers receive the highest level of service and that our operations remain efficient and resilient throughout the year.

# COMPETITIVE LANDSCAPE AND MARKET POSITIONING

## Porter's Five Forces model

At IIL we use a strategic framework called 'Porter's Five Forces Model' to analyze our competitive landscape and market positioning in the industry. The model is applied as follows:



### 1. Threat of New Entrants: Moderate

- **Barriers to Entry:**
  - **High Capital Investment:** Manufacturing steel and polymer products requires significant capital investment in technology, machinery, and facilities, which serves as a barrier to new entrants.
  - **Economies of Scale:** IIL benefits from economies of scale, allowing it to reduce costs and compete effectively. New entrants may struggle to achieve similar cost efficiencies.
  - **Regulatory Compliance:** The industry is subject to stringent quality, environmental, and safety regulations, which can be challenging for new entrants to navigate.
- **Brand Reputation and Loyalty:**
  - IIL has a well-established brand and a strong reputation for quality and reliability, making it difficult for new entrants to attract customers away from IIL.

### 2. Bargaining Power of Suppliers: Low to Moderate

- **Supplier Concentration:**
  - IIL sources raw materials like steel, polymers, and other components from a variety of suppliers. The availability of multiple suppliers reduces the bargaining power of any single supplier.

- **Backward Integration:**
  - The size and scale of IIL enable the capability to engage in backward integration (e.g. ISL) and negotiate favorable terms with (other) suppliers, further reducing their power.
- **Criticality of Inputs:**
  - The quality and cost of raw materials are critical to IIL's product offerings, but given the competitive nature of the supply market, suppliers' power remains moderate.

### 3. Bargaining Power of Buyers: Moderate to High

- **Customer Concentration:**
  - IIL serves a wide range of customers, from large industrial clients to smaller businesses, both domestically and internationally. However, large clients, particularly in B2B markets, exert significant influence over pricing and terms.
- **Product Differentiation:**
  - While IIL offers high-quality products, the basic nature of steel and polymer pipes and fittings makes them somewhat commoditized. Buyers may switch to competitors if they can secure better prices or terms.
- **Importance of IIL's Products:**
  - For many of IIL's customers, its products are critical components in construction, manufacturing, and infrastructure projects. This dependence can give IIL some leverage, though buyers may still push for competitive pricing.

### 4. Threat of Substitutes: Low to Moderate

- **Availability of Alternatives:**
  - Substitutes for steel and polymer pipes could include materials like copper, aluminum, or alternative plastics. However, these substitutes may not always offer the same durability, cost-effectiveness, or suitability for specific applications.
- **Switching Costs:**
  - The costs associated with switching to substitute products may be high, particularly in industries where IIL's products are integral to long-term projects and infrastructure. This reduces the threat of substitutes.
- **Innovation and R&D:**
  - IIL's focus on innovation and quality helps in maintaining the relevance of its products, thereby mitigating the threat posed by substitutes.

### 5. Competitive Rivalry: High

- **Number and Strength of Competitors:**
  - The steel and polymer pipe manufacturing industry is highly competitive, with several strong players both in Pakistan and globally. This creates intense rivalry as companies vie for market share.
- **Industry Growth Rate:**
  - When the industry is growing, competition may typically be less intense as companies can expand without directly challenging each other. However, in a mature or slow-growing market, rivalry tends to increase.
- **Fixed Costs and Overcapacity:**
  - High fixed costs in manufacturing mean that companies, including IIL, must operate at high capacity to remain profitable. This can lead to aggressive pricing strategies and increased competition.
- **Product Differentiation:**
  - Although IIL differentiates itself through quality, innovation, and sustainability, the basic nature of the products leads to price-based competition among rivals, intensifying industry rivalry.

# III'S BUSINESS MODEL OVERVIEW

III operates a robust and integrated business model designed to deliver high-quality steel products and services while creating value for its stakeholders. The business model can be described using the framework of inputs, business activities, outputs, and outcomes, aligned with internationally applicable standards such as the Integrated Reporting Framework (IRF).



Source: Business Model Representation in Integrated Reporting: Best Practices and Guidelines.

## 1. Inputs

### a. Financial Capital:

- Sources: Equity from shareholders, retained earnings, and debt financing.
- Use: Capital is used for operations, R&D, marketing, infrastructure development, and expansion projects.

### b. Manufactured Capital:

- Facilities: State-of-the-art manufacturing plants and machinery for steel production.
- Technology: Advanced production technologies, ERP systems, and digital tools for operational efficiency.

### c. Intellectual Capital:

- R&D and Innovation: Proprietary processes, product designs, patents, and technological expertise.
- Brand Value: Strong brand reputation especially in the steel industry.

### d. Human Capital:

- Workforce: Skilled employees across various functions including engineering, management, and sales.
- Training and Development: Ongoing professional development and talent management programs.

### e. Social and Relationship Capital:

- Partnerships: Long-standing relationships with suppliers, distributors, and customers.
- Community Engagement: Corporate social responsibility initiatives and stakeholder engagement.

### f. Natural Capital:

- Raw Materials: Steel coils, stainless steel coils, zinc, polymer resin, and other essential raw materials.
- Energy: Electricity, natural gas, and water used in manufacturing processes.

## 2. Business Activities

### a. Procurement:

- Sourcing: Acquiring raw materials and components from reliable suppliers to ensure quality and cost-efficiency.
- Supply Chain Management: Ensuring a smooth flow of materials through effective logistics and supplier relationships.

### b. Manufacturing:

- Production: Converting raw materials into finished steel products through processes like cutting, rolling, and galvanizing, and into finished polymer products through processes such as extruding.
- Quality Control: Implementing stringent quality checks at every stage of production to meet industry standards.

### c. Research and Development (R&D):

- Innovation: Developing new products and improving existing ones to meet market demands and trends.
- Sustainability Initiatives: Researching eco-friendly production methods and materials.

### d. Marketing and Sales:

- Market Analysis: Understanding market needs and customer preferences to tailor product offerings.
- Brand Management: Enhancing brand visibility through targeted marketing campaigns and customer engagement strategies.
- Sales: Direct and indirect sales channels to distribute products locally and internationally.

### e. Distribution and Logistics:

- Supply Chain Management: Coordinating logistics to ensure timely delivery of products.
- Warehousing: Efficient storage and inventory management to meet customer demand.

### f. Support Functions:

- Human Resources: Talent acquisition, employee welfare, and performance management.
- IT and Digital Transformation: Leveraging digital tools and systems to streamline operations and enhance customer experience.

## 3. Outputs

### a. Products and Services:

- Steel Pipes and Tubes: High-quality galvanized steel pipes, cold-rolled steel tubes, and other steel-based products.
- Stainless Steel Tubes: High-quality stainless-steel tubes for ornamental and industrial purposes.
- Polymer Pipes and Fittings: High-quality polymer pipes and fittings including PPRC, U-PVC, HDPE, and other polymer-based products.
- Engineering Solutions: End-to-end engineering solutions utilizing primary products from conceptualization to completion and delivery.
- Industrial Products and Solutions: Globally recognized industrial chemicals, tools, and fixing solutions.

### b. Financial Outputs:

- Revenue: Sales generated from domestic and international markets.
- Profitability: Earnings reflecting efficient cost management and high sales volume.

### c. Intellectual Outputs:

- Innovations: Patented products and processes, and new product developments.

### d. Social Outputs:

- Community Development: Contributions to local communities through CSR initiatives.
- Employment: Job creation and professional growth opportunities.

## 4. Outcomes

### a. Financial Outcomes:

- Shareholder Value: Enhanced value through consistent dividends and capital appreciation.
- Sustainable Growth: Steady growth in revenue and profitability supporting long-term business stability.

### b. Customer Outcomes:

- Customer Satisfaction: High levels of customer satisfaction reflected in repeat business and loyalty.
- Market Position: Strengthened market position as a leading steel manufacturer.

### c. Social and Environmental Outcomes:

- Sustainability Impact: Reduced environmental footprint through sustainable practices and green energy investments.
- Social Contribution: Positive impact on society through employment, community initiatives, and ethical business practices.

### d. Innovation Outcomes:

- Market Leadership: Recognition as an industry leader in innovation and product quality.
- Competitive Advantage: Sustainable competitive edge through continuous R&D and technological advancements.

ILL's business model is a comprehensive and integrated approach that transforms various inputs into valuable outputs and positive outcomes. This model ensures that ILL not only meets its financial goals but also fulfills its commitments to sustainability, innovation, and stakeholder engagement, thereby aligning with global standards and best practices.

ILL operates a robust and integrated business model designed to deliver high-quality steel products and services while creating value for its stakeholders. The business model can be described using the framework of inputs, business activities, outputs, and outcomes, aligned with internationally applicable standards such as the Integrated Reporting Framework (IRF).



# SECTION 2.0

## STRATEGY AND RESOURCE ALLOCATION

Strategic objectives, strategies & key performance indicators

Strategic roadmap: short, medium, and long-term objectives and strategies

Resource allocation plan for strategic implementation

Capabilities and resources that provide a sustainable competitive advantage for IIL

Effects of key factors on company strategy and resource allocation

Key performance indicators (KPIs) against strategic objectives

Relevance of key performance indicators (KPIs) for future strategic alignment

Linkage of strategic objectives with vision and mission

Board's statement on significant plans and decisions

Board strategy to overcome liquidity problems (if arise) and plans to meet operational losses (if arise)





# STRATEGIC OBJECTIVES, STRATEGIES & KEY PERFORMANCE INDICATORS

ILL's primary endeavour is to ensure that our overall corporate and strategic objectives are met by playing an exemplary leadership role in the local steel & polymer industry in line with global best practices. The Company continuously strives to modernize and grow its business to ensure continued profitability and maximize return to shareholders.

Through its comprehensive strategy encompassing six key imperatives, IIL is focused on driving long-term growth and operational excellence.

1. Customer and Brand Focus
2. Organizational Transformation and Talent Management
3. Financial Stability
4. Operational Excellence
5. Digital Transformation
6. Business Sustainability

## THE POWER OF



S.No.	Strategic Imperatives	Objectives	Strategies	KPIs	Actions Taken by IIL
1	Customer and Brand Focus	Enhance customer focus and brand visibility to strengthen market position and loyalty.	<ul style="list-style-type: none"> <li>• Increase Customer Support: Implement advanced customer service platforms and train support staff to deliver superior service.</li> <li>• Maintain Focus on Value Proposition: Regularly review and refine value propositions to ensure alignment with market needs.</li> <li>• Foster Customer-Centric Culture: Embed customer-centric practices across all levels of the organization through workshops and ongoing training.</li> <li>• Research and Development: Invest in R&amp;D to innovate and improve product offerings, aligning with market trends and customer preferences.</li> <li>• Increase Brand Visibility: Launch targeted marketing campaigns and leverage digital platforms to enhance brand presence.</li> <li>• Invest in Marketing: Allocate a substantial portion of the budget to strategic marketing initiatives and brand promotion.</li> <li>• Quality as a Cornerstone: Maintain stringent quality control measures and continuous improvement processes.</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Satisfaction Score (CSAT)</li> <li>• Net Promoter Score (NPS)</li> <li>• Brand Awareness Index</li> <li>• R&amp;D Investment as a Percentage of Revenue</li> <li>• Marketing ROI</li> </ul>	<ul style="list-style-type: none"> <li>• IIL has enhanced its customer support by introducing a new CRM system that allows for better tracking and response to customer inquiries.</li> <li>• Recent marketing campaigns have increased brand visibility significantly, as evidenced by a rise in brand awareness metrics.</li> <li>• IIL has continued to prioritize quality with rigorous quality checks and certifications.</li> </ul>
2	Digital Transformation	Leverage digital technologies to optimize operations and enhance customer experiences.	<ul style="list-style-type: none"> <li>• Implement Digital Tools: Adopt state-of-the-art ERP and CRM systems to streamline operations and improve efficiency.</li> <li>• Enhance Online Presence: Develop a robust digital marketing strategy and e-commerce platform to capture online market share.</li> <li>• Data Analytics: Utilize data analytics for better decision-making and performance monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>• System Downtime and Performance Metrics</li> <li>• Data Utilization Efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• IIL has embarked on a digital transformation journey by integrating an advanced ERP system that has improved operational efficiency.</li> </ul>
3	Financial Stability	Achieve robust financial health through efficient asset management and revenue growth.	<ul style="list-style-type: none"> <li>• Increase Inventory Turns: Optimize inventory management to reduce holding costs and improve turnover rates.</li> <li>• Reduce Debtor Days: Implement stringent credit control measures and enhance collections processes.</li> <li>• Evolve Subsidiaries' Models: Review and adapt business models of overseas subsidiaries to align with local market dynamics.</li> <li>• Maximize Cash Generation: Focus on improving cash flow through better financial management and operational efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>• Inventory Turnover Ratio</li> <li>• Days Sales Outstanding (DSO)</li> <li>• Revenue Growth from Overseas Subsidiaries</li> <li>• Cash Flow from Operations</li> </ul>	<ul style="list-style-type: none"> <li>• IIL has reduced debtor days by improving its credit control mechanisms and adopting more aggressive collection strategies.</li> <li>• Inventory management practices have been enhanced, leading to improved turnover rates and cost savings.</li> </ul>

S.No.	Strategic Imperatives	Objectives	Strategies	KPIs	Actions Taken by IIL
4	Operational Excellence	Achieve superior operational performance through continuous improvement and safety culture.	<ul style="list-style-type: none"> <li>• Promote Safety Culture: Implement comprehensive safety training programs and regular audits to enhance workplace safety.</li> <li>• Align Operational Models: Streamline business and operational processes to ensure efficiency and alignment with strategic goals.</li> <li>• Data-Driven Decisions: Introduce data-driven decision-making tools and performance monitoring systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Safety Incident Rate</li> <li>• Operational Efficiency Metrics</li> <li>• Process Improvement Initiatives</li> <li>• Data Utilization in Decision-Making</li> </ul>	<ul style="list-style-type: none"> <li>• IIL has made significant strides in safety by introducing new safety protocols and training programs, resulting in a reduction in workplace incidents.</li> <li>• Operational processes have been optimized through lean management practices and continuous improvement initiatives.</li> </ul>
5	Organizational Transformation and Talent Management	Build a high-performing, engaged workforce and foster a culture of inclusivity and growth.	<ul style="list-style-type: none"> <li>• Invest in Talent: Recruit top talent and provide ongoing development opportunities to enhance skills and performance.</li> <li>• Succession Planning: Develop and implement a succession planning strategy to ensure leadership continuity.</li> <li>• Performance Management: Establish a transparent performance management system with clear metrics and feedback mechanisms.</li> <li>• Foster Inclusivity: Promote a diverse and inclusive workplace culture with ongoing initiatives and support systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Satisfaction and Engagement Scores</li> <li>• Turnover Rates of Key Talent</li> <li>• Succession Plan Readiness</li> <li>• Diversity and Inclusion Metrics</li> </ul>	<ul style="list-style-type: none"> <li>• IIL has enhanced its talent management practices by implementing new recruitment strategies and professional development programs.</li> <li>• The organization has introduced a comprehensive performance management system and increased its focus on diversity and inclusion initiatives.</li> </ul>
6	Business Sustainability	Ensure long-term sustainability and ethical governance while minimizing environmental impact.	<ul style="list-style-type: none"> <li>• Enhance Corporate Governance: Adhere to best practices in corporate governance and ethical standards.</li> <li>• Invest in Green Energy: Explore and invest in renewable energy sources to reduce environmental impact and dependency on external energy supplies.</li> <li>• Diversify Business Areas: Expand into associated products or new business areas to mitigate risks and drive growth.</li> <li>• Develop Business Continuity Plans: Create and maintain robust business continuity plans to ensure resilience and operational stability.</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Performance Metrics</li> <li>• Green Energy Investment Ratio</li> <li>• Corporate Governance Ratings</li> <li>• Business Continuity Plan Readiness</li> </ul>	<ul style="list-style-type: none"> <li>• IIL has committed to sustainability by investing in green energy projects and implementing more stringent corporate governance practices.</li> <li>• The company has diversified its product offerings and developed a comprehensive business continuity plan to safeguard against disruptions.</li> </ul>

### **Relevance of Key Performance Indicators (KPIs) for Future Strategic Alignment**

The KPIs identified across ILL's strategic imperatives are well-aligned with current best practices and future trends in their respective areas. They address critical aspects such as customer satisfaction, operational efficiency, financial health, talent management, sustainability, and digital transformation. As long as these strategic objectives remain relevant to ILL's business context and external environment, the identified KPIs will continue to be essential for measuring and driving success in the future. Regular review and adjustment of these KPIs will ensure they remain aligned with evolving business priorities and market dynamics.

### **Relationship Between Company's Results and Management Objectives**

The Company's results and its objectives, as outlined above, are very strongly aligned. Our commitment to corporate governance standards, our employees and our shareholders is detailed in the Sustainability Section of this report as well as the financial and non-financial segments.

## STRATEGIC ROADMAP: SHORT, MEDIUM, AND LONG-TERM OBJECTIVES AND STRATEGIES

ILL has developed a structured approach to short-term, medium-term, and long-term strategic objectives and strategies, tailored to align with the six strategic imperatives.

S.No.	Strategic Area	Timeframe	Strategic Objectives	Strategies
1	Customer and Brand Focus	Short-Term	Improve customer support and satisfaction	<ul style="list-style-type: none"> <li>- Implement a new CRM system</li> <li>- Train customer service teams</li> </ul>
		Medium-Term	Enhance brand visibility and value proposition	<ul style="list-style-type: none"> <li>- Launch targeted marketing campaigns</li> <li>- Increase investment in brand promotion</li> </ul>
		Long-Term	Foster a culture of customer-centricity and innovation	<ul style="list-style-type: none"> <li>- Develop a robust R&amp;D setup</li> <li>- Continuously refine product offerings based on customer feedback</li> </ul>
2	Digital Transformation	Short-Term	Begin digital transformation initiatives	<ul style="list-style-type: none"> <li>- Implement ERP and CRM systems</li> <li>- Initiate digital marketing strategies</li> </ul>
		Medium-Term	Optimize digital tools and platforms	<ul style="list-style-type: none"> <li>- Integrate advanced data analytics</li> <li>- Enhance online user experience</li> </ul>
		Long-Term	Achieve digital maturity and operational integration	<ul style="list-style-type: none"> <li>- Fully integrate digital tools across all functions</li> <li>- Leverage AI and machine learning for insights</li> </ul>
3	Financial Stability	Short-Term	Improve inventory management and cash flow	<ul style="list-style-type: none"> <li>- Optimize inventory processes</li> <li>- Implement tighter credit controls</li> </ul>
		Medium-Term	Increase cash generation and reduce debtor days	<ul style="list-style-type: none"> <li>- Enhance cash flow management practices</li> <li>- Revise credit policies and collection processes</li> </ul>
		Long-Term	Evolve global subsidiary business models	<ul style="list-style-type: none"> <li>- Adapt and innovate business models for international markets</li> <li>- Focus on sustainable revenue streams</li> </ul>
4	Operational Excellence	Short-Term	Enhance safety protocols and operational efficiency	<ul style="list-style-type: none"> <li>- Conduct safety training programs</li> <li>- Streamline operational processes</li> </ul>
		Medium-Term	Implement data-driven decision-making	<ul style="list-style-type: none"> <li>- Introduce performance monitoring systems</li> <li>- Utilize data analytics for process improvements</li> </ul>
		Long-Term	Achieve high operational performance standards	<ul style="list-style-type: none"> <li>- Standardize best practices across operations</li> <li>- Foster a culture of continuous improvement</li> </ul>
5	Organizational Transformation and Talent Management	Short-Term	Recruit and develop key talent	<ul style="list-style-type: none"> <li>- Launch recruitment campaigns for critical roles</li> <li>- Implement initial training and development programs</li> </ul>
		Medium-Term	Strengthen succession planning and performance management	<ul style="list-style-type: none"> <li>- Develop and communicate succession plans</li> <li>- Enhance performance management systems</li> </ul>
		Long-Term	Build a diverse and inclusive workplace	<ul style="list-style-type: none"> <li>- Foster an inclusive culture through policies and practices</li> <li>- Promote cross-functional collaboration</li> </ul>
6	Business Sustainability	Short-Term	Implement sustainable practices and improve governance	<ul style="list-style-type: none"> <li>- Adhere to corporate governance standards</li> <li>- Initiate green energy assessments</li> </ul>
		Medium-Term	Invest in green energy and diversify business areas	<ul style="list-style-type: none"> <li>- Begin transitioning to renewable energy sources</li> <li>- Explore new business opportunities</li> </ul>
		Long-Term	Ensure long-term sustainability and continuity	<ul style="list-style-type: none"> <li>- Develop and maintain a comprehensive business continuity plan</li> <li>- Continuously align with best practices</li> </ul>

## RESOURCE ALLOCATION PLAN FOR STRATEGIC IMPLEMENTATION

Below is the summary of the resource allocation plan to implement the strategic objectives of across the six strategic imperatives. The table outlines the allocation of different types of capital – financial, human, manufactured, intellectual, social and relationship, and natural – over short-term, medium-term, and long-term periods.

### Customer and Brand Focus

Capital Type	Short-Term (1-2 years)	Medium-Term (3-5 years)	Long-Term (6+ years)
<b>Financial Capital</b>	Allocate funds for customer support enhancements and initial marketing campaigns.	Increase budget for strategic partnerships and market research to expand market reach.	Continue investing in long-term brand-building initiatives and customer experience innovations.
<b>Human Capital</b>	Recruit and train customer service teams to improve customer support.	Expand marketing and customer support teams to handle increased market reach and customer engagement.	Develop a high-performing customer relations team focused on maintaining industry-leading customer satisfaction levels.
<b>Manufactured Capital</b>	Enhance CRM systems to improve customer support operations.	Invest in new customer service infrastructure and tools to support an expanding customer base.	Maintain and upgrade customer service infrastructure and technology as needed to support continuous innovation.
<b>Intellectual Capital</b>	Develop training programs for customer-centric culture and support.	Create advanced training modules and customer insight programs.	Establish a center of excellence for customer experience research and innovation.
<b>Social and Relationship Capital</b>	Initiate community engagement and brand awareness campaigns.	Strengthen partnerships with industry stakeholders and customer communities to enhance brand loyalty and trust.	Build long-term relationships with strategic partners and key customers to establish a loyal customer base.
<b>Natural Capital</b>	Minimal allocation.	Minimal allocation.	Incorporate eco-friendly packaging and customer education on sustainability practices.

## Digital Transformation

Capital Type	Short-Term (1-2 years)	Medium-Term (3-5 years)	Long-Term (6+ years)
<b>Financial Capital</b>	Invest in initial digital tools, such as ERP and CRM systems.	Allocate funds for ongoing digital platform enhancements and integration across departments.	Continue funding for digital innovation projects and advanced technology adoption.
<b>Human Capital</b>	Hire and train IT professionals and digital transformation specialists.	Expand digital teams to manage integrated systems and support digital growth.	Develop a skilled digital workforce with expertise in cutting-edge technologies and innovation management.
<b>Manufactured Capital</b>	Acquire hardware and software to support digital initiatives.	Invest in high-performance IT infrastructure to enable comprehensive digital integration.	Maintain and update IT infrastructure to keep pace with technological advancements and business needs.
<b>Intellectual Capital</b>	Develop digital literacy and data management training programs.	Enhance digital strategy capabilities and data analytics expertise.	Establish a digital innovation hub to drive technology-led growth and operational excellence.
<b>Social and Relationship Capital</b>	Collaborate with technology partners to support digital initiatives.	Strengthen partnerships with tech firms and consultants for advanced digital solutions.	Build long-term strategic alliances with leading technology providers and innovators.
<b>Natural Capital</b>	Minimal allocation.	Explore digital tools to enhance sustainability tracking and reporting.	Integrate digital solutions to reduce environmental footprint, such as smart energy management systems.



## Financial Stability

Capital Type	Short-Term (1-2 years)	Medium-Term (3-5 years)	Long-Term (6+ years)
<b>Financial Capital</b>	Reallocate funds to improve cash flow management and optimize inventory.	Increase investment in financial systems and processes to enhance profitability and risk management.	Allocate capital for strategic acquisitions and diversification to support long-term financial stability.
<b>Human Capital</b>	Enhance finance team capabilities with training on cash management and inventory optimization.	Build a stronger finance team with expertise in international markets and financial risk management.	Develop a robust financial leadership team with a focus on strategic growth and sustainability.
<b>Manufactured Capital</b>	Optimize inventory management systems to reduce holding costs.	Invest in state-of-the-art inventory and financial management systems to enhance operational efficiency.	Upgrade financial and inventory management infrastructure as part of long-term growth strategies.
<b>Intellectual Capital</b>	Provide training on financial analysis and inventory management for key personnel.	Develop advanced financial modeling and risk assessment capabilities within the organization.	Establish a financial center of excellence to continuously improve financial strategies and practices.
<b>Social and Relationship Capital</b>	Engage with financial institutions to improve credit terms and cash flow management.	Build strong relationships with international financial partners to support global operations.	Maintain long-term partnerships with key financial institutions to secure favorable terms and support strategic growth.
<b>Natural Capital</b>	Minimal allocation.	Minimal allocation.	Explore green financing options to support sustainability initiatives and reduce environmental impact.

## Operational Excellence

Capital Type	Short-Term (1-2 years)	Medium-Term (3-5 years)	Long-Term (6+ years)
<b>Financial Capital</b>	Allocate funds for safety training programs and process improvement initiatives.	Invest in advanced technologies and process automation to enhance operational efficiency.	Continue funding for innovation in operations and continuous improvement projects.
<b>Human Capital</b>	Hire safety experts and train employees on new safety protocols.	Expand operational teams with expertise in process optimization and data-driven decision-making.	Develop a skilled workforce with a focus on lean operations and continuous improvement.
<b>Manufactured Capital</b>	Upgrade equipment and facilities to improve safety and operational efficiency.	Invest in state-of-the-art machinery and process automation tools.	Regularly update and maintain high-performance equipment and technology to support operational excellence.
<b>Intellectual Capital</b>	Implement training programs on lean management and operational best practices.	Develop advanced operational training and knowledge-sharing platforms.	Establish an operations excellence academy to foster continuous learning and innovation.
<b>Social and Relationship Capital</b>	Build relationships with industry experts and consultants to support operational improvement.	Strengthen collaboration with suppliers and partners to drive supply chain efficiency.	Develop long-term partnerships with industry leaders to benchmark and continuously improve operational practices.
<b>Natural Capital</b>	Implement initiatives to reduce waste and improve energy efficiency in operations.	Invest in energy-efficient equipment and sustainable operational practices.	Continuously enhance sustainability practices across operations to reduce environmental impact.

## Organizational Transformation and Talent Management

Capital Type	Short-Term (1-2 years)	Medium-Term (3-5 years)	Long-Term (6+ years)
<b>Financial Capital</b>	Allocate budget for recruitment and initial training programs.	Increase investment in talent development and leadership training programs.	Continue funding for strategic talent initiatives, including diversity and inclusion programs and organizational development.
<b>Human Capital</b>	Hire and onboard new talent with a focus on customer support and digital expertise.	Expand teams across functions to support strategic growth, with a focus on diversity and inclusion.	Develop a strong pipeline of future leaders through comprehensive succession planning and leadership development programs.
<b>Manufactured Capital</b>	Invest in tools and technology to support talent development initiatives.	Upgrade HR systems and platforms to enhance performance management and employee engagement.	Maintain and update HR infrastructure to support continuous organizational growth and transformation.
<b>Intellectual Capital</b>	Develop onboarding and training programs to enhance employee skills and knowledge.	Create advanced leadership development programs and continuous learning opportunities.	Establish a knowledge management system to capture and share best practices and expertise across the organization.
<b>Social and Relationship Capital</b>	Strengthen internal communications and employee engagement initiatives.	Build partnerships with educational institutions and industry bodies to enhance talent pipelines and development opportunities.	Maintain strong relationships with key educational and industry partners to support talent development and organizational growth.
<b>Natural Capital</b>	Minimal allocation.	Promote sustainable practices and environmental awareness among employees.	Integrate sustainability goals into employee performance management and organizational culture initiatives.

## Operational Excellence

Capital Type	Short-Term (1-2 years)	Medium-Term (3-5 years)	Long-Term (6+ years)
<b>Financial Capital</b>	Initiate investment in renewable energy and sustainability projects.	Increase funding for sustainability initiatives and diversification into associated business areas.	Continue funding for sustainability projects and strategic diversification to reduce environmental impact and enhance long-term resilience.
<b>Human Capital</b>	Hire sustainability experts and develop training programs focused on environmental stewardship.	Expand sustainability teams to lead and implement green initiatives and new business development projects.	Develop a workforce skilled in sustainability and corporate social responsibility to support long-term goals.
<b>Manufactured Capital</b>	Invest in sustainable manufacturing practices and green technologies.	Upgrade facilities and equipment to meet sustainability standards and reduce environmental impact.	Regularly review and upgrade manufacturing capabilities to align with evolving sustainability goals and best practices.
<b>Intellectual Capital</b>	Create training programs focused on sustainability and ethical business practices.	Develop advanced sustainability frameworks and ethical governance training programs.	Establish a sustainability center of excellence to drive continuous improvement and innovation in sustainable practices.
<b>Social and Relationship Capital</b>	Engage with stakeholders on sustainability initiatives and build community relations.	Strengthen partnerships with NGOs, community groups, and industry bodies to enhance sustainability efforts and stakeholder engagement.	Maintain strong relationships with sustainability-focused partners to support long-term environmental and social goals.
<b>Natural Capital</b>	Implement initial green initiatives and start investing in renewable energy sources.	Expand investment in renewable energy projects and sustainable practices across operations.	Continuously innovate and invest in green technologies and sustainable practices to reduce environmental impact and enhance long-term business resilience.

# CAPABILITIES AND RESOURCES THAT PROVIDE A SUSTAINABLE COMPETITIVE ADVANTAGE FOR IIL

By focusing on the below holistic capabilities and resources, IIL creates a sustainable competitive advantage that drives long-term value for the company and its stakeholders.

## Core Capabilities and Resources

### 1. *Manufacturing Excellence:*

- State-of-the-Art Facilities: Advanced manufacturing facilities with modern technology enhance production efficiency and product quality.
- Quality Control Systems: Robust quality management systems ensure high standards and consistent product quality, critical for maintaining market reputation.

### 2. *Innovation and Research & Development (R&D):*

- R&D Capabilities: Dedicated R&D centers focus on developing new products and improving existing ones, driving innovation and meeting market demands.
- Technology Integration: Use of cutting-edge technology and automation in manufacturing processes to increase productivity and reduce costs.

### 3. *Financial Strength:*

- Strong Financial Position: Solid financial health and capital resources enable investment in growth opportunities, R&D, and infrastructure.
- Effective Financial Management: Efficient financial practices support stability and flexibility in managing market fluctuations.

### 4. *Skilled Workforce:*

- Talent and Expertise: A highly skilled and experienced workforce contributes to operational excellence and innovative capabilities.
- Training and Development: Ongoing employee training and development programs ensure that staff are well-equipped to meet evolving industry challenges.

### 5. *Market Position and Brand Strength:*

- Established Brand: IIL's well-recognized brand name with a strong market presence builds customer loyalty and drives sales.
- Customer Relationships: IIL's strong relationships with key customers and stakeholders enhance market positioning and create long-term value.

### 6. *Strategic Partnerships and Alliances:*

- Collaborations: IIL's strategic partnerships with suppliers, distributors, and industry stakeholders enhance operational capabilities and market reach.
- Global Network: IIL's extensive network of partners and customers supports global market expansion and diversification.

### 7. *Sustainability Practices:*

- Environmental Initiatives: IIL's commitment to sustainability through energy-efficient practices, waste reduction, and green energy investments.
- Corporate Social Responsibility (CSR): Active CSR programs that contribute to community development and environmental stewardship.

### 8. *Technological Advancements:*

- Digital Transformation: Implementation of digital tools and technologies to improve operational efficiency and data management.
- Innovation in Products: Development of advanced products and solutions that meet customer needs and differentiate the company from competitors.

## Value Creation Through Sustainable Competitive Advantage

- 1. Enhanced Efficiency and Productivity:** Leveraging advanced manufacturing technologies and quality control systems leads to higher production efficiency and cost savings, contributing to overall profitability.
- 2. Market Leadership:** Strong brand recognition and customer relationships enhance market position, driving sales and establishing ILL as a leader in its industry.
- 3. Innovation and Growth:** Continuous investment in R&D and technological advancements fosters innovation, enabling ILL to meet evolving customer demands and explore new market opportunities.
- 4. Financial Stability:** A strong financial position and effective financial management support strategic investments and ensure resilience against market fluctuations.
- 5. Sustainability and CSR:** Commitment to sustainability and CSR initiatives not only enhances corporate reputation but also contributes to long-term environmental and social value.
- 6. Talent and Expertise:** A skilled workforce and ongoing employee development programs ensure that ILL remains competitive and adaptable in a rapidly changing market.

# EFFECTS OF KEY FACTORS ON COMPANY STRATEGY AND RESOURCE ALLOCATION

ILL evaluates several critical factors that impact our strategic direction and resource allocation. These factors include technological changes, sustainability reporting and challenges, innovation initiatives, and resource shortages. Here's an overview of how these factors affect our strategy and resource allocation:

S.No.	Key Factors	Effects on Company Strategy	Effects on Resource Allocation
1	Technological Changes	<ul style="list-style-type: none"> <li>• <b>Innovation Drive:</b> Rapid technological advancements necessitate ongoing investment in research and development (R&amp;D) to stay ahead of industry trends. We focus on adopting and integrating new technologies to enhance our product offerings and operational efficiency.</li> <li>• <b>Digital Transformation:</b> Technology changes drive our digital transformation strategy, including the adoption of advanced data analytics, automation, and digital tools to improve decision-making and process efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Capital Investment:</b> We allocate substantial financial resources to technology upgrades, R&amp;D, and digital tools. This includes investing in new manufacturing technologies and IT infrastructure.</li> <li>• <b>Talent Acquisition:</b> To support technological advancements, we invest in hiring skilled professionals with expertise in emerging technologies and digital tools.</li> <li>• <b>Training and Development:</b> We allocate resources to upskill our workforce on new technologies and systems to ensure effective implementation and utilization.</li> </ul>
2	Sustainability Reporting and Challenges	<ul style="list-style-type: none"> <li>• <b>Enhanced Transparency:</b> Sustainability reporting drives us to improve transparency and accountability in our environmental, social, and governance (ESG) practices. We incorporate sustainability goals into our overall strategic framework.</li> <li>• <b>Regulatory Compliance:</b> Addressing sustainability challenges ensures compliance with evolving regulations and standards, influencing our operational practices and product development strategies.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Investment in Sustainable Practices:</b> We allocate capital towards implementing sustainable practices, such as energy-efficient technologies, waste reduction, and green energy investments.</li> <li>• <b>Reporting and Auditing:</b> Resources are dedicated to sustainability reporting and auditing processes to track performance, ensure compliance, and communicate our sustainability efforts to stakeholders.</li> <li>• <b>Research and Innovation:</b> We invest in R&amp;D for sustainable product development and processes that align with our sustainability goals.</li> </ul>
3	Initiatives Taken by the Company in Promoting and Enabling Innovation	<ul style="list-style-type: none"> <li>• <b>Innovation Leadership:</b> Our commitment to innovation enhances our competitive edge and drives strategic initiatives focused on developing new products and improving existing ones. We foster a culture of creativity and continuous improvement.</li> <li>• <b>Strategic Partnerships:</b> We engage in collaborations with technology providers, research institutions, and industry experts to drive innovation and access new technologies.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>R&amp;D Funding:</b> Significant financial resources are allocated to R&amp;D activities to support innovation projects and new product development.</li> <li>• <b>Collaboration Investments:</b> We invest in strategic partnerships and collaborations to access external expertise and resources that facilitate innovation.</li> <li>• <b>Talent and Infrastructure:</b> Resources are allocated to building innovation capabilities, including hiring skilled personnel and developing infrastructure that supports creative processes and technology development.</li> </ul>
4	Resource Shortages	<ul style="list-style-type: none"> <li>• <b>Operational Adjustments:</b> Resource shortages, such as shortages in raw materials or skilled labor, require us to adjust our operational strategies. This may involve diversifying suppliers, optimizing inventory management, or adjusting production schedules.</li> <li>• <b>Cost Management:</b> Resource shortages impact cost structures, leading us to implement cost-saving measures and efficiency improvements to mitigate financial impacts.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Supply Chain Management:</b> We allocate resources to developing resilient supply chains and sourcing strategies to address and mitigate shortages.</li> <li>• <b>Investment in Alternatives:</b> Resources are invested in alternative materials, technologies, and processes to reduce dependency on scarce resources.</li> <li>• <b>Efficiency Improvements:</b> Financial and operational resources are directed towards process improvements and technology upgrades to enhance efficiency and reduce resource consumption.</li> </ul>

The interplay of technological changes, sustainability reporting, innovation initiatives, and resource shortages significantly influences ILL's strategic direction and resource allocation. By adapting to these factors, we enhance our ability to drive growth, innovation, and sustainability while effectively managing challenges and opportunities.

# KEY PERFORMANCE INDICATORS (KPIs) AGAINST STRATEGIC OBJECTIVES

To effectively measure the achievement of strategic objectives at IIL, Key Performance Indicators (KPIs) are aligned with each of the six strategic imperatives outlined in the company's strategic plan. Below is a set of KPIs tailored to each strategic objective:

## 1. Customer & Brand Focus

Objective: Enhance customer focus and brand visibility to strengthen market position and loyalty.

KPIs:

- Customer Satisfaction Score (CSAT): Measures customer satisfaction with products and services.
- Net Promoter Score (NPS): Gauges customer loyalty and the likelihood of customers recommending IIL to others.
- Brand Awareness Index: Tracks the level of brand recognition and recall in target markets.
- Market Share Growth: Measures the increase in market share in key segments.
- R&D Investment as a Percentage of Revenue: Indicates the level of investment in research and development relative to total revenue.
- First Contact Resolution Rate: Percentage of customer inquiries or issues resolved in the first interaction.

## 2. Digital Transformation

Objective: Leverage digital technologies to optimize operations and enhance customer experiences.

KPIs:

- System Downtime and Performance Metrics: Tracks the reliability and uptime of IT systems and infrastructure.
- Data Utilization Efficiency: Evaluates the effectiveness of data usage in decision-making processes.
- IT Investment as a Percentage of Revenue: Measures the proportion of revenue allocated to IT and digital transformation initiatives.
- Automation Rate: Percentage of processes automated to reduce manual intervention.

## 3. Financial Stability

Objective: Achieve robust financial health through efficient asset management and revenue growth.

KPIs:

- Revenue Growth Rate: Measures the year-over-year growth in revenue.
- Net Profit Margin: Tracks the profitability of the company after all expenses.
- Inventory Turnover Ratio: Indicates the efficiency of inventory management and turnover.
- Days Sales Outstanding (DSO): Measures the average number of days it takes to collect payment per a sale.
- Debt-to-Equity Ratio: Assesses the company's financial leverage and capital structure.
- Cash Flow from Operations: Tracks the cash generated from the company's core business operations.

## 4. Operational Excellence

Objective: Achieve superior operational performance through continuous improvement and a culture of safety.

KPIs:

- Safety Incident Rate (Lost Time Injury Frequency Rate - LTIFR): Measures the number of lost-time injuries per million hours worked.
- Overall Equipment Effectiveness (OEE): Assesses the efficiency and effectiveness of production equipment.
- Operational Cost Efficiency: Tracks the cost of operations relative to revenue.
- Process Improvement Rate: Measures the number of process improvements implemented over a specific period.
- Cycle Time Reduction: Monitors the reduction in the time required to complete a production cycle or process.
- Quality Control Metrics (Defect Rate): Measures the percentage of products that fail to meet quality standards.



## 5. Organizational Transformation & Talent Management

Objective: Build a high-performing, engaged workforce and foster a culture of inclusivity and growth.

KPIs:

- Employee Satisfaction and Engagement Scores: Measures overall employee satisfaction and engagement levels.
- Employee Turnover Rate: Tracks the rate at which employees leave the company, especially key talent.
- Diversity and Inclusion Metrics: Monitors the representation of diverse groups within the workforce.
- Succession Plan Readiness: Evaluates the preparedness and effectiveness of succession planning efforts.
- Training Hours per Employee: Measures the average number of training hours received per employee.
- Internal Promotion Rate: The percentage of positions filled by internal candidates, indicating career development opportunities.

## 6. Business Sustainability

Objective: Ensure long-term sustainability and ethical governance while minimizing environmental impact.

KPIs:

- Carbon Footprint Reduction: Measures the reduction in greenhouse gas emissions.
- Energy Consumption from Renewable Sources: Tracks the percentage of total energy consumption derived from renewable sources.
- Waste Reduction Rate: Monitors the decrease in waste production and increase in recycling rates.
- Corporate Governance Rating: Assesses adherence to best practices in corporate governance.
- Sustainability Performance Metrics (e.g., ESG Score): Evaluates the company's performance across environmental, social, and governance criteria.
- Community Engagement Index: Measures the impact of corporate social responsibility initiatives in local communities.

By implementing these KPIs, IIL effectively measures progress toward its strategic objectives, makes informed decisions, and ensures alignment with its mission and vision. These indicators provide a comprehensive view of the company's performance across various dimensions, facilitating continuous improvement and long-term success.

# RELEVANCE OF KEY PERFORMANCE INDICATORS (KPIs) FOR FUTURE STRATEGIC ALIGNMENT

Based on the strategy detailed for ILL, following are the ways in which the key performance indicators (KPIs) will continue to be relevant in future:

## 1. Customer & Brand Focus

KPIs like Customer Satisfaction Score (CSAT), Net Promoter Score (NPS), Brand Awareness Index, R&D Investment as a Percentage of Revenue, and Marketing ROI are highly relevant and will remain so. These metrics directly measure customer satisfaction, brand strength, innovation efforts, and marketing effectiveness, which are crucial for maintaining competitive advantage and customer loyalty.

## 2. Digital Transformation

KPIs such as System Downtime and Performance Metrics, and Data Utilization Efficiency are essential in the digital age. As businesses increasingly rely on digital tools and platforms, these metrics will continue to gauge the effectiveness of digital initiatives and operational efficiencies driven by technology.

## 3. Financial Stability

KPIs such as Inventory Turnover Ratio, Days Sales Outstanding (DSO), Revenue Growth from Overseas Subsidiaries, and Cash Flow from Operations are fundamental to financial health and efficiency. These metrics will remain relevant as they measure liquidity, profitability, and operational effectiveness, which are critical for sustaining growth and managing financial risks.

## 4. Operational Excellence

KPIs like Safety Incident Rate, Operational Efficiency Metrics, Process Improvement Initiatives, and Data Utilization in Decision-Making are pivotal for operational performance and continuous improvement. They ensure that the organization maintains high standards of safety, efficiency, and adaptability, which are timeless requirements for sustainable success.

## 5. Organizational Transformation & Talent Management

KPIs such as Employee Satisfaction and Engagement Scores, Turnover Rates of Key Talent, Succession Plan Readiness, and Diversity and Inclusion Metrics are vital for organizational health and resilience. These metrics reflect the organization's ability to attract, retain, and develop talent while fostering a culture of inclusivity and growth, which will remain crucial in the future of work.

## 6. Business Sustainability

KPIs including Sustainability Performance Metrics, Green Energy Investment Ratio, Corporate Governance Ratings, and Business Continuity Plan Readiness are increasingly important as stakeholders prioritize environmental, social, and governance (ESG) factors. These metrics demonstrate the company's commitment to long-term sustainability, ethical governance, and resilience against disruptions.

The KPIs identified across ILL's strategic imperatives are well-aligned with current best practices and future trends in their respective areas. They address critical aspects such as customer satisfaction, operational efficiency, financial health, talent management, sustainability, and digital transformation. As long as these strategic objectives remain relevant to ILL's business context and external environment, the identified KPIs will continue to be essential for measuring and driving success in the future.

## LINKAGE OF STRATEGIC OBJECTIVES WITH VISION AND MISSION

By aligning IIL's strategic objectives with its vision and mission, it becomes clear that each objective supports the company's overarching goals. This alignment ensures that the strategic initiatives effectively drive towards becoming a globally respected and innovative company while fulfilling its mission and maintaining a commitment to quality, customer focus, and sustainability.

S.No.	Strategic Area	Vision	Mission
1	Customer and Brand Focus	<ul style="list-style-type: none"> <li>• Enriching Lives: By enhancing customer focus and brand visibility, IIL enriches the lives of its customers through superior products and services.</li> <li>• Competitive Quality: Strengthening market position and loyalty aligns with providing competitive quality products and services.</li> </ul>	<ul style="list-style-type: none"> <li>• Customer-Focused: Directly supports the mission to be customer-focused by improving customer support, refining value propositions, and investing in R&amp;D.</li> <li>• Quality-Conscious: Ensures that quality remains a cornerstone, in line with the commitment to quality management systems.</li> </ul>
2	Digital Transformation	<ul style="list-style-type: none"> <li>• Innovative: Leveraging digital technologies aligns with being innovative and entrepreneurial.</li> <li>• Competitive Quality: Improving digital tools and online presence supports providing competitive quality in a modern context.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective Management Systems: Enhancing operational efficiency through digital transformation aligns with the mission's focus on effective management systems.</li> </ul>
3	Financial Stability	<ul style="list-style-type: none"> <li>• Enriching Lives: Achieving financial stability supports long-term growth and the ability to enrich the lives of stakeholders.</li> <li>• Competitive Quality: Ensures that financial health supports the ability to maintain and enhance product and service quality.</li> </ul>	<ul style="list-style-type: none"> <li>• Economies of Scale: Enhancing financial stability through efficient asset management supports achieving economies of scale.</li> <li>• Fair Return to Shareholders: Ensures financial strategies align with providing a fair return to shareholders.</li> </ul>
4	Operational Excellence	<ul style="list-style-type: none"> <li>• Globally Respected: Achieving operational excellence supports becoming a globally respected company by maintaining high standards.</li> <li>• Quality Products and Services: Operational excellence ensures the delivery of high-quality products and services.</li> </ul>	<ul style="list-style-type: none"> <li>• Quality Management Systems: Continuous improvement in operations aligns with the mission's focus on quality management.</li> <li>• Health &amp; Safety: Promoting a safety culture reflects the commitment to occupational health and safety.</li> </ul>
5	Organizational Transformation and Talent Management	<ul style="list-style-type: none"> <li>• Innovative and Entrepreneurial: Building a high-performing, engaged workforce supports innovation and entrepreneurship.</li> <li>• Enriching Lives: Talent management and organizational transformation enhance the workplace environment, enriching the lives of employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous Improvement: Investing in talent and development supports the mission of continuous improvement and effectiveness.</li> <li>• Ethical Company: Ensuring fairness and inclusivity in the workplace aligns with ethical standards.</li> </ul>
6	Business Sustainability	<ul style="list-style-type: none"> <li>• Ethical and Respected: Ensuring sustainability and ethical governance supports the vision of being globally respected and ethical.</li> <li>• Enriching Lives: Investing in green energy and sustainability initiatives aligns with enriching lives through environmental stewardship.</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Management: Investing in green energy and sustainability reflects the mission's commitment to environmental management systems.</li> <li>• Social Responsibility: Aligns with fulfilling social responsibilities and ethical practices.</li> </ul>

# BOARD'S STATEMENT ON SIGNIFICANT PLANS AND DECISIONS

We would like to provide an update on the plans and decisions of the Company regarding our corporate restructuring, business expansion, major capital expenditure, and operations.

## 1. Corporate Restructuring:

**No Major Change:** After a comprehensive review of our organizational structure and operational efficiency, the Board has determined that there will be no major changes to the corporate structure at this time. We remain committed to our current organizational framework, which supports our strategic goals and operational needs effectively.

## 2. Business Expansion:

**Exploring Global Partnerships:** We are committed to expanding our international footprint by exploring strategic global partnerships. This initiative aims to leverage synergies with international organizations to enhance our market reach, share technological advancements, and access new business opportunities. Through these partnerships, we intend to strengthen our global position and drive mutual growth.

**Entering the Trading Business:** ILL's Trading Division will focus on trading opportunities, including the import and export of products, to complement our existing operations and diversify our revenue streams. The division will operate with the same commitment to quality and excellence that defines ILL, ensuring that we deliver value to our customers and stakeholders in this new domain.

## 3. Major Capital Expenditure:

**No Major Expenditure:** We will continue to manage our capital expenditures prudently, ensuring that any investment aligns with our strategic objectives and operational requirements while maintaining our financial stability.

## 4. Discontinuance of Operations:

**No Discontinuation:** We are committed to maintaining and supporting all our existing business operations, focusing on operational excellence and continuous improvement.

These strategic moves are designed to align with our long-term vision of becoming a globally respected, innovative, and entrepreneurial company. By exploring global partnerships and expanding into the trading business, we aim to capitalize on new opportunities, enhance our competitive advantage, and drive sustainable growth.

# BOARD'S CONTINGENCY PLAN & STRATEGY TO OVERCOME LIQUIDITY PROBLEMS AND MEET OPERATIONAL LOSSES

In the event of liquidity challenges or operational losses, following would be the approach to address these issues effectively:

- **Liquidity Management:** ILL implements proactive liquidity management practices to ensure adequate cash reserves and financial flexibility. This includes optimizing working capital, closely monitoring cash flows, and maintaining efficient inventory management. We also explore various financing options to bolster liquidity when necessary.
- **Cost Control Measures:** To manage operational losses, we focus on stringent cost control measures and operational efficiency initiatives. This involves identifying cost-saving opportunities, streamlining processes, and implementing lean management practices across our operations.
- **Revenue Enhancement:** We actively seek opportunities to enhance revenue through market expansion, product diversification, and innovation. By expanding into new markets and developing new products, we aim to increase our revenue streams and mitigate the impact of any operational losses.
- **Strategic Investments:** We strategically invest in initiatives that drive long-term growth and profitability. This includes investing in technology, improving operational efficiency, and exploring new business areas to ensure sustained financial health.
- **Regular Financial Reviews:** ILL conducts regular financial reviews and scenario planning to anticipate potential challenges and develop appropriate contingency plans. This proactive approach allows us to respond swiftly to changing conditions and maintain financial stability.

## Information about Defaults in Payment of Any Debt (None)

ILL is pleased to report that there have been no defaults in the payment of any debt obligations. Our strong financial management practices and robust liquidity position ensure that we consistently meet our debt repayment schedules in a timely manner. We maintain a vigilant approach to managing our cash flows and financial commitments, which helps us avoid any instances of default.

# SECTION 3.0

## RISKS AND OPPORTUNITIES

Key risks and opportunities (internal and external)  
Risk management framework  
Risk mitigation  
Key risks  
Key opportunities  
Disclosure of a risk of supply chain disruption



# KEY RISKS AND OPPORTUNITIES (INTERNAL AND EXTERNAL) EFFECTING AVAILABILITY, QUALITY AND AFFORDABILITY OF CAPITAL

Form of Capital	Key Risk	Key Opportunities	Time Horizon
Financial Capital	<ul style="list-style-type: none"> <li>Exchange Rate Volatility: affecting the cost of imported raw materials and machinery.</li> </ul>	<ul style="list-style-type: none"> <li>Export Expansion: to new markets that can diversify revenue streams and reduce dependence on the local market.</li> </ul>	Short to Long term
	<ul style="list-style-type: none"> <li>Interest Rates Fluctuations: increasing the cost of borrowing, affecting working capital and expansion plans.</li> </ul>	<ul style="list-style-type: none"> <li>Technological Upgradation: to enhance productivity and reduce production costs.</li> </ul>	
	<ul style="list-style-type: none"> <li>Economic Instability: decreasing demand for products, affecting revenues and cash flow.</li> </ul>	<ul style="list-style-type: none"> <li>Availing government incentives: such as tax breaks or subsidies for manufacturing and reducing operating costs.</li> </ul>	
Human Capital	<ul style="list-style-type: none"> <li>Skill Gap / shortage: of skilled workers with the desired technical expertise.</li> </ul>	<ul style="list-style-type: none"> <li>Workforce Training: Investing in training and development programs to enhance skillsets and support Succession Planning.</li> </ul>	Short to Medium term
	<ul style="list-style-type: none"> <li>Frequent turnover of employees: leading to a loss of institutional knowledge and increased recruitment and training costs.</li> </ul>	<ul style="list-style-type: none"> <li>Employee Engagement &amp; Retention: Implementing programs to boost employee engagement and retention.</li> </ul>	
Physical Capital	<ul style="list-style-type: none"> <li>Infrastructure Deterioration: Wear and tear of physical infrastructure, including buildings, machinery, and equipment, over time affecting operational efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure upgradation: to enhance efficiency and capacity.</li> </ul>	Short to Long term
	<ul style="list-style-type: none"> <li>Natural disasters and Environmental risks: can damage physical infrastructure and disrupt operations.</li> </ul>	<ul style="list-style-type: none"> <li>Implementing energy-efficient technologies and practices: to reduce utility consumption and costs.</li> </ul>	
	<ul style="list-style-type: none"> <li>Utility Supply Disruptions: of essential utilities like electricity, water and gas can disrupt manufacturing processes.</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Location and Facility Expansion: to optimize supply chain logistics and market reach.</li> </ul>	
Social Capital	<ul style="list-style-type: none"> <li>Community Relations: Poor relationships with local communities can lead to social unrest, protests and potential disruptions to operations.</li> </ul>	<ul style="list-style-type: none"> <li>Investing in Community Engagement and Development Programs: to build positive relationships</li> </ul>	
	<ul style="list-style-type: none"> <li>Strained Labour Relations and Union Activity: can lead to strikes, work stoppages and increased labour costs.</li> </ul>	<ul style="list-style-type: none"> <li>Collaborative Partnerships: with local organizations, NGOs, and government bodies to address social issues and promote shared value.</li> </ul>	
	<ul style="list-style-type: none"> <li>Corporate Social Responsibility (CSR) Expectations: can put pressure on resources and management.</li> </ul>		
Natural Capital	<ul style="list-style-type: none"> <li>Resource Scarcity: of essential raw materials, such as metals and polymers, used in pipe manufacturing.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Resource Management: practices to use raw materials more efficiently, reduce waste and recycle materials.</li> </ul>	
	<ul style="list-style-type: none"> <li>Stricter Environmental Regulations and Compliance: can increase operational costs and necessitate changes in manufacturing processes.</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Certifications and Eco-friendly Products: to meet growing market demand.</li> </ul>	
	<ul style="list-style-type: none"> <li>Climate Change and Extreme Weather Events: Increased frequency and severity of extreme weather events due to climate change can impact operations and supply chains.</li> </ul>		
Intellectual Capital	<ul style="list-style-type: none"> <li>Intellectual Property (IP) Theft and Infringement: Unauthorized use or theft of proprietary technologies, designs, and processes can undermine competitive advantage.</li> </ul>	<ul style="list-style-type: none"> <li>Intellectual Property Protection: Strengthening IP protection mechanisms, such as patents and trademarks, to safeguard innovations.</li> </ul>	
	<ul style="list-style-type: none"> <li>Technological Obsolescence: Rapid advancements in technology can render existing processes and products obsolete.</li> </ul>	<ul style="list-style-type: none"> <li>Anti-counterfeit measures.</li> </ul>	



# RISK MANAGEMENT FRAMEWORK COVERING PRINCIPAL RISK AND UNCERTAINTIES FACING THE COMPANY, RISK METHODOLOGY, RISK APPETITE AND RISK REPORTING

The Board of Directors has approved ILL's Risk Management Framework which describes the risk identification and management process and provides guidelines that cover key risk areas.

**Assessment of Principal Risks:** The Board is provided with a detailed analysis of the major risks and opportunities affecting the Company, including those affecting the business model, future performance and financial stability or liquidity.

**Risk Architecture:** ILL has a Risk Architecture in place to implement risk governance and to ensure calculated risk-taking.

**Board of Directors:** The Board of Directors is ultimately responsible for overseeing risk management. They ensure that risk management is integrated into all processes, review the group's risk profile, and establish the risk management structure and procedures.

**Board Audit Committee:** The Board Audit Committee supports the Board by evaluating and assessing risks, associated objectives, opportunities, and mitigation strategies. It reviews regular reports from the Group Risk Management Committee and monitors progress on audit recommendations.

**Risk Management Committee:** This committee develops strategies and policies based on the company's risk appetite, risk attitude and risk exposures.

**Risk Champions:** Risk Champions are expected to foster a risk-aware culture within their units, set risk management performance targets, implement risk improvement recommendations and report any changes in circumstances or emerging risks.

**Risk Management Function:** This function maintains the Company's Risk Register, which includes entity-wide risks mapped against objectives, opportunities, and mitigation measures.

**Internal Audit:** The Internal Audit function operates independently to conduct ongoing reviews, ensuring compliance with the Company's Risk Methodology.

**Risk Management Policy:** The Board also ensures that the Company has a comprehensive Risk Management Policy to assess and define the Company's risk tolerance levels and establish mechanisms to mitigate the adverse effects of these risks on the business. Additionally, it provides company-wide risk management guidelines addressing key risk areas.

Key elements of the Risk Management Process can be summarized as below:

**Risk Identification:** Major functions across the Company identify risks from both internal and external environments.

**Risk Assessment and Evaluation:** Relevant functions, guided by Risk Management Champions, assess and evaluate risks based on likelihood and impact.

**Implementation and Monitoring:** Functions implement mitigation strategies and monitor their effectiveness.

**Risk Review:** The Risk Management Committee reviews risks, followed by the Audit Committee.

**Risk Reporting:** High-level risks are reported to the Board of Directors based on Committee recommendations.

**Risk Updating:** Corporate Risk Register is maintained by the Risk Management function and is updated regularly based on recommendations received.

## **Broad Types of Risks:**

ILL has an effective system in place for timely identification, assessment and mitigation of various risks and uncertainties it is exposed to in the normal course of business.

**Strategic Risks** could significantly impact the organization's ability to achieve long-term goals due to changes in the business environment, competition, regulations, or internal decisions.

**Commercial Risks** affect revenue and financial stability, including market competition, shifts in customer preferences, supply chain disruptions, credit issues, and economic downturns.

**Operational Risks** are risks from failed internal processes, systems, or human errors, including fraud, technology failures, supply chain issues, and regulatory non-compliance.

**Financial Risks** impact financial health, such as market fluctuations, credit defaults, liquidity issues, and interest rate changes.

**Compliance Risks** stem from failure to adhere to laws, regulations, and policies, potentially leading to legal penalties, financial losses, and reputational damage.

**Reputational Risks** threaten the organization's public image and trustworthiness, including negative publicity, poor customer service, ethical violations, or product quality issues.

ILL's approach to stakeholder engagement is guided by the following principles:

**Transparency:** Open and honest communication with stakeholders, providing timely and accurate information.

**Inclusiveness:** Actively seeking to understand and consider the views and concerns of all stakeholders, recognizing their diverse interests.

**Responsiveness:** Promptly addressing stakeholder concerns and feedback, incorporating them into our decision-making processes where appropriate.

**Respect:** Treating all stakeholders with respect, recognizing their rights, needs, and contributions to our success.

**Mutual Benefit:** Creating shared value, ensuring that our business activities benefit both the company and our stakeholders.

## SPECIFIC STEPS BEING TAKEN TO MITIGATE OR MANAGE KEY RISKS OR TO CREATE VALUE FROM KEY OPPORTUNITIES BY IDENTIFYING THE ASSOCIATED STRATEGIC OBJECTIVES, STRATEGIES, PLANS, POLICIES, TARGETS AND KPIS.

### **Plans and Strategies for Mitigating These Risks and Potential Opportunities**

As explained above ILL has a robust risk governance mechanism in place.

**Board and Its Committees:** The Audit Committee oversees the company's risk management, focusing on financial and regulatory compliance risks, and promptly reports significant adverse changes to the Board.

The Human Resources & Remuneration Committee manages risks related to compensation programs and succession planning, ensuring minimal corporate risk and availability of competent personnel for critical operations.

**Policies and Procedures:** Policies and procedures are essential to the Company's risk governance, managing financial, operational, and compliance risks. The Board and its committees have adopted best practices to promote ethics and values, such as delegating implementation authority to senior management, and the fact that all major processes are governed through approved policies and procedures.

**Control Activities:** Senior management assesses risks and applies controls to mitigate them through preventive, investigative, and corrective measures.

**Internal Audit:** The Internal Audit function performs independent and objective evaluations, reporting to the Audit Committee to provide reasonable assurance on the effectiveness of governance, risk management, and compliance processes.

## KEY RISKS

### Strategic Risks

Major Business Risk/Opportunity	Sensitivity	Source of Risk/ Opportunity	Mitigating Factors / Steps to Create Value
Shift in market dynamics for steel pipe driven by factors like advancements in composite materials, industry standards, customer preferences, and competition.	Medium	External	<ul style="list-style-type: none"> <li>- We have expanded beyond water and gas applications, leveraging ILL's established presence in the plastic pipe segment.</li> <li>- We continually explore and develop diverse market opportunities for the company's products.</li> </ul>
Changes in production technologies could render products, pricing strategies or processes obsolete, affecting competitiveness in both local and international markets.	Medium	External	<ul style="list-style-type: none"> <li>- We follow a philosophy of continuous improvement by consistently enhancing processes and facilities.</li> <li>- ILL invests in modernizing production equipment and adopting new technologies to effectively adapt to shifts in production technologies.</li> </ul>

## Financial Risks

Major Business Risk/Opportunity	Sensitivity	Source of Risk/ Opportunity	Mitigating Factors / Steps to Create Value
Exchange rate risks: The devaluation of PKR could make IIL exports more competitive in international markets; however, raw materials will be more expensive.	High	External	<ul style="list-style-type: none"> <li>- We seek cost-effective sourcing options for raw materials to balance increased export competitiveness with higher material costs.</li> <li>- Export sales offer a partial hedge against fluctuations in local sales and volatility in imported raw material prices.</li> <li>- We continually explore new export markets.</li> </ul>
Default / Credit risks: customers not discharging their obligations resulting in a loss or increased cost to the company	Low	External	<ul style="list-style-type: none"> <li>- IIL controls credit limits of each customer.</li> <li>- Before providing credit to a customer, the profile of each customer is reviewed to assess its creditworthiness.</li> </ul>
Interest rate risk due to an increase in bank borrowing rates	Medium	Internal	<ul style="list-style-type: none"> <li>- IIL has secured competitive interest rates from financial institutions.</li> <li>- During the year, borrowings have been substantially reduced by taking multiple steps to save on borrowing costs.</li> </ul>

## Operational Risks

Major Business Risk/Opportunity	Sensitivity	Source of Risk/ Opportunity	Mitigating Factors / Steps to Create Value
Volatility in the international price of steel causes unpredictable raw material costs, disrupting supply chains, and affecting pricing strategies and profit margins.	High	External	<ul style="list-style-type: none"> <li>- Steel prices are carefully monitored by a specialized Procurement Department, supported by a diversified supplier base and large volume purchases. Oversight by a senior-level Purchase Committee helps shield IIL from price volatility.</li> </ul>
Energy and water shortage in Pakistan	High	External	<ul style="list-style-type: none"> <li>- IIL has its dedicated solar energy system for power generation.</li> <li>- The management consistently evaluates alternative energy sources.</li> </ul>
Employee turnover among senior management positions	Medium-Low	Internal	<ul style="list-style-type: none"> <li>- IIL has implemented robust HR policies, along with employee engagement initiatives and workplace satisfaction surveys.</li> <li>- Additionally, we conduct regular training and development programs, enforce rotational policies, and perform compensation audits to ensure a well-rounded approach to employee management and retention.</li> </ul>
Workplace injuries and safety incidents	Medium	Internal	<ul style="list-style-type: none"> <li>- IIL maintains a robust OHSE culture, reinforced through regular 'safety walks' conducted by senior management, comprehensive safety training and drills, and strict enforcement of safety equipment and protocols.</li> <li>- Additionally, health insurance policies overseen by a senior-level OHSE Committee have been implemented.</li> </ul>

## Commercial Risks

Major Business Risk/Opportunity	Sensitivity	Source of Risk/ Opportunity	Mitigating Factors / Steps to Create Value
Economic downturn may impact demand for products	Medium	External	- IIL's diversified product portfolio and strong export presence enable the company to mitigate economic cyclicality.
Trade protectionism amongst export markets via the imposition of tariffs and anti-dumping duties could impact sales	Medium-High	External	- We ensure that export prices and quantities do not trigger potential dumping inquiries.  - We also maintain diverse export markets to avoid over-reliance on any single destination.
Unethical practices by market players leading to lower prices of similar products and misuse of exemptions	Medium-High	External	- IIL has distinguished itself from competitors by delivering consistent quality for over 50 years, resulting in a strong brand name that customers actively seek and are willing to pay a premium for.  - Additionally, IIL leverages economies of scale and procurement expertise to maintain price competitiveness.

## Compliance Risks

Major Business Risk/Opportunity	Sensitivity	Source of Risk/ Opportunity	Mitigating Factors / Steps to Create Value
Risk of harmful or adverse effects to the environment resulting from the company's activities.	Medium	Internal	- Various environmentally friendly projects, such as renewable energy initiatives, urban forests, and waste heat recovery systems, have been implemented to reduce our net carbon footprint.
Personal health and safety risks faced by workers at Factories and other Company premises	Medium	Internal	- HSE risks are mitigated through regular training and reminders and following best-in-class safety standards.  - Regular safety audits are carried out to ensure implementation of safety standards.

## KEY OPPORTUNITIES

Opportunity	Area of Impact	Key source of Opportunity	Strategy to materialize
Investment in renewable energy projects	Physical Capital	This will lead to a significant reduction in energy costs while being more eco-friendly.	ILL is continuously investing in such projects that will not only reduce energy costs but will also positively contribute towards reduction in carbon footprint.
Generate incremental revenue from scrap sales	Physical / Financial Capital	Effective collection and reselling of scrap in steel industries results in significant increase in revenues.	ILL has a well-defined process in place with dedicated staff that collects and sells scrap at competitive prices.
Improve delivery times through effective warehousing near major markets.	Physical Capital	Significantly reducing delivery time to the customer.	Set-up warehouses / storage locations for finished goods closer to major markets.  Increase in finished goods stock to ensure timely delivery to customers.  On-ground stocks at overseas locations
Diversified work environment	Human Capital	Improved working conditions for staff providing complete employee well-being.	ILL is actively working towards a more gender-balanced workforce.  A young female engineers MTO program – WISE (Women in Science & Engineering) has been initiated to provide equal opportunities to women in the field of engineering.





## DISCLOSURE OF A RISK OF SUPPLY CHAIN DISRUPTION DUE TO AN ENVIRONMENTAL, SOCIAL OR GOVERNANCE INCIDENT AND COMPANY'S STRATEGY FOR MONITORING AND MITIGATING THESE RISKS (IF ANY).

ILL faces several risks related to supply chain disruptions, particularly in the context of Environmental, Social, and Governance (ESG) incidents. These risks include:

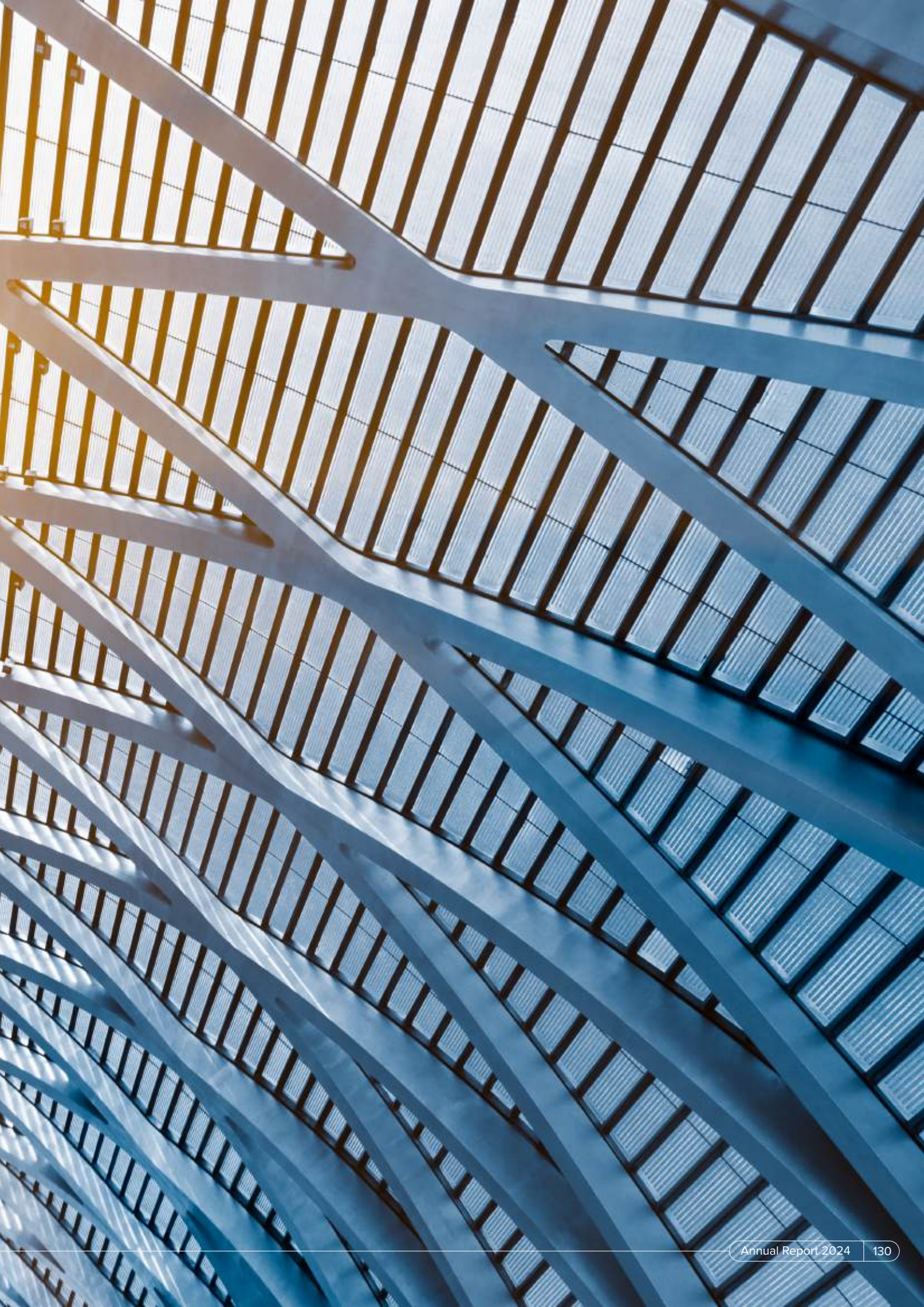
- 1. Environmental Risks:** caused by environmental incidents such as natural disasters, climate change, and regulatory changes related to environmental sustainability. These events can affect the availability and cost of raw materials, transportation and production processes.
- 2. Social Risks:** are associated with labour practices, community relations, and supply chain ethics. Incidents such as labour strikes, supply chain malpractices, or community opposition to our operations can lead to disruptions in supply and affect our operational efficiency.
- 3. Governance Risks:** are related to compliance with regulatory requirements and corporate governance standards. Changes in laws or regulations, particularly those related to environmental protection and social responsibility, can impact our supply chain operations and require adjustments to our practices.

### Mitigation Strategy

To address these supply chain disruption risks, we have implemented the following mitigation strategies:

- 1. Diversification of Suppliers:** ILL maintains a diversified supplier base to reduce dependency on any single source and minimize the impact of disruptions from specific suppliers. This includes sourcing raw materials from multiple suppliers and regions.
- 2. Environmental Sustainability Initiatives:** ILL invests in environmentally friendly projects such as renewable energy initiatives, urban forests, and waste heat recovery systems to reduce its carbon footprint and enhance the resilience of its supply chain against environmental risks.
- 3. Enhanced Risk Assessment and Monitoring:** ILL conducts regular risk assessments and monitors its supply chain for potential ESG-related disruptions. This includes evaluating environmental, social, and governance factors that may impact the supply chain and implementing corrective actions as needed.
- 4. Robust Compliance and Governance Practices:** ILL adheres to stringent compliance and governance practices to ensure alignment with regulatory requirements and industry standards. This includes regular audits, compliance training and engagement with stakeholders to address governance-related risks.
- 5. Emergency Response and Contingency Planning:** ILL has established emergency response plans and contingency measures to quickly address and recover from supply chain disruptions. This includes maintaining safety stocks of critical raw materials and developing alternative supply routes.

By implementing these strategies, ILL aims to mitigate the impact of supply chain disruptions and ensure the continued stability and efficiency of its operations in the face of ESG incidents.



# SECTION 4.0

## SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our customers

Our employees

Our communities

Occupational Health, Safety, and Environment (OHSE)

CEO's message on sustainability

Assessing materiality

Relevance of material topics to ILL

Sustainability strategy

Board statement on adoption of best practices for corporate social responsibility (CSR)

Board statement on strategic objectives for ESG and sustainability reporting

Disclosures of company-specific sustainability-related risks and opportunities

Disclosures about four-pillars core content

Disclosures of material information about sustainability-related risks and opportunities throughout ILL's value chain

Disclosure of climate-related risks and opportunities

Chairman's overview on the impact of sustainable practices on financial performance

Environmental, Social, and Governance (ESG)

Key ESG performance indicators

Highlights of ILL's sustainability and CSR performance



# OUR CUSTOMERS

## Customer Centricity: A Commitment to Excellence

At IIL, our unwavering commitment to customer satisfaction is rooted in our core values and aligned with global standards. We recognize that our success is intrinsically linked to the trust and loyalty of our customers, and we strive to exceed their expectations through innovative products, exceptional service, and a customer-centric approach that permeates every aspect of our operations. Below, we provide a comprehensive overview of our customer-centric initiatives and achievements during the year, reflecting our dedication to maintaining the highest standards of customer care.

### 1. Customer Engagement and Communication

#### Proactive Engagement Initiatives:

At IIL, we believe in maintaining an open dialogue with our customers to better understand their needs and expectations. This year, we conducted a series of targeted engagement activities, including:

**Fabricator and Plumber Corner Meetings:** These interactive sessions allowed us to directly connect with key stakeholders, gathering valuable insights that inform our product development and service improvements.

**Retailer Events:** We hosted events for our retail partners across Pakistan, offering them support, training, and resources to enhance their customer service capabilities and ensure alignment with market demands.



**Feedback Mechanisms:**

We have established robust feedback channels, allowing customers to share their experiences and suggestions. This feedback is systematically collected, analyzed, and acted upon, ensuring that our products and services continuously evolve to meet customer needs.

**Transparent Communication:**

Transparency is a cornerstone of our customer relations strategy. We ensure that customers are kept informed about product updates, pricing, and other relevant changes through clear and consistent communication across all channels.

**2. Customer Satisfaction and Experience**

**Measuring Customer Satisfaction:**

We regularly monitor customer satisfaction through surveys, direct feedback, and key performance indicators (KPIs) such as the Net Promoter Score (NPS). These metrics provide critical insights into our performance and highlight areas for improvement.



**Enhancing Customer Experience:**

Innovation is key to enhancing the customer experience. This year, we showcased our latest innovations at the NESPAC Headquarters, providing customers with a firsthand look at our new products and technologies. These efforts underscore our commitment to delivering solutions that not only meet but exceed customer expectations.

**3. Product and Service Quality**

**Rigorous Quality Assurance:**

Quality is at the heart of IIL's operations. We maintain strict quality control measures across our manufacturing processes, ensuring that our products meet international standards. This year, the Sri Lanka Standards Institute (SLSI) conducted an independent audit of our facilities, further validating our commitment to excellence.

**Customer-Centric Product Development:**

Our product development is driven by customer needs and market trends. We actively collaborate with strategic partners to ensure that our offerings are at the forefront of industry innovation and customer satisfaction.

#### **4. Data Privacy and Security**

##### **Protecting Customer Data:**

At IIL, we prioritize the security of customer data. We have implemented advanced cybersecurity measures to safeguard personal information, ensuring compliance with global data protection regulations.

##### **Transparency in Data Practices:**

Our data privacy policies are designed to be transparent and customer-friendly, clearly outlining how customer data is collected, stored, and utilized. We are committed to upholding the highest standards of data protection.

#### **5. Inclusivity and Accessibility**

##### **Extensive Distribution Network:**

IIL's products are accessible to customers across Pakistan, with a distribution network that spans over 200 cities and towns. This extensive reach ensures that customers in even the most remote areas have access to our high-quality products.

##### **Inclusive Customer Engagement:**

We strive to cater to a diverse customer base, ensuring that our engagement activities and product offerings are inclusive and meet the needs of various segments within the market.

#### **6. Ethical Marketing and Sales Practices**

##### **Commitment to Ethical Standards:**

Our marketing and sales practices are guided by ethical principles, ensuring that all communication is honest, transparent, and respectful of customer rights. We adhere to fair pricing practices, providing clear and consistent information about our products and services.

##### **Customer Advocacy:**

We advocate for customer rights through straightforward policies on refunds, returns, and warranties. These practices ensure that customers can engage with our brand with confidence, knowing that their interests are protected.

#### **7. Leadership in Customer-Centric Culture**

##### **Top-Down Commitment:**

Customer centricity is deeply embedded in our corporate culture, driven by our leadership team's commitment to prioritizing customer needs. This year, our leadership's visits to key suppliers and partners, such as Meva Germany, underscore our focus on maintaining strong, customer-focused relationships.

##### **Employee Empowerment:**

We invest in training and development programs that empower our employees to deliver exceptional customer service. Our team is equipped with the knowledge and skills needed to address customer needs effectively and professionally.

#### **8. Sustainability and Social Responsibility**

##### **Sustainable Product Development:**

We are committed to integrating sustainability into our product development processes, ensuring that our offerings are not only high-quality but also environmentally responsible. This aligns with our broader



commitment to social responsibility and ethical business practices.

**Community Engagement:**

Our customer engagement initiatives are closely linked to our corporate social responsibility (CSR) efforts, reflecting our dedication to making a positive impact on the communities we serve.

ILL is committed to upholding the highest global standards of customer centricity. Through targeted engagement, continuous innovation, and a steadfast focus on quality, we ensure that our customers remain at the center of our business strategy. As we move forward, we will continue to enhance our customer relationships, striving to deliver unparalleled value and satisfaction in every interaction.

# OUR EMPLOYEES

At IIL, our employees are at the heart of our success. We are committed to fostering a work environment that supports growth, encourages innovation, and values diversity. Here's an overview of our approach to employee development, engagement, and inclusivity:

## Strategic Direction

### Collaborative Strategic Planning:

Each year, IIL holds comprehensive strategic planning sessions involving its Senior Management Team. Led by the CEO, these five-day sessions are highly interactive, allowing us to thoroughly review our strategic goals and align our direction with the company's long-term objectives. Each department presents its strategic direction and goals, which have helped in identifying the company's Six Strategic Imperatives. These sessions also encourage input from younger employees through initiatives like the "Next Gen", which is a program to engage the next generation of leaders in the organization through dialogue, discussion, and projects, ensuring fresh perspectives in our strategy.

### HRM Strategy:

Our Human Resource Management (HRM) strategy is forward-looking, emphasizing adaptability and alignment with our Six Strategic Imperatives. We foster a culture of innovation, accountability, and ownership among employees, which is integral to achieving our mission. Through a robust Performance Management System and clear objectives, we empower employees to excel and contribute meaningfully to the company's success.

## Talent Management

### Innovative Recruitment and Inclusive Hiring:

Our HR department focuses on recruiting resources who align with our company's culture and values. We employ innovative recruitment methods and participate in job fairs at prestigious institutions like Szabist, IoBM, and IBA to attract diverse and talented candidates. Our commitment to diversity is evident in our hiring practices, which prioritize equal opportunity, resulting in increased representation of women across both our factory and head office.

### Succession Planning:

We recognize the importance of business continuity and have implemented a comprehensive Succession Planning Procedure. This includes detailed role-specific documentation to ensure smooth transitions and manage attrition in key positions effectively.

## Learning & Development

### Comprehensive Training Programs:

IIL is deeply committed to the continuous development of its employees. We offer extensive Learning and Development (L&D) programs that cover a range of topics from technical skills to General Management and Health, Safety & Environment (HSE). Employees are also encouraged to attend external training programs at esteemed institutions like LUMS, IBA, PIM, and PSTD to gain broader insights and expertise.

### In-House Training and Apprenticeship Programs:

Our in-house trainers provide regular technical training, reinforcing our commitment to skill development. Additionally, our approved Apprenticeship Training Program, under the Apprenticeship Act of 1961, offers hands-on experience and classroom instruction in various trades, ensuring that we build a robust pipeline of skilled workers.

### Bridging Industry and Academia:

To close the gap between industry and academia, we actively engage in initiatives such as internships, Management Trainee Programs (MTOs), job fairs, and factory visits. These initiatives are designed to nurture young talent and provide them with practical industry exposure.

## Diversity and Inclusion

### Commitment to Equal Opportunity:

At ILL, we are dedicated to fostering an inclusive workplace that celebrates diversity. Our policies ensure that all employment decisions are based on business needs and individual qualifications, free from discrimination or harassment.

### Empowering Women and Supporting Differently Abled Employees:

Our WISE (Women in Science & Engineering) program is a unique initiative aimed at providing engineering opportunities for female graduates. We also support the employment of differently abled individuals, currently comprising approximately 2% of our workforce. Our participation in job fairs for People with Disabilities further underscores our commitment to inclusivity.



an initiative of International Business United

## Employee Engagement

### Fostering a Culture of Engagement:

We believe that engaged employees are vital to our success. Our engagement strategy includes open communication channels like town halls and "Coffee with HR" sessions, where employees can share feedback that directly influences our workplace policies.

### Recognition and Rewards:

To motivate and celebrate our employees, we have a robust recognition program that includes awards for exceptional performance, long service, and safety achievements. These initiatives help foster a sense of pride and encourage continuous improvement.

### Team Building and Community Events:

Building a sense of community is crucial for employee engagement. Throughout the year, we organize various team-building activities and social events, such as Independence Day celebrations, Women's Day, and employee appreciation events, which strengthen bonds and enhance collaboration among colleagues.

## Performance Management

### Performance Management System:

Our Performance Management Process is designed around Management by Objectives (MBO) principles, focusing on aligning individual goals with the company's strategic objectives. This system involves setting clear performance standards, facilitating meaningful discussions between managers and employees, and addressing performance issues proactively. Our new digital Performance Management System incorporates a comprehensive competency framework, ensuring a holistic approach to employee development and evaluation.

At ILL, our employees are more than just team members; they are partners in our journey toward sustainable growth and excellence. We remain committed to fostering an environment where every employee can thrive, innovate, and contribute to our shared success.

# OUR COMMUNITIES

At IIL, our commitment to community welfare and sustainability is deeply rooted in our Corporate Social Responsibility (CSR) initiatives. We believe in giving back to society and supporting the communities we operate in through focused programs in education, healthcare, environmental conservation, and the overall upliftment of the underprivileged.

## Transforming Underprivileged Lives

IIL's CSR commitment is guided by our pledge to contribute 2.5% of our annual Profit After Tax (PAT) to societal development. This commitment reflects our belief in driving sustainable change and uplifting underprivileged lives. By focusing on education, health, and welfare, IIL strives to make a tangible difference in the lives of those who need it the most.

## Education, Health, and Welfare Initiatives

At the core of our community engagement lies our dedication to improving access to education and healthcare while promoting the welfare of marginalized groups.

- **IIL-TCF Campus:** IIL proudly supports the establishment of The Citizens Foundation (TCF) school in Landhi. This school ensures that nearly 400 students, with 48% female enrollment, receive free or affordable education. Our focus on empowering young girls is reflected in this initiative, providing them with the knowledge and tools they need to build brighter futures.
- **IIL-SINA ChildLife Clinic:** In partnership with SINA, IIL established a clinic that provides free or subsidized medical care to over 30,000 patients annually in an underserved community. The clinic offers critical healthcare services that would otherwise be inaccessible to the local population, significantly improving their quality of life.
- **Community Infrastructure:** IIL has also contributed to the establishment of a mosque near our factory, offering spiritual and community support to local residents. These initiatives are a testament to our long-term commitment to the welfare of the communities in which we operate.



## Education and Skill Development

We believe that education is key to sustainable development, and we strive to provide opportunities that empower individuals to build successful careers and contribute to society.

- **Scholarships and School Support:** Beyond building schools, IIL provides scholarships to deserving students from low-income families. By removing financial barriers, we are ensuring that children have access to quality education and the opportunity to excel academically.
- **Vocational Training:** Through our IIL Apprenticeship Program, young individuals are provided with technical and practical training, preparing them for successful careers in manufacturing and other industries. This initiative plays a vital role in reducing unemployment and improving economic conditions in the communities we serve.

## Health and Wellness

IIL is committed to addressing the healthcare needs of our communities by providing access to essential services and supporting public health initiatives.

- **Medical Camps:** We conduct regular medical camps, offering free health checkups, vaccinations, and diagnostic services to underserved communities. These camps have proven to be a valuable resource for individuals who lack access to affordable healthcare.
- **Clean Water Access:** Ensuring access to clean drinking water is a top priority for IIL. We have installed water filtration systems in local communities, safeguarding public health and reducing the spread of waterborne diseases.

## Environmental Conservation

ILL is committed to creating a positive environmental impact through sustainable projects that reduce our ecological footprint and promote responsible resource management.

- **Project ILLectric:** As part of our solarization efforts, we have solarized 2 TCF school campuses. This initiative reduces our carbon footprint and promotes the use of renewable energy sources, ensuring sustainable energy solutions for future generations.
- **Project Plastic Free:** To reduce plastic waste, we have implemented the use of refillable glass water bottles across all ILL locations. This project, already implemented at our head office, promotes a culture of reusability and sustainability, with plans for a wider rollout across other locations.
- **Project Water Conservation:** With the installation of water optimizers across all ILL locations, we have achieved a 90% reduction in water usage. This significant milestone is part of our commitment to responsible water management and conservation efforts.
- **Project Recycling for Charity:** Our recycling drives have collected and recycled over 10 tons of materials, with proceeds supporting charitable causes. This initiative merges environmental sustainability with social good, reinforcing our belief in using recycling as a tool for positive change.



## Disaster Relief and Rehabilitation

In times of crisis, ILL extends its support to communities impacted by natural disasters, providing immediate relief and long-term rehabilitation.

- **Disaster Response:** ILL has provided emergency relief during floods and earthquakes, distributing food, medical supplies, and essentials to affected families. We work closely with local authorities and NGOs to ensure that relief efforts reach those most in need.
- **Community Infrastructure Rebuilding:** As part of our rehabilitation efforts, ILL has rebuilt schools, homes, and public infrastructure in disaster-affected areas, helping communities recover and rebuild their lives.

## Community Engagement and Partnerships

We believe in fostering strong relationships with local communities and stakeholders to ensure the success of our initiatives.

- **Community Consultations:** Regular dialogue with community leaders and members allows us to understand local needs and tailor our CSR programs accordingly, ensuring maximum impact.
- **NGO Partnerships:** By partnering with reputable non-governmental organizations, ILL is able to scale its community development projects and reach more people in need. These partnerships amplify our efforts and create a greater positive impact.

## Looking Ahead

ILL's commitment to community development is unwavering. We will continue to expand our CSR efforts with a focus on education, healthcare, environmental conservation, and the empowerment of marginalized communities. Our journey toward a sustainable future is guided by our belief that positive change starts with us, and together with our communities, we are building a better tomorrow.

Through initiatives like Project ILLectric, Project Plastic Free, Project Water Conservation, and Project Recycling for Charity, we are not only addressing immediate needs but also shaping a future where both people and the planet thrive.

# Occupational Health, Safety, and Environment (OHSE)

Our commitment to Occupational Health, Safety, and Environment (OHSE) is integral to our business strategy, ensuring that our workplaces are safe, our environmental impact is minimized, and our employees are empowered to foster a culture of safety and sustainability.



# SAFETY IS MY RESPONSIBILITY

## Safety as a Core Value

Safety is a core value at IIL, deeply embedded in our organizational culture. We believe that every incident is preventable, and we strive to achieve zero harm through a proactive and preventive approach to safety management.

**Proactive Safety Culture:** Our "Safety is my responsibility" campaign, led by the CEO and Executive Management Team, reinforces personal accountability and encourages every employee to take ownership of safety practices. This initiative is supported by daily safety walks and comprehensive safety awareness training, fostering a culture of vigilance and consciousness across the organization.



**Lost Time Injury Frequency Rate (LTIFR):** Our focus on safety has led to a significant reduction in incidents. With an impressive LTIFR of 1.85 per million worked hours, well below the global industry average of 4.73, we continue to prioritize safe working conditions through rigorous safety protocols and continuous improvement.

**Continuous Safety Monitoring and Recognition:** Routine inspections, safety walks, and monthly OHSE meetings are conducted to monitor compliance and identify improvement opportunities. We recognize outstanding safety performance through monthly Safety Trophies, fostering a sense of achievement and motivation among employees.



### Occupational Health and Safety Training

Training is essential to our safety culture, equipping employees with the knowledge and skills to work safely and respond effectively to potential hazards.

**Comprehensive Training Programs:** Over the past year, we conducted 259 classroom training sessions and 11,526 toolbox talks on various OHSE topics, including safe crane operations, PPE usage, firefighting, and working at heights. These sessions ensure that employees are well-prepared to handle safety risks and emergencies.



**Safety Induction for New Employees:** Safety induction training is mandatory for all new employees, contractors, and visitors. This training is complemented by a post-training assessment to ensure a thorough understanding of our safety protocols.

**Guest Speaker Sessions and Safety Weeks:** We host regular guest speaker sessions and celebrate Safety Week annually to reinforce safety awareness and share best practices. Activities include safety poster competitions, quizzes, and guest speaker sessions, promoting a continuous learning environment.



## Environmental Stewardship

IIL is committed to minimizing its environmental impact and promoting sustainable practices across all operations.

**Emissions and Effluent Monitoring:** We conduct regular emissions and effluent monitoring, adhering to all regulatory requirements and ensuring that our environmental footprint remains within acceptable limits. Our monthly and quarterly reports to the Sindh and Punjab Environmental Protection Agencies (EPAs) confirm compliance with NEQS standards.

**Resource Optimization and Environmental Approvals:** We continually seek opportunities to optimize resource use and reduce waste. Environmental approvals for our facilities are regularly renewed, demonstrating our commitment to regulatory compliance and environmental stewardship.

## Health and Well-being of Employees

The health and well-being of our employees are paramount. We provide a safe and supportive working environment, ensuring that all employees have access to necessary health and wellness resources.

**Medical Facilities and Support:** Across all locations, we offer comprehensive medical facilities, including access to the Social Security Scheme and Health Insurance Scheme. Clean and filtered water is provided at all facilities, with periodic third-party testing to ensure quality.

**Employee Welfare and Inclusivity:** We maintain dedicated facilities for our female workforce, provide flexible working hours, and support a healthy work-life balance. Our diversity initiatives, such as the "ASC Group Women's Day Events" and "IIL Next Gen" program, foster an inclusive workplace where every individual can thrive.



## Digitalization and Innovation in OHSE

We leverage technology to enhance our OHSE practices, making safety management more efficient and effective.

**Digital OHSE Systems:** We have digitized our OHSE reporting through an in-house mobile/web application, streamlining data collection and analysis. Our Daily HSE Dashboard provides real-time insights into safety performance, allowing for swift action on potential issues.

**Development of In-House Safety Videos:** To enhance safety awareness, we have developed in-house safety videos covering various OHSE topics, providing employees with easy access to crucial safety information.

## Recognition and Awards

Our dedication to OHSE excellence has been recognized externally, highlighting our commitment to maintaining the highest standards of safety and sustainability.

**OHSE Best Practices Award:** IIL was honored with the OHSE Best Practices Award by the Employers Federation of Pakistan (EFP) for our outstanding safety practices and commitment to maintaining a safe working environment.

**Risk-Based Fire Safety Excellence Award:** In November 2023, IIL received the Risk-Based Fire Safety Excellence Award from the Fire Protection Association of Pakistan (FPAP), recognizing our proactive fire safety measures and overall commitment to OHSE excellence.

At IIL, our commitment to Occupational Health, Safety, and Environment is unwavering. We believe that a strong safety culture, combined with environmental stewardship and employee well-being, is key to sustainable success. We will continue to invest in our people, processes, and technologies to ensure a safe and healthy future for all our stakeholders.

# CEO'S MESSAGE ON SUSTAINABILITY

*“Sustainability is more than just a goal, it’s a core value that shapes everything we do.”*

**Sohail R. Bhojani**  
Chief Executive Officer



Dear Stakeholders,

As a leader in the steel and polymer industry, we understand our responsibility to minimize our environmental impact, contribute to social well-being, and uphold the highest standards of governance. Our commitment to sustainability is reflected in our efforts to innovate continuously, reduce carbon emissions, and promote a culture of integrity and transparency.

Our carbon footprint per ton of steel stood at an impressive 0.09 tons CO<sub>2</sub>, 95.1% lower than the industry average. This achievement is a testament to our investments in solar energy and energy efficiency projects, such as Project Illlectric, through which we have solarized 2 of the TCF school campuses, and installed a total of 4MW of solar power systems at ILL factories. By harnessing the power of the sun, we are significantly reducing our carbon footprint, ensuring sustainable energy for future generations, and advancing our renewable energy goals. As SDG 7 Champion, we proudly align with the United Nations’ Sustainable Development Goal 7, advocating for affordable and clean energy as a core component of our strategy.

Furthermore, our efficient water management practices conserved approximately 2.4 million gallons of water, and our group plantation resulted in over 50,000 trees being planted to-date.

In terms of social impact, we prioritize the well-being and safety of our employees and communities. Although we achieved 39-man hours without injury, we also recorded regrettable incidents. Each was thoroughly investigated, with action plans implemented to prevent recurrence. We are committed to raising the bar on safety and ensuring that ILL remains one of the safest workplaces in Pakistan.

Our social performance also saw steady progress this year. We continued to promote diversity, equity, and inclusion (DE&I) within ILL, improving the representation of women in the workplace and senior management. The launch of the

WISE (Women in Science and Engineering) Program was a highlight, creating opportunities for women in these fields. Additionally, our learning initiatives resulted in over 1,000 training hours, underscoring our commitment to upskilling our workforce.

We invest in community upliftment programs focused on health, education, women empowerment, community development, disaster relief, and the environment. Our employees, driven by a sense of social responsibility, volunteered in various activities, making a tangible impact on the communities we serve.

## **Addressing Challenges and Future Outlook**

Despite facing a challenging financial year due to macroeconomic factors, we remain dedicated to our sustainability goals. We recognize that the path ahead is not without obstacles, but we are committed to overcoming them through innovation, resilience, and collaboration. Our strategy focuses on neutralizing our carbon footprint by 2030, further reducing energy consumption, and enhancing our social impact through targeted programs and initiatives.

As we look to the future, our vision is clear: to continue aligning our business practices with global sustainability goals, creating shared value for our stakeholders, and contributing to a more sustainable world. I invite you to explore this report to learn more about our progress and the steps we are taking to build a brighter future for all.

Sohail R. Bhojani  
Chief Executive Officer

# ASSESSING MATERIALITY

During the year, International Industries Limited (ILL) undertook a comprehensive evaluation to identify and prioritize the sustainability issues that are critical to the company's long-term success. This process was essential to ensure that ILL's sustainability management aligns with its strategic goals, stakeholder expectations, and global best practices. The materiality assessment was coordinated by an independent consultant, following the Global Reporting Initiative (GRI) standards. It incorporated the principles of double materiality, considering both financial and non-financial impacts, and included an internal review by ILL's Sustainability Team.

## Approach to Identifying Key Sustainability Issues

### 1. Reevaluation of Existing Priorities

ILL revisited previously identified material topics to ensure they remain relevant and aligned with its ongoing sustainability efforts. During this review, the topic of procurement practices was added, recognizing its growing importance in the company's operations and supply chain sustainability.

### 2. Adapting to GRI Standards

A thorough assessment was conducted to align with the revised GRI 3 Material Topics 2021 requirements. This evaluation focused on understanding the broader impacts of ILL's operations, including economic, environmental, and social dimensions.

### 3. Data Gathering

Data was collected from various sources, including ILL's business operations, risk registers, compliance with international conventions, stakeholder feedback received through formal grievance mechanisms, and memberships in international organizations. This data provided a comprehensive view of the issues that matter most to ILL and its stakeholders.

### 4. Determining Material Issues

The collected data was analyzed using relevant industry standards such as the Sustainability Accounting Standards Board (SASB), peer analysis, and the UN Global Compact (UNGC) Principles on Environment, Human Rights, Anti-Corruption, and Labor. The Global Industry Classification Standard's (GICS) sector identification methodology 2022 was also utilized to ensure that the identified topics were pertinent to ILL's industry sector.

### 5. Impact Analysis and Relevance

An in-depth impact analysis was conducted to evaluate the significance and implications of each identified topic. This process helped to map the relevance of each topic to ILL's sustainability efforts and its broader business strategy.

### 6. Prioritizing Key Topics

A materiality analysis was conducted in line with GRI 3 Material Topics 2021, assigning scores to each topic based on its relevance to ILL's business strategy, the severity and likelihood of impacts, implications for human rights, and its significance for long-term profitability and overall success. Topics were prioritized based on their cumulative scores.

### 7. Engaging Stakeholders for Feedback

The results of the materiality analysis were shared with various business teams within ILL to gather input and feedback. This collaborative approach ensured that the perspectives of different departments were considered, further validating the importance and impact of each material topic.

### 8. Finalizing and Validating Material Topics

Following the feedback from business teams, risk scores were assigned to each topic. Topics scoring above the threshold of three (3) were deemed material and prioritized as key sustainability issues for ILL. These finalized material topics were then presented to the executive management team for approval, ensuring alignment with ILL's overall strategic direction.

This rigorous and collaborative approach enabled IIL to finalize a set of material topics that accurately reflect the company's sustainability objectives and priorities. The materiality assessment guarantees that the sustainability report provides a transparent and comprehensive overview of IIL's commitment to sustainable business practices.

## List of Material Topics

Area	Material Topic	Impacts
Economic	Economic Performance	Affects economic conditions of all stakeholders.
	Indirect Economic Impacts	Affects economic conditions of all stakeholders.
	Market Presence	Affects development in markets where the Company operates.
	Procurement practices	Affects capacity enhancement of local suppliers.
	Anti-Competitive Behaviour	Affects ethical and responsible operations.
Environmental	Energy	Affects the organization's environmental footprint, the ecosystem and climate.
	Water and Effluents	
	Emissions	
	Waste	
Social	Employment and Labour Relations	Affects social capital development and working conditions.
	Training and Education	Affects social capital development, in particular the organization's human capital.
	Occupational Health and Safety	Affects stakeholders and their human rights.
	Diversity, Equity, Inclusion, and Belonging	Affects social capital development, in particular the organization's human capital.
	Non-Discrimination	Affects social capital development, in particular the organization's human capital.
	Freedom of Association and Child Labour	Affects stakeholders and their human rights.
	Community Investment	Affects social capital development and community uplift.

# RELEVANCE OF MATERIAL TOPICS TO IIL

## Economic

### **Economic Performance**

IIL's commitment to value creation is deeply rooted in its vision, values, and brand promise. Economic performance is a cornerstone of this commitment, directly influencing all other material topics. The company's success in cultivating growth for its stakeholders can be quantified and assessed through its audited financial statements, which are included in this report. This topic underscores the importance of financial stability and growth as essential drivers of IIL's long-term sustainability and strategic objectives.

### **Indirect Economic Impacts**

IIL recognizes its broader socio-economic influence, extending beyond its direct operations. As a responsible corporate citizen, the company continuously monitors and measures its indirect economic impact, supporting growth and development in the communities where it operates. These disclosures highlight IIL's role in fostering economic well-being and contributing to broader societal goals.

### **Market Presence**

IIL's market presence is a key driver of economic impact, influencing employment opportunities, the quality of professionals employed, and regional economic development. This topic is integral to the company's operations and value creation agenda, as it reflects IIL's commitment to being a leader in the markets it serves.

### **Anti-Competitive Behaviour**

Maintaining fair competition is critical for IIL's license to operate and its reputation. This topic underscores the company's adherence to ethical business practices, with a focus on avoiding anti-competitive behavior that could result in fines, penalties, and damage to its brand image.

## Environmental

### **Energy**

Energy efficiency is crucial for both environmental stewardship and cost-effectiveness. This topic highlights the importance of managing energy consumption to reduce operational costs and carbon emissions, thereby giving IIL a competitive edge while contributing to global sustainability efforts.

### **Water and Effluents**

In a water-scarce environment like Pakistan, responsible water management is vital. This topic addresses IIL's water usage and the importance of sustainable practices in mitigating water scarcity. Effective management of water resources is essential to the company's operations and its commitment to environmental sustainability.

### **Emissions**

Managing emissions is critical to IIL's environmental strategy, directly impacting climate change and compliance with national regulations. This topic emphasizes the importance of monitoring and reducing gaseous emissions to meet environmental standards and contribute to the global effort against climate change.

### **Waste**

Effective waste management is essential to minimizing environmental impact and preserving local biodiversity. This topic covers IIL's efforts to manage and reduce waste, both in its operations and in the communities where it operates, underscoring the company's commitment to sustainable practices.

## Social

### **Employment and Labour Relations**

Driven by its core value of Passion for People, IIL is dedicated to being an employer of choice. This topic highlights the company's focus on employee development, training, education, and creating an inclusive workplace. By attracting and retaining talent, IIL ensures a motivated and skilled workforce that is essential for its continued success.

### **Training and Education**

As part of its commitment to employee development, IIL prioritizes training and education. This topic underscores the importance of continuous learning and professional growth, which are critical for maintaining a competitive edge and fostering innovation within the company.

### **Diversity, Equity, Inclusion, and Belonging**

IIL values the contributions of its diverse workforce and is committed to fostering an inclusive environment. This topic highlights the company's efforts to promote diversity, equity, inclusion, and Belonging (DEI+B), aligning with its core values and brand promise.

### **Non-Discrimination**

Ensuring fair and equal treatment for all employees is a key priority for IIL. This topic addresses the company's commitment to non-discrimination, driven by its core values and Code of Conduct, ensuring a workplace free of bias.

### **Freedom of Association and Child Labour**

IIL is committed to upholding human rights, including the right to freedom of association and the prohibition of child labor. This topic reflects the company's adherence to legal standards and its Code of Conduct, ensuring ethical labor practices across its operations.

### **Community Investment**

IIL is dedicated to making a positive impact on the communities where it operates. This topic highlights the company's community investment initiatives, demonstrating its commitment to social responsibility and the value added through its efforts to support local development.

# SUSTAINABILITY STRATEGY

## Key Areas of Focus

### 1. Energy Efficiency and Renewable Energy

- **Objective:** Drastically reduce ILL's carbon footprint and energy consumption through the adoption of renewable energy sources and energy-efficient technologies.

- **Initiatives:**

**Renewable Energy Integration:** Expand the use of solar energy across all facilities, targeting a 50% reliance on renewable energy by 2028.

**Energy Efficiency Projects:** Implement smart technologies and processes to enhance energy efficiency, aiming for a 25% reduction in energy consumption over the next five years.

**Carbon Neutrality:** Set a target to achieve carbon neutrality by 2030, reducing greenhouse gas emissions through both operational improvements and carbon offset initiatives.

### 2. Education

- **Objective:** Empower the next generation of women leaders by increasing access to quality education for girls in underprivileged communities.

- **Initiatives:**

**Scholarship Programs:** Partnering with TCF to provide education for girls in underprivileged areas.

**TCF School Support:** Investing in improving school facilities and ensuring a conducive learning environment for girls. Solarization...

**Mentorship and Career Guidance:** Launching mentorship programs that connect female students with ILL professionals, providing career guidance and inspiration.

### 3. DEI+B

- **Objective:** Foster diversity and inclusion within the Company and the broader community.

- **Initiatives:**

**Workplace Diversity and Inclusion:** Strengthen DEI+B initiatives to ensure 30% female representation in management by 2030, creating an inclusive environment that values diverse perspectives.

**Women in Science and Engineering (WISE) Program:** Continue to promote the WISE program, offering specialized training, internships, and career opportunities for women in STEM fields.

**Community Empowerment Projects:** Support initiatives that empower women through skill development, entrepreneurship, and leadership training in local communities.

## Strategic Pillars

### 1. Environmental Stewardship

- **Objective:** Minimize the environmental footprint of ILL's operations and contribute to the global effort against climate change.
- **Key Initiatives:**
  - Carbon Footprint Reduction:** Set ambitious targets to reduce greenhouse gas emissions, aiming for carbon neutrality by 2030.
  - Water Management:** Implement water conservation strategies, including water recycling and rainwater harvesting, to reduce water usage by 20% by 2028.
  - Waste Minimization:** Adopt circular economy principles by enhancing recycling programs and reducing waste generation by 25% over the next five years.

### 2. Social Responsibility

- **Objective:** Empower communities and employees through inclusive growth, education, and development, while ensuring health, safety, and well-being.
- **Key Initiatives:**
  - Employee Development:** Invest in continuous learning and development programs to upskill the workforce, aiming for 100,000 training hours annually.
  - Community Engagement:** Increase community investment through the Amir S. Chinoy Foundation (ASCF), focusing on health, education, and women empowerment, with an annual budget growth of 10%.
  - Occupational Health and Safety:** Achieve a zero-incident workplace by enhancing safety protocols, training, and awareness programs.

### 3. Ethical Governance

- **Objective:** Uphold the highest standards of corporate governance, transparency, and ethical behavior to build trust with stakeholders.
- **Key Initiatives:**
  - Compliance and Risk Management:** Strengthen compliance frameworks and risk management systems to ensure adherence to international standards and local regulations.
  - Sustainable Procurement:** Ensure all suppliers and partners align with ILL's sustainability values, aiming for 100% compliance with sustainable procurement standards by 2027.

### 4. Innovation and Technology

- **Objective:** Leverage innovation and technology to drive sustainable growth and enhance operational efficiency.
- **Key Initiatives:**
  - Sustainable Product Development:** Invest in R&D to develop eco-friendly products, with a target to introduce at least two new sustainable products each year.
  - Digital Transformation:** Implement smart manufacturing technologies to optimize resource use and reduce operational waste.

## Goals and Targets

- **Short-Term (1-2 years):**
  - Achieve a 10% reduction in energy consumption through efficiency projects.
  - Launch at least two new educational initiatives for girls in underprivileged areas.
  - Increase community investment by 15% in key areas such as education and health.
- **Medium-Term (3-5 years):**
  - Achieve a 25% reduction in waste generation.
  - Ensure 30% female representation in senior management roles by 2030.
  - Establish a sustainable supply chain, with 75% of suppliers meeting IIL's sustainability criteria.
- **Long-Term (5-10 years):**
  - Achieve carbon neutrality by 2030.
  - Support the education of 10,000 girls through scholarships and infrastructure development by 2035.
  - Embed circular economy principles across all operations, achieving zero waste to landfill by 2035.

## Monitoring and Reporting

- **Annual Sustainability Report:** IIL will publish a comprehensive annual sustainability report, aligned with GRI standards, detailing progress against the strategic pillars and goals.
- **Sustainability Governance:** A dedicated Sustainability Committee will oversee the implementation of the strategy, ensuring accountability and continuous improvement.
- **Stakeholder Feedback:** Regular surveys and feedback mechanisms will be established to ensure stakeholder input is integrated into the sustainability strategy.

IIL's sustainability strategy is designed to ensure long-term resilience, responsible growth, and a positive impact on society and the environment. By focusing on energy efficiency, girls' education, and women empowerment, IIL aims to set new benchmarks for the industry, contributing to a sustainable future for all.



# BOARD STATEMENT ON ADOPTION OF BEST PRACTICES FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)

On behalf of the Board of Directors, I am pleased to announce that International Industries Limited (IIL) is committed to enhancing our Corporate Social Responsibility (CSR) efforts by adopting international best practices. As a responsible corporate citizen, IIL recognizes the importance of integrating sustainable practices, ethical considerations, and community engagement into our business operations.

CSR is integral to our business strategy, and we understand that stakeholders expect companies to contribute positively to society and the environment. By aligning our practices with globally recognized CSR standards, we aim to strengthen our reputation, create long-term value, and drive sustainable growth for IIL while contributing to the communities we serve.

To achieve this, the Board has identified key areas where our CSR strategy will be focused:

- Upholding Ethical Practices:** IIL prioritizes ethical conduct in all aspects of our operations, adhering to the highest standards of integrity, transparency, and corporate governance. We strictly comply with all applicable laws, regulations, and industry standards, ensuring that our actions align with the best interests of our stakeholders.
- Environmental Stewardship:** IIL is committed to minimizing our environmental impact by promoting resource efficiency, waste reduction, and responsible management of natural resources. We have implemented initiatives like transitioning to renewable energy sources, with solar power systems installed at our facilities, and reducing our reliance on non-renewable energy. Furthermore, we are exploring and investing in innovative technologies and processes to support environmental sustainability.
- Community Engagement:** We actively engage with the communities in which we operate, fostering mutually beneficial relationships. IIL has undertaken various community development projects, including providing clean drinking water, supporting education through scholarships, and contributing to health and welfare programs. Through these initiatives, we aim to empower individuals and enhance social and economic opportunities.
- Employee Well-being:** Our employees are at the heart of our success, and we are dedicated to ensuring their well-being. IIL promotes a safe and inclusive work environment that respects diversity, provides equal opportunities, and encourages professional growth. We prioritize employee health, safety, and welfare, fostering a culture of trust, respect, and open communication. Our commitment to employee development is reflected in our training programs and wellness initiatives.
- Supply Chain Responsibility:** Recognizing the importance of our supply chain in our CSR performance, IIL works closely with suppliers and contractors to promote responsible business practices, including ethical sourcing, fair labor conditions, and environmental responsibility. We encourage our partners to embrace sustainability and align with our CSR objectives.
- Stakeholder Collaboration:** Collaboration is key to achieving sustainable development. IIL actively engages with stakeholders, including shareholders, customers, employees, communities, and regulatory bodies, to understand their expectations and concerns. Through open communication, we strive to create shared value and address global challenges such as climate change and social inequality.

The Board of Directors is fully committed to embedding these best practices throughout the organization. We continue to provide the necessary resources, support, and oversight to ensure the successful implementation of our CSR strategy and regularly monitor and evaluate our performance, holding ourselves accountable for achieving our goals and continuously improving our CSR initiatives.

By adopting these best practices for CSR, International Industries Limited aims to make a meaningful and sustainable impact on society while enhancing the long-term value of our business. We believe that through our collective efforts, we can contribute to a more inclusive, prosperous, and environmentally responsible future.

We invite all stakeholders to join us on this journey and look forward to their support and collaboration.

On behalf of the Board,



**Kamal A. Chinoy**  
Chairman

# BOARD STATEMENT ON STRATEGIC OBJECTIVES FOR ESG AND SUSTAINABILITY REPORTING

On behalf of the Board of Directors, I am pleased to share International Industries Limited's (IIL) commitment to adopting and advancing Environmental, Social, and Governance (ESG) principles and sustainability reporting. As a leading industrial player, we recognize that sustainable and responsible business practices are essential for long-term value creation, stakeholder trust, and the betterment of society and the environment.

IIL has always been at the forefront of integrating ESG considerations into our business and operating models. Our strategic objectives for ESG and sustainability reporting reflect our dedication to transparency, accountability, and continuous improvement in these critical areas.

## 1. Environmental Stewardship:

IIL is deeply committed to minimizing its environmental impact and promoting sustainable resource management. Our initiatives include:

- **Emissions Monitoring and Control:** We have set targets to reduce our carbon footprint by investing in energy-efficient technologies and expanding our renewable energy capacity, such as our solar power installations that significantly offset our reliance on non-renewable energy sources.
- **Waste Management:** We have implemented robust waste management practices, including recycling and reducing industrial waste. Our efforts to manage water resources efficiently include water recycling initiatives at our facilities.
- **Environmental Risk Assessment:** We conduct regular environmental impact assessments to mitigate risks and ensure our operations align with global sustainability standards.

## 2. Social Responsibility:

IIL is committed to fostering a positive impact on the communities we operate in and ensuring a safe, inclusive, and empowering workplace. Our objectives include:

- **Employee Health and Safety:** We prioritize occupational health and safety through comprehensive training programs and strict adherence to safety protocols, leading to our recognition in various safety excellence awards.
- **Diversity, Equity, Inclusion & Belonging (DEI+B):** We are working towards enhancing our DEI+B practices by creating equal opportunities for all and promoting a culture of inclusivity.
- **Community Engagement:** IIL actively supports local communities through initiatives focused on education, healthcare, and social welfare. Our community projects, such as the provision of clean drinking water and educational scholarships, reflect our commitment to social development.

## 3. Governance and Ethical Practices:

IIL upholds the highest standards of corporate governance and ethical conduct, ensuring transparency, integrity, and accountability in our business practices, the foundations of which include:

- **Strong Governance Framework:** We maintain a robust governance structure that ensures compliance with applicable laws and regulations, supported by a culture of ethical behavior and integrity across the organization.
- **Risk Management System:** We have implemented a comprehensive risk management system to identify and mitigate potential risks, ensuring the long-term sustainability of our business.

#### 4. Sustainability Reporting:

ILL provides transparent and accurate reporting on our ESG performance. Objectives of our sustainability reporting include:

- **Structured Reporting Process:** We have developed a comprehensive sustainability reporting framework aligned with international standards such as the Global Reporting Initiative (GRI).
- **Stakeholder Engagement:** We actively engage with stakeholders to address their concerns and understand their expectations, ensuring our reporting is relevant and credible.
- **Continuous Improvement:** We regularly review and enhance our reporting practices to reflect our commitment to sustainability and our progress in achieving our ESG goals.

The Annual Report also contains a detailed disclosure of our ESG performance, reinforcing our commitment to transparency and accountability.

By setting these strategic objectives for ESG and sustainability reporting, IIL aims to create a positive impact on the environment, society, and our long-term business sustainability. We are committed to providing the necessary resources, leadership, and support to achieve these objectives, and we believe that through our collective efforts, we can contribute to a more sustainable and equitable world.

On behalf of the Board,



**Kamal A. Chinoy**  
Chairman

# DISCLOSURES OF COMPANY-SPECIFIC SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

ILL is committed to providing transparent disclosures about sustainability-related risks and opportunities, and their impacts on our financial performance over the short, medium, and long term. Our approach to these disclosures aligns with IFRS S1 and provides a comprehensive view of how these factors influence our business.

Time	Type	Risk/Opportunity	Description	Impact	Mitigation/Initiatives
Short-Term (1-2 Years)	Risks	Energy Price Volatility	Fluctuations in energy prices may increase operational costs.	Short-term increases in energy expenses affecting profitability.	Implement energy-efficient technologies and negotiate long-term energy contracts.
		Regulatory Changes	New environmental regulations may result in additional compliance costs.	Immediate compliance costs and potential operational disruptions.	Proactively engage with regulators and adapt operations to meet new standards.
	Opportunities	Energy Efficiency Improvements	Investment in energy-efficient technologies can lead to cost savings.	Reduction in energy consumption and operational costs.	Upgrade to LED lighting, optimize HVAC systems, and implement energy management systems.
		Enhanced Market Position	Adopting sustainable practices enhances market reputation.	Increased customer preference and potentially higher sales.	Market sustainability achievements and engage in CSR initiatives.
Medium-Term (3-5 Years)	Risks	Climate Change Impacts	Increased frequency and severity of extreme weather events could disrupt operations.	Potential operational disruptions and increased repair/resilience costs.	Invest in infrastructure resilience and develop contingency plans.
		Transition Risks	Transitioning to a low-carbon economy may involve significant investments and changes.	Medium-term costs associated with renewable energy and new technologies.	Gradual transition strategies and secure funding for green initiatives.
	Opportunities	Sustainable Product Development	Developing eco-friendly products can capture new market segments.	Increased revenue from new products and enhanced brand differentiation.	Invest in R&D for sustainable materials and processes.
		Community Engagement and Partnerships	Building strong community relationships improves social license to operate.	Positive brand perception and operational support.	Strengthen partnerships with local organizations and invest in community development.
Long-Term (5-10 Years)	Risks	Regulatory Compliance and Legal Risks	Long-term adherence to evolving regulations may lead to increased costs and legal liabilities.	Significant compliance costs and potential legal challenges.	Develop a forward-looking compliance strategy and engage in industry advocacy.
		Resource Scarcity	Scarcity of critical resources (e.g., water, raw materials) could affect production.	Increased costs and potential production constraints.	Invest in resource efficiency and alternative materials.
	Opportunities	Achieving Carbon Neutrality	Long-term commitment to carbon neutrality positions ILL as a sustainability leader.	Enhanced corporate reputation and potential operational cost savings.	Achieve carbon neutrality through renewable energy, carbon offset programs, and operational improvements.
		Long-Term Competitive Advantage	Early adoption of sustainable practices provides a competitive edge.	Long-term growth opportunities and enhanced market share.	Continue innovation in sustainable technologies and practices.

ILL's approach to managing sustainability-related risks and opportunities is integral to our financial performance and long-term success. By proactively addressing these factors, we aim to minimize potential negative impacts and capitalize on opportunities that align with our strategic objectives. Our commitment to transparency in reporting ensures that stakeholders are informed of how these risks and opportunities influence our business and financial outlook.

This approach not only supports our sustainability goals but also reinforces our dedication to creating long-term value for our stakeholders.

# DISCLOSURES ABOUT FOUR-PILLARS CORE CONTENT

ILL is committed to transparent and comprehensive reporting on its sustainability performance. This disclosure provides an overview of our core content across four pillars: Governance, Strategy, Risk Management, and Metrics and Targets. We also outline the specific metrics designed to demonstrate our performance and progress in these areas.

## 1. Governance

### A. Governance Structure

ILL's governance framework ensures robust oversight, accountability, and adherence to sustainability principles. Our governance structure includes:

- **Board of Directors:** Responsible for setting strategic direction, overseeing sustainability performance, and ensuring compliance with governance standards.
- **Sustainability Committee:** A dedicated committee within the Board that focuses on sustainability strategy, implementation, and reporting. It is responsible for monitoring progress and ensuring alignment with ILL's sustainability objectives.
- **Executive Management Team:** Implements sustainability initiatives, manages daily operations, and reports on performance to the Board.

### B. Governance Metrics

- **Board Diversity:** Percentage of board members from diverse backgrounds.
- **Sustainability Training:** Percentage of Board members and senior management who have completed sustainability training.

### C. Key Policies

- **Code of Conduct:** Defines ethical business practices and compliance requirements for all employees.
- **Anti-Corruption Policy:** Establishes standards to prevent and address corruption and bribery.
- **Sustainability Policy:** Outlines ILL's commitment to environmental and social sustainability, including specific goals and practices.

## 2. Strategy

### A. Strategic Objectives

ILL's sustainability strategy is designed to integrate environmental stewardship, social responsibility, and ethical governance into our business operations. Key elements include:

- **Environmental Stewardship:** Reducing carbon emissions, enhancing energy efficiency, and promoting sustainable resource use.
- **Social Responsibility:** Investing in community development, ensuring employee welfare, and promoting diversity and inclusion.
- **Ethical Governance:** Upholding transparency, accountability, and ethical business practices.
- **Innovation and Technology:** Leverage innovation and technology to drive sustainable growth and enhance operational efficiency.

## Strategic Metrics

- **Carbon Footprint Reduction:** Total greenhouse gas emissions reduced relative to baseline.
- **Community Investment:** Annual investment in community development projects.
- **Employee Training Hours:** Number of training hours per employee annually.

## 3. Risk Management

### A. Risk Management Framework

ILL employs a comprehensive risk management framework to identify, assess, and mitigate sustainability-related risks, including:

- **Risk Identification:** Regular assessments to identify potential risks related to environmental impacts, social issues, and governance challenges.
- **Risk Assessment:** Evaluating the potential impact and likelihood of identified risks on ILL's operations and reputation.
- **Risk Mitigation:** Implementing strategies to manage and reduce identified risks, including policy adjustments, process improvements, and contingency planning.

### B. Risk Management Metrics

- **Risk Mitigation Effectiveness:** Percentage of identified risks with mitigation plans in place.
- **Incident Reports:** Number of sustainability-related incidents reported and resolved.

## 4. Metrics and Targets

### A. Performance Metrics

ILL uses a range of specific metrics to measure and report on sustainability performance, including:

- **Energy Consumption:** Total energy used relative to production volume.
- **Water Usage:** Total water used relative to production volume.
- **Waste Generation:** Total waste generated relative to production volume.

### B. Targets

- **Carbon Neutrality:** Achieve carbon neutrality by 2030 through reductions and carbon offset initiatives.
- **Female Representation in Management:** Achieve 30% female representation in senior management by 2030.
- **Sustainable Procurement:** Ensure 100% of suppliers meet sustainability criteria by 2030.

### C. Progress Reporting

- **Annual Sustainability Report:** Detailed reporting on progress against targets, including performance metrics and key achievements.
- **Quarterly Reviews:** Regular updates to the Board and stakeholders on sustainability performance and any adjustments needed to meet targets.

ILL's commitment to governance, strategic planning, risk management, and performance measurement ensures that our sustainability initiatives are effectively implemented and transparently reported. By focusing on these four pillars, we aim to drive continuous improvement and contribute positively to our environmental, social, and governance objectives

# DISCLOSURES OF MATERIAL INFORMATION ABOUT SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES THROUGHOUT IIL'S VALUE CHAIN

IIL is committed to transparent disclosure of sustainability-related risks and opportunities across our entire value chain. Our value chain encompasses interactions, resources, and relationships integral to our business model and the broader external environment. By addressing material sustainability issues at each stage of our value chain, we aim to enhance performance and contribute to global sustainability goals.

## 1. Raw Material Sourcing

### A. Sustainability-Related Risks

*Risk:* Environmental degradation and ethical concerns associated with raw material sourcing can impact our supply chain reliability and reputation.

*Mitigation and Initiatives:*

- **Sustainable Sourcing Policies:** We ensure that raw materials are sourced responsibly. This includes requiring suppliers to adhere to environmental and social standards.
- **Supplier Audits:** Regular audits of suppliers to assess compliance with sustainability criteria, including environmental impact and labor practices.

### B. Opportunities

*Opportunity:* Sourcing sustainable materials can enhance product value and meet growing consumer demand for eco-friendly products.

*Initiatives:*

- **Certified Materials:** We prioritize the use of certified sustainable materials, such as recycled steel and eco-friendly packaging, contributing to a reduced environmental footprint.

## 2. Manufacturing and Production

### A. Sustainability-Related Risks

*Risk:* Energy consumption and waste generation during manufacturing can contribute to environmental impacts and operational costs.

*Mitigation and Initiatives:*

- **Energy Efficiency Programs:** Implementation of energy-efficient technologies and practices, such as Sky lighting and advanced heating systems, aiming for a reduction in energy use over the next five years.
- **Waste Management:** Adoption of circular economy principles, including waste segregation, recycling, and reducing production waste.

### B. Opportunities

*Opportunity:* Innovation in manufacturing processes can lead to cost savings and a reduction in environmental impact.

*Initiatives:*

- **Green Manufacturing Technologies:** Investment in technologies such as energy-efficient machinery and waste-to-energy systems to enhance sustainability and operational efficiency.



### 3. Distribution and Logistics

#### A. Sustainability-Related Risks

*Risk:* Transportation-related emissions and logistics inefficiencies can contribute to greenhouse gas emissions and increase operational costs.

*Mitigation and Initiatives:*

- **Optimized Logistics:** Implementation of route optimization software and consolidation of shipments to reduce transportation emissions and costs.
- **Fleet Management:** Transition to a fleet of energy-efficient vehicles and explore alternative fuel options to decrease carbon emissions.

#### B. Opportunities

*Opportunity:* Improved logistics can lead to cost savings and enhanced sustainability performance.

*Initiatives:*

- **Green Logistics:** Adoption of green logistics practices, such as utilizing energy-efficient transport modes and exploring carbon offset programs for logistics operations.

### 4. Product Use and Customer Engagement

#### A. Sustainability-Related Risks

*Risk:* Products with high environmental impacts during use can affect customer satisfaction and regulatory compliance.

*Mitigation and Initiatives:*

- **Product Design:** Development of energy-efficient and low-impact products, such as water-saving fixtures and eco-friendly construction materials.
- **Customer Education:** Programs to educate customers on the environmental benefits of our products and encourage sustainable usage practices.

#### B. Opportunities

*Opportunity:* Offering sustainable products can enhance brand reputation and attract environmentally conscious customers.

*Initiatives:*

- **Sustainable Product Lines:** Expansion of product lines that focus on sustainability, such as products made from recycled materials or designed for energy efficiency.

### 5. End-of-Life Management

#### A. Sustainability-Related Risks

*Risk:* Disposal of products and materials at the end of their lifecycle can contribute to landfill waste and environmental harm.

*Mitigation and Initiatives:*

- **Recycling Programs:** Implementation of take-back and recycling programs to manage end-of-life products responsibly.
- **Product Take-Back:** Partnerships with recycling facilities to ensure proper disposal and recycling of products at the end of their life cycle.

## **B. Opportunities**

*Opportunity:* Effective end-of-life management can reduce waste and create opportunities for material recovery and reuse.

*Initiatives:*

- **Circular Economy Initiatives:** Adoption of circular economy principles, including designing products for disassembly and encouraging product refurbishment and reuse.

## **6. Stakeholder Engagement**

### **A. Sustainability-Related Risks**

*Risk:* Inadequate stakeholder engagement can lead to a lack of alignment with stakeholder expectations and potential reputational damage.

*Mitigation and Initiatives:*

- **Stakeholder Engagement:** Regular engagement with stakeholders through surveys, focus groups, and consultations to understand their sustainability concerns and expectations.
- **Transparency:** Providing clear and comprehensive sustainability reporting to stakeholders, ensuring alignment with their expectations and enhancing trust.

### **B. Opportunities**

*Opportunity:* Engaging stakeholders can provide valuable insights and strengthen relationships, leading to better alignment and support for sustainability initiatives.

*Initiatives:*

- **Feedback Mechanisms:** Establishing feedback mechanisms to incorporate stakeholder input into sustainability strategies and practices, fostering stronger stakeholder relationships.

ILL's approach to managing sustainability-related risks and opportunities across our value chain is integral to our commitment to environmental stewardship, social responsibility, and ethical governance. By implementing targeted initiatives and leveraging advanced methodologies, we aim to minimize risks, capitalize on opportunities, and contribute to a sustainable future.

# DISCLOSURE OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

ILL is committed to understanding and managing climate-related risks and opportunities as part of our broader sustainability and risk management strategies. In line with IFRS S2 requirements, we assess both physical and transition risks associated with climate change and identify opportunities that may arise from these changes. This approach enables us to enhance our resilience, capitalize on emerging opportunities, and contribute to global climate goals.

Category	Subcategory	Description	Impact on ILL	Methodologies and Tools	
Climate-Related Risks	<b>1. Physical Risks</b>				
	A. Acute Physical Risks	Damage from extreme weather events (floods, heat waves)	Disruption of operations, facility damage, increased repair costs, e.g., flooding in manufacturing facilities affecting production.	<ul style="list-style-type: none"> <li>Risk Assessment Models: Climate scenario analysis tools.</li> <li>Pakistan Meteorological Department: High-risk area mapping.</li> <li>Insurance Coverage: Comprehensive coverage for financial risks.</li> </ul>	
	B. Chronic Physical Risks	Long-term changes like rising sea levels and temperature increases	Affects operational efficiency and supply chain stability, e.g., higher temperatures reducing manufacturing efficiency.	<ul style="list-style-type: none"> <li>Long-Term Climate Projections: Predictive climate models.</li> <li>Facility Assessments: Regular resilience and infrastructure evaluations.</li> </ul>	
	<b>2. Transition Risks</b>				
	A. Policy and Regulatory Risks	Changes in environmental regulations, carbon pricing, emission reduction targets	Increased operational costs or need for significant investments in new technologies to comply with stricter standards.	<ul style="list-style-type: none"> <li>Regulatory Monitoring: Information from industry associations and government bodies.</li> <li>Impact Analysis: Assessments of new policies' effects on operations and finances.</li> </ul>	
	B. Technology Risks	Obsolescence or increased costs for new technologies	Investments in and integration of new technologies may require capital expenditures and operational adjustments.	<ul style="list-style-type: none"> <li>Technology Scouting: R&amp;D for cutting-edge technologies.</li> <li>Cost-Benefit Analysis: Evaluation of technology adoption costs and benefits.</li> </ul>	
	C. Market Risks	Changes in consumer preferences and demand for sustainable products	Adjustments in product offerings or business strategy needed to stay competitive.	<ul style="list-style-type: none"> <li>Market Research: Analysis and surveys on sustainability trends.</li> <li>Scenario Planning: Anticipating market condition changes and adjusting strategy.</li> </ul>	
	Climate-Related Opportunities	<b>1. Energy Efficiency and Renewable Energy</b>	Transitioning to renewables and improving energy efficiency	Cost savings, enhanced competitiveness, and alignment with sustainability goals.	<ul style="list-style-type: none"> <li>Energy Audits: Identifying improvement areas and potential savings.</li> <li>Renewable Energy Projects: Investment in solar and other renewables aiming for 50% reliance by 2030.</li> </ul>
		<b>2. Green Technology and Innovation</b>	Investing in green technologies and sustainable products	Opens new markets, enhances reputation as environmentally responsible.	<ul style="list-style-type: none"> <li>R&amp;D Investments: Driving innovation in green technologies.</li> <li>Product Lifecycle Analysis: Evaluating environmental impact throughout product lifecycles.</li> </ul>
		<b>3. Market Differentiation and Customer Loyalty</b>	Embracing sustainability to differentiate in the marketplace	Enhanced brand reputation and customer base growth due to commitment to environmental stewardship.	<ul style="list-style-type: none"> <li>Brand Positioning: Highlighting sustainability in marketing.</li> <li>Customer Engagement: Understanding and incorporating customer sustainability expectations.</li> </ul>

ILL's approach to climate-related risks and opportunities is integrated into our broader risk management and sustainability strategies. By utilizing advanced methodologies and tools, we aim to mitigate potential negative impacts and capitalize on emerging opportunities, contributing to a more resilient and sustainable business model. Our commitment to addressing climate-related challenges aligns with our goal of creating long-term value for our stakeholders and supporting global climate objectives.

# CHAIRMAN'S OVERVIEW ON THE IMPACT OF SUSTAINABLE PRACTICES ON FINANCIAL PERFORMANCE

At International Industries Limited (ILL), our commitment to sustainable practices is deeply intertwined with our pursuit of long-term financial performance. Our focus on sustainability is not merely a moral imperative but a strategic approach that enhances our operational efficiency, brand reputation, and overall financial health.

## **1. Operational Efficiency and Cost Savings:**

Through initiatives such as energy-efficient manufacturing processes, renewable energy adoption, and rigorous waste management practices, ILL has achieved significant reductions in energy costs and waste disposal expenses. Our investment in renewable energy, including solar power installations at various facilities, has not only lowered our carbon footprint but also reduced our reliance on traditional energy sources, resulting in substantial cost savings.

## **2. Enhanced Reputation and Brand Value:**

Our commitment to sustainability has strengthened our brand value, making ILL a preferred partner for customers and stakeholders who prioritize responsible business practices. This alignment with global environmental and social values has expanded our market reach and enhanced customer loyalty, directly contributing to revenue growth. The recognition we have received, such as awards for safety and sustainability, underscores our position as a leader in responsible manufacturing.

## **3. Regulatory Compliance and Risk Mitigation:**

ILL's proactive approach to regulatory compliance ensures that we meet and often exceed environmental and social governance standards. By staying ahead of regulatory changes, we mitigate risks related to fines and legal liabilities, safeguarding our financial stability. Our robust governance framework also minimizes the potential for reputational damage, further protecting our shareholder value.

## **4. Access to Capital and Investor Confidence:**

Our dedication to ESG practices has positioned ILL as an attractive investment for responsible investors. The integration of sustainable practices into our business model has enhanced our ability to access capital through green financing options and responsible investment funds. This access to diverse capital sources reduces our cost of capital and strengthens our financial position, enabling us to invest in further sustainable growth initiatives.

## **5. Stakeholder Engagement and Employee Productivity:**

Engaging in sustainable practices has fostered a culture of pride and motivation among our employees, leading to increased productivity and reduced turnover. Our community engagement efforts, such as educational and healthcare initiatives, have strengthened our relationships with local communities, bolstering our brand reputation and customer support. These efforts translate into enhanced operational efficiency and increased profitability.

ILL's sustainable practices are not only a testament to our commitment to responsible corporate citizenship but also a driver of our financial success. By integrating sustainability into our core business strategies, we enhance operational efficiency, mitigate risks, attract investment, and build stronger relationships with stakeholders. As we continue on this path, we are confident that our focus on sustainability will catalyze our long-term growth and maximize shareholder value.

We remain committed to leading in sustainable business practices, driving long-term value creation for our stakeholders, and contributing to a better future for our company and the world.

On behalf of the Board,



**Kamal A. Chinoy**  
Chairman

# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

ILL is committed to operating responsibly and sustainably, recognizing the vital role that Environmental, Social, and Governance (ESG) principles play in our long-term success. Our ESG strategy is designed to create value for all our stakeholders—customers, employees, investors, and communities—while ensuring that our business practices contribute to a more sustainable and equitable world.

## Environmental Stewardship

As a leader in the steel and polymer industry, we recognize our environmental impact and are committed to minimizing it. Our environmental strategy focuses on reducing our carbon footprint, enhancing resource efficiency, and promoting sustainable practices throughout our operations.

- **Carbon Emissions Reduction:** We are actively working to reduce our greenhouse gas emissions through investments in energy-efficient technologies and the adoption of renewable energy sources. Our goal is to achieve reduction in carbon emissions, aligning with global climate targets.
- **Waste Management and Recycling:** ILL is committed to reducing waste and promoting recycling across our operations. We have implemented robust waste management programs to ensure that waste materials are minimized, and we actively recycle scrap materials to reduce our environmental footprint.
- **Water Conservation:** Recognizing water as a critical resource, we have initiated water conservation projects to reduce usage and improve efficiency. We are exploring water recycling technologies and aim to reduce our water consumption by 25% over the next five years.

## Social Responsibility

ILL is dedicated to making a positive social impact by fostering a safe, inclusive, and supportive workplace and contributing to the communities in which we operate.

- **Employee Well-being and Development:** Our people are our greatest asset, and we are committed to their well-being and development. We offer comprehensive health and safety programs, competitive benefits, and opportunities for professional growth through training and development initiatives.
- **Diversity and Inclusion:** We strive to create a diverse and inclusive workplace where all employees feel valued and respected. Our diversity programs focus on increasing the representation of women and under-represented groups in leadership roles and across our workforce.
- **Community Engagement:** ILL is deeply invested in the communities we serve. Our community engagement initiatives include educational programs, skill development workshops, and health and wellness campaigns. We believe in giving back, and work closely with local partners to support social and economic development.

## Governance and Ethical Conduct

Strong governance is the foundation of our business, guiding us to operate with integrity, transparency, and accountability.

- Board Oversight and Independence:** Our Board of Directors is committed to maintaining high standards of governance and oversight. We have implemented robust policies to ensure board independence and diversity, reflecting a range of perspectives and expertise to guide our strategic direction.
- Ethical Business Practices:** At IIL, we adhere to the highest ethical standards in all aspects of our business. Our Code of Conduct and Ethics sets clear expectations for employees, partners, and suppliers, ensuring that we operate with integrity and in compliance with all applicable laws and regulations.
- Risk Management and Compliance:** We have a comprehensive risk management framework in place to identify, assess, and mitigate risks across our operations. This framework includes rigorous compliance measures to ensure that we meet all legal and regulatory requirements and uphold our commitments to stakeholders.

### Environmental, Social and Governance (ESG) investing

ESG investing is about understanding the impact of potential companies we might invest in across three broad areas:



## Our Commitment to Continuous Improvement

We recognize that sustainability is a journey, not a destination. At IIL, we are committed to continuous improvement in our ESG performance, setting ambitious targets, and regularly reviewing our progress to ensure that we meet and exceed industry standards. We will continue to engage with stakeholders, seek innovative solutions, and leverage our expertise to drive positive change for a more sustainable future.

# KEY ESG PERFORMANCE INDICATORS

IIL follows the ESG Performance Matrix provided by the Securities and Exchange Commission of Pakistan's (SECP) as a guidance:

## Environmental

Category	Metric	Measurement Annual, unless specified	IIL
ENVIRONMENT	GHG Emissions	Total amount of Carbon and Green House Gas emissions in metric tons	6,595 tons of GHG
		Total amount, in CO2 equivalents, for Scope 1, Scope 2 and Scope 3 (if applicable)	SCOPE 1: 6,163 SCOPE 2: 432 SCOPE 3: NA
	Emissions Intensity	Total GHG emissions per output scaling factor (e.g. revenues, sales, units produced)	0.0723
		Total non-GHG emissions per output scaling factor	-
	Energy Usage	Total amount of energy <i>directly</i> consumed	3,259,845 m3 of Gas Consumption
		Total amount of energy <i>indirectly</i> consumed	1,894,245 KWH of Electricity Purchased
	Energy Intensity	Total direct energy usage per output scaling factor	35.7 m3 of Gas/Ton of Pipes Produced
	Energy Mix	Percentage: Energy usage by generation type	CO-GEN: 75.5%, SOLAR: 9.5%, IMPORT(KE+LD): 15%
		Disclose the energy consumption from renewable sources as a percentage of total energy consumption	9.50%
	Water Usage	Total amount of water consumed	13,124,198
		Total amount of water reclaimed	0
	Environmental Operations	Does your company follow a formal Environmental Policy? Yes, No	Yes
		Does your company follow specific waste, water, energy, and/or recycling polices? Yes/No	Yes
		Specify the quantity of waste recycled or re-used as a percentage of total waste for the current and comparative period.	-
		Does your company use a recognized energy management system? Yes/No	No
	Environmental Oversight	Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No	Yes
	Environmental Oversight	Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No	Yes
	Sustainable Sourcing	Does your company have policies and procedures in place for sustainable sourcing? (Yes/No)	No
Climate Risk Mitigation and adaptation	Climate related transition and physical risks, climate related opportunities, capital deployment, internal carbon prices.	No	

# Social

Category	Metric	Measurement Annual, unless specified	IIL	
SOCIAL	CEO Pay Ratio	CEO total compensation to median Full-time Equivalent (FTE) total compensation	-	
		Does your company report this metric in regulatory filings? Yes/No	Yes	
	Gender Pay Ratio	Ratio: Median male compensation to median female compensation	1:2	
	Employee Turnover	Percentage: Year-over-year change for full-time employees	(1%)	
		Percentage: Year-over-year change for part-time employees	N/A	
		Percentage: Year-over-year change for contractors and/or consultants	None	
	Gender Diversity	Percentage: Total enterprise headcount held by men and women	Men 98.6% , Women 1.4%	
		Percentage: Entry- and mid-level positions held by men and women	Men 98.5% , Women 4.5%	
		Percentage: Senior- and executive-level positions held by men and women	No	
	Temporary Worker Ratio	Percentage: Total enterprise headcount held by part-time employees	No part-time employees	
		Percentage: Total enterprise headcount held by contractors and/or consultants	35.11%	
	Non-Discrimination	Does your company have a sexual harassment and/or non-discrimination, diversity, inclusion policy? Yes/No	Yes	
		Is there a confidential grievance, resolution, reporting and non-retaliation mechanism and procedure to address and respond to incidence of harassment and violence? Yes/ No	Yes	
		Percentage: differently abled women and men in the workforce	1.83% of total workforce	
	Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	Yes	
	Child & Forced Labor	Does your company follow a child and/or forced labor policy? Yes/No	Yes	
		If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	Yes	
	Corporate Social Responsibility	Please share a list of CSR activities undertaken along with total time spent on these and amounts (PKR) allocated to these	Refer to CSR section	
	Employee training and Succession Planning	Number of training sessions held on the following. Please also mention the Number of employees and workers trained on these:		
		-Skill Upgradation		No. of Training: 72 Employees Trained: 779
		-Soft Skills		No. of Training: 16 Employees Trained: 152
		- Health and Safety Measures		Attached
	Human Rights	Percentage: Women and men promoted during the year	Women 6.67% , Men 2.54%	
		Does your company follow a human rights policy? Yes/No	Yes	
	Working Conditions	If yes, does your human rights policy also cover suppliers and vendors? Yes/No	Yes	
		Number of complaints made by employees regarding working conditions during the reporting period.	No complaints	
	Injury Rate	Number of complaints regarding working conditions resolved.	No complaints	
		Percentage: Frequency of injury events relative to total workforce time	Lost time injury frequency rate per million worked hours : 1.85, compared to the global average of 4.73 in the steel industry.	
		Number of safety-related incidents during the reporting year and Number of lost production hours as a result	Total six lost time case recorded and 86 days absence by the injured persons but no production loss	
	Marketing	Disclose the percentage of employees/workers covered with Health and Safety Insurance	100%	
Do you have a responsible gender-sensitive marketing communication policy or a commitment embedded in larger corporate policy? Yes/No		Yes		



## Governance

Category	Metric	Measurement Annual, unless specified	Response
GOVERNANCE	Board Diversity	Percentage: Total board seats occupied by men and women	7 (Men) + 1 (Female) = 8
		Percentage: Committee chairs occupied by men and women	Two Committees - Chaired by Men
	Board Independence	Does company prohibit CEO from serving as board chair? Yes/No	Yes
		Percentage: Total board seats occupied by independents	5 out of 8
	Board competence	Percentage of ESG-certified board members.	-
	Incentivized Pay	Are executives formally incentivized to perform on sustainability? Yes/No	No
	Collective Bargaining	Percentage: Total enterprise headcount covered by collective bargaining agreement(s)	443/930 = 48%
	Supplier Code of Conduct	Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No	Yes
		If yes, what percentage of your suppliers have formally certified their compliance with the code?	-
	Ethics & Anti-Corruption	Does your company follow an Ethics and/or Anti-Corruption policy? If yes, what percentage of your workforce has formally certified its compliance with the policy?	Yes, 100%
	Data Privacy	Does your company follow a Data Privacy policy? Yes/No	Yes
		Does your company take steps to comply with general data protection rules/ framework? Yes/No	Yes
	Sustainability Reporting	Does your company publish a sustainability report? Yes/No	Yes
		Is sustainability data included in your regulatory filings? Yes/No	Yes
	Disclosure Practices	Does your company provide sustainability data in line with any sustainability reporting frameworks? Yes/No	Yes
		Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No	Yes
		Does your company set targets and report progress on the UN SDGs? Yes/No	SDG 7 Champion
	External Assurance	Are your sustainability disclosures assured or validated by a third party? Yes/No	No

# HIGHLIGHTS OF IIL'S SUSTAINABILITY AND CSR PERFORMANCE

IIL's comprehensive approach to sustainability can be reflected in the following highlights, showcasing the company's commitment to environmental stewardship, social responsibility, and technological innovation. Through its policies, initiatives, and strategic plans, IIL continues to lead in creating a positive impact on society and the environment.

## 1. Social Initiatives

- **Research and Development (R&D) Initiatives:**
  - IIL invests in R&D to develop innovative products and processes that align with sustainability goals. This includes designing eco-friendly products and improving manufacturing efficiencies.
- **Employment Generation:**
  - IIL contributes to local economies by generating employment opportunities across its operations. IIL prioritizes fair labor practices and strives to create inclusive workplaces, particularly focusing on increasing female representation in management roles.
- **Community Health and Education:**
  - IIL supports community health and education initiatives, including education for underprivileged girls, school infrastructure improvements, and health camps. Partnerships with NGOs TCF, SINA, WWF and others further amplify these efforts.
- **Health and Safety of Staff:**
  - IIL places a strong emphasis on occupational health and safety. The company has implemented stringent OHSE policies, conducts regular safety audits, and provides extensive training to ensure a safe working environment for all employees. IIL aims to achieve a zero-incident workplace by enhancing safety protocols.

## 2. Environmental Initiatives

- **Climate Change Mitigation:**
  - IIL is committed to reducing its carbon footprint by investing in renewable energy sources, including solar power. The company has set ambitious targets for carbon neutrality by 2030, with ongoing efforts to reduce emissions through energy-efficient technologies.
- **Focus on 3Rs (Reduce, Reuse, Recycle):**
  - **Reduce:** IIL has implemented initiatives to reduce energy and water consumption across its facilities. Smart technologies are employed to monitor and optimize resource usage.
  - **Reuse:** The company encourages the reuse of materials and resources wherever possible. For instance, water used in production processes is treated and reused, minimizing freshwater consumption.
  - **Recycle:** IIL has established recycling programs to manage waste effectively, including recycling scrap metals and other industrial waste.
- **Pollution Reduction and Natural Resource Conservation:**
  - IIL actively works to reduce pollution by controlling emissions, treating wastewater, and managing waste responsibly. The company also engages in conservation efforts such as rainwater harvesting and the use of sustainable raw materials to prevent the depletion of natural resources.

### 3. Technological Innovation

- **Energy-Efficient Processes:**

- IIL continues to innovate by integrating energy-efficient technologies into its manufacturing processes. These innovations have led to significant reductions in energy consumption, contributing to both cost savings and environmental sustainability.

- **Eco-Friendly Product Designs:**

- The company's R&D team focuses on developing products with lower environmental impact. This includes the use of recycled materials in product design and creating products that are energy efficient and environmentally friendly.

### 4. Consumption and Management of Resources

- **Materials:**

- IIL prioritizes the use of sustainable and recycled materials in its production processes. Efforts are made to source raw materials responsibly, minimizing the environmental impact of production.

- **Energy:**

- The company has implemented energy management systems to monitor and reduce energy consumption. Renewable energy sources, primarily solar, contribute a growing share of the company's energy mix.

- **Water:**

- IIL has set targets to reduce water usage. The company employs water recycling systems and engages in rainwater harvesting to reduce dependency on freshwater sources.

- **Emissions:**

- IIL closely monitors its emissions, focusing on reducing CO<sub>2</sub> and other greenhouse gases. The company has invested in technologies that lower emissions and comply with national and international standards.

- **Waste:**

- Waste management is a key focus area, with IIL striving to minimize waste generation through efficient production processes. Recycling and waste-to-energy initiatives are part of the company's strategy to reduce its environmental footprint.

# SECTION 5.0

## STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

Stakeholder engagement policy

Legitimate needs and interests of key stakeholders

Board actions to solicit and understand stakeholder views  
through corporate briefing sessions

CEO's presentation on annual business performance



# STAKEHOLDER ENGAGEMENT POLICY

ILL is committed to fostering transparent, constructive, and proactive relationships with all its stakeholders. Effective stakeholder engagement is vital for the sustainable success of our business. The stakeholder policy outlines our approach to identifying and engaging with stakeholders to ensure their interests, concerns, and expectations are considered in our decision-making processes.

This policy establishes a framework for stakeholder engagement that aligns with ILL's values, vision, and mission. The goal is to ensure that ILL engages with stakeholders in a consistent, transparent, and responsible manner, fostering mutual trust and respect.

## Identification of Stakeholders

ILL has identified its key stakeholders through a comprehensive analysis of its business operations, industry environment, and the impact of its activities. The stakeholders are categorized based on their relationship with the company, their influence on or interest in ILL's operations, and the impact that ILL's decisions may have on them. The key stakeholders identified by ILL are available on the next page.

## Engagement Principles

ILL's approach to stakeholder engagement is guided by the following principles:

- **Transparency:** Open and honest communication with stakeholders, providing timely and accurate information.
- **Inclusiveness:** Actively seeking to understand and consider the views and concerns of all stakeholders, recognizing their diverse interests.
- **Responsiveness:** Promptly addressing stakeholder concerns and feedback, incorporating them into our decision-making processes where appropriate.
- **Respect:** Treating all stakeholders with respect, recognizing their rights, needs, and contributions to our success.
- **Mutual Benefit:** Creating shared value, ensuring that our business activities benefit both the company and our stakeholders.

ILL is committed to fostering positive relationships with all its stakeholders. Through effective engagement, we aim to build trust, enhance our reputation, and create long-term value for our business and all those we interact with.

## Investor Relations Section on Corporate Website:

ILL has a dedicated and updated Investor's Relations Section on its corporate website (<http://www.iil.com.pk/investors>) which contains comprehensive information that would be interesting and informative for investors. This section includes key Company information, detailed corporate governance information, financial information and other reports, stocks and dividend information, announcements, and a link to the SECP website and SECP complaint forms.

Stakeholders	Why they are important	Nature of engagement	Frequency
<b>Shareholders</b>	<ol style="list-style-type: none"> <li>1. Owners of the Company.</li> <li>2. Expect a fair return on their investment.</li> <li>3. Decisions are made in line with increasing shareholder value.</li> </ol>	<ol style="list-style-type: none"> <li>1. AGM</li> <li>2. EOGM</li> <li>3. Interim reports</li> <li>4. Annual report</li> <li>5. Website</li> <li>6. Social media</li> </ol>	<ol style="list-style-type: none"> <li>1. Annually</li> <li>2. If/when needed</li> <li>3. Quarterly</li> <li>4. Annually</li> <li>5. Continuously available</li> <li>6. Continuously available</li> </ol>
<b>Customers</b>	<ol style="list-style-type: none"> <li>1. Buy our products, which drives our revenue.</li> <li>2. Expect quality and drive demand for our products.</li> <li>3. Are our business partners.</li> </ol>	<ol style="list-style-type: none"> <li>1. Direct relationships</li> <li>2. Customer gatherings</li> <li>3. Satisfaction surveys</li> <li>4. Website</li> <li>5. Social media</li> <li>6. Net Promoter Score (NPS)</li> <li>7. WhatsApp Marketing</li> </ol>	<ol style="list-style-type: none"> <li>1. Continuous/ongoing</li> <li>2. Regularly</li> <li>3. Annually</li> <li>4. Continuously available</li> <li>5. Continuously available</li> </ol>
<b>Employees</b>	<ol style="list-style-type: none"> <li>1. Are our key assets.</li> <li>2. Deliver the company's success in achieving the highest possible stakeholder value.</li> </ol>	<ol style="list-style-type: none"> <li>1. Interaction with management</li> <li>2. Performance appraisals</li> <li>3. Employee satisfaction survey</li> <li>4. Union interactions</li> <li>5. Employee events</li> <li>6. Newsletter</li> <li>7. Website</li> <li>8. Social media</li> <li>9. Training &amp; development</li> <li>10. Town Hall meetings</li> </ol>	<ol style="list-style-type: none"> <li>1. Daily</li> <li>2. Annual/semi-annual</li> <li>3. Annually</li> <li>4. Regularly</li> <li>5. Regularly</li> <li>6. Continuous</li> <li>7. Continuous</li> <li>8. Regularly</li> <li>9. Semi-annual</li> <li>10. As needed</li> </ol>
<b>Suppliers</b>	<ol style="list-style-type: none"> <li>1. Reliable and reasonable provision of raw materials.</li> <li>2. Are our business partners.</li> </ol>	<ol style="list-style-type: none"> <li>1. Direct relationships</li> <li>2. Meetings</li> <li>3. Trade shows</li> <li>4. Website</li> <li>5. Social media</li> </ol>	<ol style="list-style-type: none"> <li>1. Continuous/ongoing</li> <li>2. Regularly</li> <li>3. Regularly</li> <li>4. Continuously available</li> <li>5. Continuously available</li> </ol>
<b>Government Bodies</b>	Determine and implement policies that could positively or negatively impact the company.	<ol style="list-style-type: none"> <li>1. Issue-specific meetings/ discussions/ correspondence</li> <li>2. Submission of statutory returns &amp; reports</li> <li>3. Website</li> <li>4. Social media</li> </ol>	<ol style="list-style-type: none"> <li>1. As required</li> <li>2. As required</li> <li>3. Continuously available</li> <li>4. Continuously available</li> </ol>
<b>Local Community</b>	<ol style="list-style-type: none"> <li>1. Provide manpower for our operations.</li> <li>2. Living environment dependent on the environmental friendliness of our operations.</li> <li>3. Key target of our CSR initiatives.</li> </ol>	<ol style="list-style-type: none"> <li>1. IIL TCF School in Majid Colony</li> <li>2. IIL-SINA Health Clinic in Majid Colony</li> <li>3. Mosque in Majid Colony</li> <li>4. Bus stop in Majid Colony</li> <li>5. Union and employees</li> <li>6. Website</li> <li>7. Social media</li> <li>8. Street school</li> </ol>	<ol style="list-style-type: none"> <li>1. Continuous</li> <li>2. Continuous</li> <li>3. Continuous</li> <li>4. Continuous</li> <li>5. Continuous</li> <li>6. Continuously available</li> <li>7. Continuously available</li> <li>8. Continuously available</li> </ol>
<b>Banks</b>	Provision of finance and trade facilities.	<ol style="list-style-type: none"> <li>1. Direct relationships</li> <li>2. Meetings</li> <li>3. Financial reporting</li> <li>4. Website / social media</li> </ol>	<ol style="list-style-type: none"> <li>1. Continuous/ongoing</li> <li>2. As needed</li> <li>3. Periodic</li> <li>4. Continuously available</li> </ol>

# LEGITIMATE NEEDS AND INTERESTS OF KEY STAKEHOLDERS

For ILL, understanding the legitimate needs and interests of key stakeholders, along with staying attuned to industry trends, is crucial for strategic alignment and sustainable growth. Here's a detailed overview of these aspects:

## 1. Shareholders and Investors

- **Financial Performance:** Shareholders seek consistent financial returns, profitability, and growth in shareholder value. They are interested in transparent financial reporting and strategic plans that drive long-term value.
- **Governance:** Investors expect strong corporate governance practices, ethical conduct, and adherence to regulatory requirements. They value clear communication about risk management and strategic decisions.

## 2. Customers

- **Product Quality:** Customers demand high-quality, reliable products that meet their specifications and industry standards. They value innovations that enhance product performance and longevity.
- **Customer Service:** Efficient, responsive customer service and technical support are crucial for customer satisfaction. Customers are also interested in value-added services and timely delivery.

## 3. Employees

- **Work Environment:** Employees seek a safe, inclusive, and supportive work environment. They are interested in career development opportunities, fair compensation, and recognition for their contributions.
- **Job Security:** Job stability and clear career progression paths are important to employees, along with transparent performance evaluation and feedback mechanisms.

## 4. Suppliers and Partners

- **Fair Transactions:** Suppliers and partners are concerned with fair, timely payments and transparent dealings. They value long-term relationships built on mutual trust and respect.
- **Collaboration:** Opportunities for collaboration and joint development projects are important, as they contribute to mutual growth and innovation.

## 5. Regulators and Industry Bodies

- **Compliance:** Regulators require adherence to industry regulations, environmental standards, and safety protocols. They are interested in ILL's compliance with legal and ethical standards.
- **Reporting:** Accurate and timely reporting on environmental, social, and governance (ESG) practices is essential for maintaining regulatory relationships and industry standing.

## 6. Communities and Environmental Groups

- **Sustainability:** Communities and environmental groups are focused on ILL's environmental impact and sustainability practices. They expect the company to minimize its carbon footprint, manage waste responsibly, and contribute positively to local communities.
- **Corporate Social Responsibility:** They value ILL's involvement in community development, including educational initiatives, health programs, and other social contributions.



## Industry Trends Affecting IIL

### 1. Technological Advancements

- Automation and Digitization: The steel and polymer industries are increasingly adopting automation and digital technologies to enhance production efficiency, product quality, and supply chain management.
- Advanced Materials: There is a growing focus on developing advanced materials with improved properties, such as higher strength and better corrosion resistance.

### 2. Sustainability and Green Practices

- Environmental Regulations: Stricter environmental regulations are driving the industry towards greener practices, including the use of renewable energy and reduction of carbon emissions.
- Circular Economy: The trend towards a circular economy is influencing companies to adopt recycling and waste management practices to minimize environmental impact.

### 3. Globalization and Market Expansion

- Emerging Markets: There is a growing demand for steel and polymer products in emerging markets, offering opportunities for international expansion and diversification.
- Trade Policies: Changes in trade policies and tariffs can impact global supply chains and market dynamics, influencing strategic decisions.

### 4. Customer Expectations

- Customization and Innovation: Customers are increasingly seeking customized solutions and innovative products that meet specific industry requirements and performance standards.
- Sustainable Products: There is a rising preference for products that align with sustainability goals, including those made from recycled materials or with lower environmental impact.

### 5. Economic Factors

- Raw Material Prices: Fluctuations in the prices of raw materials, such as steel and polymers, can impact production costs and pricing strategies.
- Economic Cycles: Economic downturns or booms influence demand for steel and polymer products, affecting industry growth and profitability.

### 6. Regulatory and Compliance Trends

- Health and Safety Standards: Enhanced health and safety regulations are shaping industry practices, necessitating rigorous compliance and continuous improvement in workplace safety.

IIL aligns its strategies with the legitimate needs and interests of key stakeholders while adapting to industry trends. By addressing these needs and staying ahead of trends, IIL aims to sustain its competitive advantage, foster positive stakeholder relationships, and drive long-term success in the market.

## BOARD ACTIONS TO SOLICIT AND UNDERSTAND STAKEHOLDER VIEWS THROUGH CORPORATE BRIEFING SESSIONS

In compliance with the listing regulations of the Pakistan Stock Exchange, the Company arranges corporate briefing session(s) to answer queries of the various stakeholders including investors and financial analysts. IIL also recognizes the importance of understanding the perspectives, concerns, and expectations of its stakeholders. To achieve this, the Board has implemented a structured approach to stakeholder engagement through regular corporate briefing sessions.

The last Corporate Briefing Session was held on Wednesday, September 27, 2023, to brief investors/analysts/shareholders about the financial performance and future outlook of the Company.

Steps Taken by the Board:

### 1. Bi-Annual Corporate Briefing Sessions:

IIL organizes 2 corporate briefing sessions in a year to engage with key stakeholders. These sessions are held coinciding with major financial announcements or strategic updates.

### 2. Tailored Briefing Content:

Each corporate briefing session is tailored to address the specific interests and concerns of the participating stakeholder group.

### 3. Two-Way Communication:

IIL ensures that corporate briefing sessions are not just about disseminating information but also about listening to stakeholders. An open Q&A session is incorporated to encourage stakeholders to share their views and concerns.

### 4. Involvement of Senior Management:

Senior management, including the CEO, CFO, and heads of key departments, actively participate in the briefing sessions. This allows stakeholders to engage directly with those responsible for executing the company's strategy and provides the Board with firsthand insights into stakeholder concerns.

### 5. Transparency and Accountability:

IIL ensures transparency by publicly sharing the outcomes of financial results.

### 6. Integration into Strategic Planning:

Insights gained from stakeholder engagement during corporate briefing sessions are integrated into the company's strategic planning process. This ensures that stakeholder expectations are aligned with the company's long-term goals and objectives.

### 7. Continuous Improvement:

IIL regularly reviews the effectiveness of the corporate briefing sessions and makes adjustments as necessary to improve engagement quality. This may include changes to the format, frequency, or content of the sessions based on stakeholder feedback.

Through these steps, the Board of IIL actively solicits and understands the views of stakeholders, ensuring that their input plays a critical role in shaping the company's strategy and operations. This approach not only strengthens relationships with stakeholders but also enhances the company's reputation for transparency and responsiveness.

## CEO's PRESENTATION ON ANNUAL BUSINESS PERFORMANCE

In our commitment to transparency and keeping our stakeholders informed, the CEO of International Industries Limited (IIL) has presented a comprehensive overview of the company's business performance for the year. This presentation covers key aspects of our operations, including:

- **Business Performance:** A detailed analysis of the company's financial and operational achievements over the past year, highlighting areas of growth, challenges faced, and how they were addressed.
- **Business Strategy:** Insights into the strategic initiatives implemented to enhance IIL's market position, drive innovation, and improve operational efficiency. This section also explores the steps taken towards digital transformation, customer engagement, and sustainability.
- **Future Outlook:** A forward-looking perspective on the company's plans for the coming year, including expected market trends, growth opportunities, and how IIL intends to navigate the evolving business landscape. The CEO also discusses the company's commitment to long-term value creation for shareholders and other stakeholders.

To view the full presentation and gain deeper insights into IIL's strategic direction and performance, please visit the following webpage:

<https://iil.com.pk/en/page/investors/financial-information>

This video is part of our annual report and is available on the official IIL website. We encourage all stakeholders to watch the presentation to better understand the company's achievements and future plans.

# SECTION 6.0

## GOVERNANCE

Board of directors' profile

Associated companies

Governance framework

Business philosophy and best corporate practices

Board review statement on business continuity plan and disaster recovery plan

Board committees

Meetings of the board directors

Executive management team

Report of the board audit committee in adherence to the Listed Companies (Code of Corporate Governance) Regulations, 2019

Mechanism for providing information

Independent auditor's review report to the members of International Industries Limited

Statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Chairman's review

Directors' report





# Board of Directors' Profile



### **Mr. Kamal A. Chinoy**

**Chairman (Non-Executive)**

**Chairman Since: September 30, 2022**

**Director Since: February 6, 1984**

Mr. Kamal A. Chinoy is a graduate of Wharton School, University of Pennsylvania, USA. He is the Honorary Consul General of the Republic of Cyprus. Currently he is Chairman of International Industries Limited, International Steels Limited, ILL Americas Inc., ILL Construction Solutions (Pvt) Ltd., Chinoy Engineering & Construction (Pvt) Ltd., and a Director of Pakistan Cables Ltd., Pakistan Business Council and ILL Australia Pty Ltd. He has served as Chairman of the Aga Khan Foundation (Pakistan) and Jubilee Life Insurance Co, and also as a Director of Pakistan Centre for Philanthropy, Atlas Insurance Limited, Pakistan Security Printing Corporation, NBP Fullerton Asset Management Limited, Atlas Battery Ltd, ICI Pakistan Limited, Askari Bank Limited, First International Investment Bank, and Atlas Power Limited.

He also served as CEO of Pakistan Cables Ltd. for 27 years. He was an instrumental part of the team that negotiated the exit of BICC from the ownership of the Company in the early 1990's. Then in 2010 he lead the effort to attract General Cable, a Fortune 500 company, as an equity investor in PCL.

Mr. Kamal A. Chinoy is a member of the executive committee of the International Chamber of Commerce, Pakistan and is also a past President of the Management Association of Pakistan (MAP). He has also served on the Admissions Committee of Aga Khan University and the Alumni Admissions Committee for the University of Pennsylvania. He has also been a member of the Board of Governors of Army Burn Hall Institutions.

He has been a member of the Pakistan-UK Forum for Investment and Technology (under the Board of Investment, GoP) and the Experts Advisory Group for Engineering Goods for the Fifth Five-Year Plan for the Government of Pakistan.



### **Mr. Adnan Afridi**

**Independent Director**

**Since: February 18, 2019**

Mr. Adnan Afridi has over 29 years international experience in change management, business transformation, innovation and profitability enhancement in blue chip companies, public-sector and high-growth situations. His industry experience includes Capital Markets, Private Equity, Financial Services, Real Estate, Health Care, Natural Resources, Logistics, Large-Scale Manufacturing, Technology and Food sectors, operating in CEO roles with board level representations.

Mr. Afridi currently serves as the Chairman and the Managing Director of National Investment Trust Limited, Pakistan's first and largest asset management company. He has previously served as the Managing Director of the Karachi Stock Exchange Ltd and as the CEO of the Overseas Chamber of Commerce and Industry (OICCI) and Tethyan Copper Company as well as having served on the boards of Gul Ahmed Textile Mills, Trading Corporation of Pakistan, Central Depository Company (CDC) and National Clearing Company (NCCPL as Chairman of the Board). Mr. Afridi was also nominated by the Government of Pakistan as private sector nominee to the SECP Policy Board for a 4-year term that concluded in November 2022.

Mr. Afridi's contribution to social causes is well known. He is a key member of the Kidney Center Board (former Chairman and current Vice Chairman) and was previously the President of the Old Grammarians Society focusing on fund raising for education scholarships and a former board member of YPO Pakistan and is currently a Board member of YPO-Gold Pakistan.





### **Mr. Asif Jooma**

**Independent Director**

**Since: March 16, 2021**

Mr. Asif Jooma joined the Board of Lucky Core Industries (formerly ICI Pakistan Ltd.) in December 2012 and was appointed Chief Executive in February 2013. With a career spanning over forty years, Mr. Jooma has extensive experience in senior commercial and leadership roles. Following his early years with the Company and subsequently, Pakistan PTA Limited, he was appointed Managing Director of Abbott Laboratories Pakistan Limited in 2007. After serving there for nearly six years, he returned to Lucky Core Industries Limited as Chief Executive.

Mr. Jooma holds directorships in Pakistan Tobacco Company Limited, International Industries Ltd., NFT, and NutriCo Morinaga (Private) Limited. He has previously served as a Director on NIB Bank Limited, Engro Fertilizers Limited, National Bank of Pakistan and as Director and Member Executive Committee of the Board of Investment (BOI) – Government of Pakistan.

He has previously served as the President of the American Business Council, President of the Overseas Investors Chamber of Commerce and Industry (OICCI) and Chairman of the Pharma Bureau.

Additionally, Mr. Jooma is on the Board of Governors of the Lahore University of Management Sciences (LUMS) and a Trustee of the Duke of Edinburgh's Awards Program, whilst previously also serving on the Board of Indus Valley School of Art and Architecture (IVSAA). He graduated cum laude from Boston University with a Bachelor of Arts in Development Economics and attended Executive Development programmes at INSEAD and Harvard Business School thereafter.

In June 2024, he was also appointed as an Ambassador-at-Large by the Government of Pakistan in honorary capacity for a two year period.



### **Mr. Haider Rashid**

**Independent Director**

**Since: January 24, 2022**

Mr. Haider Rashid gained an honours degree in Accounting and Finance from the University of Lancaster, England. His early career involved ten years in the chemical and agriculture industry in Pakistan, initially for the ICI group, and then the Hoechst AG group where he was the CEO for Hoechst AgrEvo Pakistan. During this time, he also served two terms as President of the Agricultural Chemical Trade Association of Pakistan (PAPA).

Since 1997, Mr. Rashid held several senior corporate positions in international companies, including Head of Controlling for Hoechst AG, Germany, Head of Integration for Aventis SA, France, Member of the Executive Committee of Aventis Crop Science, France, Chief Information Officer and Head of Finance & Controlling for ABB, Switzerland and Regional President for ABB. He was also the founder and CEO of K&R Consulting AG. His external responsibilities have included membership of the IBM Board of Advisors and membership of the Executive Committee of the European Roundtable for Digital Strategies founded by the Tuck School of Business at Dartmouth.



### **Mr. Jehangir Shah**

**Independent Director**

**Since: September 30, 2016**

Jehangir Shah has over forty years of experience in commercial banking, private & personal banking and leasing, including overseas work experience in the U.A.E., Egypt and Brazil. He was last associated with Pak Oman Investment Company Limited from July 2008 up to retirement in November 2023 as Deputy Managing Director and previously served as Country Manager–Pakistan of Oman International Bank SAOG (2006–2008) and as Managing Director / CEO of Capital Assets Leasing Corporation Limited. Former employments include those at Habib Credit and Exchange Bank Limited and Bank of Credit and Commerce International. He was a sponsor and founding Director of Pak Gulf Leasing Company Limited, which was listed on the Pakistan Stock Exchange in 1996.

Currently he is an independent director at International Industries Limited, Fauji Fertilizer Company Limited, Shaheen Insurance Company Limited, Abhi (Pvt) Limited and a nominee director at Pak Oman Asset Management Company Limited.



### **Mr. Mansur Khan**

**Independent Director**

**Since: September 30, 2019**

Mr. Mansur Khan has over 30 years of diversified experience and a proven track record in development/commercial/investment banking. He has a Master's degree in Business Administration (with distinction) from Pace University, New York, USA, majoring in Financial Management.

Mr. Khan has served as President / CEO of Zarai Taraqati Bank Limited (ZTBL), SME Bank Limited, Managing Director of Pak Kuwait Investment Company, Punjab Small Industries Corporation (PSIC) and the Sudanese Microfinance Development Facility (SMDF). He has international experience of working in Asia, Africa, USA, Europe and the Middle East. Prior to joining Pak Kuwait as Managing Director, he was associated with Weidemann Associates Inc, a Crown Agents USA company. Mr. Khan was also a fighter pilot in the Pakistan Air Force from 1970 to 1978.

He held directorships in The General Tyre and Rubber Company of Pakistan Limited, Sudanese Microfinance Development Facility, Zarai Taraqati Bank Limited, National Commodity Exchange Limited, Saudi Pak Agricultural and Investment Company Limited, National Database and Registration Authority, Kissan Support Services Limited, SME Bank Limited, SME Leasing Limited, TMT Venture Capital Fund, Small and Medium Enterprise Development Authority (SMEDA), Business Competitiveness/Support Funds and Punjab Small Industries Corporation. He is also a certified director from Pakistan Institute of Corporate Governance.



### **Mr. Mustapha A. Chinoy**

**Non-Executive Director**

**Since: February 23, 1998**

Mr. Mustapha A. Chinoy is a B.Sc. in Economics from Wharton School of Finance, University of Pennsylvania, USA with majors in Industrial Management and Marketing. Upon return from United States, he took up the position of Marketing Manager at International Industries Ltd. He is currently the Chairman of Pakistan Cables Ltd., Travel Solutions (Pvt) Ltd., Global E-Commerce Services (Pvt.) Ltd., Global Reservation (Pvt.) Ltd. and BinaryVibes (Pvt) Ltd. and a director of Chinoy Engineering & Construction (Pvt.) Ltd.. He is the Chief Executive of Intermark (Pvt.) Ltd. He has previously served on the Boards of Union Bank Ltd and Security Papers Ltd.



### **Mr. Selina Rashid Khan**

**Non-Executive Director**

**Since: September 30, 2022**

Selina Rashid Khan is the founder and CEO of Pakistan's leading strategic communications agency, Lotus Client Management and Public Relations, founded in 2007. She is recognized as Pakistan's premier communications leader with over 20 years of communications experience in leadership positions.

She is the first Pakistani recipient of the prestigious PR News top women in PR global award. Ms. Khan is currently Vice President of Pakistan's Council for Public Relations, Event Management, Digital and Activations [PREDA]. She has served as Chair of Brand Pakistan, an advisory panel to the Special Assistant of the Prime Minister of Pakistan on Tourism and Overseas Pakistanis. She has also advised the former Foreign Minister of Pakistan on Public Diplomacy reform.

Selina graduated with an Honors degree in Politics from the University of Warwick in the United Kingdom. She has worked in London at Avalon Public Relations in London; one of the UK's top PR firms.



## Mr. Sohail R. Bhojani

Chief Executive Officer

Since: May 1, 2021

Sohail Bhojani has over 28 years of global and Pakistan-based experience, mostly in commercial and finance leadership roles with responsibility for delivering strategy, top-line growth and profit, nurturing organizational capability and implementing business performance management and corporate governance frameworks. He has previously served as ILL's Chief Financial Officer for 3 years, coming to the ILL family in 2012 skilled at business management, financial planning & analysis, audit, financial control and IT project management. He has substantial experience spanning diverse sectors including industrial manufacturing, retail & private banking, FMCG marketing, life sciences, management consultancy and audit & assurance, acquired at blue chip corporates including Akzo Nobel, Barclays Bank, United Bank, ICI, BDO Global, and PKF Littlejohn UK.

Mr. Bhojani is a Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants in England & Wales (ICAEW) and the Institute of Chartered Accountants of Pakistan (ICAP). He is a member of CPA Australia and is also accredited by the Institute of Public Accountants Australia (IPA). He is an alumnus of the London Metropolitan University, UK, where he studied Accounting & Finance, and Institut Européen d' Administration des Affaires (INSEAD), Fontainebleau, France, where he attended executive development programs. He is a certified director from the Pakistan Institute of Corporate Governance (PICG). He is also a member of the Institute of Managers & Leaders (IML) Australia & New Zealand.

In his last role, he has been instrumental in launching ILL Australia, the Group's greenfield venture headquartered in Melbourne. As the Chief Executive of our subsidiary in Australia for 6 years, his stewardship has been pivotal in building the ILL brand as a leading supplier in the Australian market, the Company winning the prestigious Casey Award for Best Business and turning the Oceania region into ILL's top export destination. Currently, he is a director of ILL Australia Pty Ltd. and the Chief Executive of ILL Construction Solutions (Pvt) Ltd, another subsidiary of ILL in Pakistan.

# ASSOCIATED COMPANIES

30-06-2024

Name	Business occupation and directorship (if any)	INTERESTED AS
Mr. Kamal A. Chinoy	ASC Engineering & Construction (Pvt) Ltd.	Director
	Chinoy Engineering & Construction (Pvt) Ltd.	Director
	ILL Americas Inc.	Chairman
	ILL Australia Pty Ltd.	Director
	ILL Constructions Solutions (Pvt) Ltd.	Chairman
	International Industries Ltd.	Chairman
	International Steels Ltd.	Chairman
	Manjri Company (Pvt) Ltd.	Chairman
	Pakistan Business Council	Director
	Pakistan Cables Ltd	Director
Mr. Adnan Afridi	International Industries Limited	Director
	Bank Al Habib Ltd.	Director
	Biafo Industries Ltd	Director
	Bulk Transport Company (Pvt) Limited	Director
	Dynea Pakistan Ltd.	Director
	Lucky Core Industries Ltd.	Director
	Mari Petroleum Ltd.	Director
	Siemens Pakistan	Director
	National Investment Trust Limited	Director
	Shaukat Khanum Memorial Trust (Member Board of Governors)	Director
	The Kidney Centre Institute (Member Board of Governors)	Director
Mr. Asif Joona	International Industries Limited	Director
	Duke of Edinburgh's Award Foundation (Trust) Pakistan	Trustee
	Lucky Core Industries Limited	Director
	Lucky Core Foundation	Trustee
	Lucky Core Management Staff Defined Contribution Superannuation Fund	Trustee
	Lucky Core Management Staff Gratuity Fund	Trustee
	Lucky Core Management Staff Pension Fund	Trustee
	Lucky Core Management Staff Provident Fund	Trustee
	Lucky Core Non-Management Staff Provident Fund	Trustee
	Lucky Core PowerGen Limited	Director
	Lucky TG (Private) Limited	Director
	Lucky Core Ventures (Private) Limited	Director
	Lahore University of Management Sciences (LUMS)	Member Board of Governors
	NutriCo International (Private) Limited	Director
	NutriCo Morinaga (Private) Limited	Director
	NutriCo Pakistan (Private) Limited Gratuity Fund	Trustee
	NutriCo Pakistan (Private) Limited Provident Fund	Trustee
	Pakistan Tobacco Company Limited	Director
	National Institutional Facilitation Technologies (NIFT) (Pvt) Ltd	Director



Name	Business occupation and directorship (if any)	INTERESTED AS
Mr. Haider Rashid	International Industries Limited	Director
Mr. Jehangir Shah	International Industries Limited	Director
	Fauji Fertilizer Company Limited	Director
	Pak Oman Asset Management Company Limited	Director
	Shaheen Insurance Company Limited	Director
	Abhi (Pvt) Limited	Director
Mr. Mansur Khan	International Industries Limited	Director
Mr. Mustapha A. Chinoy	International Industries Ltd.	Director
	ASC Engineering & Construction (Pvt) Ltd.	Director
	Binary Vibes (Pvt) Ltd.	Director & Chairman
	Bridge Vue Solutions DMCC	Director & Chairman
	Chinoy Engineering & Construction (Pvt) Ltd.	Director
	Global e-Commerce Services (Pvt) Ltd.	Director & Chairman
	Global Reservation (Pvt) Ltd.	Director & Chairman
	Global Travel Services Ltd. BVI	Director & Chairman
	Intermark (Pvt) Ltd.	Chief Executive
	International Steels Ltd.	Director
	Manjri Company (Pvt) Ltd.	Director
	Pakistan Cables Ltd.	Chairman
	Travel Solutions (Pvt) Ltd.	Director & Chairman
	Mrs. Selina Saadia R. Khan	International Industries Limited
Lotus Client Management & Public Relations		Chief Executive Officer
PREDA - Public Relations, Event Management, Digital and Activations Association of Pakistan		Vice President
Zaman Foundation		Advisor / Member
Mr. Sohail R. Bhojani	III Australia Pty Ltd.	Director
	III Constructions Solutions (Pvt) Ltd.	Director
	III Employees Provident Fund	Trustee
	III Employees Gratuity Fund	Trustee

# GOVERNANCE FRAMEWORK

The main philosophy of business followed by the sponsors of International Industries Limited for the last 76 years has been to create value for all stakeholders through fair and sound business practices, which translates into policies approved by the Board and implemented throughout the Company to enhance the economic value of all stakeholders of the organization.

Our governance strategy is to ensure that the Company follows the direction defined by its core values, current regulatory framework, and global best practices. Our approach towards corporate governance ensures ethical behavior, transparency, and accountability in all that we do, while striving to attain a fair return for our shareholders.

## COMPLIANCE STATEMENT

The Board of Directors has, throughout the year 2023-24, complied with the Companies Act, 2017, Listed Companies (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 (SECP).

The directors confirm that the following has been complied with:

- a. The financial statements have been prepared which fairly represent the state of affairs of the Company, the result of its operations, cash flows, and changes in equity.
- b. Proper books of accounts of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in the 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 the preparation of the 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.
- f. There are no significant doubts about 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 disciplines with the leadership and vision to provide oversight to the Company.

The Board is chaired by Mr. Kamal A. Chinoy, a non-executive Chairman; out of eight (8) directors, five (5) are independent directors. The current board composition reflects a good mix of experience and diversity in backgrounds, skills, and qualifications. All directors have several years of experience and are fully aware of their duties and responsibilities under the Code of Corporate Governance. At present, all directors have attended a directors training program except Mr. Mustapha A. Chinoy who has a minimum of 14 years of education and 15 years of experience on the boards of listed companies and therefore is exempt from a directors training program. Further, an orientation program is an integral part of the induction/election of new directors to give them an introduction to the Company, fellow directors, management, overall business, and current financial information.

In compliance with Clause 7 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, a female director was elected at the last election of the Board of Directors at the 74th Annual General Meeting in September 2022.

A digital interface is being used to update the Board of Directors by providing the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019, relevant portions of the PSX Rule Book, the Company's Memorandum & Articles of Association, and various policies and 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 guidance to the management. The Board has constituted two sub-committees, namely Board Audit Committee (BAC) and Human Resource & Remuneration Committee (HRRC). The composition, role, and responsibilities of the committees are clearly defined in their respective terms of reference.

### **ANNUAL CALENDAR AND AGENDA FOR MEETINGS**

A calendar is issued annually to reflect the dates planned for the Board of Directors, Board Audit Committee (BAC), Human Resource & Remuneration Committee (HRRC) meetings, and Annual General Meeting. During the year 2023-24, the Board had seven (7) meetings, out of which four (4) were held to review the annual/quarterly results and the other meetings were held to discuss the Company strategy, collaboration with associated companies for future business opportunities, and to approve the annual budget for FY 2024-25. The average attendance of the directors in board meetings during the year was 100%.

### **CHANGES IN THE BOARD**

At the 74th Annual General Meeting of the Company on September 30, 2022, eight (8) Directors were elected for a term of three (3) years. Thereafter, no casual vacancy arose till the end of FY 2024.

### **BOARD MEETINGS OUTSIDE PAKISTAN**

During the year 2023-24, no board meetings were held outside Pakistan. However, the Directors who were overseas at the time of the meetings were facilitated to attend meetings through video conferencing.

### **ROLE AND RESPONSIBILITIES OF THE CHAIRMAN AND CHIEF EXECUTIVE**

The Board of Directors provides the overall direction for company operations, provides oversight for various policies, and monitors the management in 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 and the Board. He recommends, implements business plans and is responsible for overall control & operation of the Company.

### **BUSINESS PHILOSOPHY AND 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 business 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. Board members actively participate in meetings to provide guidance concerning the Company's business activities and operational plans, review corporate operations, and formulate and review all significant policies. The Board firmly adheres to ethical practices and fully recognizes its responsibilities for the 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 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 attend all the meetings of the Board as required by the Code of Corporate Governance.

All periodic financial statements and other working papers which normally include a detailed analysis of business matters for the consideration of the Board/subcommittees are circulated to the directors at least a week before the meetings, except for emergent meeting(s) where the notice period was waived, through a cloud-based digital application so as to give them sufficient time to review and make decisions on an informed basis.

### **TIMELY COMMUNICATION OF FINANCIAL RESULTS**

Unaudited quarterly 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. Audited annual financial statements, including consolidated financial statements, were authorized by the Board of Directors and communicated to the Pakistan Stock Exchange within fifty-three (53) days from the close of the financial year. Additionally, all important disclosures, including the financial statements, were 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 a self-evaluation of the Board as a whole and for individual directors through agreed questionnaires.
2. The evaluation exercise is to be carried out every year.
3. The evaluation system is designed to address areas of critical importance and includes, but is not limited to the following:
  - a. Appraising the basic organization of the Board of Directors,
  - b. The effectiveness and efficiency of the operation of the Board and its committees,
  - c. Assess the Board's overall scope of responsibilities,
  - d. Evaluate the flow of information, and
  - e. Validate the information provided by the management.
4. The Board reviews business results and suggests measures to improve the areas identified for improvement.

The Board has continued its self-evaluation for many years as a part of good governance 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 in place. The Company believes in remunerating its non-executive directors and Chairman adequately to justify their continued 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 AND OPPORTUNITY MANAGEMENT**

The company understands that risk is inherent in its business operations and recognizes that taking risks is necessary to achieve goals and objectives. It is committed to managing risks in a prudent and responsible manner to maintain a balance between risks and rewards. It is willing to take on reasonable and calculated risks that are consistent with the overall risk management framework and that allows it to achieve its strategic objectives.

## **INTERNAL CONTROL FRAMEWORK**

The Company upholds a well-defined control framework consisting of distinct structures, delegation of authority and assigned responsibilities. It maintains comprehensive policies, procedures, and budgeting mechanisms for conducting regular reviews. All control measures and policies are duly recorded. The Board sets the corporate strategy and defines the business goals of the Company.

The Board Audit Committee (BAC) has been entrusted with the primary responsibility of internal controls. It receives 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 for the purpose of achieving clear and quantifiable commitments.

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

## **EXTERNAL OVERSIGHT OF FUNCTIONS**

Along with in-house monitoring mechanisms, the Company engages with external entities that are not directly affiliated with the Company, for oversight of various corporate functions. These external oversight entities include government regulatory agencies, consultants for information security, quality auditors like ISO and API, statutory auditors and external consultants providing assurance over manufacturing processes. During the year, these external entities have helped the Company in safeguarding assets, ensuring transparency, compliance with applicable laws and manufacturing while ensuring best practices and standards in the industry.

## **DISCLOSURE OF CONFLICT OF INTEREST**

The Company has taken measures to prevent conflicts of interest between directors, employees and the organization. In this regard, a clear policy on conflict of interest is contained in the Code of Conduct duly approved by the Board of Directors which is placed on page No. 68. As per the Listed Companies (Code of Corporate Governance) Regulation, 2019 the Company annually circulates the Code of Conduct and takes appropriate steps to disseminate it across all ranks. Further, the directors and key employees are reminded of insider trading rules and to avoid dealing in Company shares during the closed period.

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

Complete details of all transactions with related parties are submitted to the Board Audit Committee which recommends them to the Board for approval in each quarter. These transactions are also fully disclosed in the annual financial statements of the Company.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company has implemented comprehensive policies on Occupational Health, Safety and Environment and Corporate Social Responsibility and Sustainable Development to meet its corporate and societal responsibilities.

This reflects the Company's recognition that there is a strong positive correlation between financial performance and corporate, social and environmental responsibility. Social and environmental responsibilities include the following:

1. Community investment and welfare schemes
2. Environmental protection measures
3. Occupational health and safety processes

4. Business ethics and anti-corruption measures
5. Energy conservation actions
6. Industrial relations management
7. National cause donations
8. Consumer protection measures

Our role as responsible 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 all our stakeholders.

The 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, especially within our stakeholder community.

In line with our CSR philosophy, we maintain and support the TCF school – IIL Campus in Landhi adjacent to our factory, along with offering need-based scholarships to NED University students for a better tomorrow for our younger generation. We also support NGOs like SINA Foundation – IIL Clinic, Indus Hospital and Amir Sultan Chinoy Foundation to help the vulnerable.

## **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 our organization. For more details, please refer to our Sustainability Report which is available on our website ([www.iil.com.pk](http://www.iil.com.pk))

## **ENGAGING STAKEHOLDERS AND TRANSPARENCY**

The nurturing of stakeholder relationships is of paramount importance to the Company. Building stakeholder 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 management's policies and business activities to all its stakeholders, the Company strives to make full disclosure of all material information to all stakeholders by various announcements on its website, to the Stock Exchange, social media and other sources available to help investors to make informed decisions.

The Company encourages full participation of the members in the Annual General Meetings by sending corporate results and sufficient information following prescribed timelines to enable shareholders to participate on an informed basis. By 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 banks.

## **CORPORATE BRIEFING SESSION**

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

The last Corporate Briefing Session was held on Wednesday, September 27, 2023 to brief investors/analysts/shareholders about the financial performance and future outlook of the Company.

## **POLICY FOR INVESTOR GRIEVANCES**

The Company has an Investor Relations Policy that sets out the principles in providing 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 recurrence. The following principles are adhered to with regard to investor grievances:

1. Investors are treated fairly at all times.
2. Complaints raised are addressed in a courteous and timely manner.
3. Various modes of communication including 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 shareholders.
6. Detailed information including financial highlights, investor information, and other requisite information specified under relevant regulations has been placed on the corporate website of the Company, which is updated regularly.

## **SAFETY OF COMPANY RECORDS**

ILL has a clear Document and 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 measures to ensure the safety/security of the records and promote a paperless environment:

- All important documents such as minutes and proceedings of the Board and its sub-committees, Annual General Meetings, statutory certificates, title documents of the Company's properties, all other important communications & records are digitally scanned and archived on secure company servers.
- All important original documents are placed in a neutral, secure, and documented vault.

## **HUMAN RESOURCE MANAGEMENT POLICIES AND SUCCESSION PLANNING**

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

## **INFORMATION TECHNOLOGY POLICY**

A clearly-defined Information Technology Policy is in place to help achieve efficient and effective use of IT resources so as to establish priorities, increase productivity and deliver the right services to users. The Head of IT is responsible for ensuring the communication of IT security policies to all users. Further, the Internal Audit department is responsible for monitoring compliance with IT policies.

## **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 Whistle-blowing Policy has been in place for several years to encourage the reporting of any corrupt or unethical behavior if employees feel that they are not able to use normal management routes.

## **POLICY FOR SECURITY CLEARANCE OF FOREIGN DIRECTORS**

ILL has no foreign directors on its Board.

## **MATTERS RAISED AT THE LAST AGM**

While general clarifications were sought by shareholders on the Company's published financial statements during the 75th Annual General Meeting held on September 27, 2023, no significant issues were raised.

## **DIVIDENDS**

During the year, the Company paid an interim cash dividend of 20% (Rs. 2.0 per share) to all eligible shareholders and the Board of Directors has recommended a final dividend of 35% (Rs. 3.50 per share), making a total of 55% (Rs. 5.50 per share) in respect of the financial year ended June 30, 2024, which is subject to shareholders approval.

## **PATTERN OF SHAREHOLDING**

A statement on the pattern of shareholding along with categories of shareholders, where disclosure is required under the reporting framework and the statement of shares held by the directors and executives as on June 30, 2024 is placed on Page 421.



## BOARD COMMITTEES

The Board is assisted by the following two committees to support its decision-making in their respective domains:

### A. BOARD AUDIT COMMITTEE (BAC)

1. Mr. Jehangir Shah	Chairman BAC	Independent Director
2. Mr. Adnan Afridi	Member	Independent Director
3. Mr. Haider Rashid	Member	Independent Director
4. Mr. Mansur Khan	Member	Independent Director
5. Mr. Mustapha A. Chinoy	Member	Non-Executive Director
6. Mr. Muhammad Atif Khan	Secretary	Chief Internal Auditor

The BAC comprises four (4) independent directors and one (1) non-executive. The Chairman of the Committee is an independent director and has over forty years of experience in commercial, private & personal banking and leasing. The Chief Financial Officer (CFO) and the Chief Internal Auditor attend the BAC meetings while the Chief Executive Officer is invited to attend the meetings. The BAC also separately meets the internal and external auditors at least once in a year without the presence of the management.

Meetings of the BAC are held at least once every quarter. The recommendations of the BAC and the financial results of the Company are then submitted for approval by the Board. During the year 2023-24, the BAC held four (4) meetings. The minutes of the BAC meetings are provided to all members, directors, and the CFO.

The Board has tasked the Board Audit Committee to oversee risk management related matters of the Company. The Chief Internal Auditor meets the BAC, 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 referred to the respective departments and corrective actions are then implemented.

The BAC has concluded its self-evaluation process. The evaluation involved collecting individual responses from each member, based on a thorough assessment checklist. The outcomes of the evaluation were deemed satisfactory.

### Terms of Reference of the BAC

The BAC 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 BAC are as follows:

1. Recommending the appointment of internal and external auditors to the Board.
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 quarterly, half-yearly and annual financial statements of the Company prior to their approval by the Board, focusing on major judgment 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.
5. Facilitating the external audit and discussion with external auditors on major observations arising from the audit and any matter that the auditors may wish to highlight (without the presence of the management, where necessary).

6. Review of the Management Letter issued by external auditors and the management's response thereto.
7. Ensuring coordination between the internal and external auditors of the Company.
8. Review of the scope and extent of the internal audit and ensure that an adequately resourced internal audit function is placed within the organization.
9. Consideration of major findings of internal investigations and the management's response thereto.
10. Ascertaining that the internal control system including financial and operational controls accounting system and reporting structure are adequate and effective.
11. Review of the Company's statement on the internal control systems prior to endorsement by the Board.
12. Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive, and consider remittance of any matter to the external auditors or to any other external body.
13. Determination of compliance with relevant statutory requirements review of periodic financial statements and preliminary announcements of results prior to the external communication and publication.
14. 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.
15. Consideration of any other issue or matter as may be assigned by the Board.
16. Chairman BAC to organize and oversee the annual evaluation of Committee's effectiveness.

## **B. BOARD HUMAN RESOURCE & REMUNERATION COMMITTEE (HRRC)**

1.	Mr. Mansur Khan	Chairman HRRC	Independent Director
2.	Mr. Haider Rashid	Member	Independent Director
3.	Mr. Kamal A. Chinoy	Member	Non-Executive Director
4.	Mr. Mustapha A. Chinoy	Member	Non-Executive Director
5.	Mr. Sohail R. Bhojani	Ex-Officio-Member	Chief Executive Officer (CEO)
6.	Ms. Samon Babar	Secretary	Chief Human Resource Officer

The HRRC comprises of two (2) independent directors including the Chairman, two (2) non-executive directors, and the CEO. Meetings are conducted at such frequency as the Chairman may determine. The Chief Human Resource Officer is the secretary of the HRRC. The minutes of the meetings of the HRRC meetings are provided to all members and directors. The Committee held 2 meetings during the year 2023-24.

### **Terms of Reference of the HRRC**

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

The salient features of the Terms of Reference of HRRC are as follows:

1. Major HR Policy/framework including compensation.
2. Overall organizational structure.
3. Organization model and periodic assessment of the same.
4. Succession planning for key executives, including the CEO.

5. Recruitment, remuneration and evaluation of the CEO and his/her direct reports, including the CFO, Chief Internal Auditor and Company Secretary.
6. The CEO, being a member of the HRRC shall not be a part of committee meetings, when her/his compensation/performance is being discussed/ evaluated.
7. Charter of demands and negotiated settlements with the 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.

## MEETINGS OF THE BOARD DIRECTORS

Meetings of the Board of Directors, BAC, and HRRC were held according to an annual schedule circulated before each financial year to maximize directors' participation.

Directors	Board	Audit Committee	Human Resource & Remuneration Committee
Meetings held during FY 2023-24	7	4	2
Mr. Kamal A. Chinoy	7/7	-	2/2
Mr. Mustapha A. Chinoy	7/7	3/4	2/2
Mr. Adnan Afridi	7/7	4/4	
Mr. Asif Jooma	7/7		
Mr. Haider Rashid	7/7	4/4	2/2
Mr. Jehangir Shah	7/7	4/4	
Mr. Mansur Khan	7/7	4/4	2/2
Mrs. Selina R. Khan	7/7		
Mr. Sohail R. Bhojani	7/7		2/2

## EXECUTIVE MANAGEMENT TEAM

The aim of the Executive Management Team (EMT) is to support the CEO to determine and implement business policies within the strategy approved by the Board of Directors. EMT reviews all operational and financial aspects of the business, advises improvements to operational policies/procedures and monitors the implementation of the same. The EMT meets frequently to review operational performance and to consider various policies and procedures.

### Composition of the EMT

1. Mr. Sohail R. Bhojani	Chairman EMT	Chief Executive Officer
2. Mr. Muhammad Akhtar	Member	Chief Financial Officer
3. Ms. Samon Babar	Member	Chief Human Resource Officer
4. Mr. Imran Sharif	Member	Country Head of Sales
5. Mr. Muhammad Imran Siddiqui	Member	Chief Manufacturing Officer
6. Mr. Ghazanfar Ali Shah	Member	Head of Supply Chain & Construction Solutions
7. Mr. Nasir Raja	Member	Head of Polymers Manufacturing
8. Mr. Zain K. Chinoy	Member	Head of Global Sales, Corporate Comms. & CSR
9. Mr. Salman Najeeb	Secretary	Financial Controller

### Role of the EMT

The forum is responsible for the following:

1. Reviewing organizational structure and resource planning.
2. Establishing specific committees and task groups and setting their TORs.
3. Reviewing the annual budget of the Company.
4. Reviewing business principles, strategic priorities, risk analysis, business plan as well as key performance indicators, financial performance, annual targets, and variances.
5. Reviewing the Company's Management Information System.

### OTHER KEY COMMITTEES

These include:

1. Management Group
2. IT Steering Committee
3. Raw Material Purchase Committee
4. Production Trends Analysis Committee
5. OHSE Committee

# REPORT OF THE BOARD AUDIT COMMITTEE

## IN ADHERENCE TO THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

The Board Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2024 and reports that:

### Corporate Governance

1. The Company has adhered in full, without any material departure, to both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Listed Companies (Code of Corporate Governance) Regulations, 2019 the Company's Code of Conduct and Values, and the international best practices of governance throughout the year.
2. The Company has issued a Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 which has also been reviewed and certified by the auditors of the Company.
3. 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, 2024, which fairly presents the state of affairs, results of operations, profits, cash flows, and changes in equity of the Company for the year under review.
4. The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company and the Chairman and Directors' Reports. 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.
5. 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.
6. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) notified by the SECP.
7. All direct and indirect trading in and holdings of the Company's shares by directors and executives or their spouses were duly notified in writing to the Company Secretary along with the price, the number of shares, form of shares, and the nature of the transaction. All such transactions were disclosed at the PSX and reported to the Board of Directors.

### Risk Management and Internal Control

1. The Company has in place a Risk Management Framework through which risks are identified, analyzed, evaluated and mitigated through appropriate actions in the form of policies and procedures. The company periodically monitors the emerging risks, suggests actions and obtain reports on the implementation status of risk mitigating actions.
2. Identified risks and actions to mitigate such risks are also periodically reported to and monitored by the Audit Committee.
3. No material risk was noted during the period that has not been appropriately mitigated by the management.

## Internal Audit Function

1. The Company has a well-resourced in-house Internal Audit function which is led by a suitably qualified Chief Internal Auditor in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. To ensure its independence, Chief Internal Auditor reports functionally to the Chairman of the Board Audit Committee and administratively to the CEO.
2. The Internal Audit function continually evaluates the Company's system of internal control to ensure its effectiveness as per the Audit Plan. This is done by following a risk-based audit approach whereby Internal Audit focuses and provides reasonable assurance on risks that matter most to the business.
3. The Board Audit Committee has ensured the achievement of operational, compliance, and financial reporting objectives, safeguarding of the assets of the Company and shareholders' wealth through effective financial, operational, and compliance controls and risk management at all levels within the Company.
4. 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.
5. During the year, undeterred access to the BAC was provided to the Chief Internal Auditor. Further, BAC met the Chief Internal Auditor in the absence of the CFO, CEO, and External Auditors to comply with the regulatory requirements. However, no material issue warranting mitigating actions was highlighted by the CIA during such interaction.
6. The BAC has reviewed the performance of the Internal Audit Function based on the coverage of Annual Audit Plan and management feedback against the value added by the Internal Audit function.

## Whistle Blowing Policy

The company has implemented a comprehensive Whistleblowing Policy to strengthen governance. It provides a platform for all stakeholders to raise alerts in a transparent and efficient manner to maintain accountability and integrity in all areas of Company operations.

Any employee or volunteer wishing to report a matter of concern shall approach the Chairman Board Audit Committee directly to raise concerns.

## External Auditors

1. 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, 2024, and shall retire on the conclusion of the 76th Annual General Meeting.
2. The final Management Letter is required to be submitted within forty-five (45) days of the date of the Auditors' Report on the financial statements under the listing regulations and the Listed Companies (Code of Corporate Governance) Regulations 2019 and shall therefore accordingly be discussed at the next Board Audit Committee meeting.
3. 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.
4. Being eligible for reappointment under the listing regulations and the Listed Companies (Code of Corporate Governance) Regulations, 2019, M/S A.F. Ferguson & Co., Chartered Accountants have given their consent and the Board Audit Committee recommended their reappointment for the financial year ending June 30, 2025, on the terms and remuneration negotiated by the Chief Executive Officer.

## Annual Report 2024

The Company has issued a very comprehensive Annual Report, which gives fair, balanced and understandable information in excess of the regulatory requirements to offer an in-depth understanding of the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholders of the Company.

The Audit Committee believes that the Annual Report 2024 includes both financial and non-financial performance, risks and opportunities and outcomes attributable to Company's activities and key stakeholders having significant influence on its value creation ability.



**Jehangir Shah**

Chairman-Board Audit Committee

Dated: August 19, 2024  
Karachi

# MECHANISM FOR PROVIDING INFORMATION

## FORMAL REPORTING LINE

The current organizational structure of the Company consists of various departments, each of which is led by a head.

## EMPLOYEES

Employees are encouraged to express their views and forward their suggestions and we follow an open-door policy.

Employees are encouraged to raise grievances and concerns to the Company. In case the matter is of a significant nature, it is addressed in the meetings of the Executive Management Team, the Board of Directors or the relevant board committees.

The Company also has a Whistle-blowing Policy to enable employees to raise serious concerns at the relevant forum without fear of repercussions.

Town hall meetings are conducted regularly during which the CEO shares information about the Company's results, plans and strategic directions with employees. Enthusiastic participation and candid Q&A is encouraged at this forum.

## SHAREHOLDERS

Every year, the Annual General Meeting of shareholders is held in accordance with 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 them to ask questions on financial, economic, social and other issues and also give suggestions and recommendations. Corporate Investor briefings are also organised at which the CEO interacts with the investor and analyst community and provides insight into the Company's strategy, operations and prospects.

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

## MANAGING CONFLICT OF INTEREST

As per the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Company annually circulates the Code of Conduct amongst all employees and directors. Further, the directors and key employees are reminded of insider trading rules and to avoid dealing in shares during closed periods.

Directors are 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 director(s) neither participate in discussions nor vote on such matters.

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.



## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INTERNATIONAL INDUSTRIES 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 Pakistan Cables Limited for the year ended June 30, 2024 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, 2024.



**Chartered Accountants**  
Karachi

Dated: September 5, 2024

UDIN: CR202410073TEARU0C4q

# STATEMENT OF COMPLIANCE

## with Listed Companies (Code of Corporate Governance) Regulations, 2019

**INTERNATIONAL INDUSTRIES LIMITED**  
**June 30, 2024**

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

- The total number of elected directors are nine (9) as per the following:

a	Female	One (1)
b	Male	Eight (8)

- The composition of the Board is as follows:

Category	Names
Independent directors	Mr. Adnan Afridi
	Mr. Asif Jooma
	Mr. Haider Rashid
	Mr. Jehangir Shah
	Mr. Mansur Khan
Non-executive directors	Mr. Kamal A. Chinoy
	Mr. Mustapha A. Chinoy
Chief Executive Officer	Mr. Sohail R. Bhojani
Female director (Non-executive director)	Mrs. Selina R. Khan

Mr. Sohail R. Bhojani is a deemed director as defined in Section 188(3) of the Companies Act, 2017.

- The directors have confirmed that none of them is serving as directors on more than seven listed companies, including this company.
- The Company has prepared a Code of Conduct and ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- The Board has developed vision/mission statements, overall corporate strategy and significant policies of the Company. The Board has ensured that a 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 and these Regulations;
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording, and circulating minutes of meetings of the Board;
- The Board has a formal policy and transparent procedures for the 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 have already attended directors' training as required in previous years.
- The Board has approved the appointment of the 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. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed two sub-committees comprising of the following members:

**A. BOARD AUDIT COMMITTEE**

1	Mr. Jehangir Shah	Chairman BAC	Independent Director
2	Mr. Adnan Afridi	Member	Independent Director
3	Mr. Haider Rashid	Member	Independent Director
4	Mr. Mansur Khan	Member	Independent Director
5	Mr. Mustapha A. Chinoy	Member	Non-Executive Director

**B. Human Resource & Remuneration Committee**

1	Mr. Mansur Khan	Chairman HRRC	Independent Director
2	Mr. Haider Rashid	Member	Independent Director
3	Mr. Kamal A. Chinoy	Member	Non-Executive Director
4	Mr. Mustapha A. Chinoy	Member	Non-Executive Director
5	Mr. Sohail R. Bhojani	Ex-Officio-Member	Chief Executive Officer

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committees was as follows:
  - a. Board Audit Committee: Quarterly
  - b. Human Resource & Remuneration Committee: Quarterly or as and when needed
15. The Board has set up an effective Internal Audit function and is 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 the 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 any 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, these 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 regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.

19. Explanations 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	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
2	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 Board Audit Committee to oversee risk management-related matters of the Company.	30
3	The Company may post on its website key elements of its significant policies including DE&I and protection against harassment at workplace as advised by SECP vide its SRO 920 (1)/2024 dated 12 <sup>th</sup> June, 2024.	As per the regulations, the Company has disclosed key elements of its significant policies and intends to add the gist of its policy on DE&I & protection against harassment at the workplace.	35(1)
4	<p>Role of the Board and its members to address sustainability risk and opportunities:</p> <p>The Board is responsible for setting the Company's sustainability strategies, priorities, and targets to create long term corporate value. The board may establish a dedicated sustainability committee.</p>	At present, the Board provides governance and oversight in relation to Company's initiatives on environmental, social and governance (ESG) matters and prefers to continue the same practice.	10A

On behalf of the Board  
International Industries Ltd.



**Sohail R. Bhojani**  
Chief Executive Officer



**Kamal A. Chinoy**  
Chairman

Karachi  
August 22, 2024



# Chairman's Review

## CHAIRMAN'S REVIEW

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the audited financial results of your Company for the year ended June 30, 2024.



The global economy continues to be challenged by macroeconomic uncertainties caused by growing geopolitical fragmentation. Central banks across the globe continue to take measures to rein in inflation and the policymakers put their efforts into stabilizing their economies; however, the conflicts in Ukraine and the Middle East are causing supply chain disruptions, volatile oil prices, and added uncertainty which has stymied growth.

On the domestic front, political instability and high inflation, including but not limited to unprecedented energy price hikes, continued to dampen business sentiment in Pakistan. While inflation increases the working capital financing requirements, high interest rates punish such increases, and the competitive advantages of businesses quickly wane out, especially in a high-interest territory such as Pakistan. Moreover, the consequences of climate change (floods, droughts, and rise in temperature) are resulting in crises of different kinds, such as food shortages, high import bills for food items, and foreign exchange shortages.

Your Company continued to display its customary resilience in the face of myriad economic and business challenges, posting net sales of PKR 29.2 billion, gross profit of PKR 3,839 million, Profit Before Tax of PKR 1,758 million, and Profit After Tax of PKR 1,473 million. Earnings per Share (EPS) stood at Rs. 11.17. Your Board of Directors has recommended a final cash dividend of Rs. 3.50 (35%) per share. With the interim dividend of Rs. 2.00 (20%) per share already paid during the year, the total dividend for the financial year 2024 will amount to Rs. 5.50 (55%) (FY23: Rs. 7.50) per ordinary share of Rs. 10 each.

ILL and its subsidiary, International Steels Limited (ISL) posted a turnover of around PKR 99.0 billion for the year under review and contributions to the national exchequer during the year amounted to PKR 19.77 billion. ISL reported a PAT of PKR 3.7 billion. Its gross turnover was PKR 69.3 billion, compared to PKR 76.8 billion in the preceding year.

I would like to acknowledge the professionalism and dedication displayed by our employees in steering the Company during these troubled times. I am also delighted to report that our CSR efforts continued to proudly support a worthy spectrum of reputable not-for-profit causes during the year under review.

### Changes to the Board

No casual vacancy arises at the Board of Directors of the Company during the FY 2023-24. The three years term of the existing Board is effective till September 30, 2025. The next election of directors will be held in September 2025.

## Performance of the Board

The Board has performed its duties and responsibilities diligently and contributed effectively to guiding the Company in strategic and governance matters. It also played a key role in the monitoring of management performance and assessing major risk areas. The Board was fully engaged in the strategic planning process and supporting the vision of the Company.

The Board recognizes that well-defined corporate governance processes are vital to enhancing corporate accountability and is committed to ensuring high standards of corporate governance to preserve and maintain stakeholder value. All Board members, including independent directors, fully participated in, and contributed towards the decision-making process of the Board.

As Chairman of your Company, I will continue to be responsible for leading the Board, fostering a culture of openness and constructive, wide-ranging debate on key matters, and ensuring that the Board receives information and opinions from management. I remain firmly committed to ensuring that your Company complies with all relevant codes and regulations and that the management continues to make decisions that create value for you in the short, medium and long term.

The Company has an independent Internal Audit department, which stewards a risk-based audit methodology and leads the internal audit function. Internal audit reports are presented to the Board Audit Committee (BAC) on a quarterly basis and areas for improvement are highlighted.

For over a decade now, the Board has conducted its self-evaluation. The evaluation identified areas for further improvement in line with global best practices. The focus remained on strategic growth, business opportunities, risk management and providing oversight to the management. Along with the Board's self-evaluation, the Board Audit Committee (BAC) and the Board Human Resource & Remuneration Committee (HRRC) also carried out their self-evaluations.

The BAC and the HRRC are chaired by Mr. Jehangir Shah and Mr. Mansur N. Khan respectively, both independent directors. The Board normally meets at least once every quarter to review operational results, and once a year to consider the budget for the ensuing financial year while another meeting is focused on strategy.

## Future Outlook

While high interest rates and controlled outflow of forex has slowed down Pakistan's largely import-dependent economy, it is encouraging that fiscal and monetary measures helped discipline our economy and reduce inflation. The successful completion of IMF's stand-by program gives hope for further improvement in the economy, and a strong harvest of key crops during the year under review should also give impetus to the economy. Projects of strategic national importance like CPEC, mining licenses, and commitment to adopt clean energy options will prove catalysts for growth. Revival of the economy is slow however, the resilience and the commitment of the country give hope for achieving a growth target of 3.5% in FY 2025, and your Company is cautiously optimistic for the next financial year.

In closing, on behalf of the Board, I wish to acknowledge the contribution of all our stakeholders, including shareholders, directors, customers, employees, bankers, and suppliers.

While I anticipate that the economic conditions are likely to remain difficult, I am confident that your Board and management are capable and fully prepared to face these challenges with resilience and optimism, delivering shareholder value, as we have in the past.



**Kamal A. Chinoy**  
Chairman

Karachi  
August 22, 2024

## بورڈ کی کارکردگی

بورڈ نے اپنے فرائض اور ذمہ داریاں تندہی سے انجام دیں اور حکمت عملی اور گورننس کے معاملات میں کمپنی کی موثر طور پر رہنمائی کی۔ اس نے انتظامیہ کی کارکردگی کی مانٹرننگ اور بڑے خدشات کے ایریاز کی جانچ میں بھی بنیادی کردار ادا کیا۔ بورڈ حکمت عملی کی پلاننگ کے طریقہ کار اور کمپنی کے وژن کی سپورٹ میں مکمل طور پر مصروف عمل رہا۔

بورڈ تسلیم کرتا ہے کہ اچھی طرح واضح کئے گئے کارپوریٹ گورننس کا طریقہ کار، کارپوریٹ احتساب کے عمل کو بڑھانے اور اسٹیک ہولڈرز کی اقدار کو تحفظ دینے اور برقرار رکھنے اور کارپوریٹ گورننس کے اعلیٰ معیارات کو یقینی بنانے کیلئے لازمی ہے۔ تمام بورڈ ممبرز بشمول خود مختار ڈائریکٹرز نے بورڈ کی فیصلہ سازی کے عمل میں پوری طرح سے حصہ لیا اور اپنی آراء پیش کیں۔

آپ کی کمپنی کے چیئرمین کی حیثیت سے میں بورڈ کی قیادت کی ذمہ داریاں نبھانا جاری رکھوں گا، اور ہر طرح کے اہم معاملات پر وسیع النظر اور تعمیری ماحول کو فروغ دینے کا عمل بھی جاری رہے گا اور اس بات کو یقینی بنایا جائے گا کہ انتظامیہ کی جانب سے بورڈ کو معلومات اور آراء وصول ہوتی رہیں گی۔ میرا پختہ عزم ہے کہ آپ کی کمپنی تمام متعلقہ کوڈز اور ضوابط پر یقینی طور پر عمل پیرا رہے اور انتظامیہ ایسے فیصلے کرتی رہے گی جن سے آپ کیلئے مختصر، درمیانی اور طویل مدت میں نئی اقدار اور مواقع فراہم ہوں۔

کمپنی کا ایک اپنا خود مختار اندرونی آڈٹ ڈیپارٹمنٹ موجود ہے، جو رسک پر مبنی آڈٹ کے طریقہ کار پر عمل کرتا ہے اور اندرونی آڈٹ کے امور انجام دیتا ہے۔ اندرونی آڈٹ کی رپورٹس سہ ماہی بنیادوں پر بورڈ آڈٹ کمیٹی (BAC) کو پیش کی جاتی ہیں اور جہاں بہتری کی گنجائش ہو، ان ایریاز کو نمایاں کیا جاتا ہے۔

اب سے ایک دہائی سے زیادہ عرصہ قبل بورڈ نے ایک خود جانچ کے عمل کا آغاز کیا تھا۔ اس جانچ کے ذریعے ان ایریاز کی شناخت کی گئی جہاں عالمی سطح کے بہترین طرز عمل کے مطابق مزید بہتری کی گنجائش موجود تھی۔ اس میں حکمت عملی کی نمو، کاروباری مواقع، رسک مینجمنٹ اور انتظامیہ کو عمومی جائزہ پیش کرنے پر خصوصی توجہ دی گئی۔ بورڈ کے خود جانچ عمل کے علاوہ، بورڈ آڈٹ کمیٹی (BAC) اور بورڈ ہیومن ریسورس اینڈ ریموونیشن کمیٹی (HRRC) نے بھی خود جانچ کے عمل کا طریقہ اپنایا ہوا ہے۔

BAC اور HRRC کے چیئرمین بالترتیب جناب جہانگیر شاہ اور جناب منصور خان ہیں، جو دونوں خود مختار ڈائریکٹرز ہیں۔ بورڈ آپریشن کے نتائج کا جائزہ لینے کیلئے عام طور پر ہر سہ ماہی میں ایک مرتبہ اور آنے والے مالی سال کیلئے بجٹ پر غور و خوض کیلئے سال میں ایک مرتبہ میٹنگ کرتا ہے جب کہ ایک اور میٹنگ میں حکمت عملی پر خصوصی توجہ دی جاتی ہے۔

## مستقبل کا منظر نامہ

اگرچہ بلند شرح سود اور زرمبادلہ کے بیرون ملک بہاؤ پر کنٹرول کے نتیجے میں پاکستان کی درآمد پر مبنی بڑی معیشت سست روی کا شکار ہوئی ہے، تاہم یہ بات حوصلہ افزاء ہے کہ مالی اور مانیٹری اقدامات نے ہماری معیشت کو ضابطے میں رہنے اور افراط زر کو کم رکھنے میں مدد دی ہے۔ IMF کے اسٹینڈ بائی پروگرام کے کامیابی کے ساتھ تکمیل اور زیر جائزہ سال میں اہم فصلوں کی بھرپور کٹائی نے معیشت میں مزید بہتری کی امید پیدا کر دی ہے۔ قومی حکمت عملی کے اہم پروجیکٹس جیسے CPEC، مائنگ انڈسٹری اور صاف انرجی کے آپشن کو اختیار کرنے کے معاہدے، ترقی کی رفتار میں تیزی لانے کا باعث ہوں گے۔ معیشت کی بحالی کا عمل ابھی سست روی سے جاری ہے، تاہم ملک کے چلک اور عزم کے ذریعے مالی سال 2025 کیلئے نمو کی شرح کا ہدف 3.5% حاصل کرنے کی امید پیدا ہوئی ہے اور آپ کی کمپنی بھی اگلے مالی سال کے بارے میں محتاط طور پر اچھی امید رکھتی ہے۔

آخر میں، بورڈ کی جانب سے میں اپنے تمام اسٹیک ہولڈرز، بشمول شیئر ہولڈرز، ڈائریکٹرز، کسٹمرز، ایمپلائز، بینکرز اور سپلائرز کے بھرپور تعاون کا اعتراف کرتا ہوں۔

اگرچہ مجھے توقع ہے کہ معاشی حالات کی مشکلات ابھی جاری رہیں گی، مگر مجھے بھروسہ ہے کہ آپ کا بورڈ اور انتظامیہ ان چیلنجز کا چلکداری سے اور اچھی امید کے ساتھ مقابلے کرنے کے قابل ہیں اور اس کیلئے پوری طرح تیار بھی ہیں جو ماضی کی طرح اپنے شیئر ہولڈرز کی اقدار قائم رکھنے میں معاون ہوں گی۔

آسٹریلیا

کمال اے چنائے

چیئرمین

کراچی

22 اگست 2024



# چیمبرمین کا جائزہ

عزیز شیئر ہولڈرز

بورڈ آف ڈائریکٹرز کی جانب سے  
میں آپ کی کمپنی کے آڈٹ شدہ مالیاتی نتائج  
برائے سال ختم 30 جون 2024  
پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔



عالمی معیشت کو مسلسل بین الاقوامی سیاسی تقسیم کی وجہ سے غیر یقینی کی صورتحال کا سامنا ہے۔ دنیا بھر میں مرکزی بینکس افراط زر پر قابو پانے کیلئے اقدامات کر رہے ہیں اور پالیسی سازی اپنی معیشت کو مستحکم کرنے میں پوری طرح کوشاں ہیں؛ تاہم یوکرین اور مشرق وسطیٰ میں تصادم سے سپلائی چین میں خلل پڑا ہے، تیل کی قیمتیں غیر مستحکم ہو گئیں اور اس پر غیر یقینی کی کیفیت میں اضافے نے نمو کو بالکل روک دیا ہے۔

مقامی سطح پر سیاسی عدم استحکام اور بلند افراط زر بشمول توانائی کی قیمتوں میں ہوشربا اضافہ نے پاکستان میں کاروباری شعبہ کو مسلسل دباؤ میں رکھا ہے۔ افراط زر کے سبب جہاں جاری سرمایہ کی مالیاتی ضروریات میں اضافہ ہوا ہے، وہاں بلند شرح سود نے اس اضافے پر مزید نقصان پہنچایا ہے اور، خصوصاً بلند شرح سود کے علاقے جیسے پاکستان میں کاروبار کا مسابقتی فائدہ تیزی کے ساتھ ختم ہو گیا ہے۔ اس کے علاوہ موسمیاتی تبدیلیوں (سیلاب، خشک سالی اور درجہ حرارت میں اضافہ) کے نتیجے میں مختلف اقسام، جیسے خوراک کی قلت، فوڈ آئیٹمز کے بلند درآمدی بلز اور زر مبادلہ کی قلت کا بحران پیدا ہو گیا ہے۔

آپ کی کمپنی ان بے شمار معاشی اور کاروباری چیلنجز میں مسلسل روایتی لچک کا مظاہرہ کرتے ہوئے خالص فروخت 29.2 بلین پاکستانی روپے، مجموعی منافع 3,839 بلین پاکستانی روپے، قبل از ٹیکس منافع 1,758 بلین پاکستانی روپے اور بعد از ٹیکس منافع 1,473 بلین پاکستانی روپے حاصل کیا۔ فی شیئر آمدنی (EPS) 11.17 روپے رہی۔ آپ کے بورڈ آف ڈائریکٹرز نے حتمی نقد ڈیویڈنڈ بحساب 3.50 روپے (3.50%) کی سفارش کی ہے۔ جبکہ سال کے دوران میں 2.0 روپے ((20% فی شیئر عبوری ڈیویڈنڈ پہلے ہی ادا کیا جا چکا ہے، اس طرح مالیاتی سال 2024 کیلئے کل ڈیویڈنڈ 5.50 روپے (55%) ہو جائے گا۔ (مالی سال 23: 7.50 روپے) برائے 10 روپے کے فی عمومی شیئر تھا۔

زیر جائزہ سال میں III اور اس کی ذیلی کمپنی انٹرنیشنل اسٹیلز لمیٹڈ (ISL) نے تقریباً 99.0 بلین پاکستانی روپے آمدنی حاصل کی اور سال کے دوران میں قومی خزانے میں کٹری بیوٹن کے تحت 19.77 بلین پاکستانی روپے جمع کرائے۔ ISL نے بعد از ٹیکس منافع 3.7 بلین پاکستانی روپے حاصل کیا۔ اس کی مجموعی آمدنی 69.3 بلین پاکستانی روپے رہی جب کہ اس کے مقابلے میں گزشتہ سال 76.8 بلین پاکستانی روپے تھی۔

میں اپنے ایمپلائز کے پیشہ ورانہ اور پر خلوص لگن سے کام کا اعتراف کرتا ہوں جس کا انہوں نے مشکل اوقات میں کمپنی کی ترقی میں مظاہرہ کیا۔ مجھے یہ کہتے ہوئے بھی خوشی محسوس ہو رہی ہے کہ زیر جائزہ سال کے دوران میں مختلف النوع شعبہ جات کے لئے معروف غیر منافع مقاصد کے لئے ہماری CSR کی خدمات فخریہ طور پر جاری رہیں۔

بورڈ میں تبدیلیاں

مالی سال 2023-24 کے دوران میں کمپنی کے بورڈ آف ڈائریکٹرز میں کوئی عارضی اسامی پیدا نہیں ہوئی۔ موجودہ بورڈ کی تین سال کی مدت 30 ستمبر 2025 تک موثر ہے۔ ڈائریکٹرز کے اگلے انتخابات ستمبر 2025 میں منعقد ہوں گے۔

# DIRECTORS' REPORT

The Directors of International Industries Limited are pleased to present their report, along with the audited financial statements of the Company, for the year ended June 30, 2024.

## BOARD COMPOSITION & REMUNERATION

The composition of the Board of Directors, and its sub-committees, is presented on pages 209 & 200 (Corporate Governance) of the Annual Report. The Company has well-documented policies and procedures for directors' remuneration (note 38 of the unconsolidated financial statements) in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

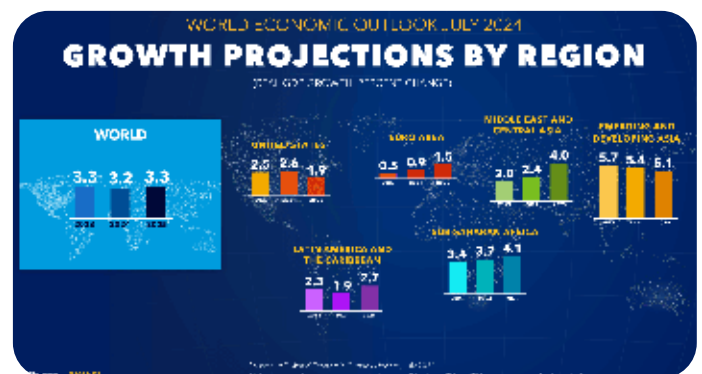
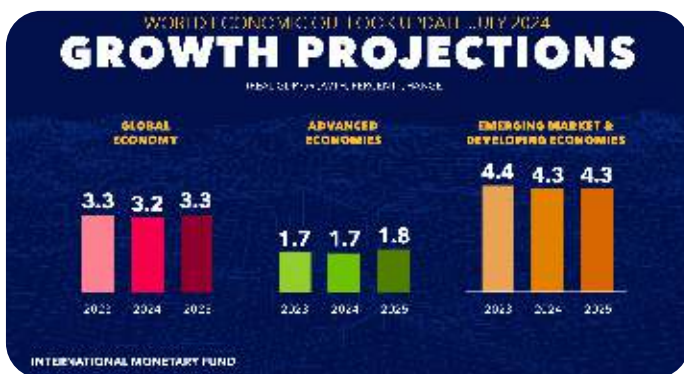
## GLOBAL ECONOMIC

The global economy remained uncertain throughout 2023-24 however, the possibility of stagflation and global recession were largely defied. Economic growth remained slow, owing to near-term factors, such as high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic, Russia's invasion of Ukraine, the conflict in Gaza and Israel, weak growth in productivity, and increasing geoeconomic fragmentation.

*Global economic recovery remained slow due to geopolitical and macroeconomic challenges*

There are signs that the global outlook has started to brighten, though growth remains modest. Tighter monetary conditions are suppressing inflation due to which private sector confidence is improving. Supply and demand imbalances in labor markets are easing, with unemployment remaining at or close to record lows.

The IMF has forecasted global growth at 3.2% in 2024 and 3.3% in 2025 and global headline inflation at 5.9% in 2024 and 4.5% in 2025. The IMF's five-year outlook envisages slow economic growth and recommends prudent monetary policies, budgets for debt sustainability, structural reforms, multilateralism, and cooperative climate solutions.



Source: IMF World Economic Outlook, July 2024

## DOMESTIC ECONOMY

Recent years have seen an exacerbation of persistent challenges. Pakistan's economy experienced impressive growth in FY 2021 and FY 2022 as relaxation in COVID-19 restrictions allowed the latent demand to boost the economy. However, the catastrophic floods, followed by political upheaval, high interest rates and foreign currency disruptions in FY 2023, impeded the momentum and restrained economic growth rate to 0.29%. The economy improved at a sluggish 2.38% in FY 2024 whereas FY 2025 is expected to witness growth at 3.5%.

### Growth and Investment

GDP Growth	2.38%
Agriculture	6.25%
Industries	1.21%
Services	1.21%
Per Capita Income	USD 1,680
Investment as % of GDP	13.1%
Savings	13.0%

Source: Economic Survey of Pakistan 2024

### Manufacturing and Mining

LSM Growth Rate	(0.1%)
Textile Growth	(8.3%)
Wearing Apparel	5.4%
Furniture	23.1%
Leather Product	5.3%
Fertilizer	16.4%
Pharmaceutical	23.2%
Mining & Quarrying	4.9%

Source: Economic Survey of Pakistan 2024

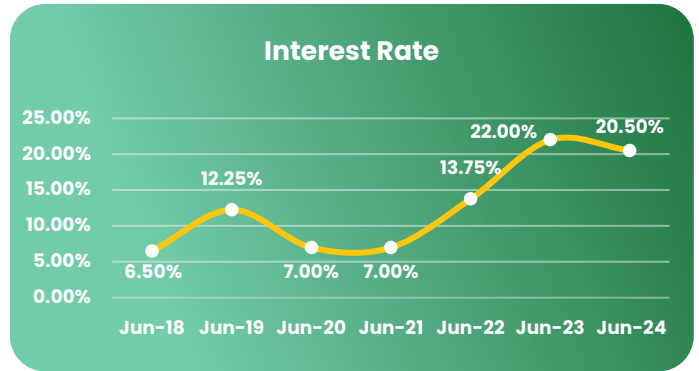
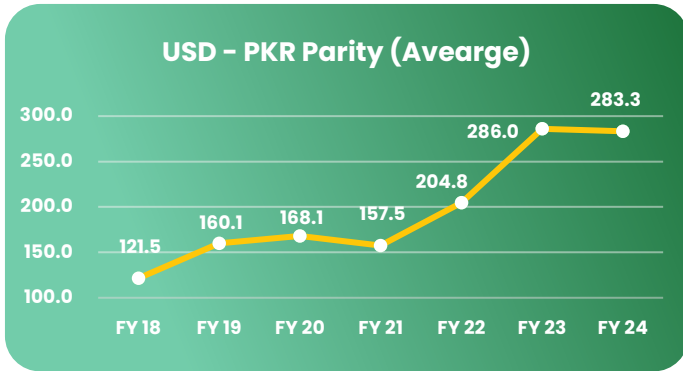
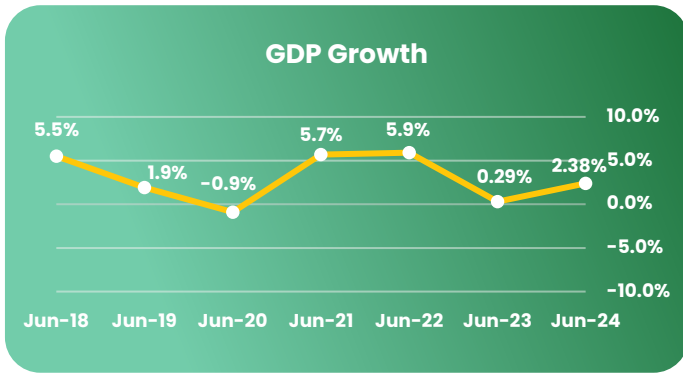
According to the Economic Survey of Pakistan 2023-24, the agricultural sector witnessed healthy growth and is paving the way for the strengthening of the economy. A tight fiscal policy and successful completion of the IMF's Stand-By Arrangement (SBA) have yielded significant progress in reinstating economic stability.

Improved economic activity and a stable exchange rate have played a key role in increasing per capita income to US\$ 1,680 in the period under review compared to US\$ 1,551 for the previous period. CPI inflation for the period July-April FY 2024 was recorded at 26.0% as against 28.2% during the same period last year and is now on a downward trajectory.

The industrial sector's performance heavily relies on manufacturing, which constitutes 65.3% of the industry. The manufacturing sector grew by 2.42% on the back of a healthy growth of 9.08% in the small-scale industry and 6.63% growth in the meat industry. However, large-scale manufacturing (LSM), continued to struggle as curbs on imports due to a shortage of foreign exchange restricted the availability of imported raw materials, coupled with high cost of credit and escalating energy prices, subdued activity. The automobile sector witnessed a contraction of 37.4% against 42.2% in 2023.

Iron & Steel production declined by 2.2% during the period under review against the negative growth of 4.0% in the same period last year, indicating a lower demand from construction-related sectors. The steel industry's major challenges include spiralling energy costs, imported raw materials, high shipping costs and the threat of dumping of imported products. Sluggish demand from complementary industries such as automobiles, electrical equipment, heavy and light machinery resulted in low utilization of flat steel.

Ominously, the misuse of tax exemption granted to the FATA/PATA regions by unscrupulous elements has severely compromised the industry as well as government revenues.



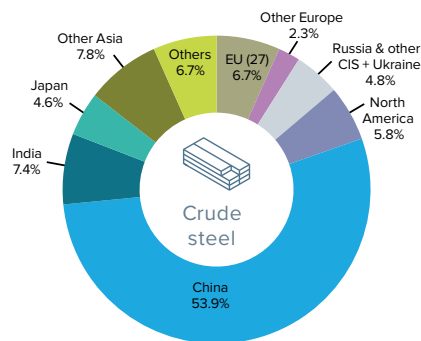
Source: Economic Survey of Pakistan 2024

## GLOBAL STEEL SCENARIO

During the year under review, global steel markets experienced various challenges, including supply chain disruptions due to the Russia-Ukraine conflict, elevated global inflationary pressures leading to monetary tightening, and oil price shocks due to elevated geopolitical tensions in the Middle East. Demand and supply of steel products in its biggest market in China remained stagnant as the Chinese construction sector struggled, which caused a global slowdown of the steel economy. The rise in freight costs further exacerbated the downward pressure on steel prices.

World crude steel production was estimated at 1.9 billion metric tons (MT) in CY 2023, almost the same as the previous year. China continued to maintain its share at 54.0% of global crude steel production. Other major players included India 7.4% (141 million MT), Japan 4.6% (87 million MT), the United States 4.3% (81 million MT), and Russia 4.0% (76 million MT).

**Crude steel production**  
World total: 1,892 million tonnes



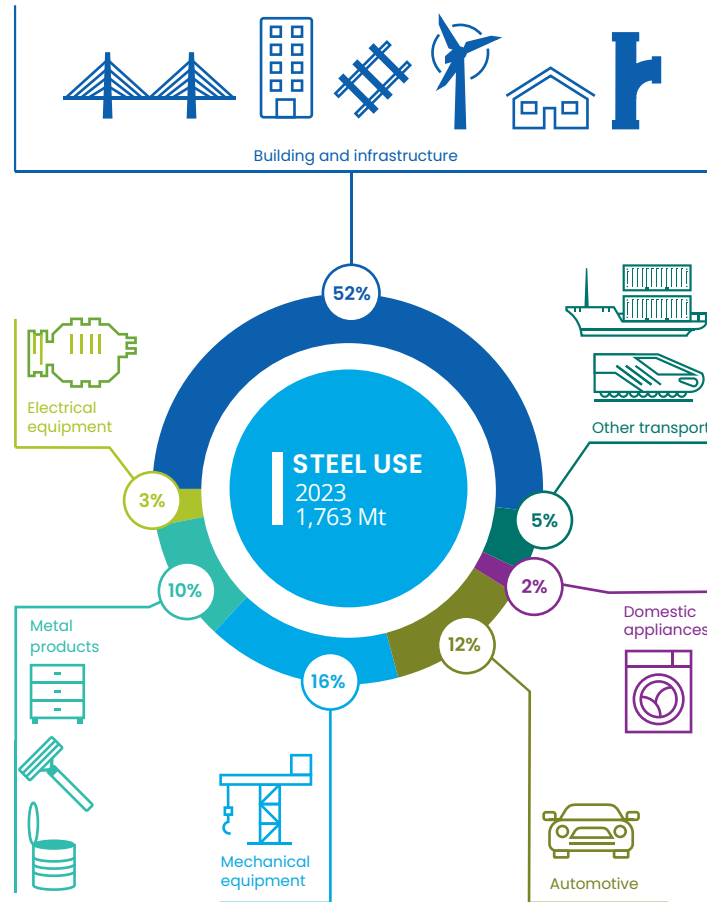
Others comprise:

Africa	1.3%	South America	2.2%
Middle East	2.9%	Australia and New Zealand	0.3%

Source: World Steel Association

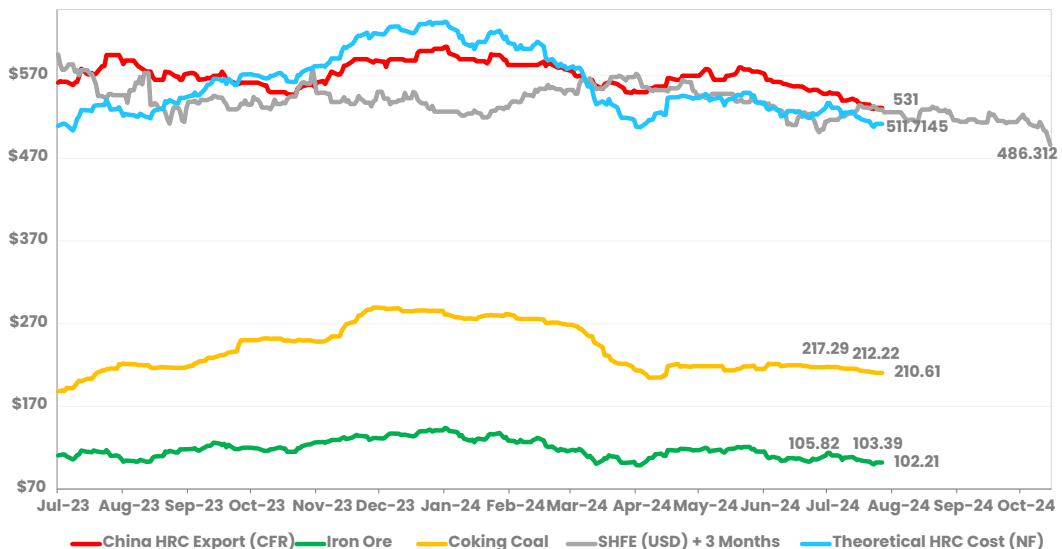
## STEEL USAGE

Steel is highly versatile in its uses and is sustainable by being infinitely recyclable. The steel industry has tremendous contribution to the development of the world economies which is evident from the variety of users, as depicted in the graphic below for the year under review:



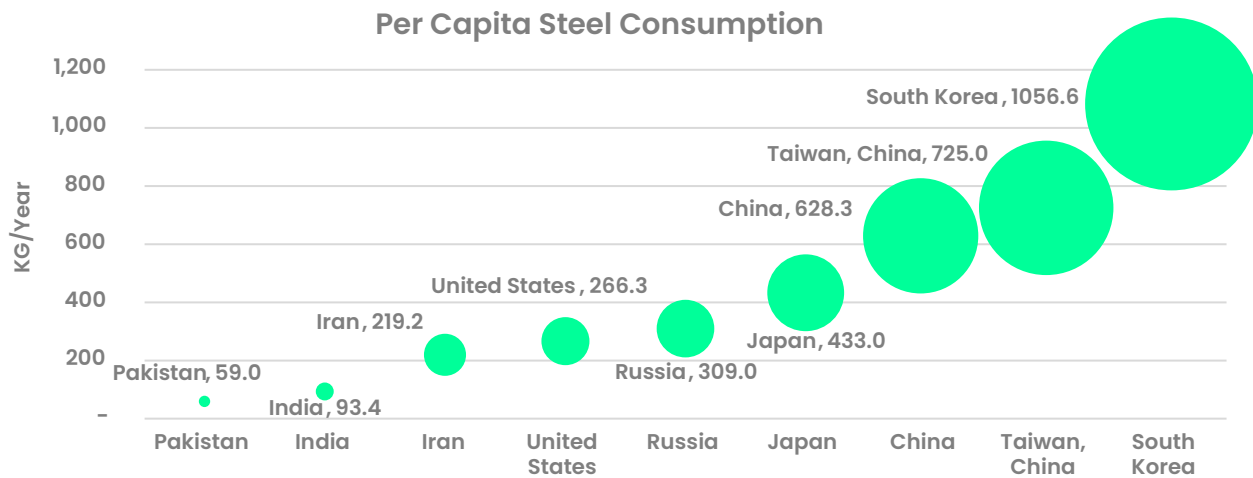
Source: World Steel Association

Global metals and steel performance continues to slow down in 2024. It is forecasted that global metals and steel production, along with Prime Hot Rolled Coil (HRC) prices, will remain subdued in 2025 as well given the anticipated global low demand.



Source: World Steel Association

The World Steel Association’s assessment of steel consumption for 2023 indicates a world average of approximately 219 kg/capita. Pakistan remains well below the world average at an estimated 59 kg/capita, which continues to underline both the need to enhance infrastructure spending and the potential for growth in the domestic steel manufacturing and processing industry.



### Steel Tube & Pipe Industry

According to the International Tube Association, global production of steel tubes & pipes was around 167 million tons last year (an increase of 12.3% year on year), which represents around 9% of total world crude steel output. The welded tubes & pipes segment represents 70% of the total tubes & pipes produced, whereas seamless pipe represents 30% of the production share. Chinese steel producers remain on top, producing 94 million tons.

Pakistan’s steel tubes & pipes market size shrank to approximately 625,000 MT from 725,000 MT last year, whereas the overall domestic steel products market was estimated at between 9-10 million tons. The domestic steel tubes & pipes market is highly fragmented and consists mainly of many small-to-medium-sized manufacturers scattered across the country. While the overall pipe segment registered negative growth, significant growth has been witnessed at the bottom-end of the segment because of a shift in customers’ choice from standard products to more economical lower-quality pipes made from low-grade Chinese material.

### Polymers

The polymer pipe market in Pakistan is growing, driven by infrastructure development, urbanization, and agricultural needs. PVC and PE pipes dominate the market due to their wide range of applications and cost advantages, while CPVC, PP, and PB pipes cater to specific needs in various industrial and specialized applications.

Our polymer segment produces pipes and fittings for transmission and distribution of water and gas as well as for use in telecommunication and ducting applications. This segment has shown consistent growth over the last ten years, both in terms of volume and profitability. With keen strategic focus, the Company remains committed to continue expanding its capability and reach in this segment.

### STRATEGIES, OBJECTIVES AND CRITICAL PERFORMANCE INDICATORS

ILL remains focused on executing its mission to deliver excellent value to all its stakeholders while adhering to global best practices. The Company plays a leading role in the country’s tubes and pipes industry and strives to continuously improve products and processes to enrich customer experiences and maximize shareholder returns. A detailed description of ILL’s strategic imperatives, objectives and key performance indicators can be found on page 96.

## COMPANY OPERATIONS

### Our Products

Your Company is the leading manufacturer of tubes & pipes in the domestic market for Galvanized Iron (GI) pipes, Cold Rolled (CR) tubes, Stainless Steel tubes & pipes, HSS and Black & Scaffolding pipes, and polymer pipes, having the largest product range in the segments it operates in. The ILL brand is a benchmark for quality and has, over several decades, earned continuing loyalty from its customers, dealers and business partners.

### Gross Sales

The Company achieved sales volumes of 93,153 MT during FY24, with a turnover of PKR 29.20 Bn (FY23: PKR 26.79 Bn), an increase of 9%.

### Domestic Steel Sales

The Company's domestic sales for the year increased by 12% and were PKR 24.41 Bn (FY23: PKR 21.7 Bn). However, volumes were 2.3% lower than last year. During the year under review, the overall demand was sluggish due to high inflation and expensive borrowings. The construction industry, a vital segment, remained stagnant, while demand was low from the automotive industry, which continues to experience significant contraction. Furthermore, political instability, misuse of tax exemptions granted to FATA/PATA regions and the increased incidence of sub-standard and counterfeit products have compromised sales volumes. Despite the challenging year, your Company successfully maintained its market share in key segments and improved its margins.

The Company continues to actively enhance its distribution network and drive commercial and institutional customer engagement via nationwide events, sponsorships, and other direct mechanisms. This is part of its keen focus on customer-centricity and maintaining a deep understanding of market trends and requirements.

### Export Steel Sales

The Company exported products worth USD 16.97 million, which translated to PKR 4.8 billion (FY23: USD 20.4 million-PKR 5.0 billion). Dampened demand in key global markets, especially from the building & construction sector, adversely impacted export sales. Despite numerous global and country-specific challenges, your Company remained steadfast in searching for new markets across the globe. ILL maintains its place amongst the largest exporters from Pakistan and won the prestigious FPCCI Best Export Performance Award 2023 for the 23rd consecutive year.

### ILL Australia Pty Limited, Melbourne, Australia

ILL Australia, a subsidiary of ILL, provides a stable export avenue in a highly developed market. This market experienced low sales volumes given the general slowdown of the Australian economy and skewed business towards lower-priced Indian products imported under the free trade agreement between Australia and India. Net sales were down to US\$ 8.9 million (FY23: US\$ 15.9 million).

ILL Australia is exploring value-added revenue streams to enhance its business model and is confident of remaining a valuable supplier in the Australian market.

### ILL Americas Inc., Toronto, Canada

ILL Americas, also a 100% owned subsidiary, continues to develop channels for exports in North America. During the year under review, the price threshold set for the antidumping duties after price reviews by the Canada Border Services Agency (CBSA) adversely affected sales opportunities in some of the Company's more profitable segments. During the year under review, ILL Americas achieved sales of USD 8.2 million (FY23: USD 12.1 million).

## **ILL Construction Solutions (Pvt.) Limited, Pakistan**

ILL Construction Solutions is also a 100% owned subsidiary. This company was formed to provide innovative solutions to the challenges faced by the local construction industry. During the year under review, the Company undertook various projects some of which have been completed with the help of formworks patented by a world-leading company, MEVA Schalungs Systeme of Germany, with whom the Company has an exclusive partnership, and scaffolding manufactured at its state-of-the-art manufacturing facilities.

Net sales of the Company for the year under review were PKR 43.5 million.

As a strategic move, the construction solutions business has been merged into the parent company. As a result, ILL Construction Solutions (Pvt.) Limited will be phased out going forward.

## **Polymer Sales**

Turnover of polymer pipes and fittings was PKR 4.5 billion (FY 2023: PKR 3.5 billion) on the back of strong institutional business and the Company's success in capitalizing on market opportunities.

The safety of polymer products depends on the standard of inputs and production. ILL produces products that comply with relevant standards but the market is inundated with inferior quality products. To overcome this, the Company maintains a continuous focus on educating its commercial and institutional customers on the virtues of products that comply with relevant standards. This is an uphill challenge, but also becomes its unique selling point for customers conscious of quality and health considerations.

## **MANUFACTURING**

Faced with a challenging economic environment, your Company focused on optimizing its operations and took several measures to reduce costs to combat high inflation. To reduce the dependence on expensive energy options and underscore its credentials as a champion of UN Social Development Goal (SDG) #7, the Company commissioned solar energy systems of 3 MW and 1 MW at its Karachi and Shekhupura manufacturing facilities, respectively, making a total of 4 MW. We intend to continue exploring initiatives to further expand our alternate energy sources.

Furthermore, in-house expertise was used to reduce operational costs including making galvanizing more cost-effective and modifications of existing plant & machinery for expanding the range of hot rolled and UPVC products.

## **FINANCIAL REVIEW**

### **Company Results**

During the year under review, the Company posted net sales of PKR 29.2 Bn, which was 9% higher than last year, earning a gross profit of PKR 3,838 million, Profit Before Tax of PKR 1,806 million, Profit after Tax of PKR 1,473 million and Earnings per Share (EPS) of Rs. 11.17. Despite lower sales volumes, the Company was successful in delivering strong profits on the back of efficient working capital management, focus on margin optimization, continuous negotiation of the best available borrowing rates from lenders, and significant dividends from our major subsidiary and other investments.

Cost of sales for the year, at PKR 25,364 million, was 9% higher than last year because of the increased conversion, energy and freight costs despite the lower throughput. Selling and distribution expenses of PKR 1,356 million were 3% lower than last year. Administrative expenses of PKR 429 million were 22% higher than the previous year on account of rising inflationary pressures on various costs.

Other income of PKR 1,351 million was 56% lower than last year mainly due to lower dividends and exchange gains on export proceeds. Financial charges during the year at PKR 1,473 million were 15% lower than the previous year mainly due to efficient working capital management.



## Cash Flow Management and Borrowing Strategy

Financial management remains a cornerstone of the Company's strategy and is especially key in the face of adverse external factors, particularly high interest rates and inflation. The Company was able to mitigate financial risk by reducing borrowings and consistent deleveraging through efficient inventory management and enabling its subsidiaries to finance their working capital needs through well-negotiated bank financing arrangements in their countries of residence. The Company reduced its debt to equity ratio to 42%, an improvement of 13%, is a significant achievement attributable to effective working capital management and cash conservation through focused fixed costs and capital expenditure controls, resulting in a substantial reduction in bank borrowings.

## DIVIDEND

Your Board of Directors has recommended a final cash dividend of Rs. 3.50 (35%) per share. With the interim dividend of Rs. 2.0 (20%) per share already paid during the year, the total dividend for the financial year ended 30 June 2024 will amount to Rs. 5.50 (55%) (FY23: Rs.7.5) per ordinary share of Rs. 10 each.

## APPROPRIATIONS 2024

	2024	2023
	Rupees in '000	
<b>Profit after tax for the year</b>	<b>1,473,131</b>	2,272,936
<b>Interim Dividend</b> <b>2024: Rs. 2.00 per share</b> (2023: Rs. 5.50 per share)	<b>(263,764)</b>	(725,350)
<b>Final Dividend</b> <b>2024: Rs. 3.50 per share</b> (2023: Rs. 2.00 per share)	<b>(461,587)</b>	(263,764)

## AUDITORS

The reappointment of A. F. Ferguson & Co., Chartered Accountants, as auditors of the Company for FY 2025 has been approved as per the recommendation of the Board Audit Committee (page 204 - Report of the Board Audit Committee on adherence to the Code of Corporate Governance).

## INFORMATION SYSTEMS

Your Company is committed to the process of continuously upgrading and enhancing its IT environment and moving towards greater process automation as well as digitalization. During the year under review, we remained focused on improving and integrating our ERP system to support business operations. Numerous initiatives were taken to improve systems efficiency by introducing bar coding systems for inventory management, a transport management system for real-time information on shipments, and the use of appropriate digital media platforms for e-invoicing and receiving customer feedback.

## SOCIAL IMPACT

ILL prides itself on being a responsible corporate citizen and positive contributor to the communities in which it operates, as well as society at large. A detailed look into ILL's social, philanthropic, and environmental protection initiatives can be found in our Sustainability Report available on the Company's website.

## **HUMAN RESOURCE MANAGEMENT**

ILL's ethos includes a firm belief that employees are its biggest asset. Empowering employees with meaningful roles, challenging assignments, growth opportunities, and strong learning platforms have paved the way for a more vibrant, effective and motivated organization. The Company has taken several initiatives during the year for the well-being of its employees. A few of these initiatives are as follows:

### **Diversity, Equity & Inclusion (DE&I)**

The Company is focused on increasing Diversity, Equity, and Inclusion (DE&I) in the organization and does not discriminate in its hiring and human resource management processes in terms of religion, race, gender and physical ability. Policies have been implemented to develop an environment and culture to attract more female employees. A program titled 'WISE' (Women in Science & Engineering) was initiated to provide career opportunities to young female graduate engineers. This unique program will also be an opportunity for young female graduates to work along with experienced mentors who will guide and empower them for towards career fulfilment and growth.

### **Anti-harassment Policy**

ILL is committed to providing an environment free of any kind of harassment to its diverse workforce. The Company is also implementing the recommendations & mechanism prescribed under the Protection against Harassment of Women at the Workplace Act, 2010.

### **Occupational Health, Safety and Environment Systems (OHSE):**

Employee health and safety are crucial to ILL. We take our responsibility for providing a healthy, safe, and hazard-free environment for our employees and contractors very seriously and strive to achieve this through our OHSE Management System that is stewarded by the OHSE Department. To improve safety standards and prevent incidents at work, the Company imparts appropriate training as a recurring function and provides suitable personal protective equipment to its workforce as well as visitors to its manufacturing sites. Further information on our OHSE initiatives is available in the Company's Sustainability Report.

### **Succession Planning**

The Company has in place a succession plan, which includes identification, performance evaluation, and appropriate training requirements for the development of future leaders. This means recruiting employees, developing their knowledge and skill sets, and preparing them for advancement into more challenging roles. Our succession plan, overseen by the Board's Human Resource & Remuneration Committee (HRRC), is continuously reviewed and updated to address the Company's needs in a dynamic and rapidly changing environment.

### **Participation in Job Fairs**

The Company participated in job fairs arranged by various prominent educational institutions to recruit top talent to hire, train, motivate, and retain potential successors to the existing workforce.

### **Apprenticeship Training Program**

Our Apprenticeship Training Program operates at all factories with apprentices obtaining experience in the areas of production, maintenance, and quality control. A stipend equal to the minimum wage is paid to apprentices.

### **Gratuity Scheme and Provident Funds**

The Company provides retirement benefits to its employees including 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.

### **Employment of Differently-abled People**

In pursuance of its objectives of being a responsible and inclusive corporate citizen and complying with the legal requirements, ILL's workforce includes 20 differently-abled staff members, who are a valuable and integral part of our team.

## **Employee of the Year and Long Service Awards**

The Company has in place Employee of the Year and Long Service Awards programs, as well as other effective recognition mechanisms, to motivate staff by acknowledging and rewarding their contribution in terms of value addition and length of service.

## **Performance Management System**

As part of digitization, the Company has introduced a cloud-based, digitalized Performance Management system for effective and efficient monitoring of employees' performance.

## **CONTRIBUTION TO THE NATIONAL EXCHEQUER**

ILL is registered with the Large Taxpayers Unit (LTU) and contributed nearly PKR 6.4 billion to the national exchequer in the form of Income Tax, Sales Tax, other taxes, duties, and levies during the financial year.

## **INTERNAL CONTROL FRAMEWORK**

The Board has in place an effective internal control framework which may be referred to on page 196.

## **RISK, OPPORTUNITY, AND MITIGATION REPORT**

The management, in consultation with the Board of Directors, continues to develop capabilities to anticipate risks and develop suitable strategies to mitigate them while charting our strategic roadmap. A detailed Risk & Opportunity Report is presented on page 119.

## **RELATIONSHIP WITH STAKEHOLDERS**

ILL attaches the highest value to all its stakeholders' satisfaction and strives to nurture a positive relationship with them through effective, transparent, and timely communication and interaction, including frequent townhall meetings with the CEO.

## **QUARTERLY AND ANNUAL FINANCIAL STATEMENTS**

Quarterly unaudited financial statements of the Company, along with the Directors' Review, were approved and circulated to the shareholders on a timely basis. Half-yearly financial statements were subjected to a limited scope review by the external auditors. The annual financial statements annexed to this report have been audited by the external auditors, approved by the Board, and will be presented to the shareholders at the Annual General Meeting for approval. Periodic financial statements of the Company, duly endorsed by the CEO and CFO, were circulated to the directors. Half-yearly and annual accounts were verified by the external auditors before being presented to the Board Audit Committee (BAC) and the Board of Directors for approval.

## **CHIEF FINANCIAL OFFICER (CFO), COMPANY SECRETARY, AND HEAD OF INTERNAL AUDIT**

The CFO and the Head of Internal Audit possess the requisite qualification and experience as prescribed in the Code of Corporate Governance whereas the Company Secretary possesses the same as prescribed in the Companies Act, 2017. The appointment, remuneration, and terms and conditions of employment of the CFO, Head of Internal Audit, and Company Secretary were determined by the Board of Directors. The removal of the CFO and Company Secretary, whenever applicable, is made with the approval of the Board of Directors.

## **COMPLIANCE**

At ILL, we are firmly committed to ensuring effective governance through the adoption of best business practices and standards. The Board reviews the Company's strategic direction and business plans and performance regularly.

The BAC is empowered to ensure effective compliance with the Code of Corporate Governance. All related party transactions are placed before BAC for review and recommendation before seeking approval from the Board. Your Board is strongly committed to maintaining the highest standard of corporate governance. For further details, reference can be made to the Code of Corporate Governance section of this report.

## CREDIT RATING

VIS Credit Rating Company Limited (VIS) has maintained the entity ratings of International Industries Limited (IIL) at 'AA-/A-1' (Double A minus/A-One). The outlook status on the assigned ratings has been marked as 'Stable'.

## INVESTMENTS

The Company holds a 56.33% ownership interest in its subsidiary, International Steels Limited (ISL), a listed company engaged in the business of processing flat steel products. ISL ended the financial year with a turnover of approximately PKR 69.3 billion and Profit after Tax of PKR 3.7 billion.

Your Company also holds a 17.12% ownership interest in Pakistan Cables Limited (PCL). PCL is a listed company engaged in the business of manufacturing copper rods, wires and cables and is the country's first manufacturer of copper cables and wires.

IIL has also invested in three wholly-owned subsidiaries; IIL Australia Pty Ltd., IIL Americas Inc., and IIL Construction Solutions (Pvt.) Ltd.

Recently IIL has invested in Chinoy Engineering & Construction (Pvt) Limited (CECL), an associated company, amounting to 17% of the latter's paid-up capital.

## Future Prospects

The country faces a serious challenge in attracting domestic and foreign investment as investors show concerns about the lack of consistent policymaking, an onerous tax regime, high costs of industrial inputs and energy, infrastructure & resource challenges, limited access to credit, shortage of skilled labor, political and law & order instability. Investment prospects and overall economic growth will largely depend on how these concerns are addressed by the new government.

The government's efforts for macroeconomic stability appear to be yielding some results. Inflation has declined from 36% to around 12% and the value of the PKR has lately experienced stability. Moreover, the fresh Stand-by Agreement with IMF and the efforts to attract foreign investment through SIFC, especially in previously unexplored sectors such as mining and agriculture, seem to be meeting with some success and bode well for the economy.

These macroeconomic factors will play a crucial role in shaping the business environment at large, and how it affects your Company. While there are growth projections for the industrial sector, the Company is mindful of further macroeconomic turbulence in the Country and cautiously carving out its strategy for the future, focussed on diversification, innovation, and strategic investments in technology and human resources to navigate through the challenges and seize opportunities.

## ACKNOWLEDGEMENT

We thank all our stakeholders, including shareholders, customers, employees, bankers and suppliers for their continuing commitment to the Company and look forward to sharing more successes with them in the coming years.

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

On behalf of the Board  
International Industries Ltd.



**Sohail R. Bhojani**  
Chief Executive Officer



**Kamal A. Chinoy**  
Chairman

Karachi  
August 22, 2024

اعتراف

ہم اپنے تمام اسٹیک ہولڈرز بشمول شیئر ہولڈرز، کسٹمرز، ملازمین، بینکرز اور سپلائرز کے کمپنی کے ساتھ مسلسل وابستہ رہنے پر ان کے شکرگزار ہیں اور آئندہ سالوں میں ان کے ساتھ مزید کامیابیاں بانٹنے کے منتظر ہیں۔

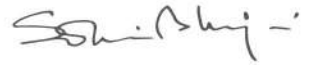
ہم کمپنی کی کامیابی اور تمام اسٹیک ہولڈرز اور مجموعی طور پر پورے ملک کے فائدے کیلئے مسلسل دعا گو ہیں۔

برائے اور منجانب بورڈ آف ڈائریکٹرز



کمال اے چنائے

چیئرمین



سہیل آر بھوجانی

چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 22 اگست 2024

آپ کی کمپنی کے پاس پاکستان کینیڈا لمیٹڈ (PCL) کے بھی 17.12% ملکیتی حصص موجود ہیں۔ PCL ایک لسڈ کمپنی ہے جو کارپوریشنوں اور کینیڈا کے کاروبار میں مصروف عمل ہے اور یہ ملک میں کارپوریٹ اور تاروں بنانے والے پہلے مینوفیکچرر ہیں۔

IIL نے تین کل ملکیتی ذیلی اداروں IIL Australia Pty Ltd، IIL Americas Inc.، اور IIL Construction Solutions (Pvt.) Ltd میں بھی سرمایہ کاری کی ہے۔

حال ہی میں IIL نے چنائے انجینئرنگ اینڈ کنسٹرکشن (پرائیویٹ) لمیٹڈ (CECL) میں ادا شدہ سرمائے کے 17 فیصد رقم کی سرمایہ کاری کی ہے، جو ایک متعلقہ کمپنی ہے۔

### مستقبل کے امکانات

ملک کو مقامی اور غیر ملکی سرمایہ کاری کے فروغ کیلئے سنگین چیلنج کا سامنا ہے کیوں کہ سرمایہ کار مستقل پالیسی سازی کے فقدان، ٹیکس کے سخت نظام، صنعتی طور پر بنیادی ضروریات اور انرجی کی زائد لاگت، انفراسٹرکچر اور وسائل کے چیلنجز، کریڈٹ تک محدود رسائی، ہنرمند مزدوروں کی قلت سیاسی اور امن و امان کی غیر مستحکم صورتحال کے باعث پریشان کن خدشات ظاہر کر رہے ہیں۔ سرمایہ کاری کے امکانات اور مجموعی معاشی ترقی کا انحصار اس بات پر ہے کہ نئی گورنمنٹ کس انداز سے ان ہی صورتحال پر قابو پاتی ہے۔

میکرو اکنامک استحکام کیلئے حکومت کی کوششوں کے کچھ بہتر نتائج برآمد ہو رہے ہیں۔ افراط زر 36 فیصد سے کم ہو کر تقریباً 12 فیصد پر آ گیا ہے اور پاکستانی روپے کی قدر میں حال ہی میں استحکام آیا ہے۔ مزید برآں SIFC کے ذریعے غیر ملکی سرمایہ کاری کو راغب کرنے کیلئے آئی ایم ایف کے ساتھ اسٹینڈ۔ بائی معاہدہ اور کوششوں سے کچھ کامیابیاں مل رہی ہیں جو معیشت کیلئے خوش آئند ہیں، خاص طور پر کان کنی اور زراعت کے شعبہ جات میں جو پہلے غیر دریافت شدہ شعبے تھے۔

یہ میکرو اکنامک عوامل بڑے پیمانے پر کاروباری ماحول کی تشکیل کمپنی پر مثبت اثرات کیلئے اہم کردار ادا کریں گے۔ صنعتی شعبے کیلئے ترقی کے امکانات ہیں۔ مزید یہ کہ کمپنی ملک میں میکرو اکنامک صورتحال پر نظر رکھتی ہے اور محتاط انداز میں مستقبل کیلئے حکمت عملی ترتیب دے رہی ہے اور چیلنجز سے نمٹنے کیلئے انسانی وسائل میں تنوع، اختراع اور حکمت عملی پر مبنی سرمایہ کاری پر توجہ مرکوز کر رہی ہے اور نئے مواقع تلاش کر رہی ہے۔

سہ ماہی اور سالانہ مالیاتی اسٹیٹمنٹس

کمپنی کے سہ ماہی غیر آڈٹ شدہ مالیاتی اسٹیٹمنٹس مع ڈائریکٹرز کا جائزہ بروقت منظور کیا گیا اور شیئرز ہولڈرز میں تقسیم کیا گیا۔ ششماہی مالیاتی اسٹیٹمنٹس بیرونی آڈیٹرز کے محدود اسکوپ کے جائزے کے ساتھ مشروط ہے۔ سالانہ مالیاتی اسٹیٹمنٹس اس رپورٹ کے ساتھ منسلک ہیں جو بیرونی آڈیٹرز سے آڈٹ شدہ اور بورڈ سے منظور شدہ ہیں اور یہ سالانہ اجلاس عام میں شیئرز ہولڈرز کو منظوری کیلئے پیش کئے جائیں گے۔

کمپنی کے مختلف مدتوں کے مالیاتی اسٹیٹمنٹس، جو CEO اور CFO سے باقاعدہ تصدیق شدہ ہیں، ڈائریکٹرز کے درمیان تقسیم کئے گئے۔ ششماہی اور سالانہ اکاؤنٹس، بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کو منظوری کیلئے پیش کرنے سے قبل بیرونی آڈیٹرز سے تصدیق کرائے گئے۔

چیف فنانشل آفیسر (CFO)، کمپنی سیکرٹری اور ہیڈ آف انٹرنل آڈٹ

CFO اور ہیڈ آف آڈٹ، کوڈ آف کارپوریٹ گورننس کی مجوزہ مطلوبہ قابلیت اور تجربے کے حامل ہیں جبکہ کمپنی سیکرٹری کمپنیز ایکٹ 2017 میں درج شرائط کے مطابق اہلیت رکھتے ہیں۔ بورڈ آف ڈائریکٹرز CFO، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکرٹری کے تقرر، مشاہرے اور ملازمت کے شرائط و ضوابط کا تعین کرتا ہے۔ CFO اور کمپنی سیکرٹری کو عہدے سے ہٹانے کیلئے، جہاں لاگو ہو، بورڈ آف ڈائریکٹرز کی منظوری حاصل کی جاتی ہے۔

اصول پسندی

III میں ہم بہترین کاروباری معمولات اور معیارات پر عمل کر کے موثر گورننس کو یقینی بنانے کیلئے پر عزم ہیں۔ بورڈ کمپنی کی حکمت عملی کے رخ اور کاروباری منصوبہ جات اور کارکردگی کا باقاعدگی سے جائزہ لیتا ہے۔

بورڈ آڈٹ کمیٹی (BAC) کوڈ آف کارپوریٹ گورننس پر موثر طور سے عمل درآمد کو یقینی بنانے میں بااختیار ہے۔ متعلقہ پارٹیز سے تمام لین دین بورڈ کی منظوری حاصل کرنے سے پہلے منظوری اور سفارشات کیلئے BAC کے سامنے پیش کیا جاتا ہے۔ آپ کا بورڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو قائم رکھنے کیلئے سختی سے پر عزم ہے۔ مزید تفصیلات کیلئے اس رپورٹ کے کوڈ آف کارپوریٹ گورننس کے حصے کا جائزہ لیا جاسکتا ہے۔

کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے انٹرنیشنل انڈسٹریز لمیٹڈ (IIL) کے ادارے کی ریٹنگ (AA-/A-1 (Double A minus/A-One) 'برقرار رکھی ہے۔ تفویض کردہ ریٹنگ پر 'Stable' کی حیثیت دی گئی ہے۔

سرماہ کاری

کمپنی اپنے ذیلی ادارے انٹرنیشنل اسٹیبلز لمیٹڈ (ISL) میں 56.33% ملکیتی حصص کی حامل ہے جو ایک لسٹڈ کمپنی ہے اور فلیٹ اسٹیل پروسیسنگ کے کاروبار میں مصروف عمل ہے۔ ISL نے سال کے اختتام پر فروخت سے تقریباً 69.3 بلین پاکستانی روپے حاصل کئے اور اس کا بعد از ٹیکس منافع 3.7 بلین پاکستانی روپے رہا۔

گریجویٹی اسکیم اور پروویڈنٹ فنڈز

کمپنی اپنے ملازمین کو ریٹائرمنٹ کے فوائد فراہم کرتی ہے جس میں نان کنٹری بیوٹری گریجویٹی اسکیم بھی شامل ہے۔ تمام ملازمین کیلئے گریجویٹی اسکیم کے علاوہ ایک کنٹری بیوٹری پروویڈنٹ فنڈ بھی ہے جو یونین کے اسٹاف کے علاوہ ہے۔ فنڈز کے دونوں پلان ٹیکس اتھارٹیز سے تسلیم شدہ ہیں۔

خصوصی افراد کی اسٹاف میں شمولیت

ایک ذمہ دار اور کارپوریٹ شہری ہونے کی حیثیت سے اور اپنے مقاصد کی پیروی میں III کی افرادی قوت میں قانونی شرائط کے مطابق 20 خصوصی اسٹاف ممبرز شامل ہیں جو ہمارا قیمتی سرمایہ اور ہماری ٹیم کا اہم حصہ ہیں۔

سال کے بہترین ایمپلائی اور طویل سروس کے ایوارڈز

کمپنی نے اپنے اسٹاف کیلئے سال کے بہترین ایمپلائی اور طویل مدت کی سروس کے ایوارڈز کے پروگرام بھی رکھے ہیں جو ان کی خدمات کے اعتراف اور طویل عرصے کی سروس کے صلے میں ان کی حوصلہ افزائی کیلئے دیئے جاتے ہیں۔

کارکردگی کا مینجمنٹ سسٹم

ڈیجیٹلائزیشن کے حصے کے طور پر کمپنی نے اپنے ملازمین کی کارکردگی کی موثر نگرانی کیلئے کلاؤڈ-بیسڈ ڈیجیٹلائزڈ پرفارمنس مینجمنٹ سسٹم متعارف کرایا ہے۔

قومی خزانے میں حصہ

III لارج ٹیکس پیئرز یونٹ (LTU) کے ساتھ رجسٹرڈ ہے اور مالیاتی سال کے دوران انکم ٹیکس، سیلز ٹیکس، دیگر ٹیکسز، ڈیوٹیز اور لیویز کی صورت میں 6.4 بلین پاکستانی روپے سے زائد کی رقم قومی خزانے میں جمع کرائی۔

اندرونی کنٹرول فریم ورک

بورڈ کا ایک موثر اندرونی کنٹرول فریم ورک موجود ہے جو صفحہ 196 پر دیکھا جاسکتا ہے۔

خدشات، مواقع اور تدارک کی رپورٹ

انتظامیہ، بورڈ آف ڈائریکٹرز کی مشاورت سے اپنی حکمت عملی کے پروگرام کی تیاری کرتی ہے اور مسلسل خدشات کے امکانات اور ان کے تدارک کی صلاحیت میں اضافہ کرنے کیلئے موزوں حکمت عملی تیار کرتی ہے۔ خدشات اور مواقع کی تفصیلی رپورٹ صفحہ 119 پر درج ہے۔

اسٹیک ہولڈرز کے ساتھ تعلقات

III اپنے تمام اسٹیک ہولڈرز کے اطمینان کو اولین ترجیح دیتی ہے اور موثر، شفاف اور بروقت کمیونیکیشن اور باہمی رابطے کے ذریعے مثبت تعلقات کے قائم رکھنے کی کوشش کرتی ہے، جس میں چیف ایگزیکٹو آفیسر کے ساتھ فوری میٹنگز بھی شامل ہیں۔



تنوع، مساوات اور شمولیت (DE&I)

کمپنی نے اپنی توجہ آرگنائزیشن میں تنوع، مساوات اور شمولیت پر مرکوز رکھی ہے اور ملازمت فراہم کرتے وقت مذہب، جنس، نسل اور جسمانی قابلیت سے بالاتر ہو کر انسانی وسائل کے انتظام کے عمل میں امتیازی سلوک نہیں کرتی۔ خواتین ملازمین کی حوصلہ افزائی کیلئے موافق ماحول اور کلچر کے فروغ کیلئے پالیسیز نافذ کی گئی ہیں۔ نوجوان خواتین گریجویٹ انجینئرز کو کیریئر کے مواقع فراہم کرنے کیلئے مین اینڈ سائنس اینڈ انجینئرنگ (WISE) کے عنوان سے ایک پروگرام کا آغاز کیا گیا ہے۔ یہ منفرد پروگرام نوجوان خواتین گریجویٹ کیلئے تجربہ کار اساتذہ کے ساتھ کام کرنے کا ایک موقع بھی ہوگا جو انہیں جو انہیں بااختیار بنانے گا اور اپنے کیریئر کی تکمیل اور ترقی کیلئے رہنمائی فراہم کرے گا۔

انسداد ہراساں کی پالیسی

IIIL اپنی متنوع افرادی قوت کو کسی بھی قسم کی ہراساں سے پاک ماحول فراہم کرنے کیلئے پرعزم ہے۔ کمپنی ورک پلیس ایکٹ 2010 میں خواتین کو ہراساں کرنے کے خلاف تحفظ کے تحت وضع کردہ سفارشات اور طریقہ کار پر بھی عملدرآمد کر رہی ہے۔

پیشہ ورانہ صحت، تحفظ اور ماحولیات کا نظام (OHSE):

انٹرنیشنل انڈسٹریز لمیٹڈ کیلئے ملازمین کی صحت اور تحفظ انتہائی اہم ہے۔ ہم اپنے ایمپلائز اور کنٹریکٹرز کو صحت، تحفظ کے ساتھ خطرات سے پاک ماحول فراہم کرنے کی ذمہ داری سنجیدگی سے ادا کرتے ہیں اور اس کیلئے OHSE مینجمنٹ سسٹم استعمال کرتے ہیں جو ہمارا HSE ڈیپارٹمنٹ چلاتا ہے۔ حفاظتی معیارات کی بہتری اور کام کی جگہ پر حادثات سے بچاؤ کیلئے کمپنی ایک مسلسل طور پر مناسب تربیت فراہم کرتی ہے اور اپنی افرادی قوت کو موزوں PPEs فراہم کرتی ہے۔ ہمارے OHSE کے اقدامات کے بارے میں مزید معلومات ہماری سسٹین ایبلٹی رپورٹ میں دستیاب ہیں۔

جانشینی کی منصوبہ بندی

کمپنی کا اپنے مستقبل کے قائدین کیلئے ایک جانشینی کا پلان موجود ہے جس میں ان کی ڈیولپمنٹ کیلئے شناخت، کارکردگی کی جانچ اور مناسب تربیت شامل ہے۔ اس سے مراد ہے کہ ایمپلائز کو بھرتی کرنا، ان کی معلومات اور صلاحیتوں کو جلا بخشنا اور انہیں آگے بڑھ کر زیادہ چیلنج والے کردار ادا کرنے کیلئے تیار کرنا ہے۔ ہمارا جانشینی کا پلان بورڈ کی ہیومن ریورس اینڈ ریمونڈیشن کمیٹی (HRRC) کی نگرانی میں تیار کیا گیا ہے اور اس کا مسلسل جائزہ لیا جاتا ہے اور اس کو متحرک اور تیزی سے بدلتے ہوئے ماحول میں کمپنی کی ضروریات کے مطابق اپ ڈیٹ کیا جاتا ہے۔

جاب میلے میں شرکت

کمپنی نے مختلف اعلیٰ تعلیمی اداروں میں منعقد ہونے والے مختلف جاب میلوں میں شرکت کی جس کا مقصد تھا کہ بہترین باصلاحیت افراد کی خدمات حاصل کی جائیں، ان کو تربیت دی جائے اور متحرک کیا جائے اور ہماری موجودہ افرادی قوت کے جانشینوں کے طور پر کمپنی میں شامل کیا جائے۔

اپرنٹس شپ ٹریننگ پروگرام

ہمارا اپرنٹس شپ ٹریننگ پروگرام تمام فیکٹریز میں منعقد ہوتا ہے جہاں اپرنٹسز پروڈکشن، دیکھ بھال اور کوالٹی کنٹرول کے شعبوں میں تربیت حاصل کرتے ہیں۔ اپرنٹسز کو کم سے کم اجرت کے مساوی وظیفہ دیا جاتا ہے۔

## نقد بہاؤ کی منجمنٹ اور قرضہ کے حصول کی حکمت عملی

مالیاتی منجمنٹ کمپنی کی حکمت عملی کا سنگ بنیاد ہے اور خاص طور پر مننی بیرونی عناصر؛ بڑھتی ہوئی شرح سود اور افراط زر کے پیش نظر کلیدی حیثیت رکھتا ہے۔ کمپنی نے انونٹری کی مستعد منجمنٹ کے ذریعے اصل قرضہ جات کو کم کر کے اپنے مالیاتی خدشات کو ختم کیا اور اپنے ذیلی اداروں کو اپنی جاری سرمایہ کاری کی ضروریات کو اپنے ذرائع سے فنائنگ کر کے یا اپنے رہائشی ملک میں بینک فنائنگ کے انتظامات کے ذریعے پوری کرنے کیلئے رہنمائی فراہم کی۔ کمپنی نے اپنے قرض کی شرح میں %13 کمی کر کے %42 پر لے آئی اور اس لحاظ سے یہ بڑی کامیابی ہے، جس کی وجہ ورکنگ کپیٹل کے مؤثر انتظام، مقررہ اخراجات اور سرمائے کے محتاط اخراجات ہیں اور اس سے بینک قرضوں میں خاطر خواہ کمی واقع ہوئی ہے۔

ڈیویڈنڈ

آپ کے بورڈ نے حتمی نقد ڈیویڈنڈ بحساب 3.50 روپے (35% فی شیئر ادا کرنے کی سفارش کی ہے۔ نیز عبوری ڈیویڈنڈ بحساب 2.0 روپے فی شیئر ((20% ہے جو سال کے دوران ادا کیا گیا تھا، اور مالی سال 2023 کیلئے کل ڈیویڈنڈ بحساب 5.50 روپے ((55% ہوگا۔ (مالی سال 2023 میں: 7.5 روپے) برائے 10 روپے والے فی عمومی شیئر۔

## تخصیصات 2024

2023	2024	
روپے '000 میں		
2,272,936	1,437,131	سال کیلئے بعد از ٹیکس منافع
(725,350)	(263,764)	عبوری ڈیویڈنڈ 2024 (2023: 5.50 روپے فی شیئر)
(263,764)	(461,587)	حتمی ڈیویڈنڈ 2024 3.50 روپے فی شیئر (2023: 2.00 روپے فی شیئر)

## آڈیٹرز

مالی سال 2025 کیلئے کمپنی کے آڈیٹرز کے طور پر اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی منظوری دے دی گئی ہے جس کی سفارش بورڈ آڈٹ کمیٹی نے کی تھی۔ (صفحہ 204 BAC کی کوڈ آف کارپوریٹ گورننس کی پیروی کی رپورٹ)

## معلومات کے نظام

آپ کی کمپنی IT کے شعبہ کو مسلسل اپ گریڈ کرنے، اس میں اضافہ کرنے اور طریقہ کار کی بہتر آٹومیشن کے ساتھ ساتھ ڈیجیٹلائزیشن اختیار کرنے کیلئے پرعزم ہیں۔ زیر جائزہ سال کے دوران میں ہم نے اپنی توجہ کاروباری آپریشنز کی سہولت کیلئے ERP کو بہتر بنانے اور مضبوط کرنے پر مرکوز رکھی۔ سسٹمز کی استعداد کو بہتر بنانے کیلئے متعدد اقدامات کئے گئے جن میں انونٹری منجمنٹ کیلئے بارکوڈنگ سسٹمز، شپمنٹ پر بروقت معلومات کیلئے ٹرانسپورٹ منجمنٹ سسٹم اور ای انوائسنگ اور صارف کا فیڈ بیک وصول کرنے کیلئے مناسب ڈیجیٹل میڈیا پلیٹ فارمز متعارف کروائے۔

## سماجی خدمات

III کوڈ مہ دار کارپوریٹ شہری ہونے اور اپنے گرد و نواح کی کمیونٹی کے ساتھ ساتھ معاشرے کو مثبت خدمات پیش کرنے پر فخر ہے۔ III کی سماجی، فلاحی اور ماحول کے تحفظ کے اقدامات کی تفصیلات ہماری سسٹین ایبلٹی رپورٹ میں دیکھی جاسکتی ہیں جو کمپنی کی ویب سائٹ پر دستیاب ہے۔

IIL Construction Solutions بھی 100 فیصد ذیلی کمپنی ہے۔ یہ کمپنی مقامی تعمیراتی صنعت کو درپیش مختلف چیلنجز کے جدید حل فراہم کرنے کیلئے تشکیل دی گئی تھی۔ زیر جائزہ سال کے دوران میں آپ کی کمپنی نے دنیا کی ایک معروف کمپنی MEVA Schalungs Systeme of Germany جس کے ساتھ کمپنی کی خصوصی شراکت ہے، کے ساتھ متعدد پروڈیکٹس پر کام کیا جن میں سے کچھ منصوبے مکمل کر لئے ہیں۔

زیر جائزہ مدت کے دوران کمپنی کی مجموعی فروخت میں 43.5 ملین روپے ہوئی۔

اپنی حکمت عملی کے تحت کنسٹرکشن سلوشنز بزنس کو مالکانہ کمپنی میں ضم کر دیا گیا۔ اس کے نتیجے میں آئی آئی ایل کنسٹرکشن سلوشنز (پرائیویٹ) لمیٹڈ کو آگے بڑھتے ہوئے مرحلہ وار ختم کر دیا جائے گا۔

### پولیمریلز

پولیمریلز اور فٹنگز کی فروخت 4.5 بلین پاکستانی روپے ہوئی (مالی سال 2023: 3.5 بلین پاکستانی روپے) جس کی وجہ اداراتی کاروبار کا مضبوط ہونا اور کمپنی کے مارکیٹ میں موجود مواقع میں سرمایہ کاری کر کے کامیابی کا حصول ہے۔

پولیمریلز پروڈکٹس کی بقا کا انحصار استعمال ہونے والے اجزاء اور پروڈکشن کے معیار پر ہے۔ IIL تمام متعلقہ معیار کے مطابق پروڈکٹس تیار کرتا ہے جب کہ مارکیٹ سستی اور غیر معیاری پروڈکٹس سے بھری پڑی ہے۔ اس سے نمٹنے کیلئے کمپنی کو اپنے تجارتی اور اداراتی صارفین کو پروڈکٹس کی خوبیوں کے بارے میں آگاہ رکھنے پر توجہ دینا ہے جو متعلقہ معیار کی پیروی میں تیار ہوتی ہیں۔ یہ ایک بڑا چیلنج ہے، لیکن صارفین کیلئے فروخت کا ایک منفرد نکتہ ہے کہ ہم معیار اور اپنے لوگوں کی صحت کا خیال رکھتے ہیں۔

### مینیوفیکچرنگ

آپ کی کمپنی نے انتہائی چیلنجنگ ماحول کا مقابلہ کرتے ہوئے اپنے آپریشنز کو بہتر بنانے پر توجہ مرکوز رکھی اور بلند افراط زر کے باوجود لاگت کو کم سے کم رکھنے کے اقدامات کئے۔ بھاری قیمتی توانائی پر انحصار کو کم کرنے اور چیمپین آف یو این سوشل ڈیولپمنٹ گول #7 (SDG) کی تائید میں، کمپنی نے اپنی کراچی اور شیخوپورہ فیکٹری میں 1 MW اور 3 MW سولر انرجی سسٹم کا آغاز کر دیا ہے۔ ہم اپنے توانائی کے متبادل ذرائع وسیع کرنے کا عمل جاری رکھنا چاہتے ہیں۔

اس کے علاوہ آپریشن کے اخراجات کو کم کرنے کیلئے ان ہاؤس مہارت کا بھی استعمال کیا گیا جس میں گیلوٹائزنگ کو قابل قبول عالمی معیارات کے مطابق زیادہ باکفایت بنایا گیا اور ہاٹ رول اور UPVC پروڈکٹس کی ریج کو وسیع کرنے کیلئے موجودہ پلانٹ اور مشینری میں تجدید کی گئی۔

### مالیاتی جائزہ

#### کمپنی کے نتائج

زیر جائزہ سال کے دوران میں، کمپنی نے خالص فروخت کی مد میں 29.2 بلین پاکستانی روپے حاصل کئے جو گزشتہ سال سے 9% زائد ہیں۔ جبکہ مجموعی منافع 3,838 ملین پاکستانی روپے، قبل از ٹیکس منافع 1,806 ملین پاکستانی روپے، بعد از ٹیکس منافع 1,437 ملین پاکستانی روپے اور فی شیئر آمدنی 11.17 (EPS) روپے رہی۔ فروخت کے کم حجم کے باوجود یہ نتائج کمپنی کے مؤثر کنٹریول مینجمنٹ، زیادہ سے زیادہ مارجن کے حصول پر توجہ، قرض خواہوں سے قرضہ کی بہترین شرائط پر مسلسل گفت و شنید اور اپنے بڑے ذیلی اداروں اور دیگر سرمایہ کاری کے ذرائع سے نمایاں ڈیویڈنڈز کے حصول پر حاصل ہوئے ہیں۔

سال میں فروخت ہونے والے سامان کی قیمت 25,364 ملین روپے رہی جو گزشتہ سال سے 9% سے زائد ہے اور جو کہ فروخت کے کم حجم کی مطابقت سے تھی۔ فروخت اور تقسیم کاری کے اخراجات 1,356 ملین پاکستانی روپے ہوئے جو گزشتہ مدت سے 3% کم ہیں۔ انتظامی اخراجات 429 ملین پاکستانی روپے ہوئے جو متعدد لاگتوں پر افراط زر کے مسلسل بڑھتے ہوئے دباؤ کے باوجود تقریباً گزشتہ سال سے 22 فیصد زائد ہیں۔

دیگر آمدنی کی مد میں 1,351 ملین پاکستانی روپے وصول ہوئے جو ڈیویڈنڈ اور ایکسپورٹ پر زرمبادلہ کی آمدنی کم ہونے کے باعث گزشتہ سال کے مقابلے میں 56 فیصد کم تھے۔

سال کے دوران میں مالیاتی چارجز 1,473 ملین پاکستانی روپے ہوئے جو گزشتہ کے مقابلے میں 15% کم ہیں جس کی وجہ ورکنگ کپیٹل کا اعلیٰ انتظام ہے۔

کمپنی آپریٹرز

ہماری پروڈکٹس

آپ کی کمپنی مقامی مارکیٹ میں ٹیوبز اور پائپس کی صف اول کی مینوفیکچرر ہے جو گیلونائزڈ آئرن (GI) پائپس، کولڈ رولڈ (CR) ٹیوبز، اسٹین لیس اسٹیل ٹیوبز اینڈ پائپس، HSS اور بلیک اینڈ اسکیفولڈنگ پائپس اور اپنے کاروباری عمل کے شعبوں میں پولیمر پائپس کی سب سے بڑی پروڈکٹ ریج تیار کرتی ہے۔ IIL برانڈ بلند ترین معیار کی پروڈکٹ مانی جاتی ہے اور کئی دہائیوں سے اپنے صارفین، ڈیلرز اور بزنس پارٹنرز کی مسلسل وابستگی رکھتی ہے۔

مجموعی فروخت

مالی سال 2024 کے دوران میں کمپنی کا فروخت کا حجم 93,153 MT رہا جس کی مالیت 29.20 بلین پاکستانی روپے تھی۔ (مالی سال 2023: 26.79 بلین پاکستانی روپے) یعنی 9% کا اضافہ ہوا۔

مقامی سطح پر اسٹیل کی فروخت

مذکورہ سال میں کمپنی کی مقامی فروخت 12% اضافے کے ساتھ 24.41 بلین روپے ہوئی (مالی سال 2023 میں: 21.7 بلین روپے)۔ تاہم گزشتہ سال کے مقابلے میں حجم 2.3 فیصد کم رہا۔ زیر جائزہ سال کے دوران مجموعی طلب میں بلند افراط زر اور زائد قیمت میں ادھار کی وجہ سے کمی واقع ہوئی۔ تعمیراتی شعبہ جات، جو ایک اہم شعبہ ہے، جمود کا شکار رہا۔ مزید یہ کہ سیاسی عدم استحکام، FATA اور PATA ریجن کو دینے گئے ٹیکس استثنیٰ کا غلط استعمال اور غیر معیاری اور جعلی مصنوعات کے باعث فروخت کے حجم میں کمی واقع ہوئی۔ اس سال میں چیلنجز کے باوجود آپ کی کمپنی نے اہم شعبہ جات میں مارکیٹ میں اپنی شراکت کو جاری رکھا اور اپنے منافع میں اضافہ کیا۔

کمپنی ملک بھر میں تقریبات، اسپانسرشپس اور براہ راست رابطوں کے طریقے سے تجارتی اور اداراتی صارفین کے ساتھ مسلسل فعال طور پر کاروباری تعلقات مضبوط کرنے میں کوشاں ہے۔ یہ ہمارے صارف پر مرکزی توجہ اور مارکیٹ کے رجحانات اور ضروریات کے بارے میں گہرائی کے ساتھ جاننے کے عمل کا حصہ ہے۔

بیرونی ممالک میں اسٹیل کی فروخت

کمپنی نے 16.97 بلین یو ایس ڈالر کی پروڈکٹس برآمد کیں جو پاکستانی کرنسی میں 4.8 بلین روپے ہے (مالی سال 2023 میں: 20.4 بلین امریکی ڈالر اور پاکستانی روپے میں 5.0 بلین روپے)۔ اہم عالمی مارکیٹس میں خاص طور پر بلڈنگ اور تعمیراتی شعبہ جات کی طلب میں کمی کی وجہ سے برآمدی فروخت کو بری طرح متاثر کیا۔ متعدد عالمی اور ملکی سطح پر مخصوص چیلنجز کے باوجود آپ کی کمپنی عالمی سطح پر نئی مارکیٹس کی تلاش میں ثابت قدم رہی ہے۔ آئی آئی ایل نے پاکستان کے سب سے بڑے برآمد کنندہ میں اپنی حیثیت کو برقرار رکھا اور اس سلسلے میں مسلسل تین سو مرتبہ FPCCI Best Export Performance Award 2023 اپنے نام کیا۔

IIL Australia Pty Limited، میلبورن، آسٹریلیا

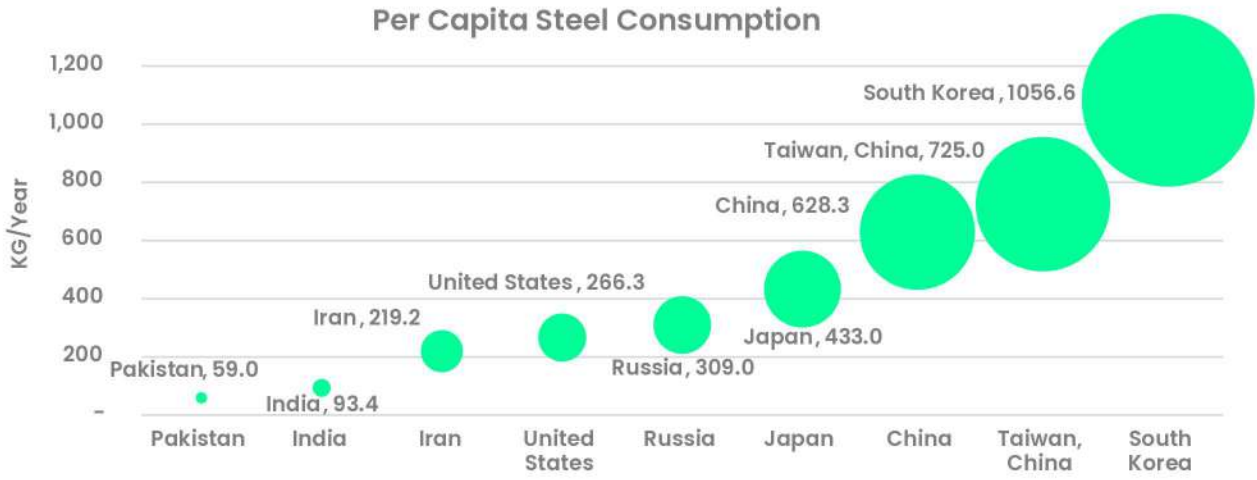
IIL، IIL Australia کی ایک ذیلی کمپنی ہے جو عالمی درجہ کی مارکیٹ میں ایک مستحکم برآمدی مقام کی حیثیت رکھتی ہے۔ آسٹریلیا کی معیشت کی عمومی سست روی اور آسٹریلیا اور انڈیا کے مابین آزادانہ تجارتی معاہدے کے تحت درآمد کی جانے والی کم قیمت ہندوستانی مصنوعات کی جانب کاروباری توجہ کی وجہ سے اس مارکیٹ میں فروخت کا حجم کم رہا۔ مجموعی فروخت کم ہو کر 8.9 بلین امریکی ڈالر (مالی سال 2023 میں 15.9 امریکی ڈالر) رہ گئی۔

IIL Australia اپنے کاروبار کی توسیع کیلئے ویلیو ایڈڈ آمدنی کے مواقع تلاش کر رہا ہے اور اسے آسٹریلیا کی مارکیٹ میں اہم سپلائر کی حیثیت پر مستحکم رہنے پر اعتماد ہے۔

IIL Americas Inc.، ٹورنٹو، کینیڈا

IIL Americas بھی 100 فیصد ذیلی کمپنی ہے جو شمالی امریکہ میں IIL کیلئے برآمدات کے نئے امکانات کی تلاش میں مسلسل مصروف عمل ہے۔ زیر جائزہ سال کے دوران میں، اینٹی ڈمپنگ ڈیوٹیز اور کینیڈا ہارڈ سروسز ایجنسی (CBSA) کی جانب سے قیمتوں کے جائزے کی بناء پر ہمیں بعض انتہائی منافع بخش شعبہ جات میں اپنے مقررہ حجم کی حد کو روکنا پڑا۔ زیر جائزہ سال کے دوران میں IIL Americas نے 8.2 بلین یو ایس ڈالر کی سیلز کیں (مالی سال 2023: 12.1 بلین یو ایس ڈالر)۔

ورلڈ اسٹیل ایسوسی ایشن کا 2023 کے لیے اسٹیل کے استعمال کا اندازہ عالمی اوسط تقریباً 219 کلوگرام فی کس ظاہر کرتا ہے۔ پاکستان ایک اندازے کے مطابق 59 کلوگرام فی کس کے حساب سے عالمی اوسط سے کافی نیچے ہے، جو کہ بنیادی ڈھانچے کے اخراجات کو بڑھانے کی ضرورت اور اسٹیل مینوفیکچرنگ اور پروسیسنگ کی گھریلو صنعت میں ترقی کے امکانات دونوں کی نشاندہی کرتا ہے۔



اسٹیل ٹیوب اور پائپ انڈسٹری

انٹرنیشنل ٹیوب ایسوسی ایشن کے مطابق، اسٹیل ٹیوب اور پائپس کی عالمی پیداوار گزشتہ سال تقریباً 167 ملین ٹن تھی (سال بسال 12.3 فیصد اضافہ)، جو کہ عالمی سطح پر خام اسٹیل کی کل پیداوار کا تقریباً 9 فیصد ہے۔ ویلڈڈ ٹیوبز اور پائپس کی شراکت کل تیار کردہ ٹیوبس اور پائپس کا 70 فیصد ظاہر کرتا ہے، جب کہ بے جوڑ پائپ پیداوار کا 30 فیصد حصہ ظاہر کرتا ہے۔ اسٹیل کی پیداوار میں چینی سرفہرست ہیں، جن کا حصہ 94 ملین ٹن اسٹیل ہے۔

پاکستان کی اسٹیل ٹیوبز اور پائپ مارکیٹ کا حجم گزشتہ سال 725,000 میٹرک ٹن سے کم ہو کر تقریباً 625,000 میٹرک ٹن رہ گیا، جبکہ مجموعی طور پر ملکی سطح پر اسٹیل مصنوعات کی مارکیٹ کا تخمینہ 9-10 ملین ٹن کے درمیان تھا۔ گھریلو اسٹیل ٹیوب اور پائپ مارکیٹ کئی ٹکنوں میں بیٹھ ہوئی ہے جو بنیادی طور پر ملک بھر میں پھیلے ہوئے بہت سے چھوٹے سے درمیانے درجے کے مینوفیکچررز پر مشتمل ہے۔ جبکہ مجموعی طور پر پائپ کے شعبے نے منفی نمو ریکارڈ کی، شعبے کی چٹائی پر نمایاں نمود کیے میں آئی ہے کیونکہ کسٹمر کا انتخاب معیاری مصنوعات کے مقابلے میں کم درجے کے چائیز میٹریل سے بنے زیادہ کم خرچ اور کم معیار کے پائپس ہیں۔

پولیمرز

پاکستان میں پولیمر پائپ کی مارکیٹ میں اضافہ ہو رہا ہے، جس کی وجہ بنیادی ڈھانچے کی تعمیر، شہر کاری اور زرعی ضروریات ہیں۔ PVC اور PE پائپ اپنی وسیع رینج اور کم لاگت کے فوائد کی وجہ سے مارکیٹ پر اپنی مستحکم حیثیت قائم رکھی ہے، جبکہ CPVC، PP، اور PB پائپ مختلف صنعتی اور خصوصی استعمالات میں مخصوص ضروریات کو پورا کرتے ہیں۔

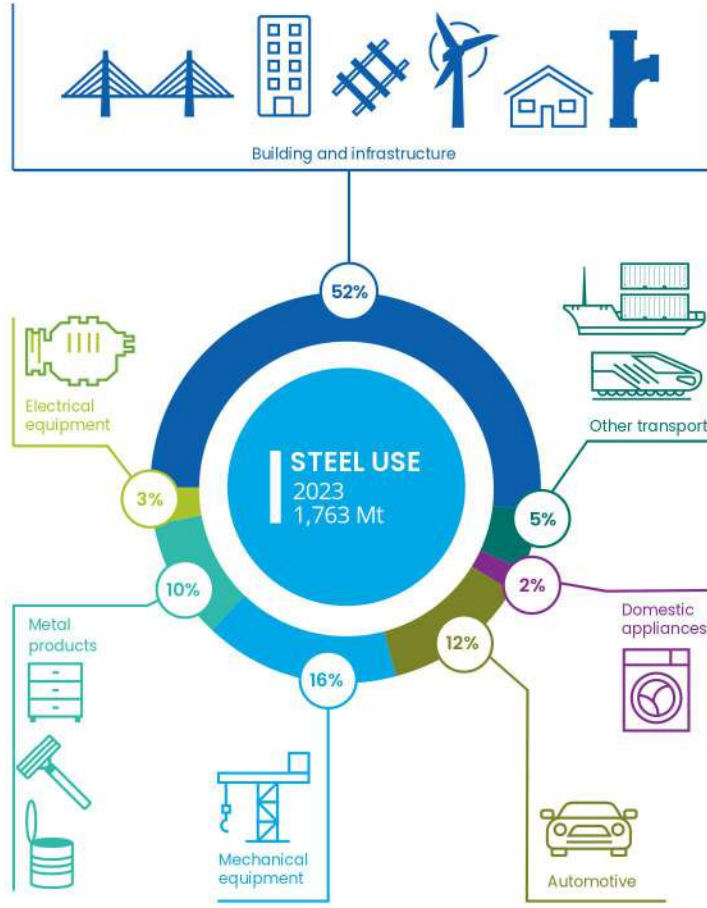
ہمارا پولیمر شعبہ پانی اور گیس کی ترسیل اور تقسیم کے علاوہ ٹیلی کمیونیکیشن اور ڈکننگ میں استعمال کے لیے پائپ اور فٹنگز تیار کرتا ہے۔ اس شعبے نے گزشتہ دس سال کے عرصے میں حجم اور منافع دونوں لحاظ سے مسلسل ترقی کا مظاہرہ کیا ہے۔ اس شعبے میں مسلسل توسیع کی حکمت عملی کے ساتھ، کمپنی اس شعبے میں اپنی صلاحیت اور رسائی کو بڑھانے کے لیے پرعزم ہے۔

حکمت عملی، مقاصد اور اہم کارکردگی کے اشارے

III نے ہمیشہ بہترین عالمی طریقہ عمل کو اپناتے ہوئے اپنے اسٹیک ہولڈرز کو بہترین منافع پہنچانے کے مشن پر عمل درآمد کو یقینی بناتا ہے۔ کمپنی ملک کی ٹیوبز اور پائپس کی صنعت میں قائدانہ کردار ادا کر رہی ہے اور صارفین کی پسند کو دو چند کرنے اور شیئر ہولڈرز کو زیادہ سے زیادہ منافع پہنچانے کیلئے پروڈکٹس اور طریقہ کار کو بہتر سے بہتر بنانے میں مسلسل کوشاں ہے۔ III کی حکمت عملی کے لوازم، مقاصد اور اہم کارکردگی کے اشاریے صفحہ نمبر 96 پر دیکھے جاسکتے ہیں۔

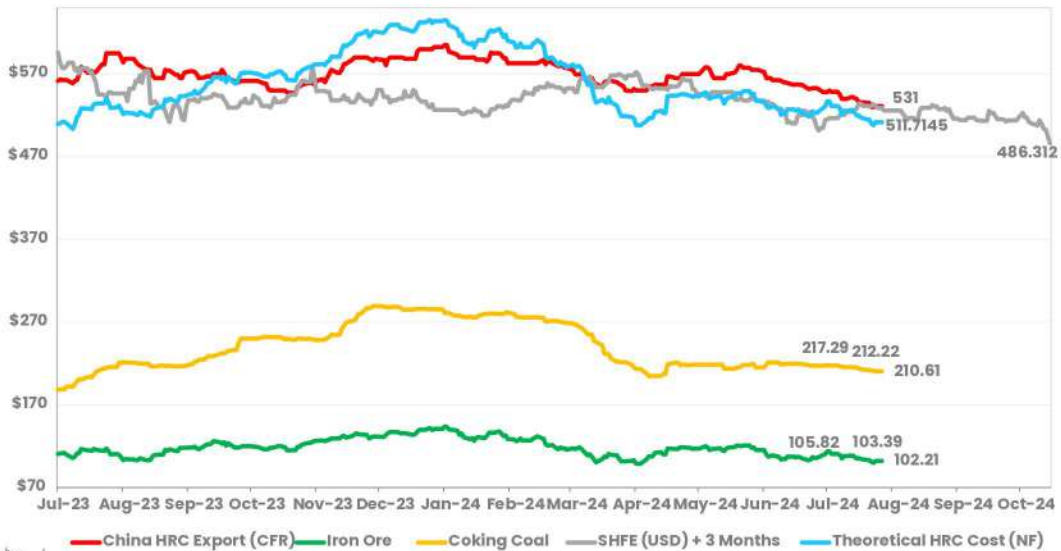
## اسٹیل کا استعمال

اسٹیل کا استعمال مختلف صنعتوں میں انتہائی وسیع ہے اور لامحدود ری سائیکل کی وجہ سے مستحکم حیثیت رکھتا ہے۔ اسٹیل کی صنعت کا عالمی معیشت کی ترقی میں زبردست حصہ ہے جو کہ مختلف صنعتوں اور دیگر نوعیت کے صارفین سے ظاہر ہوتا ہے، جیسا کہ زیر جائزہ سال کے لیے نیچے دیے گئے گراف میں دکھایا گیا ہے:

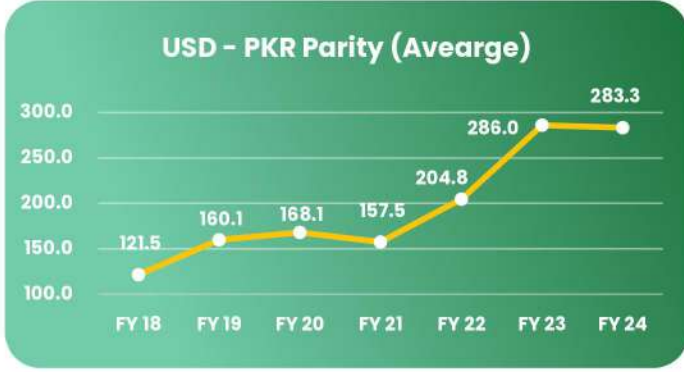
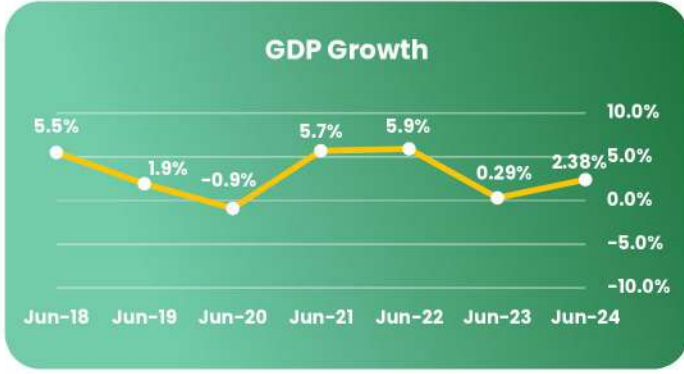


ماخذ: عالمی اسٹیل ایسوسی ایشن

عالمی سطح پر دھاتوں اور اسٹیل کی کارکردگی 2024 میں سست روی کا شکار ہے۔ یہ پیشین گوئی کی گئی ہے کہ عالمی سطح پر دھاتوں اور اسٹیل کی پیداوار، اعلیٰ ہاٹ رولڈ کوائل (HRC) کی قیمتوں کے ساتھ، متوقع عالمی طور پر کم طلب کے پیش نظر 2025 میں بھی کم رہے گی۔



ماخذ: عالمی اسٹیل ایسوسی ایشن



ماخذ: پاکستان کا اقتصادی جائزہ 2024

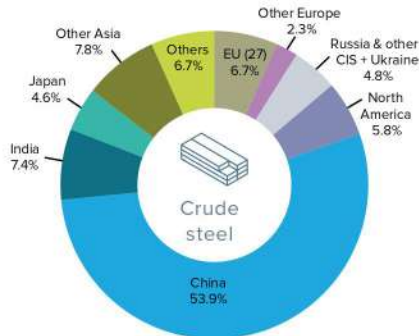
عالمی اسٹیل کا منظر نامہ

زیر جائزہ سال کے دوران، عالمی اسٹیل مارکیٹوں کو مختلف چیلنجز کا سامنا ہوا، بشمول روس-یوکرین تنازعہ کی وجہ سے سپلائی چین میں خلل، عالمی افراط زر کا دباؤ جس کی وجہ سے مائیکرو پالیسی میں سختی، اور مشرق وسطیٰ میں شدید جغرافیائی سیاسی تناؤ کی وجہ سے تیل کی قیمتوں میں شدید اضافہ ہوا۔ چین کی سب سے بڑی مارکیٹ میں چینی تعمیراتی شعبے کی کوششوں کے باعث اسٹیل کی مصنوعات کی طلب اور رسد موجود کا شکار رہیں، جس کی وجہ سے اسٹیل کی معیشت عالمی سطح پر ماند پڑ گئی۔ مال برداری کے اخراجات میں اضافے نے اسٹیل کی قیمتوں پر دباؤ کو مزید بڑھا دیا۔

دنیا میں خام اسٹیل کی پیداوار کا تخمینہ مالی سال 2023 میں 1.9 بلین میٹرک ٹن (MT) لگایا گیا تھا، جو تقریباً پچھلے سال کے برابر تھا۔ چین نے عالمی سطح پر خام اسٹیل کی پیداوار میں 54.0 فیصد پر اپنا کردار برقرار رکھا۔ دوسرے بڑے مقابلے انڈیا 4.7 فیصد (141 میٹرک ٹن)، جاپان 4.6 فیصد (87 میٹرک ٹن)، امریکہ 4.3 فیصد (81 میٹرک ٹن) اور روس 4.0 فیصد (76 میٹرک ٹن) شامل ہیں۔

### Crude steel production

World total: 1,892 million tonnes



Others comprise:

Africa	1.3%	South America	2.2%
Middle East	2.9%	Australia and New Zealand	0.3%

ماخذ: عالمی اسٹیل ایسوسی ایشن

## ملکی معیشت

حالیہ برسوں میں بڑے چیلنجز کا مسلسل سامنا رہا۔ پاکستان کی معیشت میں مالی سال 2021 اور 2022 میں متاثر کن ترقی دیکھی گئی کیونکہ COVID-19 کی پابندیوں میں نرمی کے باعث پوشیدہ طلب نے معیشت کو فروغ دینے کا موقع دیا۔ تاہم، مالی سال 2023 میں سیاسی عدم استحکام، بلند شرح انٹرنسٹ اور غیر ملکی کرنسی میں تعطل کے بعد آنے والے تباہ کن سیلاب نے اس معاشی رفتار کو روکا جس کی وجہ سے اقتصادی ترقی کی شرح 0.29 فیصد تک ہی رہی۔ مالی سال 2024 میں معیشت میں 2.38 فیصد کی سست رفتار سے بہتری آئی جبکہ مالی سال 2025 میں 3.5 فیصد کی شرح نمو متوقع ہے۔

صنعت کاری اور کان کنی		ترقی اور سرمایہ کاری	
چھوٹے سے درمیانے درجے کی انڈسٹری میں اضافے کی شرح (0.1%)	ٹیکسٹائل گروٹھ (8.3%)	جی ڈی پی کا اضافہ 2.38%	زراعت 6.25%
ملبوسات (5.4%)	فرنیچر (23.1%)	انڈسٹری 1.21%	خدمات 1.21%
چمڑے کی مصنوعات (5.3%)	کھاد (16.4%)	فی کس آمدنی 1,680 امریکی ڈالرز	سرمایہ کاری بطور جی ڈی پی کا فیصد 13.1%
ادویات سازی (23.2%)	کان کنی اور کھدائی (4.9%)	سیونگ 13.0%	

ماخذ: پاکستان کا اقتصادی جائزہ 2024

پاکستان کے معاشی جائزے 2023-24 کے مطابق زرعی شعبے میں زبردست ترقی ہوئی جو معیشت کے استحکام کی راہ ہموار کر رہی ہے۔ سخت مالیاتی پالیسی اور IMF کے اسٹینڈ بائی اریجنٹ (SBA) کی کامیاب تکمیل نے معاشی استحکام کو بحال کرنے میں اہم پیش رفت کی ہے۔

بہتر معاشی سرگرمی اور مستحکم شرح مبادلہ نے زیر جائزہ مدت میں فی کس آمدنی کو 1,680 امریکی ڈالر تک بڑھانے میں کلیدی کردار ادا کیا ہے جو کہ گزشتہ مدت کے اسی عرصے میں 1,551 امریکی ڈالر تھا۔ جولائی تا اپریل مالی سال 2024 کی مدت کے لیے سی پی آئی افراتر 26.0 فیصد ریکارڈ کیا گیا جو کہ گزشتہ سال کی اسی مدت کے دوران 28.2 فیصد تھا اور اب اس میں مسلسل کمی واقع ہو رہی ہے۔

صنعتی شعبے کی کارکردگی کا زیادہ تر انحصار مینوفیکچرنگ پر ہے، جو کہ صنعت کا 65.3 فیصد ہے۔ چھوٹے پیمانے کی صنعت میں 9.08 فیصد اور گوشت کی صنعت میں 6.63 فیصد کی صحت منداضافے کی وجہ سے مینوفیکچرنگ سیکٹر میں 2.42 فیصد اضافہ ہوا۔ تاہم، بڑے پیمانے پر مینوفیکچرنگ (LSM) نے جدوجہد جاری رکھی کیوں کہ زرمبادلہ کی کمی کی وجہ سے درآمدات پر پابندیوں نے درآمد شدہ خام مال کی دستیابی کو محدود کر دیا، جس کے ساتھ ساتھ قرضے کی بلند قیمت اور توانائی کی قیمتوں میں اضافے کے باعث سرگرمیاں محدود ہو گئیں۔ آٹوموبائل سیکٹر میں 2023 میں 42.2 فیصد کے مقابلے میں 37.4 فیصد کی ہوئی۔

زیر جائزہ مدت کے دوران آئرن اینڈ اسٹیل کی پیداوار میں 2.2 فیصد کمی واقع ہوئی ہے جو کہ گزشتہ سال اسی عرصے میں 4.0 فیصد کی منفی نمو کے مقابلے میں ہے، جو کہ تعمیرات سے متعلقہ شعبوں کی جانب سے کم طلب کی نشاندہی کرتا ہے۔ اسٹیل کی صنعت کے بڑے چیلنجز میں توانائی کے بڑھتے ہوئے اخراجات، درآمد شدہ خام مال، شپنگ زیادہ لاگت اور درآمدی مصنوعات کے ڈائل ہونے کا خطرہ شامل ہیں۔ کمپلیمنٹری صنعتوں جیسے آٹوموبائل، برقی آلات، بھاری اور ہلکی مشینری کی کم طلب کے نتیجے میں فلیٹ اسٹیل کا استعمال کم ہوا ہے۔

افسوس کی بات یہ ہے کہ فاٹا/پاٹا کے علاقوں کو بدعنوان عناصر کی طرف سے دی گئی ٹیکس چھوٹ کے غلط استعمال نے صنعت کے ساتھ ساتھ حکومتی محصولات کو بھی شدید نقصان پہنچایا ہے۔



## ڈائریکٹرز کی رپورٹ

انٹرنیشنل انڈسٹریز لمیٹڈ کے ڈائریکٹرز اپنی رپورٹ، مع کمپنی کے آڈٹ شدہ مالیاتی اسٹیٹمنٹس برائے سال ختم شدہ 30 جون 2024 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

بورڈ کی تشکیل اور مشاہرے

بورڈ اور اس کی ذیلی کمیٹیوں کی تشکیل کی تفصیل سالانہ رپورٹ کے صفحات 209 اور 200 (کارپوریٹ گورننس) پر دی گئی ہے۔ کمپنی کے ڈائریکٹرز کے مشاہرے کیلئے پالیسیز اور طریقہ کار کی تفصیلات، کمپنیز ایکٹ 2017 اور سڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت (غیر مجموعی مالیاتی اسٹیٹمنٹس کے نوٹ 38) پر درج ہیں۔

عالمی معاشی منظر نامہ

2023-24 کے دوران عالمی معیشت کی صورتحال غیر یقینی رہی تاہم جمود اور عالمی معاشی بحران کے امکان کو بڑی حد تک رد کر دیا گیا۔ قریبی مدت کے عوامل کی وجہ سے اقتصادی ترقی سست روی کا شکار رہی، جس کی وجہ قرض کے زیادہ اخراجات اور مالی امداد سے دستبرداری، اور COVID-19 وبائی امراض کے طویل مدتی اثرات، یوکرین پر روس کا حملہ، غزہ اور اسرائیل میں تنازع، پیداواری نمویں سست روی، اور بڑھتی ہوئی تجارتی اور علاقائی حد بندیاں ہیں۔

کچھ امید افزا امکانات ہیں کہ عالمی معیشت کی صورتحال بہتر ہونا شروع ہوگی ہے، تاہم نمویں معمولی اضافہ ہو رہا ہے۔ سخت مالیاتی حالات کے باعث افراط زر میں کمی واقع ہو رہی ہے جس کی وجہ سے نجی شعبے کا اعتماد بہتر ہو رہا ہے۔ لیبر مارکیٹس میں طلب اور رسد کا عدم توازن کم ہو رہا ہے، بے روزگاری میں ریکارڈ حد تک کمی واقع ہو رہی ہے۔

آئی ایم ایف نے 2024 میں عالمی شرح نمو 3.2 فیصد اور 2025 میں 3.3 فیصد رہنے کی پیش گوئی کی ہے اور عالمی سطح پر افراط زر 2024 میں 5.9 فیصد اور 2025 میں 4.5 فیصد رہے گا۔ IMF کے تجزیے کے مطابق آئندہ پانچ سال کے عرصے میں معاشی نمو کی رفتار سست رہے گی اور اس کے ساتھ ساتھ محتاط مالیاتی پالیسیز، قرضوں کے استحکام کے لیے بجٹ، ساختی اصلاحات، کثیرالجہتی اور تعاون پر مبنی ماحولیاتی حل تجویز کرتا ہے۔



ماخذ: بین الاقوامی مالیاتی فنڈ عالمی اقتصادی رپورٹ، جولائی 2024

# SECTION 7.0

## IT GOVERNANCE AND CYBERSECURITY

Enforcement of Legal and Regulatory Implications of Cyber Risks  
IT Governance and Cybersecurity Programs, Policies, and  
Procedures  
Cybersecurity Management  
Early Warning System Procedure  
Disaster Recovery Plan (DRP)  
Training Efforts to Mitigate Cybersecurity Risks  
Digital Transformation and Automation



# IT GOVERNANCE AND CYBERSECURITY

## **Enforcement of Legal and Regulatory Implications of Cyber Risks**

ILL is steadfast in its commitment to enforcing legal and regulatory implications of cyber risks, ensuring the highest standards of compliance and data protection. Through regular risk assessments, audits, and training programs, we identify and mitigate potential vulnerabilities, safeguarding sensitive information and maintaining stakeholder trust. Our dedicated team continuously monitors and reviews evolving legal and regulatory requirements, implementing cutting-edge security technologies and solutions to stay ahead of emerging threats. By prioritizing compliance with relevant laws and regulations, ILL demonstrates its unwavering dedication to protecting its digital landscape and upholding the integrity of its operations.

## **IT Governance and Cybersecurity Programs, Policies, and Procedures**

ILL maintains a robust IT governance and cybersecurity framework, ensuring the continuity of IT services and data integrity. Our comprehensive policies and procedures govern physical and virtual access to information, safeguarding sensitive data from unauthorized access.

Regularly reviewed and updated, these policies and procedures align with industry best practices and regulatory requirements, providing a secure foundation for our IT operations. Through strict access controls, encryption, and monitoring, we protect our digital assets and maintain the confidentiality, integrity, and availability of our information. ILL's commitment to IT governance and cybersecurity excellence enables us to mitigate risks, respond to threats, and uphold the trust of our stakeholders.

## **Cybersecurity Management**

ILL's Board actively collaborates with the management team to address cybersecurity risks. This involves ongoing discussions, routine reporting, comprehensive risk assessments, effective oversight activities, education initiatives, and training programs. This approach ensures a robust and cooperative effort with the Company's management team in managing risks, as well as establishing efficient reporting mechanisms.

## **Early Warning System Procedure**

The Company has deployed a robust AI-based early warning system to detect and respond to cybersecurity risks and incidents. By leveraging advanced monitoring tools, potential threats and vulnerabilities are swiftly identified and addressed. Furthermore, the Company remains committed to consistently reviewing and enhancing its controls and procedures to proactively counter evolving cybersecurity threats.

## **Disaster Recovery Plan (DRP)**

ILL has established state-of-the-art data centres with primary and DR sites equipped with the most advanced and reliable tools and a comprehensive DRP to ensure business continuity and data loss prevention in the event of disaster or cyber-attack.

The DRP is being periodically tested by practicing DR drills to help enhance the efficacy of recovery procedures and processes to ensure the Company's readiness in terms of infrastructure and team capabilities.

### **Training Efforts to Mitigate Cybersecurity Risks**

ILL conducts regular cybersecurity awareness training programs to educate employees on identifying and mitigating cyber threats. These comprehensive trainings cover topics such as phishing, password management, data protection, and safe internet practices, empowering employees to become the first line of defence against cyber attacks. By promoting a culture of cybersecurity awareness, we ensure that our employees are equipped to recognize and respond to potential security threats, protecting sensitive information, customer data, and intellectual property. Our training programs are regularly updated to address emerging threats and vulnerabilities, ensuring that our employees are always informed and vigilant.

### **Digital Transformation and Automation**

In alignment with our strategic objectives, ILL has embarked on a digital transformation journey. A pivotal milestone in this endeavour is the successful implementation of a cutting-edge digital logistics platform, designed to streamline efficiency, enhance collaboration, and drive growth.

In alignment with our strategic objectives, ILL has embarked on a digital transformation journey. A pivotal milestone in this endeavour is the successful implementation of a cutting-edge digital logistics platform, engineered to boost efficiency, foster collaboration, and fuel growth. This cloud-based solution enables seamless interaction and data sharing among Logistics, Transporters, and Finance teams, ensuring that vital logistics information is centralized, easily accessible, and actionable, thereby optimizing efficiency across the entire logistics spectrum.

Through the automation of manual processes and real-time visibility, we have achieved significant reductions in errors, substantial productivity gains, and enhanced customer satisfaction. The platform's key features include automated freight cost calculation, based on factors such as product type, mileage, and vehicle type, as well as real-time GPS tracking of dispatched trips, guaranteeing timely delivery and exceeding customer expectations, which reinforces ILL's unwavering commitment to customer-centricity.

# SECTION 8.0

## Future Outlook

Market and Economic Projections  
Alignment with Previous Year's Forward-Looking Disclosures  
Status of Ongoing Projects and Initiatives  
Sources of Information and Assumptions  
Research & Development (R&D) Initiatives  
Forward-Looking Statement



# Future Outlook

The year ahead presents a complex landscape marked by both opportunities and challenges for IIL. Building on the insights gained from the previous year, our forward-looking statement for FY 2024-25 encapsulates the anticipated trends, uncertainties, and strategic initiatives that will shape our business trajectory.

## Market and Economic Projections

### Global and Domestic Economic Environment:

The global economy is anticipated to experience modest growth of 3.2% in 2024 and 3.3% in 2025, as forecasted by the International Monetary Fund (IMF). This outlook is tempered by persistent uncertainties, including geopolitical tensions, supply chain disruptions, and inflationary pressures. Domestically, Pakistan's economy is projected to grow by 3.5% in FY 2025, reflecting gradual recovery from the previous year's sluggish growth rate of 2.38%. Despite these improvements, the domestic market will continue to face challenges such as high interest rates, currency volatility, and a constrained fiscal environment. The steel industry, a key sector for IIL, is expected to remain under pressure due to the high costs of energy and raw materials, coupled with low demand from the construction and automotive sectors.

### Sector-Specific Trends:

In the global steel market, a continuation of subdued demand and stagnant production levels is expected. The World Steel Association anticipates that global steel production will remain flat, while steel prices may experience downward pressure due to excess capacity and weak demand in key markets like China. In Pakistan, steel consumption remains significantly below the global average, highlighting the need for enhanced infrastructure spending to stimulate growth in the domestic steel industry. The local polymer market, driven by urbanization and infrastructure development, is expected to see continued growth, with IIL's polymer segment poised to capitalize on these trends.

## Alignment with Previous Year's Forward-Looking Disclosures

In the previous year, IIL anticipated several challenges, including political instability, environmental disasters, and economic pressures such as high inflation and currency depreciation. The company's proactive investments in solar energy infrastructure and improvements in working capital management have proven prescient, allowing IIL to mitigate some of these challenges effectively. The completion of 4MW of solar energy capacity reflects our commitment to reducing energy costs and enhancing sustainability.

## Status of Ongoing Projects and Initiatives

### Solar Energy Expansion:

IIL's investment in solar energy of 4MW capacity is now operational. This initiative not only supports our sustainability goals but also reduces dependency on expensive grid electricity, thereby enhancing our cost competitiveness.

### Market Expansion and Diversification:

The company's efforts to extend its market reach, particularly through its Construction Solutions arm and overseas subsidiaries, are progressing as planned. IIL Construction Solutions has successfully executed projects using innovative formworks and scaffolding, and the integration of this business into the parent company is expected to streamline operations and enhance profitability. Meanwhile, our international subsidiaries in Australia and Canada continue to explore new opportunities, despite facing market-specific challenges.

### Product Line Enhancements:

IIL has successfully expanded its product range, particularly in the high-value stainless steel and uPVC segments. The uPVC plant is now fully operational, with the IIL brand gaining significant market traction. Our focus on producing high-quality, standard-compliant products continues to differentiate us in the market, particularly in the polymer segment where inferior quality products are prevalent.



## Sources of Information and Assumptions

The projections and forecasts presented in this forward-looking statement are based on a comprehensive analysis of macroeconomic indicators, industry reports, and internal performance metrics. Key sources include the IMF World Economic Outlook, the Economic Survey of Pakistan, and industry-specific data from the World Steel Association. Additionally, IIL has collaborated with external consultants to validate its assumptions, particularly regarding energy costs, market demand, and competitive dynamics in the steel and polymer sectors. These collaborations ensure that our projections are grounded in robust data and aligned with industry best practices.

## Research & Development (R&D) Initiatives

Looking ahead, IIL remains committed to innovation and continuous improvement through its R&D initiatives. The company plans to invest in new technologies aimed at enhancing product quality, reducing production costs, and increasing operational efficiency. Key areas of focus include the development of advanced steel alloys, the optimization of manufacturing processes for greater energy efficiency, and the exploration of new applications for polymer products. These initiatives are expected to yield significant long-term benefits, including the introduction of new products and the enhancement of existing ones, thereby strengthening IIL's competitive position in the market.

## Forward-Looking Statement

Looking forward, IIL remains cautiously optimistic about its performance for the upcoming fiscal year. Despite the challenging economic environment, the company is well-positioned to capitalize on its strategic initiatives and market opportunities. We anticipate moderate growth in our core steel and polymer segments, driven by a recovery in the domestic construction sector and continued urbanization.

However, we remain vigilant of potential risks, including geopolitical uncertainties, fluctuations in raw material prices, and macroeconomic volatility. To mitigate these risks, IIL will continue to focus on enhancing operational efficiencies, investing in sustainable energy solutions, and expanding its product portfolio.

We expect our solar energy investments to contribute significantly to cost savings and sustainability goals, aligning with our commitment to environmental responsibility. Additionally, our ongoing efforts to optimize our supply chain and explore new markets are expected to yield positive results in the medium to long term.

The projections and forecasts outlined are based on our current understanding of the market dynamics and are subject to change based on evolving conditions. We remain committed to providing timely updates to our stakeholders as we navigate the complexities of the global and domestic business environment.

### Sources:

1. *International Monetary Fund (IMF) World Economic Outlook, July 2024.*
2. *Economic Survey of Pakistan 2023-24.*
3. *World Steel Association, 2024 Global Steel Market Report.*
4. *Internal company reports and external consultancy inputs.*

# SECTION 9.0

## ANALYSIS OF THE FINANCIAL INFORMATION

### **Unconsolidated Financial Highlights**

Financial Highlights  
Statement of Financial Position  
Statement of Profit or Loss  
Statement of Cash Flows  
Graphical Presentation  
Key Financial Indicators  
Free Cash Flow  
Economic Value Added  
Comments on Six-Year Analysis  
Dupont Analysis  
Quarterly Performance Analysis  
Statement of Value Addition  
Performance at a Glance  
Statement of Cash Flows – Direct Method  
Forward-Looking Statement

### **Unconsolidated Statements**

Auditors' Report to the Members  
Unconsolidated Statement of Financial Position  
Unconsolidated Statement of Profit or Loss  
Unconsolidated Statement of Comprehensive Income  
Unconsolidated Statement of Changes in Equity  
Unconsolidated Statement of Cash Flows  
Notes to the Unconsolidated Financial Statements

### **Consolidated Financial Highlights**

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# SECTION 9.1

## Unconsolidated Financial Highlights

### **Unconsolidated Financial Highlights**

Financial Highlights

Statement of Financial Position

Statement of Profit or Loss

Statement of Cash Flows

Graphical Presentation

Key Financial Indicators

Free Cash Flow

Economic Value Added

Comments on Six-Year Analysis

Dupont Analysis

Quarterly Performance Analysis

Statement of Value Addition

Performance at a Glance

Statement of Cash Flows – Direct Method

Forward-Looking Statement



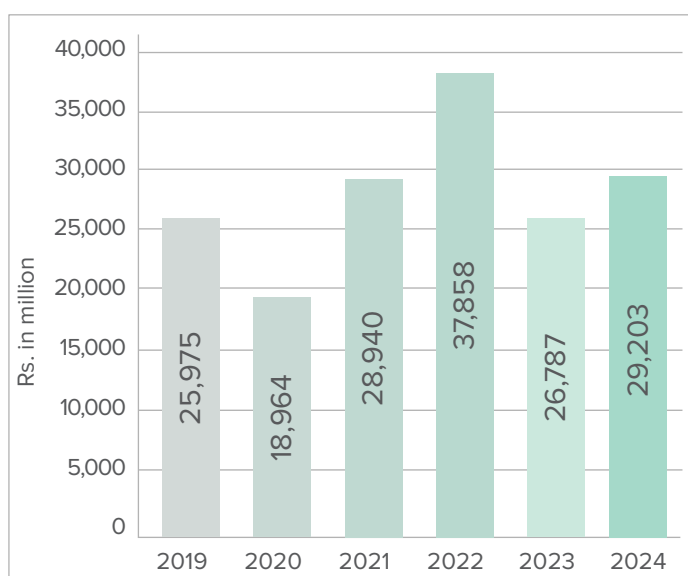
# FINANCIAL HIGHLIGHTS

Revenue from contracts with customer  
 Gross Profit  
 Property, Plant & Equipment  
 Shareholders equity  
 Book Value per share (Rupees)

2024	2023	Change %
(Rupees in million)		
29,203	26,787	9.0
3,839	3,422	12.2
12,246	9,934	23.3
18,428	15,249	20.8
139.73	115.63	20.8

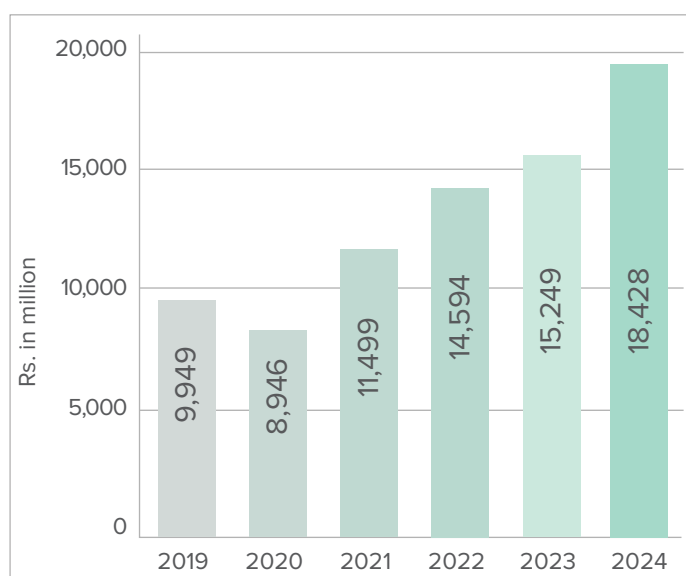
## BUSINESS GROWTH

Revenue from Contracts with Customer

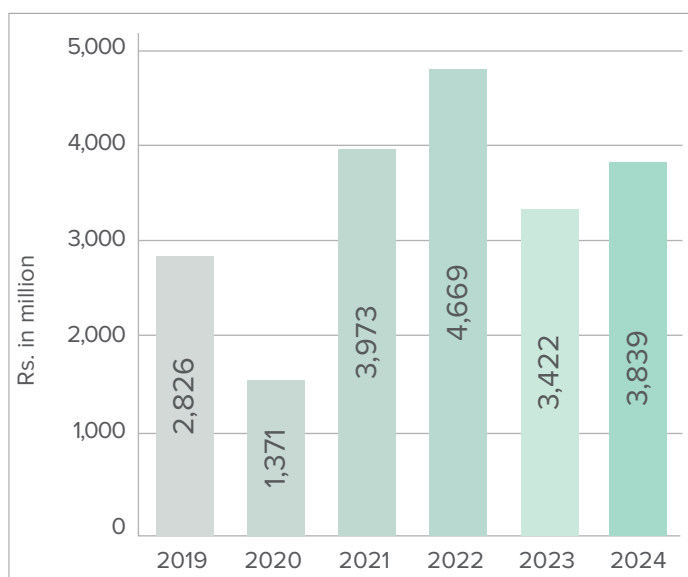


## SHARE HOLDER VALUE ACCRETION

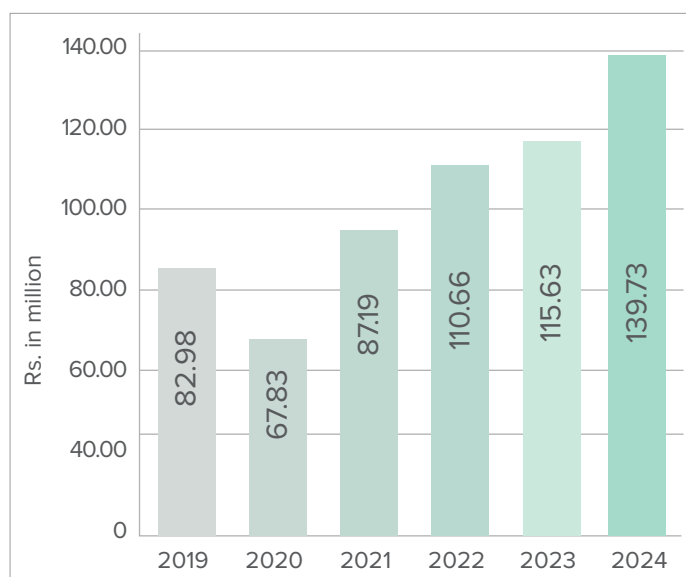
Shareholders' Equity



Gross Profit



Book Value Per Share



# ANALYSIS OF FINANCIAL STATEMENTS

## Statement of Financial Position

	2024	2023	2022	2021	2020	2019
	(Rupees in million)					
Property, plant and equipment	12,246	9,934	9,984	7,480	7,081	7,360
Investments	3,373	3,373	3,373	3,373	3,295	3,277
Other non current assets	41	4	4	281	5	7
Current assets	15,977	20,645	22,935	17,657	12,758	14,683
<b>Total assets</b>	<b>31,638</b>	<b>33,956</b>	<b>36,296</b>	<b>28,791</b>	<b>23,140</b>	<b>25,327</b>
Shareholders' equity	18,428	15,249	14,594	11,499	8,946	9,949
Non current liabilities	3,380	4,287	1,867	2,418	1,960	2,156
Current portion of long term financing	615	609	1,079	889	411	291
Short term borrowings	5,086	7,345	12,637	10,181	9,394	9,425
Other Current liabilities	4,129	6,466	6,118	3,805	2,429	3,506
<b>Total equity &amp; liabilities</b>	<b>31,638</b>	<b>33,956</b>	<b>36,296</b>	<b>28,791</b>	<b>23,140</b>	<b>25,327</b>

### Vertical Analysis

	(Percentage)					
Property, plant and equipment	38.7	29.3	27.5	26.0	30.6	29.1
Investments	10.7	9.9	9.3	11.7	14.2	12.9
Other non current assets	0.1	0.01	0.01	1.0	0.02	0.03
Current assets	50.5	60.8	63.2	61.3	55.1	58.0
<b>Total assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Shareholders' equity	58.2	44.9	40.2	39.9	38.7	39.3
Non current liabilities	10.7	12.6	5.1	8.4	8.5	8.5
Current portion of long term financing	1.9	1.8	3.0	3.1	1.8	1.1
Short term borrowings	16.1	21.6	34.8	35.4	40.6	37.2
Other Current liabilities	13.1	19.0	16.9	13.2	10.5	13.8
<b>Total equity &amp; liabilities</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Horizontal Analysis

	(Percentage)					
Property, plant and equipment	23.3	(0.5)	33.5	5.6	(3.8)	27.6
Investments	0.0	0.0	0.0	2.3	0.5	0.0
Other non current assets	834	1.2	(98.4)	5278.4	(23.9)	(90.4)
Current assets	(22.6)	(10.0)	29.9	38.4	(13.1)	10.0
<b>Total assets</b>	<b>(6.8)</b>	<b>(6.4)</b>	<b>26.1</b>	<b>24.4</b>	<b>(8.6)</b>	<b>12.7</b>
Shareholders' equity	20.8	4.5	26.9	28.5	(10.1)	11.9
Non current liabilities	(21.2)	129.7	(22.8)	23.4	(9.1)	(7.8)
Current portion of long term financing	1.0	(43.6)	21.4	116.3	41.2	60.8
Short term borrowings	(30.8)	(41.9)	24.1	8.4	(0.3)	13.4
Other Current liabilities	(36.1)	5.7	60.8	56.6	(30.7)	27.8
<b>Total equity &amp; liabilities</b>	<b>(6.8)</b>	<b>(6.4)</b>	<b>26.1</b>	<b>24.4</b>	<b>(8.6)</b>	<b>12.7</b>

# ANALYSIS OF FINANCIAL STATEMENTS

## Statement of Profit or Loss

	2024	2023	2022	2021	2020	2019
	(Rupees in million)					
Revenue from contracts with customer	29,203	26,787	37,858	28,940	18,964	25,975
Cost of Sales	(25,364)	(23,365)	(33,189)	(24,967)	(17,593)	(23,149)
<b>Gross Profit</b>	<b>3,839</b>	<b>3,422</b>	<b>4,669</b>	<b>3,973</b>	<b>1,371</b>	<b>2,826</b>
Administrative, Selling and Distribution expenses	(1,841)	(1,808)	(2,966)	(1,825)	(1,112)	(1,443)
Other operating expenses	(70)	(88)	(124)	(189)	(31)	(98)
Other operating income	1,351	3,089	3,261	1,054	580	1,733
<b>Operating profit before financing cost</b>	<b>3,279</b>	<b>4,615</b>	<b>4,839</b>	<b>3,015</b>	<b>809</b>	<b>3,017</b>
Finance cost	(1,473)	(1,732)	(1,182)	(756)	(1,238)	(924)
<b>Profit before levies and income tax</b>	<b>1,806</b>	<b>2,883</b>	<b>3,657</b>	<b>2,259</b>	<b>(430)</b>	<b>2,093</b>
Levies and Income tax	(333)	(610)	(1,501)	56	(264)	(518)
<b>Profit after Taxation</b>	<b>1,473</b>	<b>2,273</b>	<b>2,156</b>	<b>2,315</b>	<b>(694)</b>	<b>1,575</b>

## Vertical Analysis

	(Percentage)					
Revenue from contracts with customer	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales	(86.9)	(87.2)	(87.7)	(86.3)	(92.8)	(89.1)
<b>Gross Profit</b>	<b>13.1</b>	<b>12.8</b>	<b>12.3</b>	<b>13.7</b>	<b>7.2</b>	<b>10.9</b>
Administrative, Selling and Distribution expenses	(6.3)	(6.8)	(7.8)	(6.3)	(5.9)	(5.6)
Other operating expenses	(0.2)	(0.3)	(0.3)	(0.7)	(0.2)	(0.4)
Other operating income	4.6	11.5	8.6	3.6	3.1	6.7
<b>Operating profit before financing cost</b>	<b>11.2</b>	<b>17.2</b>	<b>12.8</b>	<b>10.4</b>	<b>4.3</b>	<b>11.6</b>
Finance cost	(5.0)	(6.5)	(3.1)	(2.6)	(6.5)	(3.6)
<b>Profit before levies and income tax</b>	<b>6.2</b>	<b>10.8</b>	<b>9.7</b>	<b>7.8</b>	<b>(2.3)</b>	<b>8.1</b>
Levies and Income tax	(1.1)	(2.3)	(4.0)	0.2	(1.4)	(2.0)
<b>Profit after Taxation</b>	<b>5.0</b>	<b>8.5</b>	<b>5.7</b>	<b>8.0</b>	<b>(3.7)</b>	<b>6.1</b>

## Horizontal Analysis

	(Percentage)					
Revenue from contracts with customer	9.0	(29.2)	30.8	52.6	(27.0)	(0.6)
Cost of Sales	8.6	(29.6)	32.9	41.9	(24.0)	2.3
<b>Gross Profit</b>	<b>12.2</b>	<b>(26.7)</b>	<b>17.5</b>	<b>189.8</b>	<b>(51.5)</b>	<b>(19.5)</b>
Administrative, Selling and Distribution expenses	1.8	(39.0)	62.6	64.0	(22.9)	(11.5)
Other operating expenses	(19.9)	(29.6)	(34.0)	514.1	(68.8)	(43.0)
Other operating income	(56.3)	(5.3)	209.3	81.7	(66.5)	96.2
<b>Operating profit before financing cost</b>	<b>(29.0)</b>	<b>(4.6)</b>	<b>60.5</b>	<b>272.8</b>	<b>(73.2)</b>	<b>16.5</b>
Finance cost	(15.0)	46.5	56.4	(39.0)	34.0	109.3
<b>Profit before levies and income tax</b>	<b>(37.4)</b>	<b>(21.2)</b>	<b>61.9</b>	<b>625.5</b>	<b>(120.5)</b>	<b>(2.6)</b>
Levies and Income tax	(45.4)	(59.4)	(2,793.6)	(121.1)	(49.0)	(8.6)
<b>Profit after Taxation</b>	<b>(35.2)</b>	<b>5.4</b>	<b>6.9</b>	<b>433.4</b>	<b>(144.1)</b>	<b>(0.4)</b>



# ANALYSIS OF FINANCIAL STATEMENTS

## Statement of Cash Flows

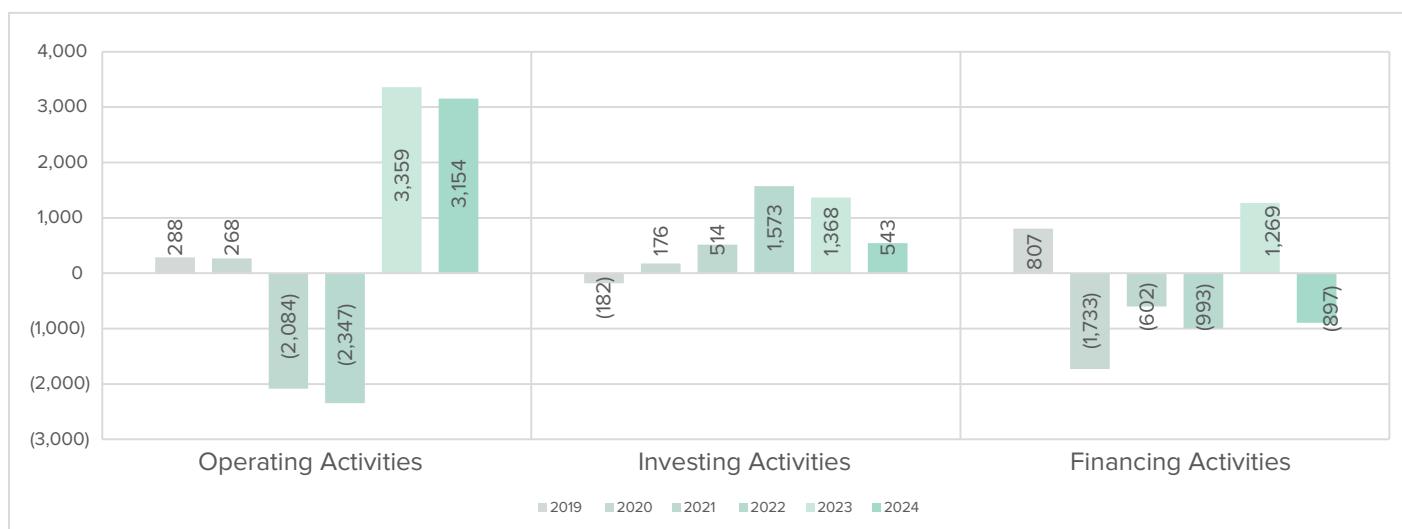
	2024	2023	2022	2021	2020	2019
	(Rupees in million)					
Net cash generated from/(used in) operating activities	3,154	3,359	(2,347)	(2,084)	268	288
Net cash inflows/(outflows) from investing activities	543	1,368	1,573	514	176	(182)
Net cash (outflows)/inflows from financing activities	(897)	1,269	(993)	(602)	(1,733)	807
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,800</b>	<b>5,995</b>	<b>(1,767)</b>	<b>(2,173)</b>	<b>(1,290)</b>	<b>913</b>

### Vertical Analysis

	(Percentage)					
Net cash generated from/(used in) operating activities	(112.7)	(56.0)	132.9	(95.9)	20.8	(31.6)
Net cash inflows/(outflows) from investing activities	(19.4)	(22.8)	89.0	23.6	13.6	20.0
Net cash (outflows)/inflows from financing activities	32.0	(21.2)	(56.2)	(27.7)	(134.4)	(88.4)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(100.0)</b>	<b>(100.0)</b>	<b>(100.0)</b>	<b>(100.0)</b>	<b>(100.0)</b>	<b>(100.0)</b>

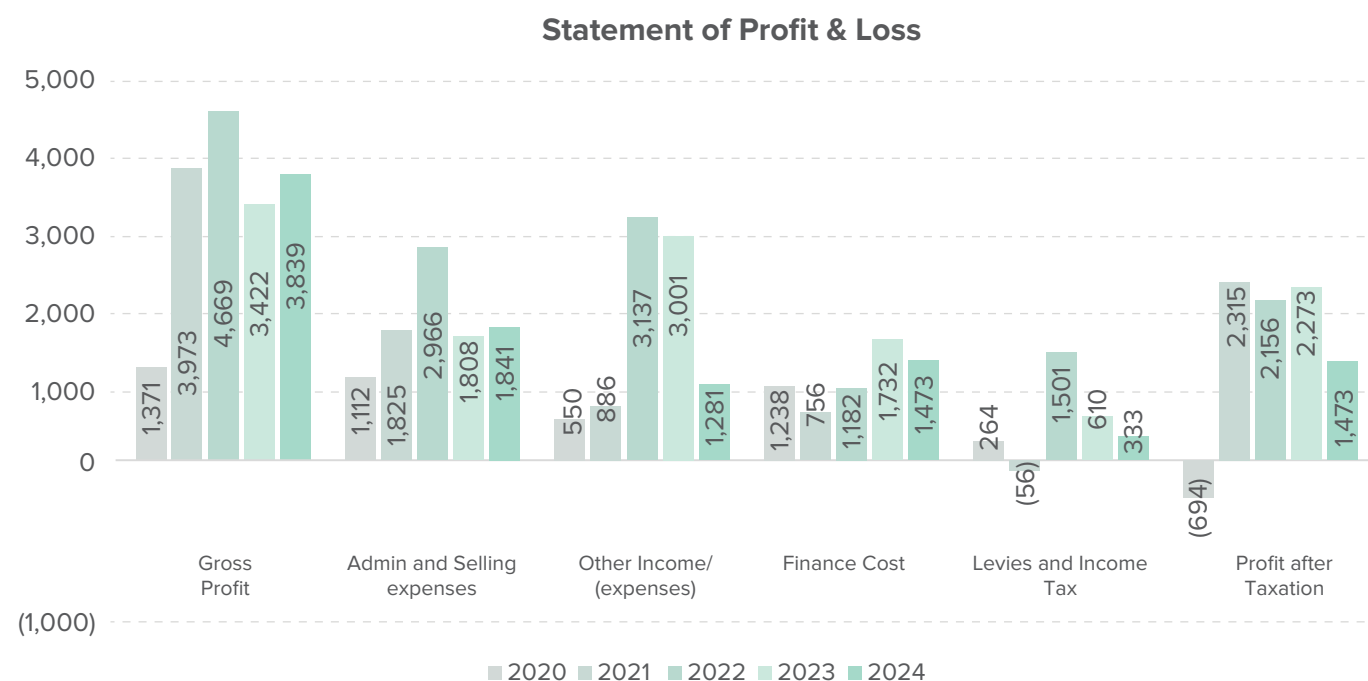
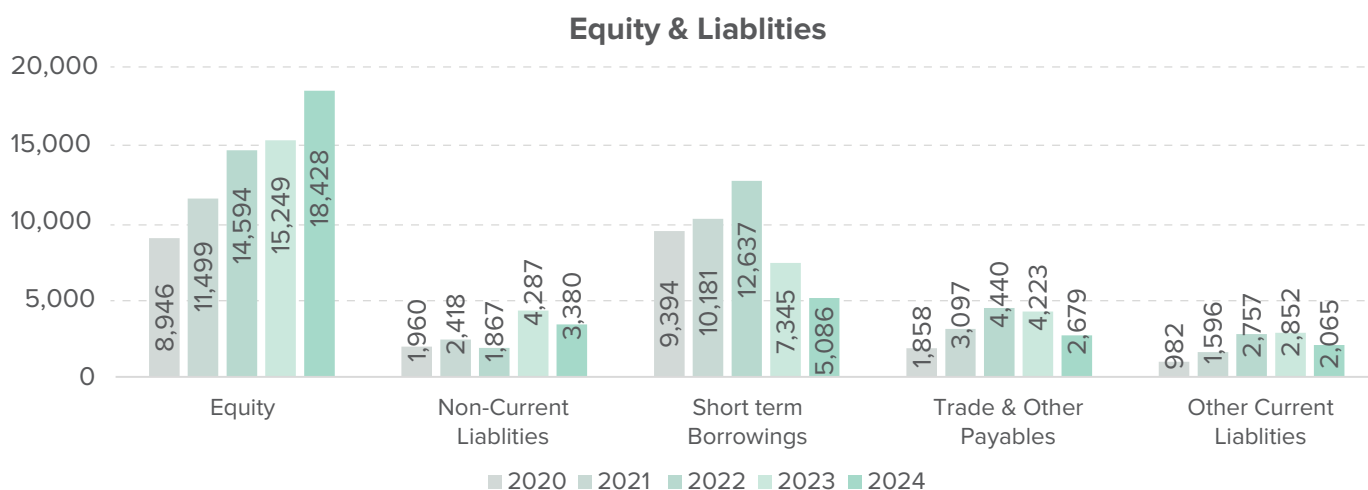
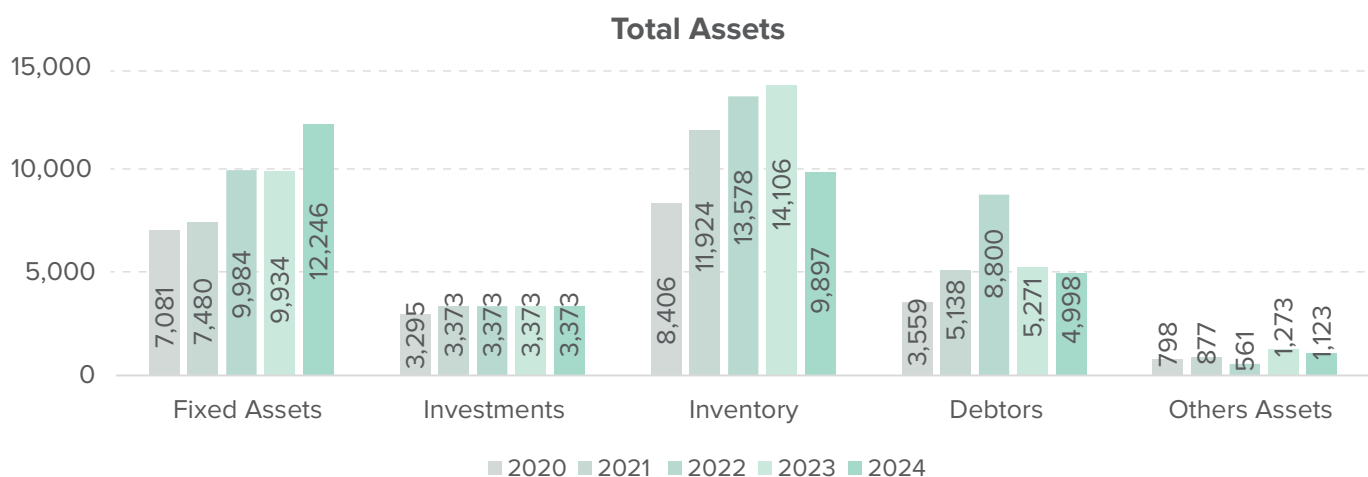
### Horizontal Analysis

	(Percentage)					
Net cash generated from/(used in) operating activities	(6.1)	(243.1)	12.6	(878.0)	(7.0)	(120.5)
Net cash inflows/(outflows) from investing activities	(60.3)	(13.0)	206.1	192.8	(196.3)	(79.6)
Net cash (outflows)/inflows from financing activities	(170.7)	(227.8)	64.8	(65.2)	(314.8)	(250.8)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(53.3)</b>	<b>(439.3)</b>	<b>(18.7)</b>	<b>68.5</b>	<b>(241.3)</b>	<b>(132.2)</b>



# GRAPHICAL PRESENTATION OF STATEMENT OF

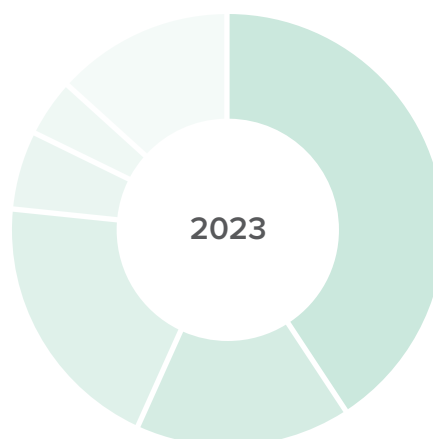
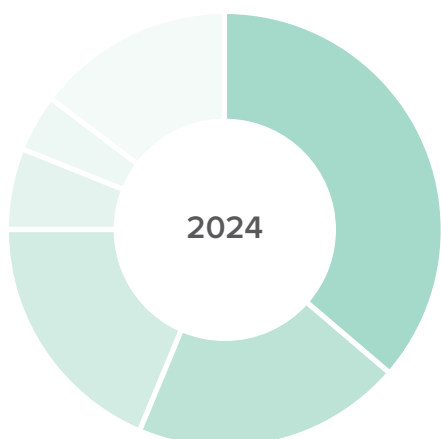
Financial Position and Profit & Loss Account



# KEY FINANCIAL INDICATORS

(Graphs)

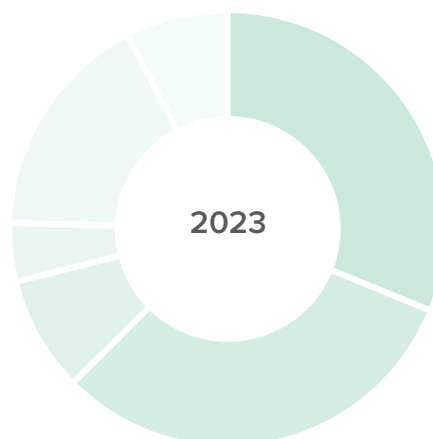
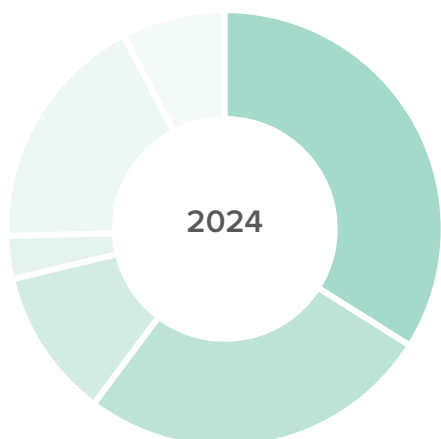
## CONVERSION COST



	2024	2023
(Rupees in million)		
Salaries, wages and benefits	1,179	1,122
Electricity, gas and water	650	440
Depreciation and amortisation	606	543
Operational supplies and consumables	196	164
Repairs and maintenance	141	119
Others	474	363
	<b>3,246</b>	<b>2,751</b>

- Salaries, wages and benefits
- Electricity, gas and water
- Depreciation and amortisation
- Operational supplies and consumables
- Repairs and maintenance
- Others

## PRODUCT-WISE VOLUME



	2024	2023
% of tonnage		
Galvanized steel pipes	34%	31%
Colled Rolled tubes	26%	31%
API line pipes	11%	9%
Black pipes	3%	4%
Others (Steel)	18%	17%
Polymer pipes & fittings	8%	8%
	<b>100%</b>	<b>100%</b>

- Galvanized steel pipes
- Colled Rolled tubes
- API line pipes
- Black pipes
- Others (Steel)
- Polymer pipes & fittings

# KEY FINANCIAL INDICATORS

		2024	2023	2022	2021	2020	2019
<b>Profitability Ratios</b>							
Gross profit ratio	%	<b>13.1</b>	12.8	12.3	13.7	7.2	10.9
Net profit to Sales	%	<b>5.0</b>	8.5	5.7	8.0	(3.7)	6.1
EBITDA Margin to Sales	%	<b>13.4</b>	19.5	14.1	12.2	7.1	13.4
Cost to Income Ratio	Times	<b>2.5</b>	2.8	3.2	1.9	12.2	2.6
Operating Leverage	%	<b>(2.7)</b>	0.1	1.7	3.1	2.3	(28.8)
Return on Equity with Surplus on revaluation of fixed assets	%	<b>8.0</b>	14.9	14.8	20.1	(7.8)	15.8
Return on Equity without Surplus on revaluation of fixed assets	%	<b>12.9</b>	22.0	22.7	27.4	(10.6)	21.0
Return on Capital Employed	%	<b>6.8</b>	11.8	13.5	17.1	(6.6)	13.5
Return on Total Assets	%	<b>4.7</b>	6.7	5.9	8.0	(3)	6.2
Shareholders' funds ratio	%	<b>58.2</b>	44.9	40.2	39.9	38.7	39.3

<b>Liquidity Ratios</b>							
Current ratio	Times	<b>1.63</b>	1.43	1.16	1.19	1.04	1.11
Quick / Acid test ratio	Times	<b>0.60</b>	0.44	0.46	0.37	0.34	0.27
Cash to Current Liabilities	Times	<b>(0.17)</b>	(0.31)	(0.53)	(0.58)	(0.53)	(0.39)
Cash flow from Operations to Sales	Times	<b>0.11</b>	0.13	(0.06)	(0.07)	0.01	0.01

<b>Activity / Turnover Ratios</b>							
Inventory turnover ratio	Times	<b>2.1</b>	1.7	2.6	2.5	1.8	2.3
Inventory turnover in days	Days	<b>173</b>	216	140	149	200	157
Debtor turnover ratio	Times	<b>7.1</b>	4.6	6.4	8.0	7.0	11.6
Debtor turnover in days	Days	<b>52</b>	79	57	46	52	31
Creditor turnover ratio	Times	<b>18</b>	13	19	42	23	34
Creditor turnover in days	Days	<b>20</b>	29	20	9	16	11
Total assets turnover ratio	Times	<b>0.9</b>	0.8	1.0	1.0	0.8	1.0
Fixed assets turnover ratio	Times	<b>2.4</b>	2.7	3.8	3.9	2.7	3.5
Operating cycle in days	Days	<b>204</b>	266	177	186	236	177
Capital employed turnover ratio	Times	<b>1.4</b>	1.5	2.6	2.4	1.7	2.3

<b>Investment / Market Ratios</b>							
Earnings per share - basic and diluted	Rs.	<b>11.2</b>	17.2	16.3	17.6	(5.3)	11.9
Price earning ratio	Times	<b>17.5</b>	4.2	6.3	12.0	(17.4)	6.5
Dividend Yield ratio	%	<b>2.8</b>	10.2	7.7	4.7	0	8.4
Dividend Payout ratio	%	<b>49.2</b>	43.5	48.9	57.0	0	54.4
Dividend per share - Cash	Rs.	<b>5.50</b>	7.50	8.00	10.00	0	5.50
Bonus shares	Rs.	<b>0</b>	0	0	0	0	1.00
Dividend Cover	(x)	<b>2.03</b>	2.30	2.04	1.76	0	1.84
Market value per share at the end of the year	Rs.	<b>195.7</b>	73.24	103.73	211.02	91.73	77.07
Market value per share high during the year	Rs.	<b>203</b>	119.75	219.60	242.50	120.99	247.97
Market value per share low during the year	Rs.	<b>77</b>	62.40	90.50	92.10	63.50	71.25
Break-up value per share with revaluation of fixed assets	Rs.	<b>139.73</b>	115.63	110.66	87.19	67.83	82.98
Break-up value per share without revaluation of fixed assets	Rs.	<b>86.89</b>	78.41	71.91	63.98	49.84	62.54
Price to book ratio	Times	<b>0.82</b>	0.28	0.38	0.97	0.52	0.36
Break-up value per share including Investment in Related Party with revaluation of fixed assets	Rs.	<b>281.01</b>	170.94	202.62	242.88	143.82	144.03
Break-up value per share including Investment in Related Party without revaluation of fixed assets	Rs.	<b>228.18</b>	133.73	163.87	219.68	125.84	123.59

ISL (Market Value of Investment at year end)	Rs.	<b>20,719</b>	9,932	14,547	22,891	12,657	9,731
PCL (Market Value of Investment at year end)	Rs.	<b>1,182</b>	631	850	911	651	856
IIL Australia (Unquoted - Value of Initial Investment)	Rs.	<b>9</b>	9	9	9	9	9
IIL Americas (Unquoted - Value of Initial Investment)	Rs.	<b>18</b>	18	18	18		
IIL CSL (Unquoted - Value of Initial Investment)	Rs.	<b>77</b>	77	77	77		
Total Investment in Related Parties at Market Value	Rs.	<b>22,006</b>	10,668	15,500	23,906	13,318	10,596

### Capital Structure Ratios

	2024	2023	2022	2021	2020	2019
Financial leverage ratio	(x) <b>0.7</b>	1.2	1.5	1.5	1.6	1.5
Weighted average cost of debt	(x) <b>16.4</b>	14.5	7.6	5.6	10.9	8.1
Net assets per share	Rs. <b>139.73</b>	115.63	110.66	87.19	67.83	82.98
Total Debt : Equity ratio	(x) <b>42 : 58</b>	55 : 45	60 : 40	60 : 40	61 : 39	61 : 39
Interest cover	(x) <b>1.4</b>	0.9	1.4	2.8	0.2	1.5

### Employee Productivity and others

Production per employee	Tons	<b>91</b>	92	162	192	124	187
Revenue per employee	Rs.	<b>31.3</b>	28.6	39.8	30.3	18.4	23.8
Spares inventory as % of assets cost	%	<b>0.6</b>	0.7	0.8	0.8	0.9	0.9
Maintenance cost as % of operating expenses	%	<b>2.9</b>	2.7	2.5	3.3	3.4	4.0

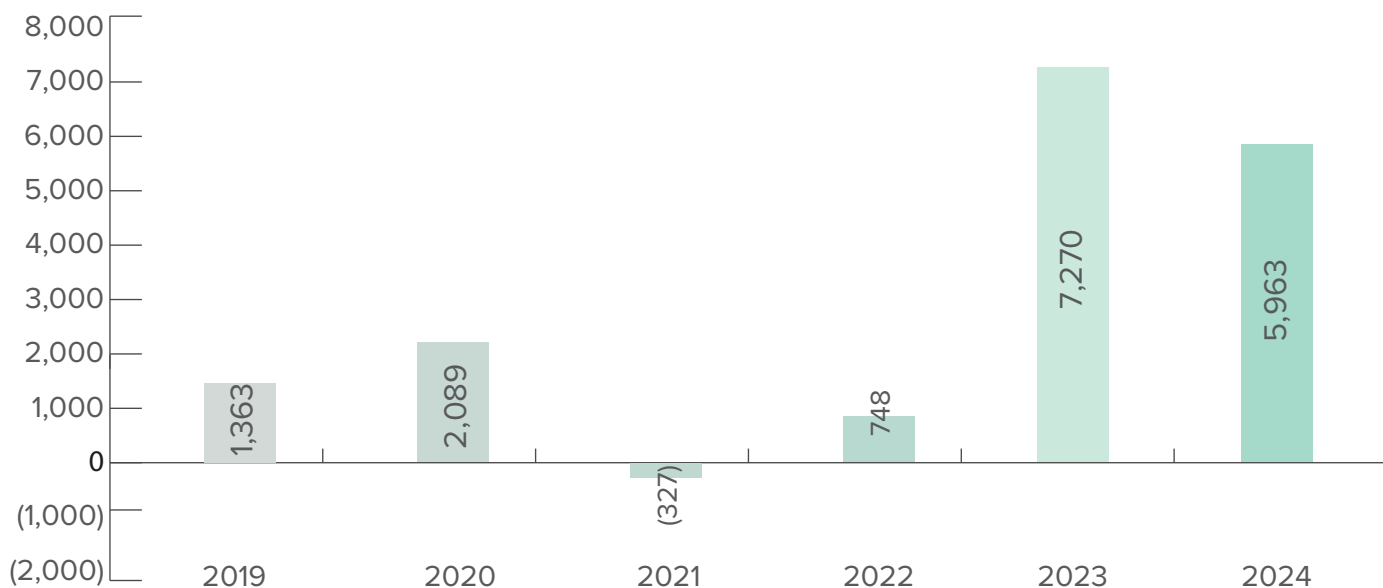
### Value Addition

Employees as remuneration	Rs.	<b>1,686</b>	1,564	1,587	1,516	1,232	1,353
Government as taxes	Rs.	<b>6,433</b>	5,525	6,524	6,576	4,910	5,139
Shareholders as dividends	Rs.	<b>725</b>	989	1,055	1,319	0	659
Retained within the business	Rs.	<b>748</b>	1,284	1,101	996	(694)	915
Financial charges to providers of finance	Rs.	<b>1,473</b>	1,732	1,182	756	1,238	924

# FREE CASHFLOW

	2024	2023	2022	2021	2020	2019
(Rupees in million)						
Earnings before Interest and Taxes	3,279	4,615	4,839	3,015	809	3,017
Depreciation & amortization	644	597	506	524	536	468
Changes in Working capital	2,822	2,609	(3,831)	(3,623)	1,011	(666)
Capital expenditure incurred	(783)	(551)	(766)	(243)	(267)	(1,456)
	<b>2,684</b>	<b>2,655</b>	<b>(4,091)</b>	<b>(3,342)</b>	<b>1,280</b>	<b>(1,654)</b>
<b>Free cash flow to firm</b>	<b>5,963</b>	<b>7,270</b>	<b>748</b>	<b>(327)</b>	<b>2,089</b>	<b>1,363</b>
Net borrowing raised / (paid)	(364)	2,779	124	(135)	(1,374)	1,883
Interest paid	(1,551)	(1,608)	(905)	(736)	(1,305)	(859)
	<b>(1,916)</b>	<b>1,171</b>	<b>(781)</b>	<b>(871)</b>	<b>(2,679)</b>	<b>1,024</b>
<b>Free cash flow to Equity holders</b>	<b>4,047</b>	<b>8,441</b>	<b>(33)</b>	<b>(1,198)</b>	<b>(590)</b>	<b>2,387</b>

### Free Cash Flow to Firm



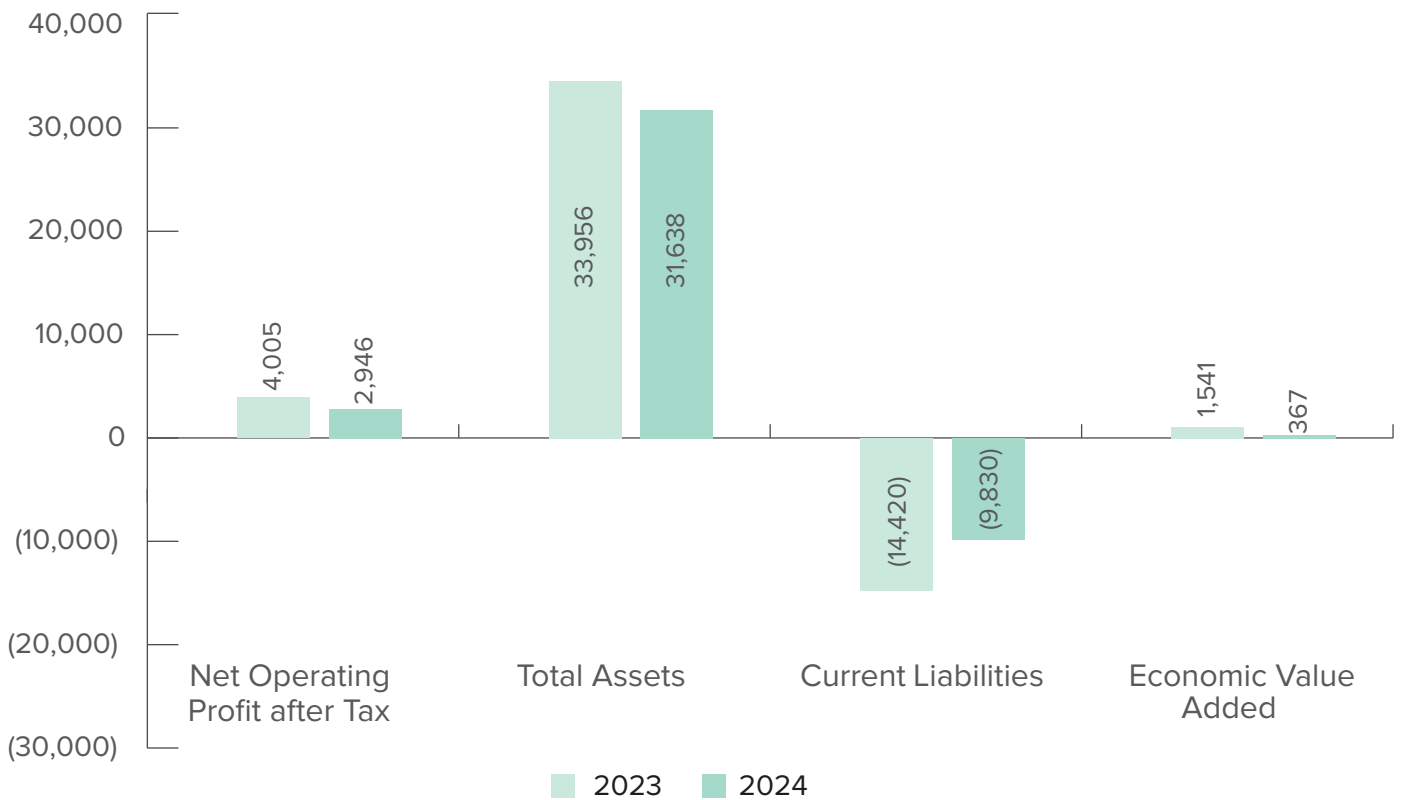
### Free Cash Flow to Equity-holders



# ECONOMIC VALUE ADDED

	2024	2023	2022	2021	2020	2019
	(Rupees in million)					
Net operating profit after tax (NOPAT)	2,946	4,005	3,338	3,070	544	2,499
Cost of Capital*	(2,578)	(2,464)	(1,980)	(1,545)	(1,222)	(1,304)
Economic Value Added	367	1,541	1,358	1,526	(678)	1,195
<b>Cost of Capital*</b>						
Total Assets	31,638	33,956	36,296	28,791	23,140	25,327
Current Liabilities	(9,830)	(14,420)	(19,835)	(14,875)	(12,234)	(13,222)
Invested Capital	21,808	19,536	16,461	13,916	10,905	12,105
WACC	11.82%	12.61%	12.03%	11.10%	11.21%	10.77%
	<b>2,578</b>	<b>2,464</b>	<b>1,980</b>	<b>1,545</b>	<b>1,222</b>	<b>1,304</b>

## Economic Value Added



# COMMENTS ON SIX YEARS ANALYSIS

On the performance of the Company

## ECONOMIC OVERVIEW

The term 'VUCA world' (Volatile, uncertain, complex, and ambiguous) perfectly describes the economic environment that has had several major events adversely impacting both global and domestic economies. The COVID-19 pandemic, energy shortages, wide ranging price volatility, shipping constraints, violent international conflicts (Russia-Ukraine, Israel-Palestine), universal inflationary trends, and high interest rates are just some of the challenges that economies had to tackle. The political turmoil in Pakistan significantly added to the challenges of the economy.

Despite these challenges, IIL demonstrated resilience, leveraging its operational and financial strengths to report healthy profitability. The company capitalized on new opportunities through its extensive local dealer network and global sales footprint, while also deepening its presence in existing markets.

## STATEMENT OF FINANCIAL POSITION

Over the last six years, the Company has invested in Plant and Machinery to improve capabilities and efficiency. Additions to and revaluation of land and building also contributed to the strengthening of the asset base.

Inflation in raw material prices and continuous depreciation of the PKR increased the per ton cost of materials and other inputs, which in turn inflated the cost of inventory and receivables. The management proactively pursued working capital efficiencies and was able to achieve optimal working capital investment.

Long-term investments represent the Company's strategic stakes in two listed companies, 56.33% in International Steels Limited and 17.12% in Pakistan Cables Limited, as well as 100% stakes in its wholly owned subsidiaries, IIL Australia Pty Ltd, IIL Americas Inc. and IIL Construction Solutions (Private) Limited.

Shareholders' Equity consists of share capital, reserves, and revaluation surplus. Equity has increased over the past six years due to accumulated retained earnings and surplus on revaluation.

Non-current liabilities have increased in the past six years, principally due to the long-term loans obtained to enhance capabilities to produce large diameter tubes, PPRC, uPVC and Stainless-Steel products. Current liabilities increased commensurately with inflation and PKR devaluation, which was countered through efficient management of current assets.

## STATEMENT OF PROFIT OR LOSS

The top line witnessed continuous growth, except FY20 when the volumes declined due to the lockdowns forced by COVID-19 and FY 23 where the market contracted due to economic and political instability.

Administrative and selling expenses were broadly consistent and proportionate with sales in last six years. Distribution expenses remained in line with exchange and fuel rates except for abnormal global container shortages and congestions at major ports during FY 22.

Continuous depreciation of the Rupee resulted in higher working capital deployment despite the efficiencies achieved in its management as imported raw material represents an overwhelming portion of our cost of goods sold. During FY 24, the exchange rate and policy rate mostly remained stable and, combined with rigorous efforts by management to optimize working capital, resulted in lower Finance cost.

Other Income mainly consists of dividends received from strategic investments and gains due to exchange differences whereas Other Expenses mainly comprise of WWF / WPPF which are directly derived from profitability.

The corporate tax rates pertaining to normal, presumptive, and minimum regimes remained fairly consistent over the period except for Super tax imposed by Finance Act 2022 for subsequent periods.



## CASHFLOW ANALYSIS

The Company's expansion projects are financed through profit retention and / or long-term borrowings at favorable terms. Working capital needs are fulfilled through short-term running finance from reputable banks.

While continuous upsurge in raw materials prices and depreciation of the PKR creates pressure on liquidity position, management focus to reduce funds deployed in working capital serves as a balancing act to manage the same. Therefore, cashflow from operations has turned positive in last couple of years.

Financing activities comprise of long-term loans obtained, changes in short-term borrowings and dividends paid out to the shareholders.

## RATIO ANALYSIS

### PROFITABILITY

EBITDA margin to sales at 13.4% was achieved through the company's efforts to procure raw materials at competitive rates from suppliers, optimize funds deployed in working capital to reduce finance costs, and improve contribution margins.

### INVESTMENT / MARKET

Profitability rebounded strongly during last 3 years mainly on account of robust margins during the commodity super cycle and the SBP-driven curbs on the establishment of Letters of Credit. This yielded healthy Earnings Per Share of Rs. 11.17. Price Earnings ratio stood at highest level of 17.5 in FY24, which is reflective of positive market sentiment and confidence of stakeholders in the company's future prospects.

### LIQUIDITY

Throughout the last six years, the Company's current ratio remained above 1. All debt commitments were discharged on a timely basis. Net Cash from operations remained volatile due to fluctuations in international steel prices and exchange rates.

### CAPITAL STRUCTURE

The gearing level of the Company which historically remained around 60:40 level has significantly improved in past six years. This year ended at 42:58 due to improvement in working capital deployment and profit retention.

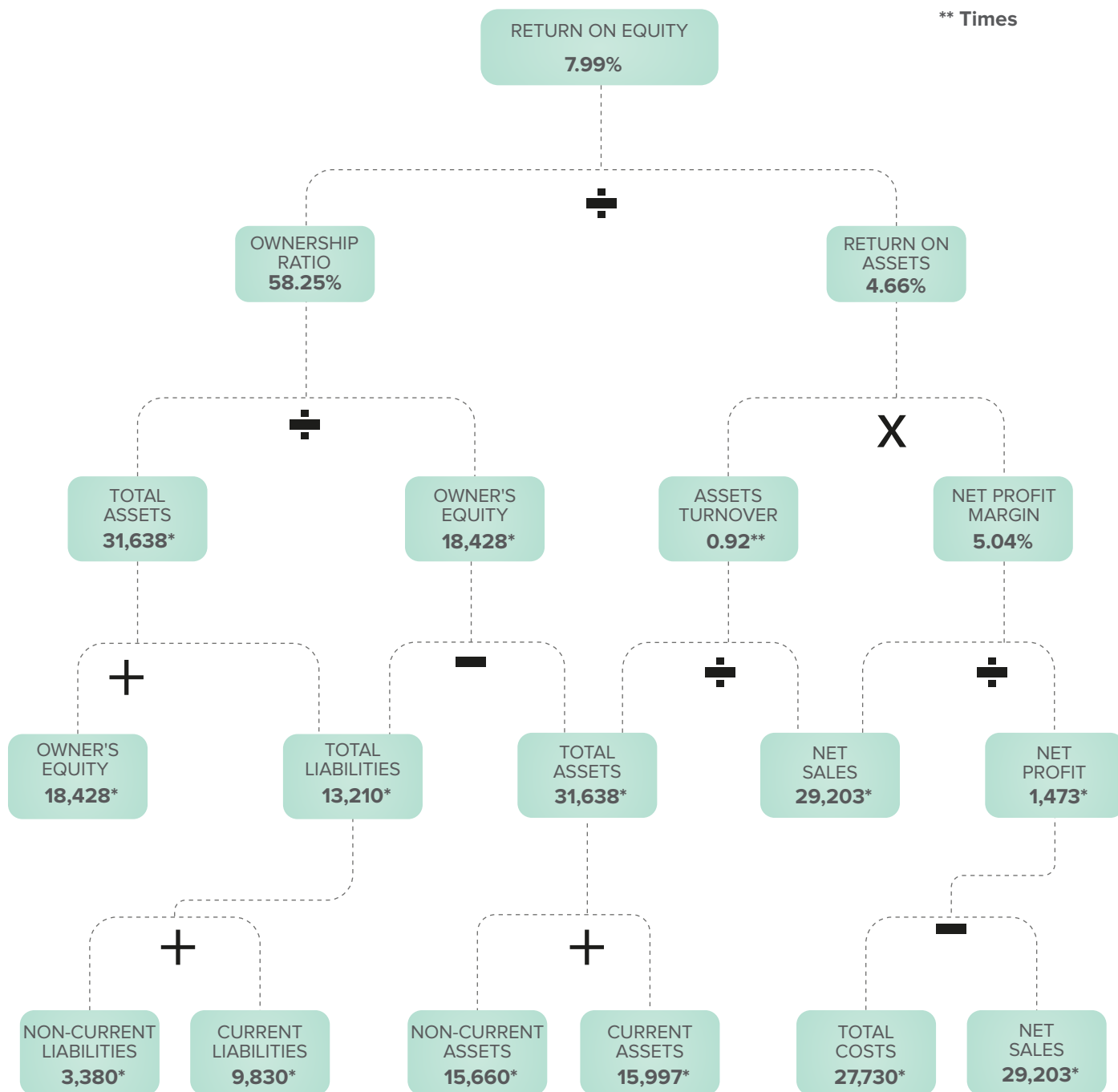
### ACTIVITY / TURNOVER

The operating cycle mostly stood at the normal level of 170-180 days except FY20 and FY 23 due to compressed demand led by COVID-19 and economic uncertainty.

# DUPONT ANALYSIS 2024

\*Rupees in million

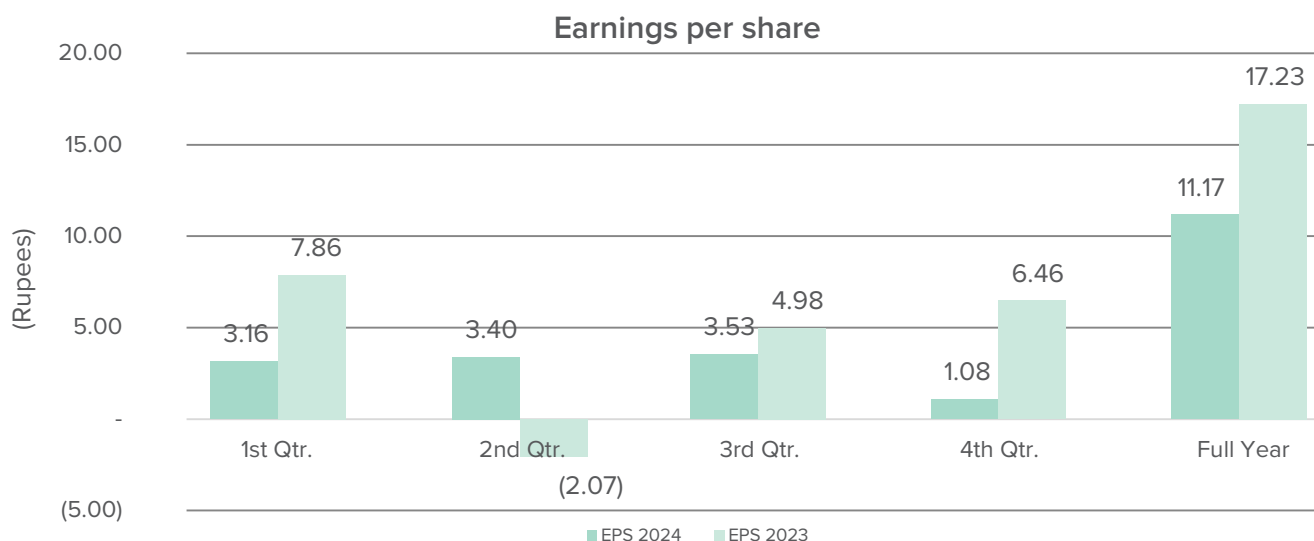
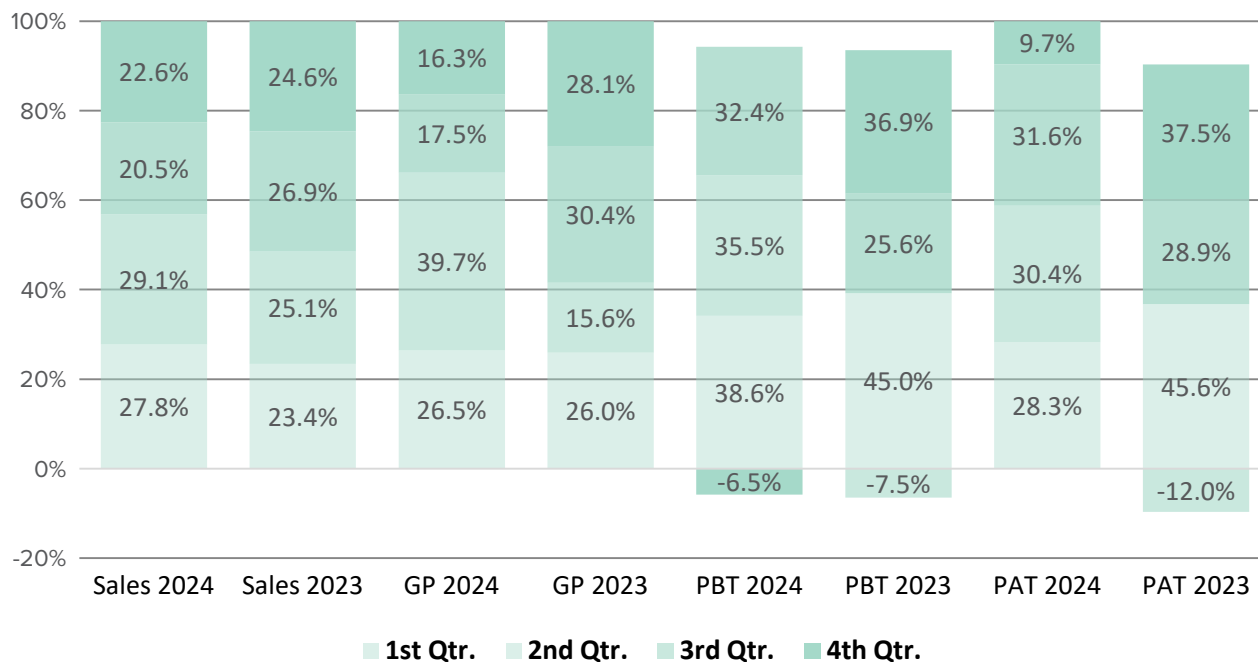
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# QUARTERLY PERFORMANCE ANALYSIS

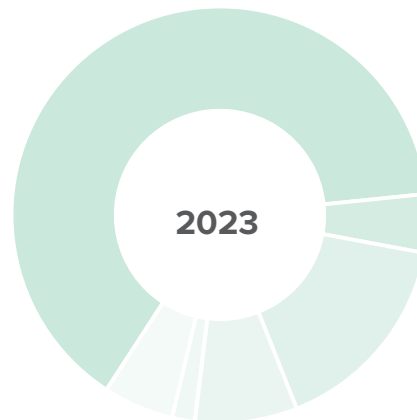
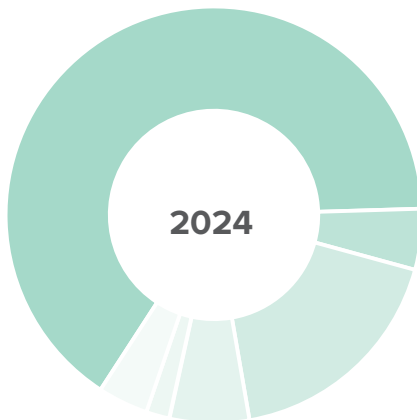
	2024									
	Q 1		Q 2		Q 3		Q 4		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Rupees in million										
Revenue	8,112	100.0	8,489	100.0	6,001	100.0	6,601	100.0	29,203	100.0
Cost of sales	(7,096)	(87.5)	(6,966)	(82.1)	(5,327)	(88.8)	(5,975)	(90.5)	(25,364)	(86.9)
<b>Gross Profit</b>	<b>1,016</b>	<b>12.5</b>	<b>1,523</b>	<b>17.9</b>	<b>673</b>	<b>11.2</b>	<b>626</b>	<b>9.5</b>	<b>3,839</b>	<b>13.1</b>
Selling and distribution cost	(284)	(3.5)	(358)	(4.2)	(372)	(6.2)	(398)	(6.0)	(1,411)	(4.8)
Administration Cost	(88)	(1.1)	(113)	(1.3)	(90)	(1.5)	(139)	(2.1)	(430)	(1.5)
<b>Operating Profit</b>	<b>644</b>	<b>7.9</b>	<b>1,053</b>	<b>12.4</b>	<b>211</b>	<b>3.5</b>	<b>89</b>	<b>1.4</b>	<b>1,998</b>	<b>6.8</b>
Other expenses	(49)	(0.6)	(63)	(0.7)	(1)	(0.02)	43	0.6	(70)	(0.2)
Other income	583	7.2	(1)	(0.01)	668	11.1	101	1.5	1,351	4.6
<b>EBIT</b>	<b>1,178</b>	<b>14.5</b>	<b>990</b>	<b>11.7</b>	<b>878</b>	<b>14.6</b>	<b>233</b>	<b>3.5</b>	<b>3,279</b>	<b>11.2</b>
Finance cost	(481)	(5.9)	(348)	(4.1)	(293)	(4.9)	(350)	(5.3)	(1,473)	(5.0)
<b>PBT</b>	<b>698</b>	<b>8.6</b>	<b>642</b>	<b>7.6</b>	<b>585</b>	<b>9.7</b>	<b>(118)</b>	<b>(1.8)</b>	<b>1,806</b>	<b>6.2</b>
Taxation	(280)	(3.5)	(194)	(2.3)	(120)	(2.0)	261	4.0	(333)	(1.1)
<b>PAT</b>	<b>417</b>	<b>5.1</b>	<b>448</b>	<b>5.3</b>	<b>465</b>	<b>7.8</b>	<b>143</b>	<b>2.2</b>	<b>1,473</b>	<b>5.0</b>
<b>EPS (Rupees)</b>	<b>3.16</b>		<b>3.40</b>		<b>3.53</b>		<b>1.08</b>		<b>11.17</b>	

## Quarterly Performance Analysis



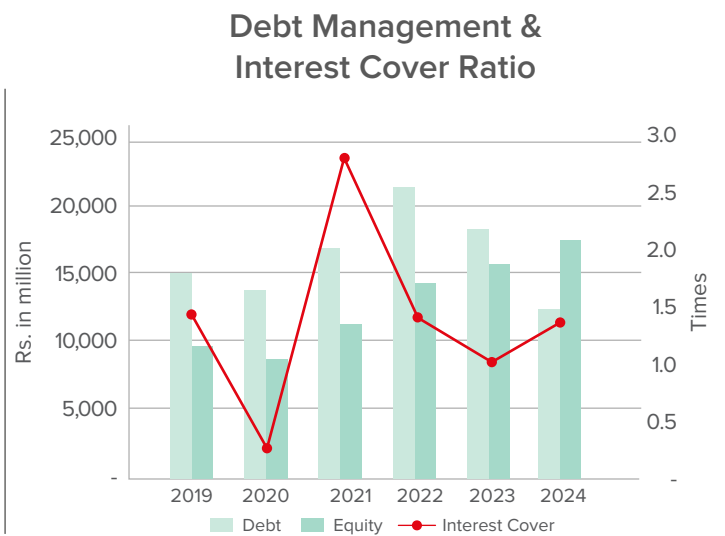
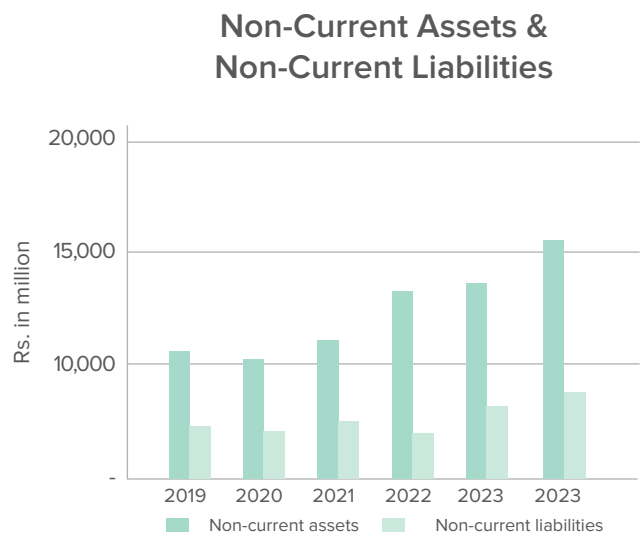
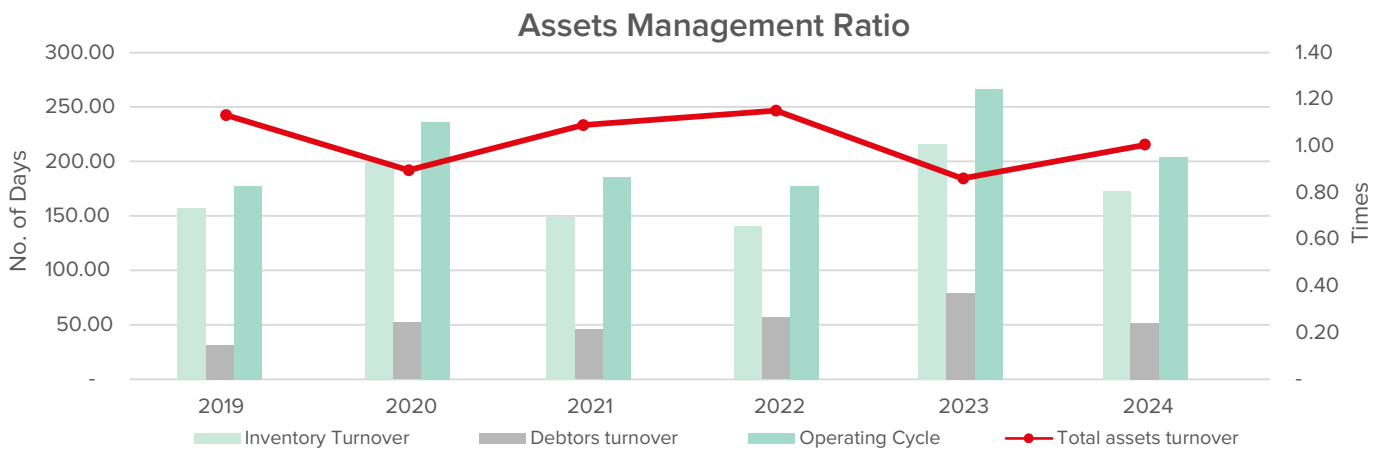
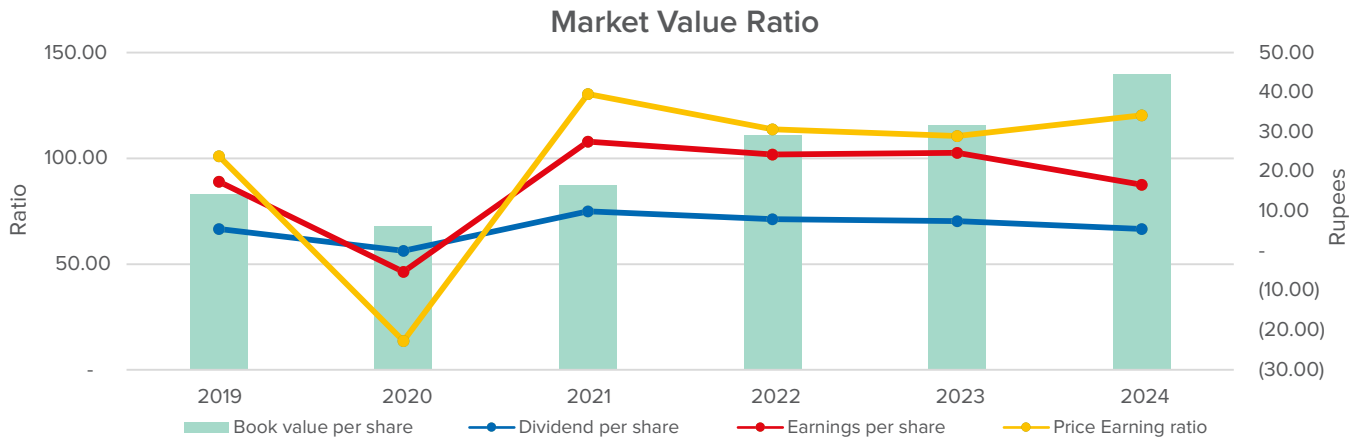
# STATEMENT OF VALUE ADDITION

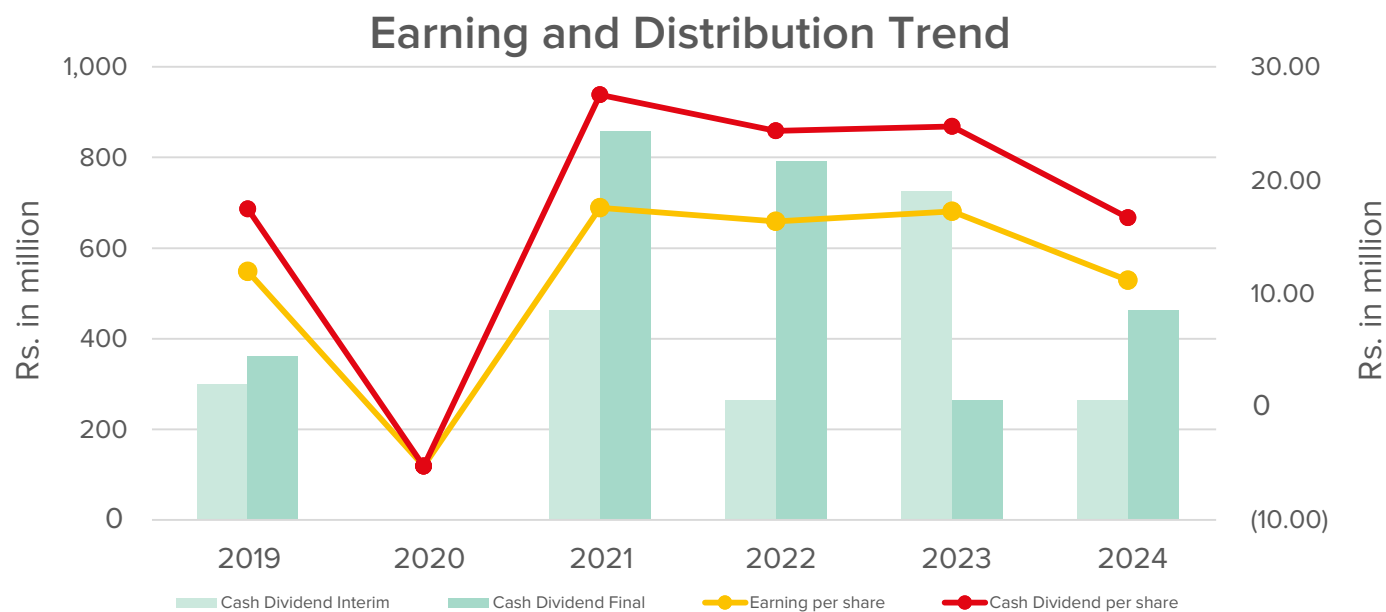
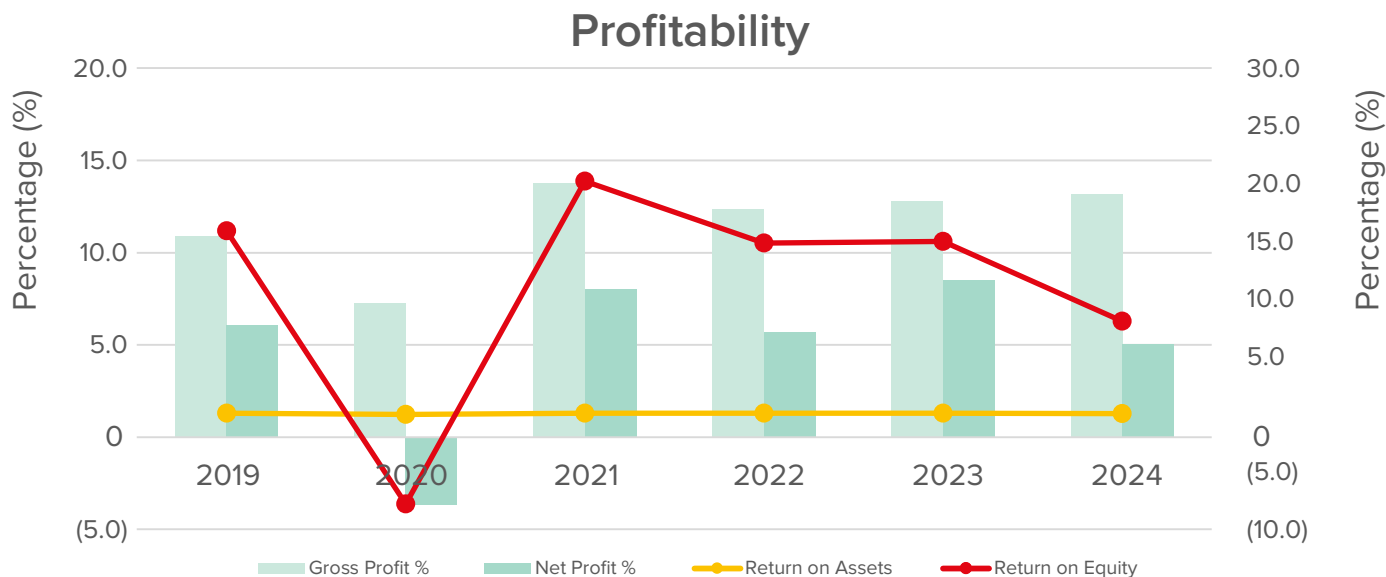
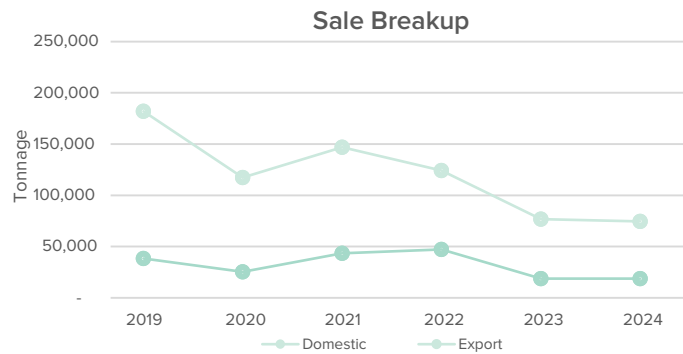
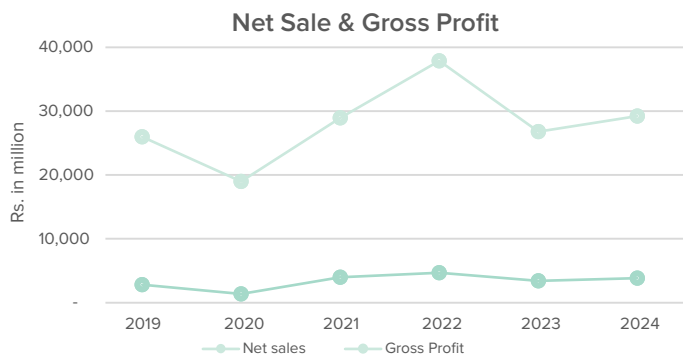
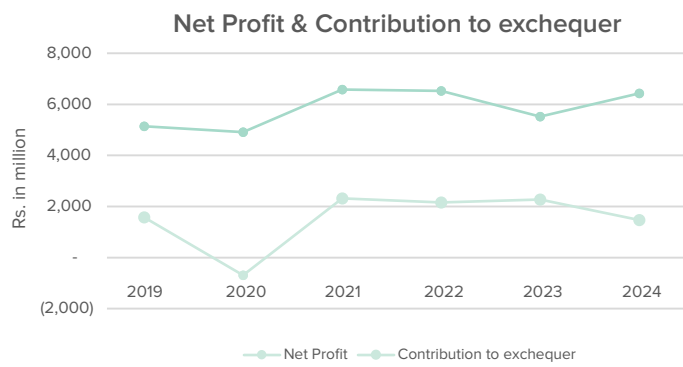
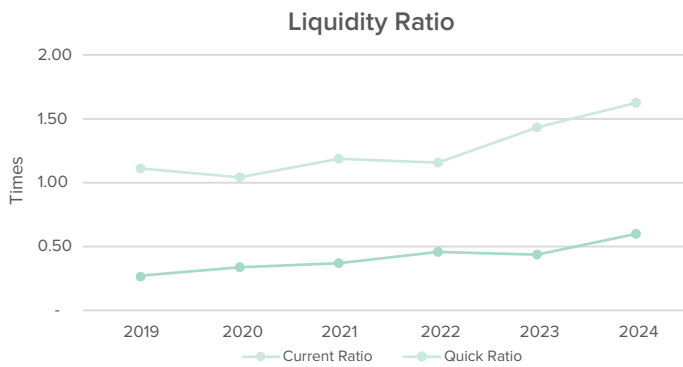
	2024		2023	
	Rupees in '000	%	Rupees in '000	%
<b>Wealth Generated</b>				
Sales including sales tax	33,694,901	96%	30,700,121	90.9%
Other operating income	1,351,059	4%	3,088,861	9.1%
	<b>35,045,960</b>	<b>100%</b>	<b>33,788,982</b>	<b>100%</b>
<b>Wealth Distributed</b>				
Cost of material & services	23,325,617	67%	22,081,849	65.4%
<b>To Employees</b>				
Salaries & other related cost	1,685,867	5%	1,563,841	5%
<b>To Government</b>				
Taxes & Duties	6,394,267	18%	5,458,757	16.2%
Worker Profit Participation Fund	30,005	0.08%	53,675	0.2%
Worker Welfare Fund	8,920	0.02%	12,724	0.0%
	<b>6,433,192</b>	<b>18%</b>	<b>5,525,156</b>	<b>16.4%</b>
<b>To Providers of Capital</b>				
Dividend to shareholders	725,350	2%	989,114	2.9%
Finance cost	1,472,569	4%	1,731,881	5.1%
	<b>2,197,919</b>	<b>6%</b>	<b>2,720,995</b>	<b>8.1%</b>
<b>To Society</b>				
Donation	11,250	0.03%	15,825	0.05%
<b>Retained in Business</b>				
For replacement of fixed assets	644,334	2%	597,494	1.8%
Depreciation & Amortization	747,781	2%	1,283,822	3.8%
To provide for growth: Retained Profit	1,392,115	4%	1,881,316	5.6%
	<b>35,045,960</b>	<b>100%</b>	<b>33,788,982</b>	<b>100%</b>



	2024	2023
Cost of material & services	66.6%	65.4%
To Employees	4.8%	4.6%
To Government	18.4%	16.4%
To Providers of Capital	6.3%	8.1%
To Society	0.03%	0.05%
Depreciation & Amortization	1.84%	1.8%
Retained in Business	4.0%	5.6%

# PERFORMANCE AT A GLANCE





# International Industries Limited

## STATEMENT OF CASH FLOWS - DIRECT METHOD

For the year ended 30 June 2024

	2024	2023
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	33,553,616	34,761,153
Cash paid to suppliers / service providers and employees	(27,204,081)	(27,855,140)
Workers Funds	(103,940)	(62,177)
Sales tax payments	(650,896)	(836,581)
Finance cost paid	(1,551,495)	(1,608,163)
Income on bank deposits received	16,352	8,930
Staff retirement benefits paid	(48,000)	(49,000)
Payment on account of compensated absences	(11,269)	(18,513)
Income tax paid - net	(843,870)	(981,730)
Decrease in long-term deposits	(2,552)	(153)
<b>Net cash generated from operating activities</b>	<b>3,153,865</b>	<b>3,358,626</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for acquisition of property, plant and equipment	(782,521)	(551,191)
Payment for acquisition of intangible assets	149	(1,297)
Payment for investment in wholly-owned subsidiary company	85,752	42,872
Proceeds from disposal of property, plant and equipment	1,239,198	1,877,518
Dividend received	542,578	1,367,902
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>3,144,225</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term financing	(732,501)	(969,396)
Repayment of long-term financing	368,093	604,463
Receipt / (repayment) of short-term borrowings - net	(532,402)	(1,510,488)
Dividend paid	(896,810)	1,268,804
<b>Net cash used in financing activities</b>	<b>2,799,633</b>	<b>5,995,332</b>
Net decrease in cash and cash equivalents		
Cash and cash equivalents at beginning of the year	(4,424,408)	(10,419,740)
Cash and cash equivalents at end of the year	(1,624,775)	(4,424,408)
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Cash and bank balances	384,717	212,471
Short-term borrowings maturing within three months	(2,009,492)	(4,636,879)
	<b>(1,624,775)</b>	<b>(4,424,408)</b>

# SECTION 9.2

## Unconsolidated Statements

### **Unconsolidated Statements**

Auditors' Report to the Members

Unconsolidated Statement of Financial Position

Unconsolidated Statement of Profit or Loss

Unconsolidated Statement of Comprehensive Income

Unconsolidated Statement of Changes in Equity

Unconsolidated Statement of Cash Flows

Notes to the Unconsolidated Financial Statements







## **INDEPENDENT AUDITOR'S REPORT**

**To the members of International Industries Limited**

**Report on the Audit of the Unconsolidated Financial Statements**

### **Opinion**

We have audited the annexed unconsolidated financial statements of International Industries Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2024, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes to and 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, 2024 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 Unconsolidated 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated 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
(i)	<p><b>Revenue from contracts with customers</b></p> <p><i>(Refer note 3.11 and note 26 to the unconsolidated financial statements)</i></p> <p>The Company recognizes revenue from 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 customers have increased by 12.21% and net sales to export customers have decreased by 4.75%.</p> <p>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 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.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>- Assessed the design, implementation and operating effectiveness of key internal controls involved in revenue recognition;</li> <li>- Understood and evaluated the accounting policy with respect to revenue recognition;</li> <li>- Performed testing of revenue on a sample basis with underlying documentation including dispatch documents and sales invoices;</li> <li>- Performed cut-off procedures on sample basis to ensure sales have been recorded in the correct period;</li> <li>- verified that sales prices are negotiated and approved by appropriate authority;</li> <li>- Examined the commission as per Company's policy and verified related distribution expenses; and</li> <li>- Ensured that presentation and disclosures related to revenue are being addressed appropriately.</li> </ul>

**Information Other than the Unconsolidated and Consolidated 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 unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes to and forming part 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) no zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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 5, 2024**

**UDIN: AR202410073M4vCQqKoh**

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

### ASSETS

#### NON-CURRENT ASSETS

Property, plant and equipment	4	12,246,466	9,933,911
Intangible assets	5	1,584	2,630
Investments	6	3,372,515	3,372,515
Long-term deposits		4,358	1,806
Deferred taxation - net	7	35,496	-

#### CURRENT ASSETS

Stores and spares	8	195,318	243,094
Stock-in-trade	9	9,897,354	14,105,808
Trade debts	10	4,998,267	5,270,752
Advances, trade deposits and prepayments	11	59,027	98,707
Other receivables	12	38,370	41,884
Sales tax receivable		404,182	672,749
Cash and bank balances	13	384,717	212,471

#### TOTAL ASSETS

### EQUITY AND LIABILITIES

#### SHARE CAPITAL AND RESERVES

##### Share capital

Issued, subscribed and paid-up capital	14	1,318,819	1,318,819
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##### Revenue reserves

General reserve	15	2,700,036	2,700,036
Unappropriated profit		7,440,635	6,322,088

##### Capital reserve

Revaluation surplus on property, plant and equipment	16	6,968,184	4,908,327
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#### TOTAL SHAREHOLDERS' EQUITY

### LIABILITIES

#### NON-CURRENT LIABILITIES

Long-term financing - secured	17	3,276,359	4,004,213
Deferred income - government grant	18	30,035	39,961
Gas Infrastructure Development Cess	19	-	42,625
Staff retirement benefits	20	73,664	165,520
Deferred taxation - net	7	-	34,468

#### CURRENT LIABILITIES

Trade and other payables	21	2,678,911	4,223,289
Contract liabilities	22	566,883	925,354
Short-term borrowings - secured	23	5,086,048	7,345,342
Unclaimed dividend		41,275	46,149
Current portion of long-term financing - secured	17	615,103	608,826
Taxation - net	24	576,614	902,572
Accrued mark-up		265,088	368,739

#### TOTAL LIABILITIES

### CONTINGENCIES AND COMMITMENTS

#### TOTAL EQUITY AND LIABILITIES

Note	2024	2023
	(Rupees in '000)	
	15,660,419	13,310,862
	15,977,235	20,645,465
	31,637,654	33,956,327
	18,427,674	15,249,270
	3,380,058	4,286,786
	9,829,922	14,420,271
	13,209,980	18,707,057
25		
	31,637,654	33,956,327

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial Officer



**Sohail R. Bhojani**  
Chief Executive Officer

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the year ended June 30, 2024**

		(Restated)	
	Note	2024	2023
(Rupees in '000)			
Revenue from contracts with customers	26	29,203,140	26,786,770
Cost of sales	27	(25,364,362)	(23,364,930)
<b>Gross Profit</b>		<b>3,838,778</b>	<b>3,421,840</b>
Selling and distribution expenses	28	(1,356,097)	(1,403,728)
Administrative expenses	29	(429,501)	(352,447)
Charge of loss allowance on trade debts	10.3	(55,299)	(51,958)
		<b>(1,840,897)</b>	<b>(1,808,133)</b>
Operating profit		<b>1,997,881</b>	<b>1,613,707</b>
Finance cost	30	(1,472,569)	(1,731,881)
Other operating charges	31	(70,161)	(87,579)
		<b>(1,542,730)</b>	<b>(1,819,460)</b>
Other income	32	1,351,059	3,088,681
<b>Profit before levies and income tax</b>		<b>1,806,210</b>	<b>2,883,108</b>
Levies	33	(47,953)	(50,346)
<b>Profit before income tax</b>		<b>1,758,257</b>	<b>2,832,761</b>
Income tax expense	34	(285,126)	(559,826)
<b>Profit for the year</b>		<b>1,473,131</b>	<b>2,272,936</b>
(Rupees)			
Earnings per share - basic and diluted	35	11.17	17.23

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
 Director & Chairman  
 Board Audit Committee



**Muhammad Akhtar**  
 Chief Financial Officer



**Sohail R. Bhojani**  
 Chief Executive Officer

**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended June 30, 2024

	2024	2023
	(Rupees in '000)	
<b>Profit for the year</b>	<b>1,473,131</b>	<b>2,272,936</b>
<b>Other comprehensive income / loss</b>		
Items that will not be subsequently reclassified to Unconsolidated Statement of Profit or Loss		
Re-measurement of staff retirement benefits	115,856	(1,289)
Adjustment related to opening deferred tax balance	11,532	12,994
Related deferred tax (charge) / reversal for the year	(45,184)	409
	<b>(33,652)</b>	<b>13,403</b>
	<b>82,204</b>	<b>12,114</b>
Surplus / (loss) on revaluation of land and buildings		
Freehold land	50,000	-
Leasehold land	2,209,423	-
	<b>2,259,423</b>	<b>-</b>
Buildings on freehold land	(17,780)	-
Buildings on leasehold land	(9,829)	-
Related deferred tax for the year	10,768	-
Adjustment related to opening deferred tax balance on buildings	(91,985)	(113,354)
	<b>(108,826)</b>	<b>(113,354)</b>
	<b>2,150,597</b>	<b>(113,354)</b>
Other comprehensive income / (loss) for the year-net of tax	<b>2,232,801</b>	<b>(101,240)</b>
<b>Total comprehensive income for the year</b>	<b>3,705,932</b>	<b>2,171,696</b>

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial Officer



**Sohail R. Bhojani**  
Chief Executive Officer



**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended June 30, 2024

	Issued, subscribed and paid- up capital	Revenue reserves		Capital reserve	Total
		General reserve	Unappropriated profit	Revaluation surplus on property, plant and equipment	
----- Rupees in '000 -----					
<b>Balance as at July 1, 2022</b>	1,318,819	2,700,036	5,465,105	5,110,255	14,594,215
Profit for the year	-	-	2,272,936	-	2,272,936
Other comprehensive income / (loss) for the year	-	-	12,114	(113,354)	(101,240)
Total comprehensive income / (loss) for the year	-	-	2,285,050	(113,354)	2,171,696
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	88,574	(88,574)	-
<b>Transactions with owners recorded directly in equity- distributions</b>					
Dividend:					
- Final dividend at 60% (i.e. Rs. 6.00 per share) for the year ended June 30, 2022	-	-	(791,291)	-	(791,291)
- Interim dividend at 55% (i.e. Rs. 5.50 per share) for the year ended June 30, 2023	-	-	(725,350)	-	(725,350)
<b>Balance as at June 30, 2023</b>	<b>1,318,819</b>	<b>2,700,036</b>	<b>6,322,088</b>	<b>4,908,327</b>	<b>15,249,270</b>
Profit for the year	-	-	1,473,131	-	1,473,131
Other comprehensive income for the year	-	-	82,204	2,150,597	2,232,801
Total comprehensive income for the year	-	-	1,555,335	2,150,597	3,705,932
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	15,584	(15,584)	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	75,156	(75,156)	-
<b>Transactions with owners recorded directly in equity- distributions</b>					
Dividend:					
- Final dividend at 20% (i.e. Rs. 2.00 per share) for the year ended June 30, 2023	-	-	(263,764)	-	(263,764)
- Interim dividend at 20% (i.e. Rs. 2.00 per share) for the year ended June 30, 2024	-	-	(263,764)	-	(263,764)
<b>Balance as at June 30, 2024</b>	<b>1,318,819</b>	<b>2,700,036</b>	<b>7,440,635</b>	<b>6,968,184</b>	<b>18,427,674</b>

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial Officer



**Sohail R. Bhojani**  
Chief Executive Officer

**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2024

	Note	2024	2023
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	36	5,594,699	6,007,255
Finance cost paid		(1,551,495)	(1,608,163)
Income on bank deposits received		16,352	8,930
Staff retirement benefits paid		(48,000)	(49,000)
Payment on account of compensated absences		(11,269)	(18,513)
Income tax and levies paid - net		(843,870)	(981,730)
Decrease in long-term deposits		(2,552)	(153)
<b>Net cash generated from operating activities</b>		<b>3,153,865</b>	<b>3,358,626</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for acquisition of property, plant and equipment		(782,521)	(551,191)
Payment for acquisition of intangible assets		149	(1,297)
Proceeds from disposal of property, plant and equipment		85,752	42,872
Dividend received		1,239,198	1,877,518
<b>Net cash generated from investing activities</b>		<b>542,578</b>	<b>1,367,902</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term financing		-	3,144,225
Repayment of long-term financing		(732,501)	(969,396)
Receipt of short-term borrowings - net		368,093	604,463
Dividend paid		(532,402)	(1,510,488)
<b>Net cash (used in) / generated from financing activities</b>		<b>(896,810)</b>	<b>1,268,804</b>
Net increase in cash and cash equivalents		2,799,634	5,995,332
Cash and cash equivalents at beginning of the year		(4,424,408)	(10,419,740)
Cash and cash equivalents at end of the year	37	(1,624,775)	(4,424,408)

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial Officer



**Sohail R. Bhojani**  
Chief Executive Officer

**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended June 30, 2024**

**1. STATUS AND NATURE OF BUSINESS**

International Industries Limited ("the Company") was incorporated in Pakistan on March 1, 1948 under the Companies Act, 1913 (now the Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The Company is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes, structural hollow sections, stainless steel tubes, polymer pipes & fittings. The Company also offers customized construction solution services. The registered office of the Company is situated at 101-107 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Company are situated as follows:

- i) LX 15 - 16, HX-7/4, LX-2, LX 14/13, LX 14/14, Landhi Industrial Area, Karachi;
- ii) Survey no. 402, 405 - 406, 95, Rehri Road, Landhi Town, Karachi; and
- iii) 22 KM Sheikhpura Road, Mouza Khanpur Nabipur, Tehsil Ferozpur, District Sheikhpura.

The sales offices and warehouse of the Company are situated as follows:

- i) Chinoy House, 2nd and 3rd Floor, Bank Square, Lahore;
- ii) Hall No. 1, Second Floor, Rafi Shopping Center, Plot No. 7, Safari Valley, Rawalpindi;
- iii) 1592, 2nd Floor, Quaid-e-Azam Shopping Centre no. 1, Multan Cantt;
- iv) Office no. 1 & 2, 1st Floor, Hurmaz Plaza, Main University Road, Peshawar; and
- v) Plot no. NEIR - 61, Khasra no. 3303 - 3308, Hadbast Mouza Naulakha, GT Road, Lahore.

These Unconsolidated Financial Statements are separate financial statements of the Company in which investments in subsidiaries and associate have been accounted for at cost less accumulated impairment losses, if any. Details of the Company's investment in subsidiaries and associated company are stated in note 6 to these unconsolidated financial statements.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These unconsolidated financial statements of the Company 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 of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of measurement**

These unconsolidated financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (Gratuity Fund) which is determined on the basis of the present value of defined benefit obligations less fair value of plan assets determined by an independent actuary and land and buildings at revalued amounts assessed by an independent valuer which are stated at fair value.

**2.3 Functional and presentation currency**

These unconsolidated financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## 2.4 Use of estimates and judgements

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, 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 judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

- Property, plant and equipment (note 3.1)
- 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 3.9)
- Impairment (note 3.14)
- Provisions (note 3.15)
- Contingent liabilities (note 3.16)

## 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, 2023. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies and methods of computations adopted in the preparation of these unconsolidated financial statements are same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended June 30, 2023.

### 3.1 Property, plant and equipment

#### 3.1.1 Operating assets and depreciation

##### Initial recognition

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

Recognition of the cost in the carrying amount of an item of 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, leasehold land and buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold and leasehold lands are stated at revalued amounts, and buildings on freehold and leasehold lands are stated at revalued amounts less accumulated depreciation and impairment loss, if any. The value assigned to leasehold lands is not amortized as the respective leases are expected to be renewed for further periods on payment of relevant rentals. The costs of property, plant and equipment include:

- (a) its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates; and
- (b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (c) Borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

## Subsequent expenditure

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

## Depreciation

Depreciation on all items except for land is charged on straight line method at the rates specified in note 4.1 to the Unconsolidated Financial Statements and is generally recognised in the Unconsolidated 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 land and buildings 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 land and buildings is recognised, 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 Unconsolidated Statement of Profit or Loss, in which case the increase is first recognised in the Unconsolidated 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 recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset and all other decreases are charged to Unconsolidated 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 the Unconsolidated 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 Unconsolidated Statement of Profit or Loss, and the related revaluation surplus on property, plant and equipment, if any, is transferred directly to retained earnings.

### 3.1.2 Capital work-in-progress

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

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

### 3.2 Intangible assets

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

Costs directly associated with identifiable software that will have probable economic benefits exceeding 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 the estimated useful life(s) of these assets (refer note 5).
- c) Amortisation on additions during the year is charged from month in which the asset is intended to be used, whereas no amortisation is charged from the month the asset is disposed-off.

### 3.3 Investments

#### Investments in subsidiaries

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

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

#### Investments in associates

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

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

### 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

<b>Debt Investments at FVOCI</b>	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 Unconsolidated 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 Unconsolidated Statement of Profit or Loss.
<b>Equity Investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in the Unconsolidated 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 Unconsolidated Statement of Profit or Loss.
<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the Unconsolidated Statement of Profit or Loss.
<b>Financial assets measured at amortised cost</b>	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 Unconsolidated 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 retain 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 where 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 the Unconsolidated Statement of Cash Flows, cash and cash equivalents comprise cash in hand, balances with banks on current, savings and deposit accounts, short-term investments with original maturities of three months or less and short term borrowing and short term finances availed by the Company, which 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 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 liability 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 Unconsolidated Statement of Profit or Loss over the period of the borrowings using the effective interest 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 Unconsolidated Statement of Financial Position at estimated fair value with corresponding effect to Unconsolidated 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 the Unconsolidated 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 unconsolidated 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 realizable 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 spares and is recognised in the Unconsolidated Statement of Profit or Loss.

### **3.6 Stock-in-trade**

These are valued at lower of cost and net realizable 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 materials in transit comprise of invoice value and other charges thereon. Net realizable value signifies the estimated selling price in the ordinary course of the business less estimated cost of completion and selling expenses. Scrap and by-product is valued at estimated realizable value.



### 3.7 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Unconsolidated 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 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.

#### Levies

The tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income, which is not adjustable against the future tax liability, is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 12/IAS 37.

### 3.8 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

### 3.9 Staff retirement benefits

#### 3.9.1 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 recognised immediately in other comprehensive income. The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognised in the Unconsolidated 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.

### 3.9.2 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 Unconsolidated Statement of Profit or Loss.

### 3.9.3 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.

### 3.10 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 Unconsolidated Statement of Profit or Loss currently. The exchange gain on export receivable is restricted as per foreign exchange circulars issued by State Bank of Pakistan.

### 3.11 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.
- Toll manufacturing / partial manufacturing income is recognised when related services are rendered.
- Service 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 120 days, which is consistent with the market practice.

### 3.12 Other Income

- Income from power generation plant on account of sales of surplus electricity is recognised on transmission of electricity to K-Electric Limited (KE).
- Dividend income is recognised when the right to receive the dividend is established.
- Gains / losses arising on sale of investments are included in the Unconsolidated Statement of Profit or Loss in the period in which they arise.
- Rental income is recognised on straight line basis over the term of the respective lease agreement.

### 3.13 Income on bank deposits and finance cost

The Company's finance income and finance cost includes interest income and interest expense. Interest income or expense is recognised using the effective interest method.

### 3.14 Impairment

#### 3.14.1 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 debts 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, 2024 or July 1, 2023 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.

A financial asset is considered in default when the counterparty fails to make contractual payments within one year of when they fall due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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

### **3.14.2 Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, stock-in-trade and stores and spares 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 Unconsolidated Statement of Profit or Loss.

### **3.15 Provisions**

A provision is recognised in the Unconsolidated 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 that reflects 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. The nature of provision is not stated in the financial statements where such is expected to materially prejudice company's position, as allowed under the applicable accounting framework.

### **3.16 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.

### **3.17 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting structure. The management monitors the operating results of its products (i.e. Steel and Polymer pipes) separately for the purposes of making decisions regarding resource allocation and performance assessment. Further, due to significant returns from its investment in 56.33% owned subsidiary and an associated company, the management monitors returns from its strategic investments separately. Accordingly, investments has also been identified as a reportable segment.

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 only excess electricity, if any, is sold to KE.

### **3.18 Dividend and appropriation 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.

### **3.19 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.

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

A loan is initially recognised 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.

### **3.20 Leasing arrangements**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Unconsolidated Statement of Profit or Loss due to its operating nature.

### **3.21 Restatement**

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the unconsolidated statement of financial position, the unconsolidated statement of cash flows and earning per share as a result of this change.

	For the year ended June 30, 2024			For the year ended June 30, 2023		
	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
Profit before income tax	1,806,210	(47,953)	1,758,257	2,883,108	(50,346)	2,832,761
Levies	-	(47,953)	(47,953)	-	(50,346)	(50,346)
Income tax - net	(333,079)	47,953	(285,126)	(610,172)	50,346	(559,826)

(Rupees in '000)

#### 4. PROPERTY, PLANT AND EQUIPMENT

Note	2024	2023
	(Rupees in '000)	
Operating assets	12,154,901	9,862,465
Capital work-in-progress (CWIP)	84,582	63,475
Stories and spares held for capital expenditures - at cost	6,983	7,971
	12,246,466	9,933,911

#### 4.1 Operating assets

	Land - revalued - note 4.1.2		Buildings - revalued - note 4.1.2		Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land				
Rupees in '000								
Balance as at July 1, 2023								
Cost / revalued amount	706,870	4,230,765	444,512	1,825,116	6,292,052	170,528	184,437	13,854,280
Accumulated depreciation	-	-	(45,626)	(186,639)	(3,551,933)	(131,456)	(76,161)	(3,991,815)
Net book value (NBV)	706,870	4,230,765	398,886	1,638,477	2,740,119	39,072	108,276	9,862,465
Transfers from CWIP	-	-	103,832	16,985	538,651	21,306	81,629	762,403
Surplus / (loss) on revaluation - note 4.1.3	50,000	2,209,422	(17,780)	(9,829)	-	-	-	2,231,813
Disposals - note 4.1.4								
- Cost / revalued amount	(46,987)	-	(3,525)	-	(37,338)	(1,733)	(25,242)	(114,825)
- Accumulated depreciation	-	-	619	-	37,238	1,685	16,459	56,001
	(46,987)	-	(2,906)	-	(100)	(48)	(8,783)	(58,824)
Depreciation charge - note 4.1.1	-	-	(43,483)	(183,368)	(356,749)	(19,222)	(40,134)	(642,956)
Balance as at June 30, 2024 (NBV)	709,883	6,440,187	438,549	1,462,265	2,921,921	41,108	140,988	12,154,901
Gross carrying value as at June 30, 2024								
Cost / revalued amount	709,883	6,440,187	438,549	1,462,265	6,793,365	190,100	240,824	16,275,174
Accumulated depreciation	-	-	-	-	(3,871,444)	(148,993)	(99,836)	(4,120,273)
Net book value	709,883	6,440,187	438,549	1,462,265	2,921,921	41,108	140,988	12,154,901
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	
Balance as at July 1, 2022								
Cost / revalued amount	706,870	4,230,765	442,100	1,748,197	5,894,463	151,768	189,691	13,363,854
Accumulated depreciation	-	-	-	-	(3,237,906)	(118,872)	(95,609)	(3,452,387)
Net book value (NBV)	706,870	4,230,765	442,100	1,748,197	2,656,557	32,896	94,082	9,911,467
Transfers from CWIP	-	-	2,412	76,919	400,001	21,954	50,836	552,122
Surplus on revaluation	-	-	-	-	-	-	-	-
Disposals								
- Cost	-	-	-	-	(2,412)	(3,194)	(56,090)	(61,696)
- Accumulated depreciation	-	-	-	-	2,103	2,852	51,714	56,669
	-	-	-	-	(309)	(342)	(4,376)	(5,027)
Depreciation charge	-	-	(45,626)	(186,639)	(316,130)	(15,436)	(32,266)	(596,097)
Balance as at June 30, 2023 (NBV)	706,870	4,230,765	398,886	1,638,477	2,740,119	39,072	108,276	9,862,465
Gross carrying value as at June 30, 2023								
Cost / revalued amount	706,870	4,230,765	444,512	1,825,116	6,292,052	170,528	184,437	13,854,280
Accumulated depreciation	-	-	(45,626)	(186,639)	(3,551,933)	(131,456)	(76,161)	(3,991,815)
Net book value	706,870	4,230,765	398,886	1,638,477	2,740,119	39,072	108,276	9,862,465
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	

\* Accumulated depreciation of buildings has been adjusted against the gross carrying amount of the assets using the elimination approach to incorporate the revaluation impact.

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

	Note	2024	2023
(Rupees in '000)			
Cost of sales	27	606,118	542,384
Selling and distribution expenses	28	17,788	17,261
Administrative expenses	29	16,103	16,565
Income from power generation	32.3	2,947	19,887
		<b>642,956</b>	<b>596,097</b>

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

Particulars	Location	Area of land (Acres)	Covered Area (Square Feet)	Forced sales value (Rupees in '000)
Leasehold Land and Building (Manufacturing plant)	Plot No. LX15-16, HX-7/4, LX-2, LX 14/13, LX 14/14 Landhi Industrial Estate, Karachi	25.59	815,879	4,211,090
Leasehold Land and Building (Manufacturing plant)	22 KM, Sheikhpura Road, Mouza Khanpur Nabipur, Tehsil Ferozpur, District Sheikhpura	30.24	339,810	1,120,138
Freehold Land and Building (Manufacturing plant)	Survey No. 402, 405 - 406, 95, Rehri Road, Landhi Town, Karachi	10	291,852	868,432
Leasehold Building (Office premises)	Office No. 101-107, 1 <sup>st</sup> Floor, Beaumont Plaza, 10 Beaumont Road, Karachi	Not applicable	11,544	218,809
Leasehold Building (Sales office premises)	Chinoy House, 2nd and 3rd Floor, Bank Square, Off Thornton Road, Hadbast Mouza Khas, Lahore	Not applicable	8,420	39,149
Freehold Land and Building (Sales godown)	*Plot No. NEIR-61, Khasrano. 3303-3308, Hadbast Mouza Naulakha, GT Road, Lahore	0.17	6,300	50,315
				<b>6,507,933</b>

*\*As of December 2023, management intended to sell this property, resulting in its classification as a non-current asset held for sale in accordance with IFRS 5 in the half-yearly financial statements. Subsequently, due to internal expansion plans, management decided to retain the property for internal use. Consequently, the property has been reclassified in accordance with IAS 16.*

4.1.3 The desktop evaluation of freehold land, leasehold land and buildings thereon was carried out as at June 30, 2024 by MYK Associates (Private) Limited (an external valuer who is located in Karachi) resulted in a surplus amounting to Rs.2,231.81 million which was incorporated in the books of the Company as at June 30, 2024.

A full-scope evaluation of freehold land, leasehold land and buildings was also carried out by the same valuer as at June 30, 2022 resulting in a surplus amounting to Rs. 2,271.68 million on freehold land, leasehold land and buildings.

The Company commissioned independent valuation of freehold land, leasehold land and buildings thereon during the years / periods ended June 30, 1988, June 30, 1997, June 30, 2000, June 30, 2004, December 31, 2007, June 30, 2013, June 30, 2016, June 30, 2019, June 30, 2022 and June 30, 2024.

The carrying amount of the aforementioned assets as at June 30, 2024, 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	129,989	-	129,989
Leasehold land	725,144	-	725,144
Buildings	1,689,639	(858,396)	831,243
<b>As at June 30, 2024</b>	<b>2,544,772</b>	<b>(858,396)</b>	<b>1,686,376</b>
<b>As at June 30, 2023</b>	<b>2,437,196</b>	<b>(755,371)</b>	<b>1,681,825</b>

**4.1.4** Details of property, plant and equipment disposed off / scrapped having book value of five hundred thousand rupees or more each are as follows:

Asset category	Original Cost/ Revalued amount	Accumulated depreciation	Book value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of buyer	Relationship with buyer
	----- (Rupees in '000) -----							
<b>Vehicles</b>								
Suzuki Alto BSK-663	1,398	816	582	1,900	1,318	Negotiation	Syed Riaz Ahmed	Third Party
Suzuki Alto ABH-236	1,433	788	645	2,100	1,455	Negotiation	U.S Motors	Third Party
Suzuki Alto VXR BSY- 676	1,433	740	693	1,688	995	As per Policy	Mr. Khalid Junejo	Employee
Suzuki Cultus BSY-693	1,780	949	831	2,088	1,257	As per Policy	Mr. Muhammad Asim	Employee
Honda Civic Auto BQX- 523	3,767	2,888	879	3,990	3,111	As per Policy	Mr. Zulfikar Mooraj	Employee
Suzuki Cultus BVG-534	1,655	607	1,048	2,462	1,414	As per Policy	Mr. Hamza Abbas	Employee
Suzuki Alto BWH-265	1,546	464	1,082	1,900	818	Negotiation	U.S Motors	Third Party
Toyota Yaris BSZ-231	2,695	1,437	1,258	3,289	2,031	As per Policy	Mr. Baber Munshi	Employee
Honda City 1.5 AEG-183	2,623	1,224	1,399	3,088	1,689	As per Policy	Mr. Atiq ur Rehman	Employee
	<b>18,330</b>	<b>9,913</b>	<b>8,417</b>	<b>22,505</b>	<b>14,088</b>			
<b>Property</b>								
Ghoray Shah Warehouse	50,512	619	49,893	57,798	7,905	Negotiation	Ali Nawaz,Asad Ali,Fiza Ali,Alishba Asad	Third Party
	<b>50,512</b>	<b>619</b>	<b>49,893</b>	<b>57,798</b>	<b>7,905</b>			
<b>Total</b>	<b>68,842</b>	<b>10,532</b>	<b>58,310</b>	<b>80,303</b>	<b>21,993</b>			

**4.2** Capital work-in-progress (CWIP)

	2024				2023			
	As at July 1, 2023	Additions / adjustments	Transfers / adjustments	As at June 30, 2024	As at July 1, 2022	Additions / adjustments	Transfers / adjustments	As at June 30, 2023
	----- (Rupees in '000) -----							
Buildings on freehold land	-	103,832	(103,832)	-	2,263	149	(2,412)	-
Buildings on leasehold land	641	16,709	(16,985)	365	43,168	34,392	(76,919)	641
Plant and machinery	59,757	558,957	(538,651)	80,063	18,392	441,366	(400,001)	59,757
Furniture, fixtures and office equipment	3,034	22,425	(21,306)	4,154	1,849	23,139	(21,954)	3,034
Vehicles	43	81,586	(81,629)	-	167	50,712	(50,836)	43
	<b>63,475</b>	<b>783,509</b>	<b>(762,403)</b>	<b>84,582</b>	<b>65,839</b>	<b>549,758</b>	<b>(552,122)</b>	<b>63,475</b>

4.3 Stores and spares held for capital expenditures - at cost	Note	2024	2023
		(Rupees in '000)	
Net book value (NBV) at beginning of the year		7,971	6,538
Additions during the year		9,410	9,199
Transfers made during the year		(10,398)	(7,766)
NBV at end of the year		6,983	7,971
<b>5. INTANGIBLE ASSETS</b>			
Operating intangible assets	5.1	1,584	2,481
Capital work-in-progress (CWIP)		-	149
		1,584	2,630
<b>5.1 Operating intangible assets</b>			
Net book value at beginning of the year		2,481	2,730
Additions / transfers		481	1,148
Amortisation	5.1.2	(1,378)	(1,397)
Balance at end of the year		1,584	2,481
<b>Gross carrying value as at June 30</b>			
Cost		80,679	80,198
Accumulated amortisation		(79,095)	(77,717)
Net book value		1,584	2,481
		----- Percent -----	
<b>Amortisation rate (per annum)</b>		33.33	33.33

5.1.1 Intangible assets comprise of computer software and licenses.

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

Note	2024	2023
	(Rupees in '000)	
Cost of sales	207	360
Selling and distribution expenses	483	349
Administrative expenses	688	688
	1,378	1,397



## 6. INVESTMENTS

			Note	2024	2023
2024	2023			(Rupees in '000)	
(Number of shares)					
Quoted Companies					
245,055,543	245,055,543	International Steels Limited (ISL) - subsidiary company, at cost	6.1	2,450,555	2,450,555
7,615,588	6,092,470	Pakistan Cables Limited (PCL) - associated company, at cost	6.2	817,553	817,553
Un-Quoted Companies					
150,000	150,000	IIL Americas Inc. (IIL Americas) - subsidiary company, at cost	6.4	17,966	17,966
100,000	100,000	IIL Australia Pty. Limited (IIL Australia) - subsidiary company, at cost	6.5	9,168	9,168
7,727,270	7,727,270	IIL Construction Solutions (Private) Limited (IIL CSL) - subsidiary company, at cost	6.6	77,273	77,273
				<b>3,372,515</b>	<b>3,372,515</b>

- 6.1** The Company holds 56.33% (2023: 56.33%) ownership interest in ISL. The Chief Executive Officer of ISL is Mr. Yousuf H. Mirza. The price per share of ISL as at reporting date was Rs. 84.55 (2023: Rs. 40.53) resulting in a market value of total investment amounting to Rs. 20,719.44 million (2023: Rs. 9,932.10 million).
- 6.1.1** The Company has pledged 500,000 shares of International Steels Limited in the Honourable Sindh High Court as explained in note 25.1.2.
- 6.2** The Company holds 17.124% (2023: 17.124%) ownership interest in PCL. The Chief Executive Officer of PCL is Mr. Fahd K. Chinoy. The Company considers it has significant influence over PCL as, in addition to its holding, the Chairman of the Board of the Company is also the Chairman of the Board of PCL. The price per share of PCL as at reporting date was Rs. 155.17 (2023: Rs. 82.92) resulting in a market value of total investment amounting to Rs. 1,181.71 million (2023: Rs. 631.48 million).
- 6.3** Market values of the investments disclosed in note 6.1 and 6.2 is categorised as level 1 fair value measurement in accordance with IFRS 13 'Fair Value Measurement'.
- 6.4** The Company holds 100% (2023: 100%) ownership interest in IIL Americas. The Chief Executive Officer of IIL Americas is Mr. Aslam Saduridin. IIL Americas has a registered office situated at Suite 210, 5800 Ambler Drive Mississauga, ON L4W 4J4, Canada. The Company has invested CAD 150,000 (2023: CAD 150,000) in IIL Americas as at year end. The book value of IIL Americas based on the financial statements as at June 30, 2024 is CAD (972,372) (Rs. (197.09) million) [2023: CAD 152,386 (Rs. 33.24 million)].
- 6.5** The Company holds 100% (2023: 100%) ownership interest in IIL Australia. The Chief Executive Officer of IIL Australia is Mr. Sohail R. Bhojani. The Company has a registered office situated at 101-103, Abbot Road, Hallam, Victoria 3803, Australia. The latest available financial statements are prepared on going concern basis. IIL Australia has been audited by KST Partners Chartered Accountants and they have expressed an unqualified opinion on the financial statements of the subsidiary. The Company has invested AUD 100,000 (2023: AUD 100,000) in IIL Australia as at year end. The book value of IIL Australia based on the financial statements as at June 30, 2024 is AUD 962,974 (Rs. 17.494 million) [2023: AUD 920,832 (Rs. 176.99 million)].
- 6.6** The Company holds 100% (2023: 100%) ownership interest in IIL CSL amounting to Rs. 77.3 million (2023: Rs. 77.3 million). IIL CSL has its registered office situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530. The principal business activity of this subsidiary is to carry on the business of providing scaffolding solutions. The Chief Executive Officer of IIL CSL is Mr. Sohail R. Bhojani. The book value of IIL CSL based on the financial statements as at June 30, 2024 is Rs. 99.97 million (2023: Rs. 123.35 million).
- 6.7** The above investments have been made in accordance with the requirements of Companies Act, 2017.

## 7. DEFERRED TAXATION - NET

	Accelerated tax depreciation	Surplus on revaluation of buildings	Provision for infrastructure cess	Loss allowance on trade debts	Provision for compensated absences	Staff retirement benefits	Gas Infrastructure Development Cess	Minimum Tax - note 7.3	Tax Loss - note 7.3	Provision for long term & trade deposit	Provision for stores & spares	Provision for WPPF	Total
	(Rupees in '000)												
<b>Balance at July 1, 2023</b>	(407,263)	(384,846)	342,445	66,500	2,041	52,518	(5,502)	152,504	147,136	-	-	-	(34,468)
(Charge) / credit to profit or loss for the year	(110,763)	52,232	149,216	24,830	1,441	9,863	4,744	6,063	-	1,768	35,322	10,117	184,833
(Charge) / credit to other comprehensive income for the year	-	(81,217)	-	-	-	(33,652)	-	-	-	-	-	-	(114,869)
<b>Balance at June 30, 2024</b>	(518,026)	(413,831)	491,661	91,330	3,482	28,729	(758)	158,567	147,136	1,768	35,322	10,117	35,496
<b>Balance at July 1, 2022</b>	(287,120)	(317,186)	205,009	29,669	1,169	36,359	(7,705)	-	147,136	-	-	-	(192,669)
(Charge) / credit to profit or loss for the year	(120,143)	45,694	137,436	36,831	872	2,756	2,203	152,504	-	-	-	-	258,152
(Charge) / credit to other comprehensive income for the year	-	(113,354)	-	-	-	13,403	-	-	-	-	-	-	(99,951)
<b>Balance at June 30, 2023</b>	(407,263)	(384,846)	342,445	66,500	2,041	52,518	(5,502)	152,504	147,136	-	-	-	(34,468)

- 7.1** 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 Unconsolidated Statement of Financial Position.
- 7.2** Deferred tax assets and liabilities are recorded at 100% (2023: 81.36%) of the total deferred tax asset and liabilities based on the changes in Finance Act 2024, according to which export sales will not be treated as Final Tax Regime, instead the export sales will now fall under the Minimum tax regime.
- 7.3** The deferred tax asset on minimum tax and tax loss will be recoverable based on the estimated future taxable income and approved business plans and budgets.
- 7.4** Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. As per Finance Act, 2022, companies operating in certain sectors, including steel, are liable to pay super tax at 10% for tax year 2022 and upto 4% for tax year 2023 and onwards. However Finance Act, 2023 has introduced progressive rate on high earning persons ranging from 1% to 10% whereas on companies having income in excess of Rs. 500 million 10% super tax will be applicable. Such higher rate of tax has been made perpetual thus substantially increasing the overall tax costs for the businesses. Accordingly, deferred tax assets and liabilities have been recognised using the expected applicable rate.

## 8. STORES AND SPARES

	Note	2024	2023
		(Rupees in '000)	
Stores		221,350	209,026
Spares		49,833	85,655
Loose tools		14,705	9,301
		285,888	303,982
Less: Provision for net realisable value write down	8.1	(90,570)	(60,888)
		195,318	243,094

### 8.1 Provision for net realisable value write down

Balance as at 1 July	60,888	27,499
Provision during the year	29,682	33,389
Balance as at 30 June	90,570	60,888

<b>9. STOCK-IN-TRADE</b>		Note	2024	2023
(Rupees in '000)				
Raw material	- in hand	9.1	4,533,554	6,768,397
	- in transit		670,681	1,540,685
			<b>5,204,235</b>	<b>8,309,082</b>
Work-in-process			996,717	1,164,330
Finished goods			3,446,490	4,424,204
By-products			34,404	24,950
Scrap material			215,508	183,242
			<b>9,897,354</b>	<b>14,105,808</b>

**9.1** Raw material amounting to Rs. 1.7 million as at June 30, 2024 (2023: Rs. 2.8 million) was held at a vendor's premises for the production of pipe caps.

<b>10. TRADE DEBTS</b>		Note	2024	2023
(Rupees in '000)				
Considered good - secured		10.1	200,190	46,313
	- unsecured		4,798,078	5,224,439
			<b>4,998,268</b>	<b>5,270,752</b>
Considered doubtful			234,180	178,881
			<b>5,232,447</b>	<b>5,449,633</b>
Loss allowance on trade debts		10.3	(234,180)	(178,881)
			<b>4,998,267</b>	<b>5,270,752</b>

**10.1** These represent trade debts arising on account of export sales of Rs. 200.19 million (2023: Rs. 46.30 million) which are secured by way of export Letters of Credit.

**10.2** Related parties from whom trade debts are due as at June 30, 2024 are as under:

	2024	2023
(Rupees in '000)		
ILL Australia Pty Limited	1,404,578	1,143,493
ILL Americas Inc.	979,547	1,664,609
Pakistan Cables Limited	39,365	13,125
ILL Construction Solutions (Private) Limited	-	13,453
	<b>2,423,490</b>	<b>2,834,680</b>

**10.2.1** The maximum aggregate amount due from the related parties at any time during the year calculated by reference to month-end balances is Rs. 2,862.35 million (2023: Rs. 5,821.09 million). Company's fully owned subsidiaries, ILL Americas and ILL Australia, have obtained credit insurance on their debtors.

10.2.2 The ageing of trade debts from related parties as at the reporting date is as under:

	Note	2024	2023
(Rupees in '000)			
Not yet due		488,037	1,091,851
Past due 1 - 60 days		209,530	679,918
Past due 61 - 180 days		1,033,555	244,262
Past due 181 - 365 days		692,368	818,649
		<b>2,423,490</b>	<b>2,834,680</b>
<b>10.3 Loss allowance on trade debts</b>			
Balance at beginning of the year		178,881	126,923
Charge of loss allowance on trade debts		55,299	51,958
Balance at end of the year		<b>234,180</b>	<b>178,881</b>

**11. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS**

Considered good - unsecured			
- Suppliers	11.1	33,859	82,700
- Employees for business related expenses	11.1	2,218	4,705
Trade deposits	11.1	10,203	2,927
Prepayments		12,747	8,375
		<b>59,027</b>	<b>98,707</b>

11.1 These advances and trade deposits are non interest bearing.

**12. OTHER RECEIVABLES**

Receivable from K-Electric Limited (KE) - Unsecured		-	5,678
Receivable from Provident Fund - Unsecured	12.1	28,576	31,192
Others		9,794	5,014
		<b>38,370</b>	<b>41,884</b>
Considered doubtful			
Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods		25,940	25,940
Receivable against short shipment	12.2	-	150,000
		<b>64,310</b>	<b>217,824</b>
Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in prior periods		(25,940)	(25,940)
Provision for receivable against short shipment	12.2	-	(150,000)
		<b>38,370</b>	<b>41,884</b>

- 12.1 This represents amount receivable from International Industries Limited - Employees' Contributory Provident Fund, a related party.
- 12.2 This represented receivable in respect of short receipt of Prime Hot Rolled Coil (HRC) last year. The management pursued various actions for recovery of the amount which has resulted in the recovery of Rs. 140 million during the year.

13. CASH AND BANK BALANCES	Note	2024	2023
(Rupees in '000)			
<b>Cash at bank</b>			
<b>Conventional</b>			
Current accounts - local currency		108,435	292
- foreign currency		242,769	148,289
Savings accounts - local currency	13.1	30,000	50,135
		<b>381,204</b>	<b>198,716</b>
<b>Islamic</b>			
Savings accounts - local currency	13.1	112	11,521
		<b>381,316</b>	<b>210,237</b>
Cash in hand		3,401	2,234
		<b>384,717</b>	<b>212,471</b>

- 13.1 At June 30, 2024, the rates of mark up / profit on savings accounts range from 11.01% to 19.00% (2023: from 14.75% to 20.50%) per annum.

#### 14. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Authorised share capital

2024	2023		2024	2023
(Number of shares)			(Rupees in '000)	
<b>200,000,000</b>	<b>200,000,000</b>	Ordinary shares of Rs. 10 each	<b>2,000,000</b>	<b>2,000,000</b>

Issued, subscribed and paid-up capital

2024	2023		2024	2023
(Number of shares)			(Rupees in '000)	
<b>6,769,725</b>	<b>6,769,725</b>	Fully paid ordinary shares of Rs. 10 each issued for cash	67,697	67,697
<b>125,112,155</b>	<b>125,112,155</b>	Fully paid ordinary shares of Rs.10 each issued as bonus shares	1,251,122	1,251,122
<b>131,881,880</b>	<b>131,881,880</b>		<b>1,318,819</b>	<b>1,318,819</b>

- 14.1 Pakistan Cables Limited, an associated company, due to shareholding and common directorship, held 633,600 (2023: 633,600) ordinary shares of Rs. 10 each at the year end.

## 15. GENERAL RESERVE

General reserve is maintained for fulfilling various business needs including meeting contingencies, offsetting future losses, enhancing the working capital and paying dividends.

## 16. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

Note	2024	2023
	(Rupees in '000)	
<b>Freehold land</b>		
Balance at beginning of the year	564,908	564,908
Surplus on revaluation of freehold land	50,000	-
Disposal of land	(17,507)	-
Balance at end of the year	597,401	564,908
<b>Leasehold land</b>		
Balance at beginning of the year	3,505,620	3,505,620
Surplus on revaluation of leasehold land	2,209,423	-
Balance at end of the year	5,715,043	3,505,620
<b>Buildings</b>		
Balance at beginning of the year	1,222,645	1,356,913
Loss on revaluation of buildings	(27,609)	-
Disposal of building	(2,258)	-
Transferred to retained earnings (un-appropriated profit) in respect of incremental depreciation charged during the year	(123,207)	(134,268)
	1,069,571	1,222,645
Related deferred tax liability	(413,831)	(384,846)
Balance at end of the year - net of deferred tax	655,740	837,799
	6,968,184	4,908,327

16.1 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.

## 16.2 Movement in related deferred tax liability

	2024	2023
	(Rupees in '000)	
Balance at beginning of the year	384,846	317,186
Deferred tax for the year	(10,768)	-
Effect of change in Normal Tax Regime ratio	91,985	113,354
Tax effect on disposal of buildings	(4,181)	-
Tax effect on incremental depreciation transferred to retained earnings	(48,051)	(45,694)
Balance at end of the year	413,831	384,846

## 17. LONG-TERM FINANCING - secured

Note	2024	2023
	(Rupees in '000)	
<b>Conventional</b>		
Long-Term Finance Facility (LTFF)	387,410	486,800
Long-Term Finance	145,455	677,178
	<b>532,865</b>	<b>1,163,978</b>
<b>Islamic</b>		
Diminishing Musharakah	3,011,364	3,079,545
Islamic Long-Term Finance Facility (ILTFF)	84,331	99,190
Islamic Temporary Economic Refinance Facility (ITERF)	226,858	240,285
Islamic Finance Facility for Renewable Energy (IFRE)	75,556	80,000
	<b>3,398,109</b>	<b>3,499,020</b>
	<b>3,930,974</b>	<b>4,662,998</b>
Less: Deferred income - government grant	18 (39,512)	(49,959)
Less: Current portion of long-term financing		
<b>Conventional</b>		
Long-Term Finance Facility (LTFF)	(108,406)	(98,390)
Long-Term Finance	(145,455)	(395,455)
	<b>(253,861)</b>	<b>(493,845)</b>
<b>Islamic</b>		
Diminishing Musharakah	(311,364)	(79,545)
Islamic Long-Term Finance Facility (ILTFF)	(14,859)	(14,859)
Islamic Temporary Economic Refinance Facility (ITERF)	(26,130)	(12,577)
Islamic Finance Facility for Renewable Energy (IFRE)	(8,889)	(8,000)
	<b>(615,103)</b>	<b>(608,826)</b>
	<b>3,276,359</b>	<b>4,004,213</b>

**17.1 Long-term finances utilised under mark-up arrangements**

CONVENTIONAL	Sale price	Purchase price	Number of instalments and commencement date	Date of maturity / repayment	Rate of mark-up per annum	Carrying amount	
						2024	2023
	(Rupees in '000)					(Rupees in '000)	
<b>i) LTFF</b>							
MCB Bank Limited Assistance for plant and machinery	550,000	906,963	34 quarterly October 29, 2016	November 18, 2025	3.7% / 5.2% (fixed rate)	88,288	152,541
MCB Bank Limited Assistance for plant and machinery	100,000	149,976	34 quarterly August 31, 2019	August 31, 2027	3.5% (fixed rate)	39,396	51,520
MCB Bank Limited Assistance for plant and machinery	100,000	147,862	34 quarterly March 30, 2020	June 30, 2028	3.5% (fixed rate)	44,347	57,210
Allied Bank Limited Assistance for plant and machinery	500,000	578,167	16 half yearly December 30, 2023	July 20, 2032	2.5% to 7.5% (fixed rate)	215,379	225,529
						<b>387,410</b>	<b>486,800</b>
<b>ii) Long-term finance</b>							
MCB Bank Limited Refinancing of capital expenditure / balancing, modernization and replacement (BMR)	800,000	1,164,316	11 half yearly June 30, 2020	June 28, 2025	0.1% over 6 months KIBOR	145,455	363,637
Allied Bank of Pakistan Limited Refinancing of capital expenditure	1,000,000	1,494,500	4 half yearly June 29, 2022	December 29, 2023	0.1% over 6 months KIBOR	-	250,000
Allied Bank of Pakistan Limited Assistance for plant and machinery					0.1% over 6 months KIBOR	-	63,541
						<b>145,455</b>	<b>677,178</b>
						<b>532,865</b>	<b>1,163,978</b>
<b>ISLAMIC</b>							
<b>i) Diminishing Musharakah</b>							
Meezan Bank Limited Acquisition of Musharakah assets	500,000	950,361	5 half yearly & 12 quarterly June 30, 2018	June 30, 2023	0.1% over 3 months KIBOR	-	22,727
Meezan Bank Limited Acquisition of Musharakah assets	250,000	279,978	3 half yearly & 16 quarterly June 30, 2019	July 2, 2024	0.1% over 3 months KIBOR	11,364	56,818
Meezan Bank Limited Acquisition of Musharakah assets	1,688,000	3,022,245	20 quarterly March 29, 2025	Dec 29, 2029	0.1% over 3 months KIBOR	1,688,000	1,688,000
Meezan Bank Limited Acquisition of Musharakah assets	1,312,000	2,349,043	20 quarterly March 29, 2025	Dec 29, 2029	0.1% over 3 months KIBOR	1,312,000	1,312,000
						<b>3,011,364</b>	<b>3,079,545</b>
<b>ii) ILTFF</b>							
Habib Bank Limited Acquisition of Musharakah assets	150,000	187,500	16 half yearly February 22, 2022	May 31, 2030	2.5% (fixed rate)	84,331	99,190
<b>iii) ITERF</b>							
Habib Bank Limited Assistance for plant and machinery	131,000	163,750	32 quarterly June 28, 2023	April 9, 2031 to June 18, 2031	2% (fixed rate)	101,858	115,285
Bank Islami Pakistan Limited Assistance for plant and machinery	125,000	156,250	32 quarterly November 06, 2024	May 6, 2031 August 26, 2032	2% (fixed rate)	125,000	125,000
						<b>226,858</b>	<b>240,285</b>
<b>iv) IFRE</b>							
Bank Islami Pakistan Limited Assistance for Solar Project	80,000	101,347	32 half yearly March 30, 2024	November 30, 2032	6.0% (fixed rate)	75,556	80,000
						<b>3,398,109</b>	<b>3,499,020</b>
						<b>3,930,974</b>	<b>4,662,998</b>

**17.1.1** These facilities are secured by way of a charge on stocks and all present and future land, buildings and plant and machinery located at Plot Number LX 15 - 16, HX-7/4 and LX-2, LX 14/13, LX 14/14 Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, 95, Rehri Road, Landhi Town, Karachi.



**17.1.2** In relation to above borrowings the Company needs to observe certain financial and non-financial covenants as specified in the agreement with respective lenders which are complied with as of the reporting date.

**17.2** This represents finance facility loan obtained from various banks under the State Bank of Pakistan (SBP) Long Term Finance Facility for plant and machinery in respect of export-oriented projects.

**17.3** This represents finance facility loan obtained from an Islamic bank under SBP's Islamic Long Term Finance Facility for plant and machinery in respect of export-oriented projects.

**17.4** This represents long-term loans obtained by the Company under SBP's Islamic Temporary Economic Refinance Facility available from various Islamic banks at below-market interest rates.

**17.5** This represents finance facility loan obtained from an Islamic bank under SBP's Islamic Finance Facility for Renewable Energy for solar power project.

**17.6** During the year, mark-up paid on conventional and Islamic long term finance amounts to Rs.107.71 million (2023: Rs. 152.54 million) and Rs. 628.07 million (2023: Rs. 159.79 million) respectively.

**18. DEFERRED INCOME - GOVERNMENT GRANT**

Note

2024

2023

(Rupees in '000)

Balance at beginning of the year  
Deferred grant recorded:

49,959

62,779

Government grant recognised in income

32

(10,447)

(12,820)

Balance at end of the year

39,512

49,959

Less: current portion of deferred income  
- government grant

21

(9,477)

(9,998)

30,035

39,961

**18.1** This represents deferred grant recognised in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in respect of SBP's Refinance Scheme for the Islamic Temporary Economic Refinance Facility obtained at concessionary rates. The Company has fulfilled the criteria of the said loans and have accordingly recognised the grant income in the Unconsolidated Statement of Profit or Loss.

**19. GAS INFRASTRUCTURE DEVELOPMENT CESS**

2024

2023

(Rupees in '000)

Balance at beginning of the year

341,698

326,078

Unwinding of Gas Infrastructure Development Cess (GIDC)

14,279

22,186

Loss / (gain) on remeasurement of GIDC

1,116

(6,566)

357,093

341,698

Less: Current portion of GIDC

(357,093)

(299,073)

Balance at end of the year

-

42,625

**19.1** Supreme Court of Pakistan (SCP) upheld the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015) through its judgement dated August 13, 2020 and advised the Government of Pakistan (the GoP) to initiate the gas pipeline project within six months. The SCP on November 2, 2020 ordered that its decision of August 13, 2020 has validated the GIDC Act, 2015 in complete sense and the benefits allowed under Section 8(2) of the GIDC Act to the industrial sector are also available. Further, payment of due Gas Infrastructure Development Cess (the Cess) was allowed in 48 instalments instead of 24 instalments.

The Company has also filed civil suits before Sindh High Court (SHC) on the ground that the Company has not passed on the burden of the Cess. Stay orders were granted in the aforesaid suits, which are operative till the next date of hearing.

Despite the aforesaid order dated August 13, 2020 by the SCP, the GoP did not initiate the gas project within six months. Therefore, during the financial year ended June 30, 2021, the Company has filed a petition with the SHC challenging the validity of the GIDC Act, 2015.

## **20. STAFF RETIREMENT BENEFITS**

### **20.1 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.

### **20.2 Defined benefit scheme**

#### **Staff Gratuity Fund**

**20.2.1** As stated in note 3.9, the Company operates approved funded defined benefit gratuity plan for all permanent employees meeting the specified criteria and defined contribution plan for all active employees subject to minimum service of prescribed period as per the respective trust deeds. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2024.

**20.2.2** Plan assets held in trust are governed by local regulations which mainly include Sindh Trusts Act, 2020; the Companies Act, 2017; 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 trustees from among its employees.

#### **20.2.3 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 3, 5 or 10 year Regular Income Certificates, Defence Savings Certificates 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.

## 20.2.4 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.

20.2.5 The actuarial valuation of gratuity was carried out at June 30, 2024 under projected unit credit method using the following significant assumptions:

	2024	2023
	per annum	
<b>Financial Assumptions</b>		
Discount Rate	14.00%	16.25%
Salary increase rate		
First year - Unionized staff	14.00%	16.25%
First year - Management	13.00%	16.25%
Long term - Unionized staff	14.00%	16.25%
Long term - Management	13.00%	16.25%
<b>Demographic Assumptions</b>		
Mortality rate	SLIC 2001-05-1	SLIC 2001-05-1
Rates of employee turnover - Unionized staff	Light	Heavy
Rates of employee turnover - Management	Moderate	Heavy
Retirement assumption	Age 60 years	Age 60 years

20.2.6 The amounts recognised in Unconsolidated Statement of Financial Position are as follows:

	2024	2023
	(Rupees in '000)	
Present value of defined benefit obligation	748,206	683,539
Fair value of plan assets	(674,542)	(518,019)
Deficit as at June 30	73,664	165,520

## 20.2.7 Movements in the net defined benefit liability

	2024	2023
Balance at beginning of the year	165,520	155,545
Expense chargeable to Unconsolidated Statement of Profit or Loss	72,000	57,686
Contribution paid during the year	(48,000)	(49,000)
Re-measurements recognised in other comprehensive income during the year	(115,856)	(1,289)
Balance at end of the year	73,664	165,520

## 20.2.8 Amount recognised in total comprehensive income

The following amounts have been charged in respect of these benefits to Unconsolidated Statement of Profit or Loss and Unconsolidated Statement of Comprehensive Income:

	2024	2023
	(Rupees in '000)	
Component of defined benefit costs recognized in profit or loss		
Service cost		
Current service cost	46,076	37,468
Interest cost on defined benefit obligation	108,526	82,416
Return on plan assets	(82,602)	(62,198)
	25,924	20,218
	72,000	57,686
Component of defined benefit costs (re-measurement) recognised in other comprehensive income		
Actuarial gain on obligation	(40,941)	(27,552)
Actuarial (gain) / loss on plan assets	(74,915)	28,841
Total re-measurements recognised in other comprehensive income	(115,856)	1,289
Total defined benefit cost recognised in profit or loss and other comprehensive income	(43,856)	58,975

### 20.2.8.1 Analysis of remeasurements recognised in other comprehensive income

Re-measurements: Actuarial loss on obligation (Gain) / loss due to change in financial assumptions	(35,610)	6,600
Loss due to change in demographic assumptions	4,683	-
Gain due to change in experience adjustments	(10,013)	(34,152)
Total actuarial loss on obligation	(40,940)	(27,552)
Re-measurements: Actuarial loss on plan assets		
Actual return on plan assets	(158,490)	(32,286)
Interest income on plan assets	82,602	62,197
Opening difference	972	(1,070)
Total actuarial (loss) / gain on plan assets	(74,916)	28,841
	(115,856)	1,289

	2024	2023
	(Rupees in '000)	
<b>20.2.9 Movements in the present value of defined benefit obligation</b>		
Present value of defined benefit obligation at beginning of the year	683,539	646,535
Current service cost	46,076	37,468
Interest cost	108,526	82,416
Benefits paid	(48,994)	(55,328)
Re-measurements: Actuarial gain on obligation	(40,941)	(27,552)
Present value of defined benefit obligation	<b>748,206</b>	<b>683,539</b>
<b>20.2.10 Movements in the fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	518,019	490,990
Interest income on plan assets	82,602	62,198
Contribution to the fund	48,000	49,000
Benefits paid	(48,994)	(55,328)
Re-measurements: Actuarial gain / (loss) on plan assets	74,915	(28,841)
Fair value of plan assets	<b>674,542</b>	<b>518,019</b>
<b>20.2.11 Analysis of present value of defined benefit obligation</b>		
Vested / non-vested		
Vested benefits	742,283	677,438
Non-vested benefits	5,923	6,101
	<b>748,206</b>	<b>683,539</b>
Type of benefits earned to date		
Accumulated benefit obligation	267,157	286,122
Amounts attributed to future salary increases	481,049	397,417
	<b>748,206</b>	<b>683,539</b>
<b>20.2.12 Disaggregation of fair value of plan assets</b>		
Cash and cash equivalents (after adjusting current liabilities)	33,650	34,685
Equity instruments - listed	177,289	111,191
Debt instruments		
Pakistan Investment Bonds	158,682	110,984
Market Treasury Bills	39,326	24,229
Defence Saving Certificates	265,595	236,930
	<b>674,542</b>	<b>518,019</b>

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

#### 20.2.14 Maturity profile of the defined benefit obligation

Weighted average duration of the defined benefit obligation

2024	2023
9.81	6.79

Years

Distribution of timing of benefit payments

One year  
Two years  
Three years  
Four years  
Five years  
Six years to ten years

2024	2023
(Rupees in '000)	
57,348	78,686
63,993	100,947
80,305	93,771
81,013	125,060
51,994	119,303
533,685	720,473

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

Discount rate + 1%  
Discount rate - 1%  
Long term salary increases + 1%  
Long term salary increases - 1%

2024	2023
(Rupees in '000)	
680,155	639,845
827,815	733,113
830,112	735,104
677,186	637,394

The above sensitivity analysis are 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.

#### 20.2.16 The expense in relation to gratuity benefit for the year ending June 30, 2025 is expected to be Rs. 60.06 million which is also the expected contribution.

#### 21. TRADE AND OTHER PAYABLES

Trade creditors  
Bills payable  
Accrued expenses  
Provision for Infrastructure Cess  
Short-term compensated absences  
Workers' Profit Participation Fund  
Workers' Welfare Fund  
Current portion of deferred income - government grant  
Others

2024	2023
(Rupees in '000)	
94,452	454,575
148,027	1,381,901
1,070,464	1,150,764
1,260,670	1,079,268
8,928	6,434
240	5
85,109	138,390
9,477	9,998
1,544	1,954
<u>2,678,911</u>	<u>4,223,289</u>

**21.1** These include the current portion of Gas Infrastructure Development Cess amounting to Rs. 357.09 million (2023: Rs. 299.07 million).

This also includes a provision against the revision of gas tariff by the Oil and Gas Regulatory Authority amounting to Rs. 86.65 million (2023: Rs. 125.49 million). On February 18, 2023 the Sindh High Court validated the increase in gas tariff w.e.f. October 23, 2020 instead of September 1, 2020 and encashment of cheques submitted to the Nazir against the differential of tariff. The Company preferred an appeal against the said order before the divisional bench.

On March 28, 2024 the divisional bench of the SHC upheld the order of the single judge and ordered for encashment of securities deposited. The Company is considering an appeal before the Supreme Court against the said order, however, in the meantime 25% of the differential has been deposited with the SSGC under protest.

	2024	2023
	(Rupees in '000)	
<b>21.2 Provision for Infrastructure Cess</b>		
Balance at beginning of the year	1,079,268	877,022
Charge for the year	181,402	202,246
Balance at end of the year	1,260,670	1,079,268

**21.2.1** This represents a provision against the amount guaranteed to Excise and Taxation Department. 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 by 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 amounting to Rs. 1,337 million (2023: Rs. 1,027 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 the basis of prudence. Subsequently, through the Sindh Finance Act 2015 and 2016, the legislation has increase the rate of Infrastructure Cess to 1.25%. The Company had obtained a stay against this and the ultimate dispute had been linked with the previous Infrastructure Cess case.

The case was decided on June 4, 2021 by the SHC whereby the SHC declared the first four versions of the law unconstitutional and a release of bank guarantees was ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order remained suspended till September 3, 2021. The Company was not in agreement with the above orders and filed an appeal before the Supreme Court of Pakistan (SCP).

On September 1, 2021, the SCP granted a stay order against the operation of the order of SHC dated June 4, 2021, that the bank guarantees already submitted by the Company in pursuant to the order of the SHC is valid and enforceable. The SHC further ordered that imports should be released on submission of fresh bank guarantees equivalent to the duty under the Act.

Subsequent to the year end, the rate has been increased to 1.85% through Sindh Finance Act, 2024.

	Note	2024	2023
		(Rupees in '000)	
<b>21.3 Workers' Profit Participation Fund</b>			
Balance at beginning of the year		5	9,980
Interest on funds utilized in the Company's business - 75% (2023: 75%)	30	1	1,509
		6	11,489
Expense for the year		30,240	56,005
		30,246	67,494
Payments made during the year		(30,006)	(67,489)
Balance at end of the year		240	5

	2024	2023
<b>21.4 Workers' Welfare Fund</b>	(Rupees in '000)	
Balance at beginning of the year	138,390	122,645
Charge for the period	20,653	10,433
Adjustment / payment	(73,934)	5,312
Balance at end of the year	85,109	138,390

**21.4.1** The Company filed a constitutional petition with the SHC against notice to the Company for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014 despite the fact that the Company is making the payments of Workers Welfare Fund to the Federal Government. A 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.

## 22. CONTRACT LIABILITIES

**22.1** During the year, the Company recognised revenue amounting to Rs. 431.60 million (2023: Rs. 231.37 million) out of the contract liabilities balance outstanding at beginning of the year.

	Note	2024	2023
<b>23. SHORT-TERM BORROWINGS - secured</b>		(Rupees in '000)	
<b>Conventional</b>			
Running finance under mark-up arrangement from banks	23.1	489,808	1,283,363
Short-term borrowing under Money Market Scheme maturing within three months	23.1	300,000	2,326,191
Short-term borrowing under Export Refinance Scheme	23.2	1,300,000	2,301,000
Short-term borrowing under Export Finance Scheme	23.3	552,601	207,463
Short-term borrowing under FE-25 Import	23.4	1,223,955	-
<b>Islamic</b>			
Short-term borrowing under Money Market Scheme maturing within three months		1,000,000	925,000
Short-term borrowing under Running Musharakah	23.5	219,684	102,325
Short-term borrowing under Export Refinance Scheme		-	200,000
		5,086,048	7,345,342

**23.1** These 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 20.24% to 22.52% (2023: 21.18% to 22.63%) per annum.

**23.2** The Company has obtained short-term finance under Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities is 17.50% (2023: 12.50% to 18.00%) per annum. These facilities mature within six months and are renewable.



- 23.1** These 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 20.24% to 22.52% (2023: 21.18% to 22.63%) per annum.
- 23.2** The Company has obtained short-term finance under Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities is 17.50% (2023: 12.50% to 18.00%) per annum. These facilities mature within six months and are renewable.
- 23.3** The Company has obtained short-term finance under Export Finance Scheme (Post Discount) of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities is 2.00% to 2.50% (2023: 2.00% to 2.50%) per annum. These facilities mature within six months.
- 23.4** The Company has obtained facilities for short-term finance under FE-25 Import finance. The rates of mark-up on these facilities range from 7.50% to 10.25% (2023: Nil) per annum.
- 23.5** The Company has obtained facilities for short-term finance under Running Musharakah. The rates of profit on these facilities range from 20.30% to 22.29% (2023: 21.41% to 22.38%) per annum.
- 23.6** As at June 30, 2024, the unavailed facilities from the above borrowings amounted to Rs. 12,938 million (2023: Rs. 12,224 million).
- 23.7** The above facilities are secured by way of a joint pari passu charge and ranking charge over all current and future moveable assets of the Company.

	2024	2023
	(Rupees in '000)	
<b>24. TAXATION - NET</b>		
Balance at beginning of the year	902,572	1,015,977
Tax payments / adjustments made during the year	(843,870)	(981,730)
	58,702	34,247
Less: Provision for income tax	517,912	868,325
Balance at end of the year	<u>576,614</u>	<u>902,572</u>

- 24.1** Under the Finance Act, 2022, the Federal Government inserted section 4C to the Income Tax Ordinance, 2001 which imposed a super tax on persons earning more than Rs. 150 million at varying rates. The Company, along with the other companies, filed a petition in SHC on October 22, 2022 against the chargeability of Super Tax for the tax year 2022 and accordingly submitted a bank guarantee amount to Rs. 398.75 million in the Nazir of SHC. On December 22, 2022, the SHC decided that the Super Tax shall be applicable from FY 2023 instead of FY 2022 at a rate of a maximum 4%. In an appeal by FBR against this order, the Supreme Court passed an interim order to encash the bank guarantees by 4% till the case is finally decided. Consequently, the bank guarantee was reduced to Rs. 239.25 million.

## 25. CONTINGENCIES AND COMMITMENTS

### 25.1 Contingencies

	Description of the factual basis of the proceeding and relief sought	Name of the court	Principal parties	Date Instituted
<b>25.1.1</b>	The Collector of Customs has charged the Company for a redemption fine of Rs. 83 million on clearance of imported raw material consignments in 2006. The Company has filed an appeal before the Sindh High Court (SHC), which has set aside the examination reports including subsequent order produced by the custom authorities, and ordered the authorities to re-examine the matter afresh. However, the custom authorities had filed an application for leave to appeal against the order of the SHC. The management anticipates that the chances of admission of such appeal are remote.	Sindh High Court	Collector of Customs / Federation of Pakistan	August 30, 2007

Description of the factual basis of the proceeding and relief sought	Name of the court	Principal parties	Date Instituted
<p><b>25.1.2</b> The Company filed the suit before SHC challenging the chargeability of tax on inter corporate dividend in respect of dividend declared by its subsidiary, International Steels Limited. On October 21, 2016 Court granted stay against which 500,000 shares of subsidiary company were pledged as a security with Nazir of the Court. In one of the litigation to which Company is not a party, Supreme Court of Pakistan (SCP) issued an order on February 21, 2018 whereby continuity of suits was made subject to depositing minimum 50% of the tax calculated by the tax authorities. A review petition has been filed against such order of the SCP in which Company is not a party and the decision is awaited. In view of such developments, the suit was withdrawn and a petition was filed before the SHC, which is pending hearing. Application for release of pledged shares is in process.</p> <p>On a separate application challenging the chargeability of tax on inter corporate dividend, stay is granted by the SHC in respect of dividends declared by the subsidiary company on June 2, 2017, September 26, 2017, January 23, 2018, September 29, 2021, January 31, 2022 and August 18, 2022 against bank guarantees amounting to Rs. 76.6 million, Rs. 36.8 million, Rs. 55.1 million, Rs. 257.3 million, Rs. 73.5 million and Rs. 165.4 million respectively submitted to the Nazir of the Court.</p>	Sindh High Court	FBR / Commissioner Inland Revenue / Federation of	November 1, 2016
<p><b>25.1.3</b> As per section 95 of the Custom Act read with Customs Rules, 2001, the Company sold zinc wastages generated from imports under manufacturing bond at 0% duty for export during 2012-13, 2013-14 and 2014-15. All these sales were subject to sales tax payments in term of Custom Rules.</p> <p>However, on August 31, 2020, the Collector of Customs (Adjudication - II) has passed ONO no. 473, 474 and 475 against the Company and ordered for recovery of customs duty amounting to Rs. 402.72 million on zinc wastages.</p> <p>The Company filed appeals against these orders in the Customs Tribunal. However, due to non-functioning of Tribunal and considering the importance, Company preferred to file an appeal with the SHC. SHC granted stay order against the order of the Collector of Customs and issued notices for the hearing.</p> <p>The SHC vide its order dated October 12, 2021 has disposed off the case with directions to the Appellate Tribunal to decide the pending appeal within sixty days. The SHC further directed that the respondents shall not take any coercive action against the Company in respect of the impugned demand till the conclusion of the appeal. The case was decided against IIL by the Custom Appellate Tribunal. Being aggrieved by the decision of the Appellate Tribunal, the Company preferred a reference to the SHC. The SHC, at the hearing on September 9, 2022 adjourned the matter for a later date.</p>	Sindh High Court	Collector of Customs	October 10, 2020

## 25.2 Commitments

- 25.2.1** Capital expenditure commitments outstanding as at June 30, 2024 amounted to Rs. 6.86 million (2023: Rs. 183.42 million).
- 25.2.2** Commitments under Letters of Credit for raw materials and stores and spares as at June 30, 2024 amounted to Rs. 885.06 million (2023: Rs. 769.56 million).
- 25.2.3** Commitments under purchase contracts as at June 30, 2024 amounted to Rs. 17.53 million (2023: Rs. 832.25 million).
- 25.2.4** The facilities for opening letters of credit and guarantees from banks as at June 30, 2024 amounted to Rs. 15,200 million (2023: Rs. 14,800 million) and Rs. 3,800 million (2023: Rs. 3,050 million) respectively, of which the unutilised balance at year-end amounted to Rs. 14,308 million (2023: Rs. 13,847 million) and Rs. 313 million (2023: Rs. 77 million) respectively.

## 26. REVENUE FROM CONTRACTS WITH CUSTOMERS

Sale of goods less returns

Local

Sales tax

Trade discounts

Export

Export commission & discounts

	2024	2023
	(Rupees in '000)	
	<b>31,328,099</b>	27,455,431
	<b>(4,491,761)</b>	(3,913,351)
	<b>(2,482,487)</b>	(1,789,945)
	<b>24,407,851</b>	21,752,135
	<b>4,817,650</b>	5,039,948
	<b>(22,361)</b>	(5,313)
	<b>4,795,289</b>	5,034,635
	<b>29,203,140</b>	26,786,770

## 26.1 DISAGGREGATION OF REVENUE

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

### Primary geographical markets:

Local

Australia

Americas

Europe

Asia

### Major Product Lines:

Steel products

Polymer products

	2024	2023
	(Rupees in '000)	
	<b>24,407,851</b>	21,752,134
	<b>1,670,761</b>	2,061,323
	<b>929,346</b>	1,256,577
	<b>856,654</b>	908,441
	<b>1,338,528</b>	808,295
	<b>29,203,140</b>	26,786,770
	<b>24,691,151</b>	23,308,877
	<b>4,511,988</b>	3,477,893
	<b>29,203,140</b>	26,786,770

	Note	2024	2023
		(Rupees in '000)	
<b>27. COST OF SALES</b>			
<b>Raw material consumed</b>			
Opening stock of raw material		6,768,397	2,834,857
Purchases		18,780,264	24,634,569
		<b>25,548,661</b>	<b>27,469,426</b>
Closing stock of raw material	9	(4,533,554)	(6,768,397)
		<b>21,015,107</b>	<b>20,701,029</b>
<b>Manufacturing overheads</b>			
Salaries, wages and benefits	27.1	1,178,526	1,122,016
Depreciation and amortisation	4.1.1 & 5.1.2	606,325	542,744
Electricity, gas and water		650,199	439,530
Operational supplies and consumables		195,884	163,878
(Reversal) / provision for receivable against short shipment	12.2	(140,000)	150,000
Repairs and maintenance		140,714	118,686
Security and janitorial		63,284	52,382
Vehicle, travel and conveyance		51,464	48,868
Internal material handling		46,266	43,171
Postage, telephone and stationery		40,189	26,001
Toll manufacturing		348,898	14,249
Insurance		18,562	12,787
Legal and professional charges		21,120	2,256
Sundries		13,969	8,517
Rent, rates and taxes		9,524	5,083
Environment controlling expense		724	538
		<b>3,245,648</b>	<b>2,750,706</b>
		<b>24,260,755</b>	<b>23,451,735</b>
<b>Work-in-process</b>			
Opening stock		1,164,330	1,539,000
Closing stock	9	(996,717)	(1,164,330)
		<b>167,613</b>	<b>374,670</b>
Cost of goods manufactured		<b>24,428,368</b>	<b>23,826,405</b>
<b>Finished goods, by-products and scrap:</b>			
Opening stock		4,632,396	4,170,921
Closing stock	9	(3,696,402)	(4,632,396)
		<b>935,994</b>	<b>(461,475)</b>
		<b>25,364,362</b>	<b>23,364,930</b>

**27.1** These include Rs. 17.2 million (2023: Rs. 16.41 million) in respect of contribution to the Provident Fund, Rs. 45.57 million (2023: Rs. 38.61 million) in respect of the Gratuity Fund and Rs. 12.29 million (2023: Rs. 14.54 million) in respect of compensated absences.

	Note	2024	2023
(Rupees in '000)			
<b>28. SELLING AND DISTRIBUTION EXPENSES</b>			
Freight and forwarding		952,286	1,097,588
Salaries, wages and benefits	28.1	200,167	181,955
Advertising and sales promotion		88,058	40,577
Vehicle, travel and conveyance		56,285	40,447
Depreciation and amortisation	4.1.1 & 5.1.2	18,271	17,610
Postage, telephone and stationery		8,955	6,946
Electricity, gas and water		4,817	4,277
Certification and registration charges		7,778	2,414
Rent, rates and taxes		3,201	3,061
Repairs and maintenance		1,099	1,041
Insurance		1,534	358
Office supplies		144	22
Others		13,502	7,432
		<b>1,356,097</b>	<b>1,403,728</b>

**28.1** These include Rs. 5.95 million (2023: Rs. 4.65 million) in respect of contribution to the Provident Fund, Rs. 10.09 million (2023: Rs. 6.91 million) in respect of the Gratuity Fund and Rs. 1.11 million (2023: Rs. 1.51 million) in respect of compensated absences.

	Note	2024	2023
(Rupees in '000)			
<b>29. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	29.1	305,900	251,220
Depreciation and amortisation	4.1.1 & 5.1.2	16,791	17,253
Vehicle, travel and conveyance		23,626	15,409
Legal and professional charges		27,096	14,544
Postage, telephone and stationery		12,042	13,145
Certification and registration charges		15,481	9,000
Entertainment		2,788	3,457
Repairs and maintenance		4,724	2,494
Electricity, gas and water		3,113	2,448
Insurance		1,797	2,034
Office supplies		1,185	1,314
Rent, rates and taxes		76	123
Others		14,882	20,006
		<b>429,501</b>	<b>352,447</b>

**29.1** These include Rs. 7.61 million (2023: Rs. 6.42 million) in respect of contribution to the Provident Fund, Rs. 12.5 million (2023: Rs. 10.69 million) in respect of the Gratuity Fund and Rs. 0.34 million (2023: Rs. 3.47 million) in respect of compensated absences.

30. FINANCE COST	Note	2024	2023
		(Rupees in '000)	
<b>Conventional</b>			
- Interest on long-term financing		107,713	196,001
- Interest on short-term borrowings		757,036	1,128,705
		<b>864,749</b>	<b>1,324,706</b>
<b>Islamic</b>			
- Mark-up on long-term financing		628,070	322,813
- Mark-up on short-term borrowings		13,799	87,084
		<b>641,869</b>	<b>409,897</b>
Exchange gain on borrowings		(78,657)	(49,223)
Interest on Workers' Profit Participation Fund	21.3	1	1,509
Unwinding of Gas Infrastructure Development Cess		14,279	22,186
Bank charges		30,328	22,806
		<b>1,472,569</b>	<b>1,731,881</b>
<b>31. OTHER OPERATING CHARGES</b>			
Auditors' remuneration	31.1	5,942	5,015
Donations	31.2	11,250	15,825
Workers' Profit Participation Fund		30,240	56,005
Workers' Welfare Fund		20,653	10,433
Business development expense		2,076	301
		<b>70,161</b>	<b>87,579</b>
<b>31.1 Auditors' remuneration</b>			
<b>Audit services</b>			
Audit fee		3,100	2,400
Half yearly review		1,000	559
Certifications for free float, CDC and Code of Corporate Governance		976	1,199
Out of pocket expenses		866	857
		<b>5,942</b>	<b>5,015</b>
<b>31.2 Donations</b>			
<b>31.2.1</b>			
Donation to Amir Sultan Chinoy Foundation amounts to Rs. 10.75 million (2023: Rs. 13.55 million) which is higher of 10% of total amount of donations made or Rs. 1.00 million.			

32. OTHER INCOME	Note	2024	2023
		(Rupees in '000)	
<b>Income from financial assets</b>			
(Loss) / income from exchange		(898)	1,133,131
Government grant		10,447	12,820
Income on bank deposits - conventional		16,352	8,930
<b>Income from non-financial assets</b>			
Dividend income from subsidiary company	32.1	1,239,198	1,837,917
Dividend income from associated company	32.1	-	39,601
Gain on disposal of property, plant and equipment		26,928	37,845
Rental income from subsidiary company		12,763	18,586
Loss income from power generation		(2,253)	(10,603)
Liability no longer payable - written off		46,041	-
(Loss) / gain on remeasurement of Gas Infrastructure Development Cess		(1,116)	6,566
Others		3,597	4,068
		<b>1,351,059</b>	<b>3,088,861</b>

**32.1** This represents dividend income from International Steels Limited and IIL Australia Pty. Limited.

**32.2** This represents rental income from International Steels Limited, and minimum lease payments receivable on lease are as follows:

	Note	2024	2023
		(Rupees in '000)	
Within one year		13,622	12,763
Between one and five years		14,643	13,721
		<b>28,265</b>	<b>26,484</b>

32.3 Loss from power generation		2024	2023
Revenue		16,788	135,514
Cost of electricity produced:			
Salaries, wages and benefits	32.3.1	(1,274)	(8,650)
Electricity, gas and water		(14,144)	(113,499)
Insurance		(24)	(147)
Depreciation	4.1.1	(2,947)	(19,887)
Operational supplies and consumables		(256)	(1,842)
Repairs and maintenance		(396)	(2,092)
		<b>(19,041)</b>	<b>(146,117)</b>
Loss from power generation		<b>(2,253)</b>	<b>(10,603)</b>

**32.3.1** These include Rs. 0.06 million (2023: Rs. 0.18 million) in respect of contribution to provident fund, Rs. 3.71 million (2023: Rs. 1.91 million) in respect of gratuity fund and Rs. 0.03 million (2023: 0.44 million) in respect of compensated absences.

33. LEVIES	Note	2024	2023
Final tax u/s 154		(47,953)	(50,346)
<b>34. INCOME TAX EXPENSE</b>			
Current	34.1	(733,469)	(803,500)
Prior		263,510	(14,479)
Deferred		184,833	258,153
		<b>(285,126)</b>	<b>(559,826)</b>

**34.1** This includes super tax of Rs. 241.19 million (2023: 247.23 million) as imposed by the Finance Act 2022.

34.2 Relationship between income tax expense and accounting profit	2024	2023	2024	2023
	(Effective tax rate %)		(Rupees in '000)	
Profit before levies and income tax			1,806,210	2,883,108
Tax at the enacted tax rate	(29.00)	(29.00)	(523,801)	(836,101)
Tax effect of:				
Income subject to final tax regime	(4.10)	7.02	(73,997)	202,530
Super tax	(13.35)	(8.57)	(241,192)	(247,012)
Income taxed as separate block of income	9.61	9.12	173,488	262,852
Write off of minimum tax	(0.45)	0.00	(8,198)	-
Permanent differences	0.07	0.02	1,335	571
Prior year tax	14.59	(0.50)	263,510	(14,479)
Change in Normal Tax Regime ratio	4.20	0.74	75,776	21,467
Levies and income tax - note 33 & 34	(18.43)	(21.17)	(333,079)	(610,172)

35. EARNINGS PER SHARE - BASIC AND DILUTED	Note	2024	2023
		(Rupees in '000)	
Profit for the year attributable to ordinary shareholders		1,473,131	2,272,936
Weighted average number of ordinary shares outstanding during the year	14	131,881,880	131,881,880
Earnings per share - basic and diluted		11.17	17.23

35.1 There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2024 and 2023.



	Note	2024	2023
(Rupees in '000)			
<b>36. CASH GENERATED FROM OPERATIONS</b>			
Profit before levies and income tax		1,806,210	2,883,108
<b>Adjustments for non-cash charges and other items</b>			
Depreciation of property, plant and equipment			
Amortisation of intangible assets	4.11	642,956	596,097
Charge of loss allowance on trade debts	5.1.2	1,378	1,397
Provision for staff retirement benefits	10.3	55,299	51,958
Provision for compensated absences	20.2.8	72,000	57,686
Income on bank deposits		13,761	19,944
Gain on disposal of property, plant and equipment	32	(16,352)	(8,930)
Loss / (gain) on remeasurement of Gas Infrastructure Development Cess	32	(26,928)	(37,845)
Unwinding of Gas Infrastructure Development Cess	30	14,279	22,186
Dividend income		(1,239,198)	(1,877,518)
Government grant income		(10,447)	(12,820)
Finance cost	30	1,458,290	1,709,695
		<b>2,772,364</b>	<b>3,398,392</b>
Changes in working capital	36.1	2,822,335	2,608,863
		<b>5,594,699</b>	<b>6,007,255</b>
<b>36.1 CHANGES IN WORKING CAPITAL</b>			
Decrease / (increase) in current assets:			
Stores and spares		47,776	34,406
Stock-in-trade		4,208,454	(528,014)
Trade debts		217,186	3,477,667
Advances, trade deposits and prepayments		39,680	(38,405)
Other receivables		3,514	28,509
Sales tax receivable		268,567	(637,874)
		<b>4,785,177</b>	<b>2,336,289</b>
(Decrease) / increase in current liabilities:			
Trade and other payables		(1,604,371)	(310,791)
Contract liabilities		(358,471)	583,365
		<b>2,822,335</b>	<b>2,608,863</b>
<b>37. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	13	384,717	212,471
Running finance under mark-up arrangement from banks	23	(489,808)	(1,283,363)
Scheme maturing within three months	23	(1,300,000)	(3,251,191)
Short-term borrowing under Running Musharakah maturing within three months	23	(219,684)	(102,325)
		<b>(1,624,775)</b>	<b>(4,424,408)</b>

### 38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2024	2023	2024	2023	2024	2023
------(Rupees in '000)-----						
Managerial remuneration	27,977	24,584	-	-	224,543	220,729
Bonus	9,326	8,195	-	-	74,848	73,576
Variable performance pay	13,060	9,275	-	-	66,855	56,159
Retirement benefits	2,352	5,204	-	-	16,908	15,936
Rent, utilities allowance etc.	13,989	17,316	-	-	112,271	110,364
Ex Gratia	-	-	-	-	375	1,612
Directors' fees	-	-	9,600	9,225	-	-
	<b>66,704</b>	<b>64,574</b>	<b>9,600</b>	<b>9,225</b>	<b>495,800</b>	<b>478,376</b>
Number of persons	<b>1</b>	<b>1</b>	<b>8</b>	<b>9</b>	<b>77</b>	<b>62</b>

38.1 The Chief Executive, Directors and certain executives are provided with free use of Company maintained vehicles and Chief Executive is provided with security in accordance with the Company's policy.

38.2 Fees paid to 8 (2023: 9) non-executive directors were Rs. 9.6 million (2023: Rs. 9.2 million) on account of meetings attended by them.

38.3 Reimbursement of chairman expense was NIL (2023: Rs. 1.7 million).

### 39. 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.

### 39.1 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.

#### 39.1.1 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	2024	2023
		(Rupees in '000)	
Long-term deposits		4,358	1,806
Trade debts - net of provision	10	4,998,267	5,270,752
Trade deposits	11	10,203	2,927
Other receivables	12	38,370	41,884
Bank balances	13	381,316	210,237
		<b>5,432,514</b>	<b>5,527,606</b>

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

#### Long-term deposits

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

#### Trade debts

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

#### Trade deposits

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

#### Other receivables

This included receivable from K-Electric Limited (KE) amounting to NIL (2023: Rs. 5.68 million) on account of electricity provided to it under an agreement from the 4 MW power plant located at the factory site. The Company does not expect to incur credit loss against these receivables.

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

	2024	2023
	(Rupees in '000)	
Domestic	2,544,686	2,507,432
Export	2,686,821	2,947,879
	<b>5,231,507</b>	<b>5,455,311</b>

### 39.1.2 Impairment losses

The ageing of trade debtors and receivable from KE as per above at the reporting date was as follows:

	2024		2023	
	Gross	Impairment	Gross	Impairment
----- (Rupees in '000) -----				
0 - 30 days	3,049,870	2,223	3,774,258	2,942
31 - 60 days	193,973	602	244,690	271
61 - 90 days	407,658	522	133,043	468
91 - 120 days	280,656	676	42,922	458
121 - 150 days	220,126	988	150,454	1,098
151 - 180 days	162,035	266	42,286	1,647
181 - 210 days	159,360	1,052	377,093	4,501
211 - 240 days	117,559	1,234	414,747	20,374
241 - 270 days	120,166	7,021	129,917	2,682
271 - 300 days	4,862	345	1,393	614
301 - 330 days	56,977	3,633	761	482
331 - 360 days	159,221	6,015	4,668	4,137
Over 1 year	299,044	209,603	139,079	139,206
	<b>5,231,507</b>	<b>234,180</b>	<b>5,455,311</b>	<b>178,880</b>

Management believes that the unimpaired balances that are past dues 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.

#### Bank balances

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 within which balances are held or credit lines available:

Bank	Rating Agency	Rating	
		Short term	Long term
Habib Bank Limited	VIS	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Faysal Bank Limited	PACRA	A-1+	AA
Bank Al Habib Limited	PACRA	A-1+	AAA
MCB Bank Limited	PACRA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Meezan Bank Limited	VIS	A-1+	AAA
Bank Al Falah Limited	PACRA	A-1+	AAA
Allied Bank Limited	PACRA	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+
Samba Bank Limited	PACRA	A-1	AA
Soneri Bank Limited	PACRA	A-1+	AA-
Industrial & Commercial Bank of China	Moody's	P-1*	A-2
Bank Islami Pakistan Limited	PACRA	A-1	AA-
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+

### 39.1.3 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 focus 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 reporting date.

### 39.2 Liquidity risk

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

2024						
Contractual cashflows						
Carrying amount	Six months or less	Six to twelve months	Two to five years	More than five years	Total	
----- (Rupees in '000) -----						
<b>Non-derivative financial liabilities</b>						
Long-term financing	3,891,462	(487,800)	(759,862)	(4,098,129)	(547,991)	(5,893,782)
Trade and other payables	1,314,487	(1,314,487)	-	-	-	(1,314,487)
Accrued mark-up	265,088	(265,088)	-	-	-	(265,088)
Short-term borrowings	5,086,048	(5,086,048)	-	-	-	(5,086,048)
Unclaimed dividend	41,275	(41,275)	-	-	-	(41,275)
	10,598,360	(7,194,698)	(759,862)	(4,098,129)	(547,991)	(12,600,680)

2023						
Contractual cashflows						
Carrying amount	Six months or less	Six to twelve months	Two to five years	More than five years	Total	
----- (Rupees in '000) -----						
<b>Non-derivative financial liabilities</b>						
Long-term financing	4,613,039	(908,380)	(511,210)	(4,582,493)	(1,408,894)	(7,410,977)
Trade and payables	2,989,194	(2,989,194)	-	-	-	(2,989,194)
Accrued mark-up	368,739	(368,739)	-	-	-	(368,739)
Short-term borrowings	7,345,342	(7,345,342)	-	-	-	(7,345,342)
Unclaimed dividend	46,149	(46,149)	-	-	-	(46,149)
	15,362,463	(11,657,804)	(511,210)	(4,582,493)	(1,408,894)	(18,160,401)

**39.2.1** 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 have been disclosed in respective notes to these unconsolidated financial statements.

**39.2.2** 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.

### 39.3 Market risk

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

#### 39.3.1 Currency risk

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

##### Exposure to currency risk

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

	2024						2023					
	Rupees	US Dollars	Australian Dollars	Euro	Canadian Dollars	Yuan	Rupees	US Dollars	Australian Dollars	Euro	Canadian Dollars	Yuan
	(In '000)						(In '000)					
<b>Financial assets</b>												
Bank Balance	242,769	873	-	-	-	-	148,289	518	-	-	-	-
Trade debts	2,686,821	1,123	7,620	-	4,786	-	2,947,879	797	6,180	-	7,672	-
<b>Financial liabilities</b>												
Trade and other payables	(148,027)	(514)	-	(7)	-	(73)	(1,381,901)	(4,702)	-	(71)	-	(286)
<b>Net exposure</b>	<b>2,781,563</b>	<b>1,482</b>	<b>7,620</b>	<b>(7)</b>	<b>4,786</b>	<b>(73)</b>	<b>1,714,267</b>	<b>(3,387)</b>	<b>6,180</b>	<b>(71)</b>	<b>7,672</b>	<b>(286)</b>

The following significant exchange rates were applicable during the year:

	Reporting date rate	
	2024	2023
	Buying / Selling	Buying / Selling
US Dollars (USD) to Pakistan Rupee	278.15 / 278.59	286.18 / 286.60
Australian Dollars (AUD) to Pakistan Rupee	184.32 / 184.62	192.21 / 192.49
Euro to Pakistan Rupee	297.46 / 297.92	312.84 / 313.29
Canadian Dollars (CAD) to Pakistan Rupee	202.69 / 203.01	218.11 / 218.41
Yuan to Pakistan Rupee	38.29 / 38.35	39.68 / 39.73

##### Sensitivity analysis

A 10 percent strengthening / weakening of the Pak Rupee against the USD, AUD, Euro and CAD at June 30 would have decreased / increased the equity / profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for both the years.

	Effect on Unconsolidated Statement of Profit or Loss	
	2024	2023
<b>As at 30 June</b>	(Rupees in '000)	
Effect in USD	27,201	(64,133)
Effect in AUD	92,740	78,434
Effect in Euro	131	1,469
Effect in CAD	64,054	110,491
Effect in Yuan	185	750

### 39.3.2 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:

	Note	Carrying amount	
		2024	2023
<b>Fixed rate instruments</b>			
Financial liabilities	17 & 23	2,034,643	3,357,316
<b>Variable rate instruments</b>			
Financial liabilities	17 & 23	6,942,867	8,601,064

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased equity and the profit after tax by Rs. 37.49 million (2023: Rs. 46.45 million) with the corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for both the years.

### 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 Unconsolidated Statement of Profit or Loss.

### 39.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2024			
	Short-term borrowings	Long-term financing	Dividend	Total
----- (Rupees in '000) -----				
Balance as at July 1, 2023	7,508,505	4,818,601	46,149	12,373,255
Changes from financing cash flows				
Repayment of long-term loan	-	(732,501)	-	(732,501)
Proceeds from long-term loan	-	-	-	-
Dividend paid	-	-	(532,402)	(532,402)
<b>Total changes from financing activities</b>	-	(732,501)	(532,402)	(1,264,903)
Other changes				
Interest expense	770,835	735,783	-	1,506,618
Interest paid	(829,535)	(769,796)	-	(1,599,331)
Deferred government grant recognised	-	-	-	-
Changes in short-term borrowings	(2,259,294)	-	-	(2,259,294)
<b>Total loan related other changes</b>	(2,317,994)	(34,013)	-	(2,352,006)
Dividend issued	-	-	527,528	527,528
<b>Balance as at June 30, 2024</b>	<b>5,190,511</b>	<b>4,052,087</b>	<b>41,275</b>	<b>9,283,873</b>

	2023			
	Short-term borrowings	Long-term financing	Dividend	Total
----- (Rupees in '000) -----				
Balance as at July 1, 2022	12,905,461	2,437,283	39,996	15,382,740
Changes from financing cash flows				
Repayment of long-term loan	-	(969,396)	-	(969,396)
Proceeds from long-term loan	-	3,144,225	-	3,144,225
Dividend paid	-	-	(1,510,488)	(1,510,488)
<b>Total changes from financing activities</b>	-	2,174,829	(1,510,488)	664,341
Other changes				
Interest expense	1,215,789	518,814	-	1,734,603
Interest paid	(1,320,767)	(312,325)	-	(1,633,092)
Deferred government grant recognised	-	-	-	-
Changes in short-term borrowings	(5,291,978)	-	-	(5,291,978)
<b>Total loan related other changes</b>	(5,396,956)	206,489	-	(5,190,467)
Equity related other changes	-	-	1,516,641	1,516,641
<b>Balance as at June 30, 2023</b>	<b>7,508,505</b>	<b>4,818,601</b>	<b>46,149</b>	<b>12,373,255</b>



### 39.5 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 as its investments are measured at cost.

### 39.6 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the Unconsolidated Statement of Financial Position approximate their fair values.

### 39.7 Financial instruments by categories

Note	2024	2023
	(Rupees in '000)	
<b>Financial assets</b>		
Held at amortised cost		
- Long-term deposits	4,358	1,806
- Trade debts	4,998,267	5,270,752
- Trade deposits	10,203	2,927
- Other receivables	38,370	41,884
- Cash and bank balances	384,717	212,471
	<b>5,435,915</b>	<b>5,529,840</b>
<b>Financial liabilities</b>		
Held at amortised cost		
- Long-term financing	3,891,462	4,613,039
- Trade and other payables	1,314,487	2,989,194
- Accrued mark-up	265,088	368,739
- Short-term borrowings	5,086,048	7,345,342
- Unclaimed dividend	41,275	46,149
	<b>10,598,360</b>	<b>15,362,463</b>

## 40. 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.

## 41. 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) with sufficient regularity and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an 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, 2024, 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 unconsolidated 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-relationship between significant unobservable inputs and fair value measurement
Revalued property, plant and equipment - Land and buildings	June 30, 2024	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.

Management assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade debts, short-term borrowings, trade and other payables, accrued mark-up 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 consider that their carrying values approximates fair value owing to credit standing of counterparties and interest payable on borrowings are market rates. Fair values of investment in quoted subsidiary and associate are disclosed in note 6 to these Unconsolidated Financial Statements.

#### TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the subsidiary companies, associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to follow a policy whereby transactions with related parties are entered into at commercial terms and at rate agreed under a contract / arrangement / agreement. The contributions to the 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 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.

42.1 Transactions with related parties	2024	2023
<b>Subsidiary companies</b>	(Rupees in '000)	
Sales	2,657,211	3,561,548
Purchases	2,467,020	7,397,166
Purchases of fixed assets	-	50,068
Cost of shared resources	202,658	101,467
Rental income	12,764	18,587
Dividend received	1,293,198	1,837,917
Reimbursement of expenses	119,199	19,735
<b>Associated companies</b>		
Sales	117,626	72,503
Purchases	11,538	11,863
Insurance premium	-	3,207
Insurance claim	-	207
Dividend paid	2,534	7,286
Dividend received	-	39,601
Registration and training	3,444	230
Subscription	2,500	2,500
Reimbursement of expenses	2,565	9,929
<b>Key management personnel</b>		
Remuneration	345,726	317,320
<b>Non-executive directors</b>		
Directors' fee	9,600	9,225
<b>Reimbursement of Chairman's expenses</b>	-	1,650
<b>Staff retirement funds</b>		
Contributions paid	112,139	123,937

**42.2** 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 Steels Limited	Subsidiary company - 56.33% (2023:56.33%) shareholding
IIL Australia Pty. Limited	Wholly owned subsidiary company
IIL Americas Inc.	Wholly owned subsidiary company
IIL Construction Solutions (Private) Limited.	Wholly owned subsidiary company
Pakistan Cables Limited	Associated company - 17.12% (2023:17.12%) shareholding
Lucky Core Industries Limited (ICI Pakistan)	Associated company by virtue of common directorship
The Pakistan Business Council	Associated company by virtue of common directorship
Lahore University of Management Sciences	Associated company by virtue of common directorship

**42.3** Outstanding balances with related parties have been separately disclosed in trade debts, prepayments and trade and other payables. These are settled in ordinary course of business.

**43. ANNUAL PRODUCTION CAPACITY**

Name-plate production capacity at the year end was as follows:

	2024	2023
	(Metric Tonnes)	
* Steel pipe	585,000	585,000
* Galvanizing	90,000	90,000
* Cold rolled steel strip	50,000	50,000
Polymer pipes and fittings	35,000	35,000
Stainless steel - pipe	4,800	4,800

*\* Annual production capacity of steel pipe, galvanizing and cold rolled steel strip as per sales mix is 335,000, 60,000 and 20,000 metric tonnes respectively*

The actual production for the year was:

	2024	2023
	(Metric Tonnes)	
Steel pipe	76,731	78,079
Galvanizing	31,333	29,373
Polymer pipes and fittings	7,092	7,071
Stainless steel - pipe	1,253	1,147

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

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

**44. SEGMENT REPORTING**

Performance is measured based on respective segment results. Information regarding the Company's reportable segments specified in note 3.17 are presented below:

## 2024

	Steel segment	Polymer segment	Investments segment	Total
----- (Rupees in '000) -----				
<b>For the year ended June 30, 2024</b>				
Revenue from contracts with customers				
Local	19,894,753	4,513,098	-	24,407,851
Exports	4,795,289	-	-	4,795,289
	24,690,042	4,513,098	-	29,203,140
Cost of sales	(22,178,854)	(3,185,508)	-	(25,364,362)
<b>Gross profit</b>	2,511,188	1,327,590	-	3,838,778
Selling and distribution expenses	(1,217,149)	(138,948)	-	(1,356,097)
Administrative expenses	(396,623)	(32,878)	-	(429,501)
Charge of loss allowance on trade debts	(14,972)	(40,327)	-	(55,299)
<b>Operating profit</b>	882,445	1,115,437	-	1,997,881
Finance cost	(1,244,995)	(227,574)	-	(1,472,569)
Other operating charges	(8,011)	(62,150)	-	(70,161)
	(1,253,006)	(289,724)	-	(1,542,730)
Other income	111,861	-	1,239,198	1,351,059
<b>Profit before levies and income tax</b>	(258,701)	825,713	1,239,198	1,806,210
Levies				(47,953)
Income tax expense				(285,126)
<b>Profit after tax for the year</b>				1,473,131

## 2023

	Steel segment	Polymer segment	Investments segment	Total (Restated)
----- (Rupees in '000) -----				
<b>For the year ended June 30, 2023</b>				
Revenue from contracts with customers				
Local	18,274,242	3,477,893	-	21,752,135
Exports	5,034,635	-	-	5,034,635
	23,308,877	3,477,893	-	26,786,770
Cost of sales	(20,530,991)	(2,833,939)	-	(23,364,930)
<b>Gross profit</b>	2,777,886	643,954	-	3,421,840
Selling and distribution expenses	(1,294,615)	(109,113)	-	(1,403,728)
Administrative expenses	(325,662)	(26,785)	-	(352,447)
(Charge) / reversal of loss allowance on trade debts	(58,701)	6,743	-	(51,958)
<b>Operating profit</b>	1,098,908	514,799	-	1,613,707
Finance cost	(1,507,020)	(224,861)	-	(1,731,881)
Other operating charges	(67,282)	(20,297)	-	(87,579)
	(1,574,302)	(245,158)	-	(1,819,460)
Other income	1,211,343	-	1,877,518	3,088,861
<b>Profit before levies and income tax</b>	735,949	269,641	1,877,518	2,883,108
Levies				(50,346)
Income tax expense				(559,826)
<b>Profit after tax for the year</b>				2,272,936

	Steel segment	Polymer segment	Investments segment	Total
----- (Rupees in '000) -----				
<b>As at June 30, 2024</b>				
Segment assets	23,716,798	3,270,430	3,372,515	30,359,743
Segment liabilities	9,774,363	317,109	-	10,091,472
As at June 30, 2023				
Segment assets	26,606,654	2,260,191	3,372,515	32,239,360
Segment liabilities	14,163,534	975,375	-	15,138,909

Reconciliation of segment assets and liabilities with total assets and liabilities in the Unconsolidated Statement of Financial Position is as follows:

	2024	2023
(Rupees in '000)		
Total for reportable segments assets	30,359,743	32,239,360
Unallocated assets	1,277,911	1,716,967
<b>Total assets as per Unconsolidated Statement of Financial Position</b>	<b>31,637,654</b>	<b>33,956,327</b>
Total for reportable segments liabilities	10,091,472	15,138,909
Unallocated liabilities	3,118,508	3,568,148
<b>Total liabilities as per Unconsolidated Statement of Financial Position</b>	<b>13,209,980</b>	<b>18,707,057</b>

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

**44.4** Segment assets reported above comprise of property, plant and equipment, stock-in-trade and trade debts. Segment assets and liabilities are measured in the same way as in the unconsolidated financial statements. These assets are identified based on the operations of the segment and remaining assets and liabilities are presented as unallocated assets and liabilities.

**44.5** Additions to non-current assets in relation to steel, polymer and investments segments amounts to Rs. 708.40 million (2023: Rs. 549.50 million), Rs. 54.00 million (2023: Rs. 2.60 million and Rs. NIL (2023: NIL) respectively.

**44.6 Information about major customers**

Revenue from major customers individually accounting for more than 10% of the segment revenue for polymer segment and steel segment was 1,420 million (2023: Rs. 1,134 million) and Rs. NIL (2023: NIL) respectively.

#### 44.7 Geographical information

The Company's net revenue from external customers by geographical location is disclosed in note 26.1.

Management considers that revenue from its ordinary activities are shariah compliant.

As at June 30, 2024, all non-current assets of the Company are located in Pakistan with an exception of its investment in IIL Australia Pty. Limited which is domiciled in Victoria, Australia & IIL Americas Inc. which is domiciled in Mississauga, Canada.

#### 45. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

Total employees of the Company at the year end

Average employees of the Company during the year

2024	2023
(Number)	
930	935
932	938

#### 46. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Company, in their meeting held on August 22, 2024 has proposed a final cash dividend of Rs. 3.50 (2023: Rs. 2.00) per share amounting to Rs. 461.59 million (2023: Rs. 263.76 million) for the year ended June 30, 2024. The approval of the members of the Company for the dividend shall be obtained at the Annual General Meeting to be held on September 27, 2024. The unconsolidated financial statements for the year ended June 30, 2024 do not include the effect of the proposed final cash dividend which will be accounted for in the year ending June 30, 2025.

#### 47. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved and authorised for issue on August 22, 2024 by the Board of Directors of the Company.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial Officer



**Sohail R. Bhojani**  
Chief Executive Officer

# SECTION 9.3

## Consolidated Financial Highlights

### **Consolidated Financial Highlights**

Financial Highlights  
Statement of Financial Position  
Statement of Profit or Loss  
Statement of Cash Flows  
Graphical Presentation  
Key Financial Indicators  
Statement of Value Addition





# CONSOLIDATED FINANCIAL HIGHLIGHTS

2024	2023	Change %
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(Rupees in million)

Revenue from contracts with customers  
 Gross Profit  
 Property, Plant & Equipment  
 Shareholders equity  
 Non - controlling interest

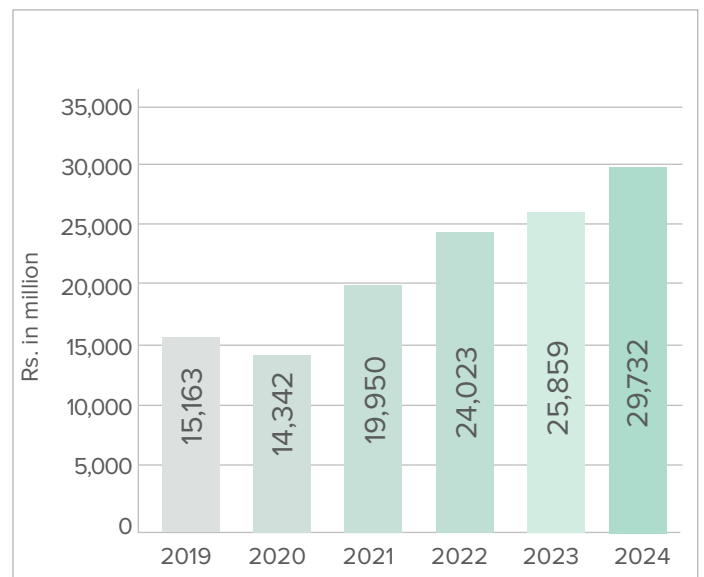
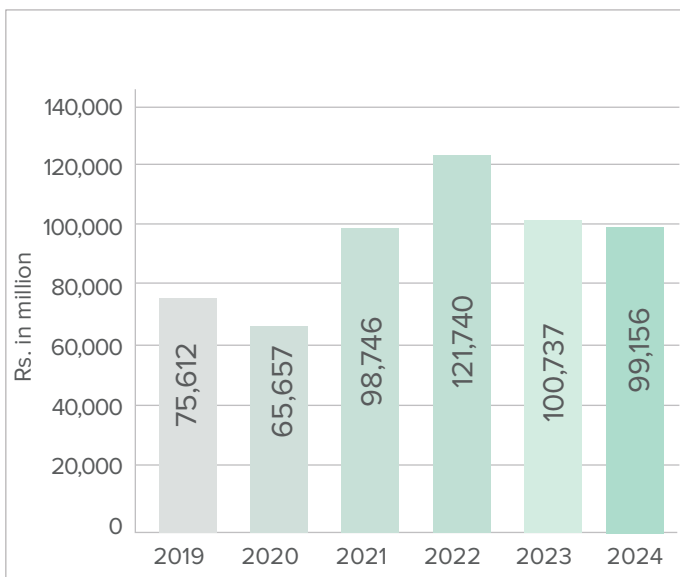
99,156	100,737	(1.6%)
12,666	15,304	(17.2%)
32,254	30,232	6.7%
29,732	25,859	15.0%
10,130	9,407	7.7%

## BUSINESS GROWTH

## SHARE HOLDER VALUE ACCRETION

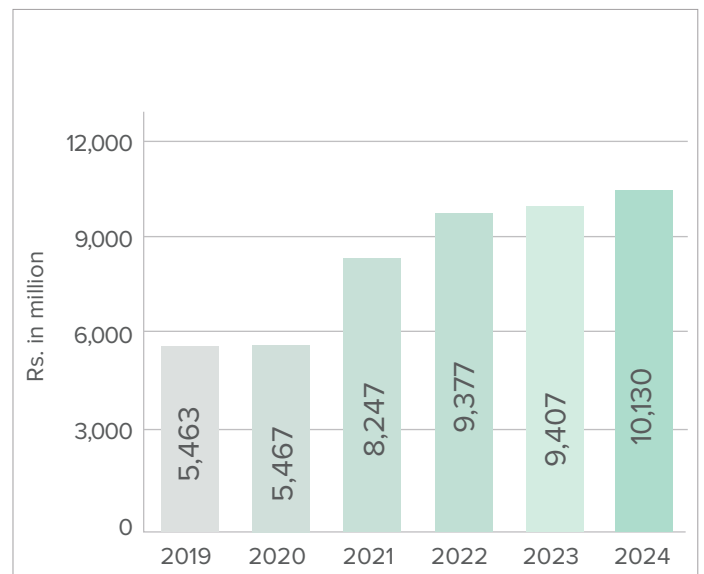
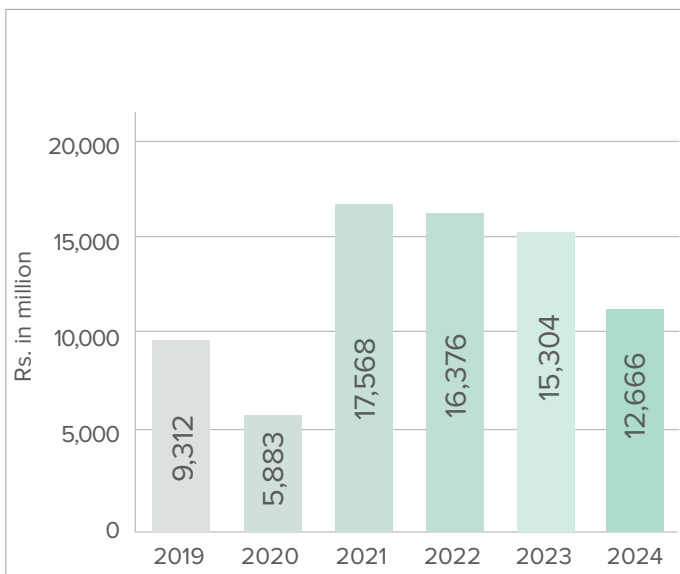
Revenue from Contracts with Customer

Shareholders' Equity



Gross Profit

Non Controlling Interest



# ANALYSIS OF FINANCIAL STATEMENTS

## Consolidated Statement of Financial Position

	2024	2023	2022	2021	2020	2019
(Rupees in million)						
Property, plant and equipment	32,254	30,232	30,771	26,706	27,720	27,224
Investments	1,910	1,855	1,239	1,132	1,095	1,015
Other non current assets	429	339	213	14	21	10
Current assets	40,074	42,946	57,036	40,288	35,138	34,440
<b>Total assets</b>	<b>74,667</b>	<b>75,372</b>	<b>89,260</b>	<b>68,140</b>	<b>63,973</b>	<b>62,688</b>
Shareholders' equity	29,733	25,859	24,023	19,950	14,342	15,163
Non - controlling interest	10,130	9,407	9,377	8,247	5,467	5,463
Non current liabilities	6,322	7,742	6,649	8,614	8,520	10,779
Current portion of long term financing	960	986	2,498	2,351	1,898	1,201
Short term borrowings	8,646	11,042	29,997	16,978	20,915	19,616
Other Current liabilities	18,876	20,336	16,716	12,000	12,831	10,466
<b>Total equity &amp; liabilities</b>	<b>74,667</b>	<b>75,372</b>	<b>89,260</b>	<b>68,140</b>	<b>63,973</b>	<b>62,688</b>

	(Percentage)					
<b>Vertical Analysis</b>						
Property, plant and equipment	43.2	40.1	34.5	39.2	43.3	43.4
Investments	2.6	2.5	1.4	1.7	1.7	1.6
Other non current assets	0.6	0.4	0.2	0.02	0.03	0.02
Current assets	53.7	57.0	63.9	59.1	54.9	54.9
<b>Total assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Shareholders' equity	39.8	34.3	26.9	29.3	22.4	24.2
Non - controlling interest	13.6	12.5	10.5	12.1	8.5	8.7
Non current liabilities	8.5	10.3	7.4	12.6	13.3	17.2
Current portion of long term financing	1.3	1.3	2.8	3.5	3.0	1.9
Short term borrowings	11.6	14.6	33.6	24.9	32.7	31.3
Other Current liabilities	25.3	27.0	18.7	17.6	20.1	16.7
<b>Total equity &amp; liabilities</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

	(Percentage)					
<b>Horizontal Analysis</b>						
Property, plant and equipment	6.7	(1.8)	15.2	(3.7)	1.8	13.3
Investments	2.9	49.8	9.4	3.4	7.9	1.1
Other non current assets	27.0	58.7	1419.4	(32.2)	113.3	(86.9)
Current assets	(6.7)	(24.7)	41.6	14.7	2.0	13.3
<b>Total assets</b>	<b>(0.9)</b>	<b>(15.6)</b>	<b>31.0</b>	<b>6.5</b>	<b>2.0</b>	<b>13.0</b>
Shareholders' equity	15.0	7.6	20.4	39.1	(5.4)	10.6
Non - controlling interest	7.7	0.3	13.7	50.9	0.1	17.3
Non current liabilities	(18.4)	16.4	(22.8)	1.1	(21.0)	(0.5)
Current portion of long term financing	(2.7)	(60.5)	6.3	23.8	58.1	(13.1)
Short term borrowings	(21.7)	(63.2)	76.7	(18.8)	6.6	17.0
Other Current liabilities	(7.2)	21.7	39.3	(6.5)	22.6	28.4
<b>Total equity &amp; liabilities</b>	<b>(0.9)</b>	<b>(15.6)</b>	<b>31.0</b>	<b>6.5</b>	<b>2.0</b>	<b>13.0</b>

# ANALYSIS OF FINANCIAL STATEMENTS

## Consolidated Statement of Profit & Loss

	2024	2023	2022	2021	2020	2019
	(Rupees in million)					
Revenue from contracts with customer	99,156	100,737	121,740	98,746	65,657	75,612
Cost of Sales	(86,490)	(85,433)	(105,364)	(81,178)	(59,773)	(66,300)
<b>Gross Profit</b>	<b>12,666</b>	<b>15,304</b>	<b>16,376</b>	<b>17,568</b>	<b>5,883</b>	<b>9,312</b>
Administrative, Selling and Distribution expenses	(4,679)	(3,500)	(5,226)	(3,273)	(2,281)	(2,464)
Other operating expenses	(475)	(530)	(817)	(1,466)	(366)	(632)
Share of profit in equity accounted investee	78	107	166	34	(7)	50
Other income / (losses) - net	69	(122)	575	493	208	618
<b>Operating profit before financing cost</b>	<b>7,659</b>	<b>11,258</b>	<b>11,074</b>	<b>13,355</b>	<b>3,439</b>	<b>6,884</b>
Finance cost	(2,334)	(4,024)	(2,504)	(1,567)	(3,547)	(2,214)
<b>Profit /(loss) before Taxation</b>	<b>5,325</b>	<b>7,234</b>	<b>8,569</b>	<b>11,788</b>	<b>(109)</b>	<b>4,670</b>
Taxation	(1,498)	(2,625)	(3,835)	(3,071)	(211)	(1,381)
<b>Profit/(loss) after Taxation</b>	<b>3,827</b>	<b>4,609</b>	<b>4,734</b>	<b>8,717</b>	<b>(320)</b>	<b>3,289</b>

### Vertical Analysis

	(Percentage)					
Revenue from contracts with customer	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales	(87.2)	(84.8)	(86.5)	(82.2)	(91.0)	(87.7)
<b>Gross Profit</b>	<b>12.8</b>	<b>15.2</b>	<b>13.5</b>	<b>17.8</b>	<b>9.0</b>	<b>12.3</b>
Administrative, Selling and Distribution expenses	(4.7)	(3.5)	(4.3)	(3.3)	(3.5)	(3.3)
Other operating expenses	(0.5)	(0.5)	(0.7)	(1.5)	(0.6)	(0.8)
Share of profit in equity accounted investee	0.1	0.1	0.1	0.03	(0.01)	0.1
Other income / (losses) - net	0.1	(0.1)	0.5	0.5	0.3	0.8
<b>Operating profit before financing cost</b>	<b>7.7</b>	<b>11.2</b>	<b>9.1</b>	<b>13.5</b>	<b>5.2</b>	<b>9.1</b>
Finance cost	(2.4)	(4.0)	(2.1)	(1.6)	(5.4)	(2.9)
<b>Profit /(loss) before Taxation</b>	<b>5.4</b>	<b>7.2</b>	<b>7.0</b>	<b>11.9</b>	<b>(0.2)</b>	<b>6.2</b>
Taxation	(1.5)	(2.6)	(3.2)	(3.1)	(0.3)	(1.8)
<b>Profit/(loss) after Taxation</b>	<b>3.9</b>	<b>4.6</b>	<b>3.9</b>	<b>8.8</b>	<b>(0.5)</b>	<b>4.3</b>

### Horizontal Analysis

	(Percentage)					
Revenue from contracts with customer	(1.6)	(17.3)	23.3	50.4	(13.2)	12.5
Cost of Sales	1.2	(18.9)	29.8	35.8	(9.8)	18.0
<b>Gross Profit</b>	(17.2)	(6.5)	(6.8)	198.6	(36.8)	(15.5)
Administrative, Selling and Distribution expenses	33.7	(33.0)	59.7	43.5	(7.4)	2.9
Other operating expenses	(10.4)	(35.1)	(44.3)	300.8	(42.1)	(24.2)
Share of profit in equity accounted investee	(26.7)	(35.5)	385.9	624.2	(113.0)	41.7
Other income / (losses) - net	(156.3)	(121.2)	16.6	136.4	(66.3)	82.8
<b>Operating profit before financing cost</b>	(32.0)	1.7	(17.1)	288.4	(50.0)	(15.8)
Finance cost	(42.0)	60.7	59.8	(55.8)	60.3	125.7
<b>Profit /(loss) before Taxation</b>	(26.4)	(15.6)	(27.3)	10,924.7	(102.3)	(35.1)
Taxation	(42.9)	(31.5)	24.9	1,352.1	(84.7)	(28.2)
<b>Profit/(loss) after Taxation</b>	(17.0)	(2.7)	(45.7)	2,821.0	(109.7)	(37.6)

# ANALYSIS OF FINANCIAL STATEMENTS

## Consolidated Statement of Cash Flows

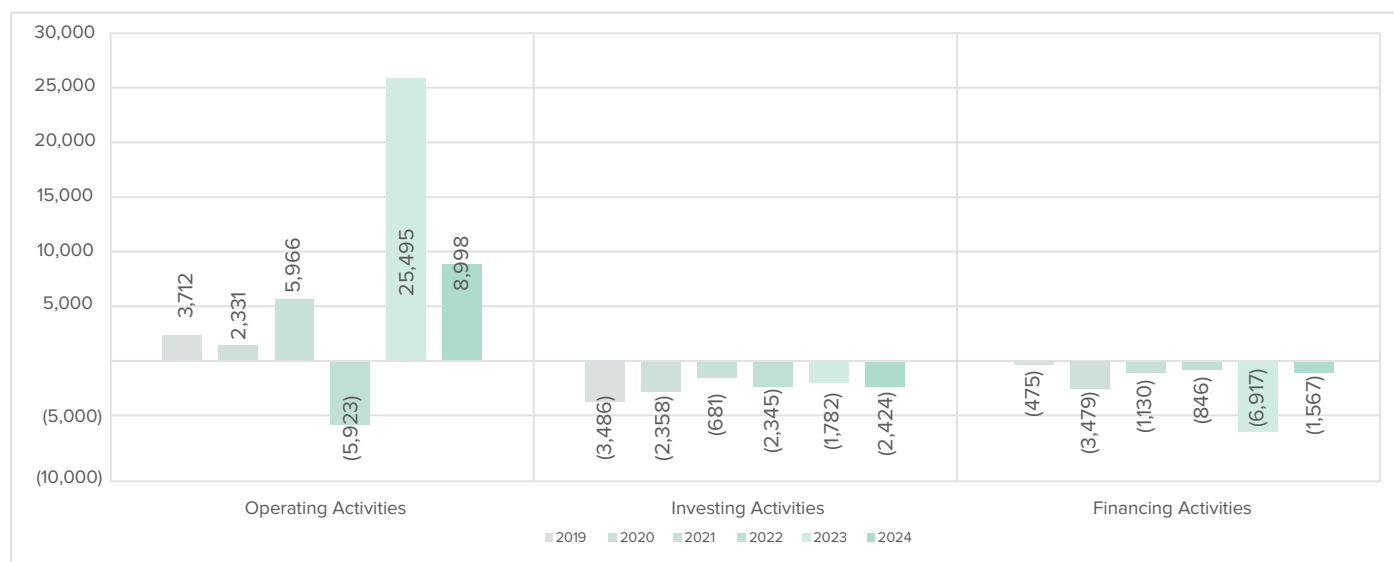
	2024	2023	2022	2021	2020	2019
	(Rupees in million)					
Net cash generated from/(used in) operating activities	8,998	25,495	(5,923)	5,966	2,331	3,712
Net cash inflows/(outflows) from investing activities	(2,424)	(1,782)	(2,345)	(681)	(2,358)	(3,486)
Net cash (outflows)/inflows from financing activities	(1,567)	(6,917)	(846)	(1,130)	(3,479)	(475)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,006</b>	<b>16,795</b>	<b>(9,113)</b>	<b>4,155</b>	<b>(3,506)</b>	<b>(250)</b>

### Vertical Analysis

	(Percentage)					
Net cash generated from/(used in) operating activities	179.7	151.8	(65.0)	143.6	66.5	1,486.6
Net cash inflows/(outflows) from investing activities	(48.4)	(10.6)	(25.7)	(16.4)	(67.2)	(1,396.4)
Net cash (outflows)/inflows from financing activities	(31.3)	(41.2)	(9.3)	(27.2)	(99.2)	(190.2)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>100.0</b>	<b>100.0</b>	<b>(100.0)</b>	<b>100.0</b>	<b>(100.0)</b>	<b>(100.0)</b>

### Horizontal Analysis

	(Percentage)					
Net cash generated from/(used in) operating activities	(64.7)	530.5	(199.3)	156.0	(37.2)	459.6
Net cash inflows/(outflows) from investing activities	(36.0)	24.0	(244.4)	71.1	32.4	50.1
Net cash (outflows)/inflows from financing activities	77.3	(717.9)	25.2	67.5	(632.6)	(165.0)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(70.2)</b>	<b>284.3</b>	<b>(319.3)</b>	<b>218.5</b>	<b>(1304.4)</b>	<b>97.0</b>



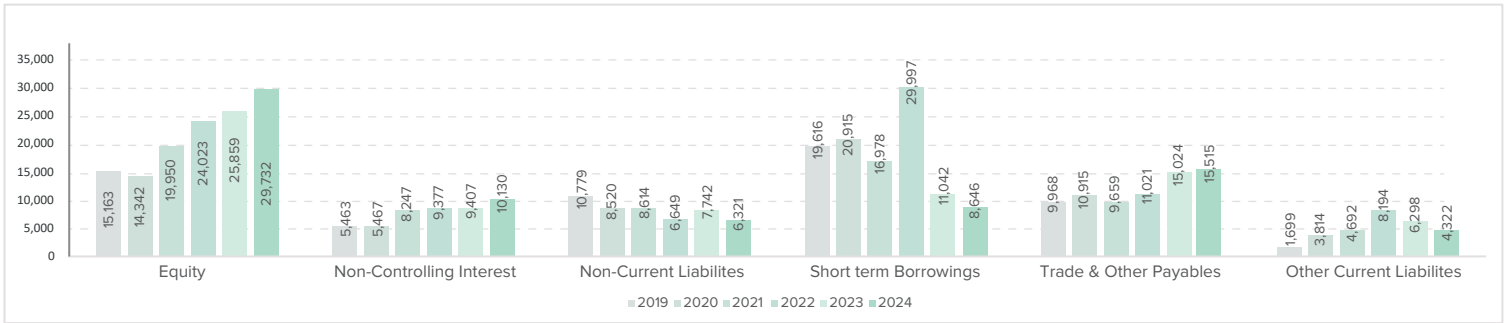
# GRAPHICAL PRESENTATION OF

## Statement of Financial Position and Profit & Loss Account

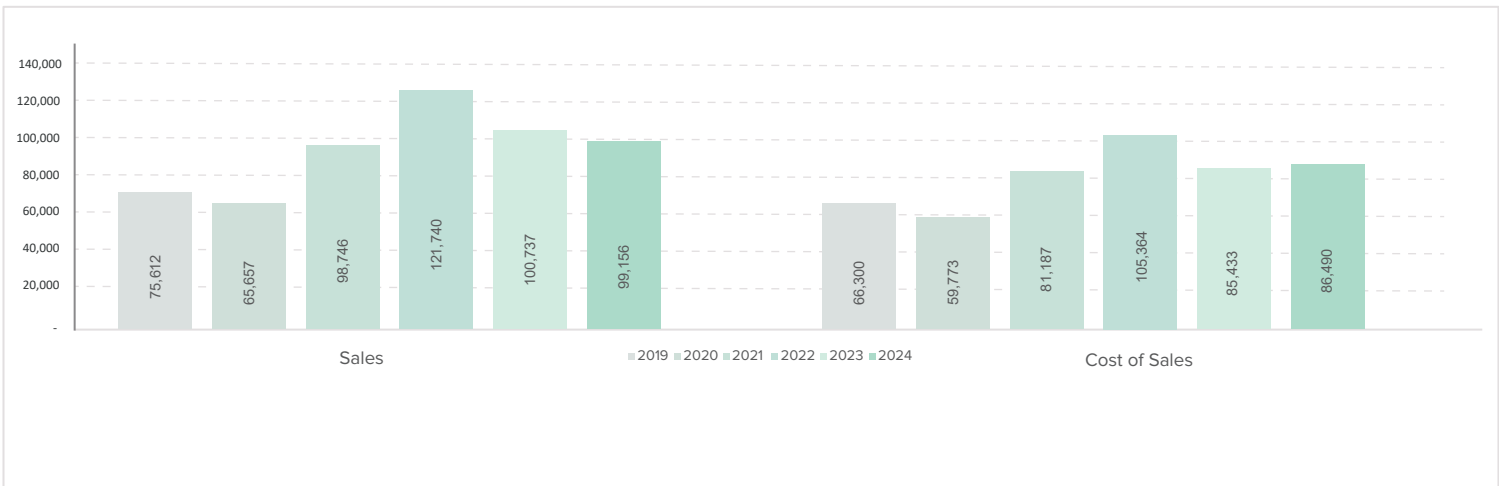
### Total Assets



### Equity & Liabilities



### Sales & Cost of Sales



# CONSOLIDATED KEY OPERATING HIGHLIGHTS

## KEY INDICATORS

		2024	2023	2022	2021	2020	2019	2018
<b>Profitability Ratios</b>								
Gross profit ratio	%	12.77	15.19	13.45	17.79	8.96	12.32	16.4
Net profit to Sales	%	3.86	4.57	3.89	8.83	(0.49)	4.35	7.8
EBITDA Margin to Sales	%	10.23	13.44	10.76	15.60	8.18	11.15	14.0
Cost to Income Ratio	Times	1.74	0.94	1.09	0.68	2.31	1.15	0.8
Operating Leverage	%	16.00	(0.20)	(0.65)	3.71	2.75	(0.84)	0.42
Return on Equity with Surplus on revaluation of fixed assets	%	9.60	13.07	14.17	30.92	(1.62)	15.95	28.7
Return on Equity without Surplus on revaluation of fixed assets	%	12.42	16.34	17.92	36.43	(1.98)	19.34	35.1
Return on Capital Employed	%	8.70	11.44	12.62	25.64	(1.21)	11.46	19.4
Return on Total Assets	%	5.1%	6.1%	5.3%	12.8%	(0.5%)	5.2%	9.5%
Shareholders' funds ratio	%	53.4%	46.8%	37.4%	41.4%	31.0%	32.9%	33.1%
<b>Liquidity Ratios</b>								
Current ratio	Times	1.41	1.33	1.16	1.29	0.99	1.10	1.16
Quick / Acid test ratio	Times	0.35	0.28	0.21	0.30	0.29	0.26	0.25
Cash to Current Liabilities	Times	0.07	(0.09)	(0.40)	(0.34)	(0.42)	(0.36)	(0.42)
Cash flow from Operations to Sales	Times	0.09	0.25	(0.05)	0.06	0.04	0.05	(0.02)
<b>Activity / Turnover Ratios</b>								
Inventory turnover ratio	Times	2.8	2.2	2.8	3.0	2.4	2.7	2.7
Inventory turnover in days	days	130	167	131	121	151	134	133
Debtor turnover ratio	Times	23.6	19.4	24.0	25.8	20.4	28.7	29.8
Debtor turnover in days	days	15	19	15	14	18	13	12
Creditor turnover ratio	Times	12.3	15.8	40.4	17.8	12.7	20.7	14.8
Creditor turnover in days	days	30	23	9	21	29	18	25
Total assets turnover ratio	Times	1.3	1.3	1.4	1.4	1.0	1.2	1.2
Fixed assets turnover ratio	Times	3.1	3.3	4.0	3.7	2.4	2.8	2.8
Operating cycle in days	days	116	163	137	115	141	129	121
Capital employed turnover ratio	Times	2.3	2.5	3.2	2.9	2.5	2.6	2.5
<b>Investment / Market Ratios</b>								
Earnings per share - basic and diluted	Rs.	16.44	23.36	18.38	41.38	(4.60)	18.26	28.75
Price earning ratio	Times	11.90	3.14	5.64	5.10	(19.93)	4.22	8.07
Dividend Yield ratio	%	5.11	13.65	9.64	4.74	-	8.43	3.66
Dividend Payout ratio	%	60.81	42.81	54.39	24.17	-	30.12	29.56
Dividend per share - Cash	Rs.	10.00	10.00	10.00	10.00	0.00	5.50	8.50
Bonus shares	%	-	-	-	-	-	1	-
Dividend Cover	Times	1.64	2.34	1.84	4.14	-	3.32	3.38
Market value per share at the end of the year	Rs.	195.71	73.24	103.73	211.02	92	77.07	231.98
Market value per share high during the year	Rs.	196.68	119.75	219.60	242.50	121	247.97	377.00
Market value per share low during the year	Rs.	78.73	62.40	90.50	92.10	64	71.25	203.00
Price to book ratio	(x)	0.35	0.13	0.15	0.41	0.19	0.15	0.50
Break-up value per share with revaluation of fixed assets	Rs.	225	195	182	151	109	126	114
Break-up value per share without revaluation of fixed assets	Rs.	156	142	129	119	81	96	86
<b>Capital Structure Ratios</b>								
Financial leverage ratio	(x)	0.9	1.1	1.7	1.4	2.2	2.0	2.0
Weight avg cost of debts	%	15.2%	15.0%	8.1%	5.7%	12.2%	7.9%	4.5%
Net assets per share	Rs	302	267	253	214	150	172	153
Total Debt : Equity ratio	(x)	47 : 53	53 : 47	63 : 37	59 : 41	69 : 31	67 : 33	67 : 33
Interest cover	Times	3.4	2.9	4.5	9.1	1.0	3.1	8.8
<b>Value Addition</b>								
Employees as remuneration	Rs. M	3,311		2,862	2,605	2,109	2,192	2,163
Government as taxes	Rs. M	19,768	22,245	26,067	21,205	14,824	18,497	16,789
Shareholders as dividends	Rs. M	725	989	1,055	1,319	0	659	1,019
Retained within the business	Rs. M	3,102	3,620	3,679	7,399	(320)	2,510	4,249
Financial charges to providers of finance	Rs. M	2,334	4,024	2,504	1,567	3,547	2,214	981
<b>Employee Productivity and others</b>								
Production per employee	Tons	222	239	498	601	466	625	613
Revenue per employee	Rs M	61	62	73	60	38	42	38
Spares inventory as % of assets cost	%	1.5%	1.7%	1.3%	1.3%	1.4%	1.3%	1.1%
Maintenance cost as % of operating expenses	%	2.4%	2.8%	2.4%	2.9%	2.5%	3.1%	3.4%

# CONSOLIDATED STATEMENT OF VALUE ADDITION

## Wealth Generated

Sales including sales tax  
Other operating income

## Wealth Distributed

Cost of material & services

## To Employees

Salaries & other related cost

## To Government

Taxes & Duties  
Worker Profit Participation Fund  
Worker Welfare Fund

## To Providers of Capital

Dividend to shareholders  
Finance cost

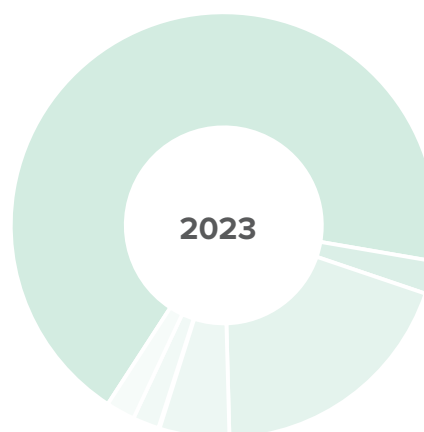
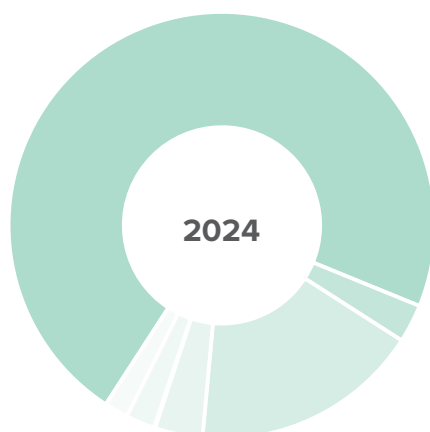
## To Society

Donation

## Retained in Business

For replacement of fixed assets  
Depreciation & Amortization  
To provide for growth: Retained Profit

2024		2023	
Rupees in '000	%	Rupees in '000	%
113,410,513	99.9%	115,017,324	100.1%
68,575	0.1%	(121,726)	(0.1%)
<b>113,479,088</b>	<b>100%</b>	<b>114,895,598</b>	<b>100%</b>
<b>81,690,480</b>	<b>72.0%</b>	78,783,527	68.6%
<b>3,311,401</b>	<b>3%</b>	2,876,577	3%
19,381,960	17.1%	21,827,979	19.0%
282,352	0.2%	333,337	0.3%
103,865	0.1%	84,166	0.1%
<b>19,768,178</b>	<b>17.4%</b>	<b>22,245,482</b>	<b>19.4%</b>
1,770,045	1.6%	2,033,809	1.8%
2,333,995	2.1%	4,024,436	3.5%
<b>4,104,040</b>	<b>3.6%</b>	<b>6,058,245</b>	<b>5.3%</b>
<b>63,600</b>	<b>0.1%</b>	71,485	0.1%
2,484,099	2.2%	2,285,434	2.0%
2,056,990	1.8%	2,574,848	2.2%
<b>4,541,089</b>	<b>4.0%</b>	<b>4,860,282</b>	<b>4.2%</b>
<b>113,479,088</b>	<b>100%</b>	<b>114,895,598</b>	<b>100%</b>



- Cost of material & services
- To Employees
- To Government
- To Providers of Capital
- To Society
- Depreciation & Amortization
- Retained Profit

2024	2023
<b>72.0%</b>	68.6%
<b>2.9%</b>	2.5%
<b>17.4%</b>	19.4%
<b>3.6%</b>	5.3%
<b>0.1%</b>	0.1%
<b>2.2%</b>	2.0%
<b>1.8%</b>	2.2%





# SECTION 9.4

## Consolidated Statements

### **Consolidated Statements**

Auditors' Report to the Members

Consolidated Statement of Financial Position

Consolidated Statement of Profit or Loss

Consolidated Statement of Comprehensive Income

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements



## **INDEPENDENT AUDITOR'S REPORT**

### **To the members of International Industries Limited**

#### **Opinion**

We have audited the annexed consolidated financial statements of International Industries Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### **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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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
(i)	<p><b>Revenue from contracts with customers</b></p> <p><i>(Refer note 3.11 and note 27 to the consolidated financial statements)</i></p> <p>The Group recognises revenue from the domestic and export customers when the performance obligation is satisfied by transferring control of a promised goods to the customer. During the year, net sales to the domestic customer has decreased by 3.7% and net sales to export customers have increased by 6.68%.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group. Revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- Assessed the design, implementation and operating effectiveness of key internal controls involved in revenue recognition;</li> <li>- Understood and evaluated the accounting policy with respect to revenue recognition;</li> <li>- Performed testing of revenue on a sample basis with underlying documentation including dispatch documents and sales invoices;</li> <li>- Performed cut-off procedures on sample basis to ensure sales have been recorded in the correct period;</li> <li>- Verified that sales prices are negotiated and approved by appropriate authority;</li> <li>- Ensured that presentation and disclosures related to revenue are being addressed appropriately.</li> </ul>

### Information Other than the Unconsolidated and Consolidated 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 consolidated and unconsolidated financial statements and our auditor’s reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 unconsolidated 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.

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

A handwritten signature in black ink, appearing to read "Syed Muhammad Hasnain", with a horizontal line extending to the right.

**A.F. Ferguson & Co.**  
**Chartered Accountants**  
**Karachi**

**Date: September 5, 2024**

**UDIN: AR202410073v1aFXshIQ**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at June 30, 2024**

**ASSETS**

**NON-CURRENT ASSETS**

Property, plant and equipment  
Right-of-use assets  
Intangible assets  
Investment in equity accounted investee  
Long-term desposits

**CURRENT ASSETS**

Stores and spares  
Stock-in-trade  
Trade debts  
Advances, trade deposits and prepayments  
Other receivables  
Sales tax receivable  
Cash and bank balances

**TOTAL ASSETS**

**EQUITY AND LIABILITIES**

**SHARE CAPITAL AND RESERVES**

**Share capital**

Issued, subscribed and paid-up capital

**Revenue reserves**

General reserve  
Un-appropriated profit

**Capital reserve**

Exchange translation reserve  
Revaluation surplus on property, plant and equipment

**TOTAL SHAREHOLDERS' EQUITY**

Non - controlling interest

**LIABILITIES**

**NON-CURRENT LIABILITIES**

Long-term financing - secured  
Deffered income - government grant  
Gas Infrastructure Development Cess  
Staff retirement benefits  
Deferred taxation - net  
Lease Liabilities

**CURRENT LIABILITIES**

Trade and other payables  
Contract liabilities  
Short-term borrowings - secured  
Unclaimed dividend  
Unpaid dividend attributable to non-controlling interest (NCI)  
Unclaimed dividend attributable to non-controlling interest (NCI)  
Current portion of long-term financing - secured  
Current portion of lease liabilities  
Taxation - net  
Accrued mark-up

**TOTAL LIABILITIES**

**CONTINGENCIES AND COMMITMENTS**

**TOTAL EQUITY AND LIABILITIES**

Note	2024	2023
	(Rupees in '000)	
4	32,253,795	30,231,615
5.1	13,049	22,245
6	410,437	312,210
7	1,909,524	1,855,464
	6,477	4,077
	34,593,282	32,425,611
8	1,097,458	1,247,740
9	28,975,670	32,531,505
10	4,612,850	5,327,874
11	215,406	176,334
12	72,453	95,339
	976,338	1,156,198
13	4,123,574	2,411,238
	40,073,749	42,946,228
	74,667,031	75,371,839
14	1,318,819	1,318,819
15	3,222,432	3,112,325
	16,049,218	14,275,645
16	80,657	83,445
	9,061,218	7,068,935
	29,732,344	25,859,169
	10,130,169	9,406,738
	39,862,513	35,265,907
17	4,121,675	5,010,199
18	128,279	166,699
19	-	191,619
20	18,142	165,521
21	2,048,859	2,192,287
5.2	4,415	15,839
	6,321,371	7,742,164
22	15,514,957	15,023,742
23	2,467,336	2,822,281
24	8,646,336	11,041,530
	41,275	46,149
	430	1,527
	7,079	8,497
17	960,047	986,204
5.2	11,299	8,993
25	430,854	1,840,449
	403,534	584,396
	28,483,147	32,363,768
	34,804,518	40,105,932
26		
	74,667,031	75,371,839

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial Officer



**Sohail R. Bhojani**  
Chief Executive Officer



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the year ended June 30, 2024**

	Note	(Restated)	
		2024	2023
		(Rupees in '000)	
Revenue from contracts with customers	27	99,156,076	100,737,162
Cost of sales	28	(86,489,859)	(85,433,218)
Gross Profit		12,666,217	15,303,944
Selling and distribution expenses	29	(3,674,829)	(2,649,390)
Administrative expenses	30	(954,136)	(798,905)
Charge of loss allowance on trade debts	10.3	(49,822)	(51,910)
		(4,678,787)	(3,500,205)
Operating profit		7,987,430	11,803,739
Finance cost	31	(2,333,995)	(4,024,436)
Other operating charges	32	(474,952)	(530,337)
		(2,808,947)	(4,554,773)
Other income / (loss) - net	33	68,575	(121,726)
Share of profit of equity accounted investee	71.2.1	78,351	106,820
<b>Profit before levies and income tax</b>		<b>5,325,409</b>	<b>7,234,060</b>
Levies	34	(271,866)	(217,708)
<b>Profit before income tax</b>		<b>5,053,543</b>	<b>7,016,352</b>
Income tax expense	35	(1,226,508)	(2,407,695)
<b>Profit for the year</b>		<b>3,827,035</b>	<b>4,608,657</b>
<b>Profit attributable to:</b>			
- Owners of the Holding Company		2,168,613	3,080,288
- Non-controlling interest (NCI)		1,658,422	1,528,369
		3,827,035	4,608,657
		(Rupees)	
<b>Earnings per share - basic and diluted</b>	36	<b>16.44</b>	<b>23.36</b>

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
 Director & Chairman  
 Board Audit Committee



**Muhammad Akhtar**  
 Chief Financial Officer



**Sohail R. Bhojani**  
 Chief Executive Officer

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended June 30, 2024

Note	2024	2023
	(Rupees in '000)	
<b>Profit for the year</b>	<b>3,827,035</b>	<b>4,608,657</b>
<b>Other comprehensive income</b>		
Items that will not be subsequently reclassified to Consolidated Statement of Profit or Loss		
Remeasurement of staff retirement benefits	171,161	(30,298)
Adjustment related to opening deferred tax balance	11,532	12,994
Related deferred tax (charge) / reversal for the year	(66,753)	8,822
	(55,221)	21,816
	115,940	(8,482)
Surplus / (loss) on revaluation of land and buildings		
Freehold land	50,000	-
Leasehold land	2,209,423	-
	2,259,423	-
		-
Buildings on freehold land	(17,780)	-
Buildings on leasehold land	(9,829)	-
Related deferred tax for the year	10,768	-
Adjustment related to opening deferred tax balance on buildings	(91,985)	(261,257)
	(108,826)	(261,257)
	2,150,597	(261,257)
Proportionate share of (loss) / surplus on revaluation of land and buildings of equity accounted investee	(29,453)	548,169
Related deferred tax for the year	7,363	(137,042)
	(22,090)	411,127
Items that will be subsequently reclassified to Consolidated Statement of Profit or Loss		
Foreign operations - foreign currency translation difference	(2,788)	56,053
Proportionate share of other comprehensive income / (loss) of equity accounted investee	5,162	(761)
	2,246,821	196,680
<b>Total comprehensive income for the year</b>	<b>6,073,856</b>	<b>4,805,337</b>
<b>Total comprehensive income attributable to:</b>		
- Owners of the Holding Company	4,400,703	3,350,544
- Non-controlling interest (NCI)	1,673,153	1,454,793
	<b>6,073,856</b>	<b>4,805,337</b>

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial Officer



**Sohail R. Bhojani**  
Chief Executive Officer

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended June 30, 2024

	Attributable to owners of the Holding Company							Non-controlling interest	Total equity	
	Issued, subscribed and paid up capital	Capital reserve		Total capital reserves	Revenue reserves		Total revenue reserves			
		Revaluation surplus on property, plant and equipment	Exchange translation reserves		General reserves	Un-appropriated profit				
	(Rupees in '000)									
Balance as at July 1, 2022	1,318,819	6,986,115	27,392	7,013,507	2,991,258	12,699,443	15,690,701	24,023,027	9,376,528	33,399,555
- Profit for the year	-	-	-	-	-	3,080,288	3,080,288	3,080,288	1,528,369	4,608,657
- Other comprehensive income / (loss) for the year	-	214,453	56,053	270,506	-	(250)	(250)	270,256	(73,576)	196,680
Total comprehensive income for the year	-	214,453	56,053	270,506	-	3,080,038	3,080,038	3,350,544	1,454,793	4,805,337
<b>Transactions with owners recorded directly in equity:</b>										
Distributions to owners of the Holding Company										
- Final dividend at 60% (i.e. Rs. 6.00 per share) for the year ended June 30, 2022	-	-	-	-	-	(791,291)	(791,291)	(791,291)	-	(791,291)
- Interim dividend at 55% (i.e. Rs. 5.50 per share) for the year ended June 30, 2023	-	-	-	-	-	(725,350)	(725,350)	(725,350)	-	(725,350)
Dividend to non-controlling interest	-	-	-	-	-	-	-	-	(1,424,583)	(1,424,583)
Proportionate share of transfer to general reserves of equity accounted investee	-	-	-	-	121,067	(121,067)	-	-	-	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	(131,047)	-	(131,047)	-	131,047	131,047	-	-	-
Proportionate share of surplus on revaluation property, plant and equipment - PCL	-	(586)	-	(586)	-	2,825	2,825	2,239	-	2,239
Balance as at June 30, 2023	1,318,819	7,068,935	83,445	7,152,380	3,112,325	14,275,645	17,387,970	25,859,169	9,406,738	35,265,907
- Profit for the year	-	-	-	-	-	2,168,613	2,168,613	2,168,613	1,658,422	3,827,035
- Other comprehensive income / (loss) for the year	-	2,128,507	(2,788)	2,125,719	-	106,371	106,371	2,232,090	14,731	2,246,821
Total comprehensive income for the year	-	2,128,507	(2,788)	2,125,719	-	2,274,984	2,274,984	4,400,703	1,673,153	6,073,856
	1,318,819	9,197,442	80,657	9,278,099	3,112,325	16,550,629	19,662,954	30,259,872	11,079,891	41,339,763
Proportionate share of transfer to general reserves of equity accounted investee	-	-	-	-	110,107	(110,107)	-	-	-	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	(15,584)	-	(15,584)	-	15,584	15,584	-	-	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	(117,629)	-	(117,629)	-	117,629	117,629	-	-	-
Proportionate share of surplus on revaluation property, plant and equipment - PCL	-	(3,011)	-	(3,011)	-	3,011	3,011	-	-	-
<b>Transactions with owners recorded directly in equity</b>										
Distributions to owners of the Holding Company										
- Final dividend @ 20% (i.e. Rs. 2.00 per share) for the year ended June 30, 2023	-	-	-	-	-	(263,764)	(263,764)	(263,764)	-	(263,764)
- Interim dividend at 20% (i.e. Rs. 2.00 per share) for the year ended June 30, 2024	-	-	-	-	-	(263,764)	(263,764)	(263,764)	-	(263,764)
Dividend to non-controlling interest	-	-	-	-	-	-	-	-	(949,722)	(949,722)
Balance as at June 30, 2024	1,318,819	9,061,218	80,657	9,141,875	3,222,432	16,049,218	19,271,650	29,732,344	10,130,169	39,862,513

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial Officer



**Sohail R. Bhojani**  
Chief Executive Officer

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2024

	Note	2024	2023
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	37	14,369,716	32,408,802
Finance cost paid		(2,410,135)	(3,860,998)
Income on bank deposits received		328,534	109,117
Staff retirement benefits paid	20.2.7	(87,305)	(112,012)
Payment on account of compensated absences		(20,536)	(29,128)
Income tax paid - net		(3,180,000)	(3,019,326)
Increase in long-term deposits		(2,410)	(1,650)
<b>Net cash generated from operating activities</b>		<b>8,997,864</b>	<b>25,494,805</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for acquisition of property, plant and equipment		(2,491,156)	(1,827,558)
Payment for acquisition of intangible assets		(101,210)	(134,381)
Dividend received		-	39,601
Proceeds from disposal of property, plant and equipment		167,874	140,007
<b>Net cash used in investing activities</b>		<b>(2,424,492)</b>	<b>(1,782,331)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term financing		150,000	3,389,690
Repayment of long-term financing		(1,104,328)	(4,036,625)
Short-term borrowings - net		883,144	(3,324,185)
Lease liabilities		(11,591)	(10,713)
Dividends paid to non-controlling interest		(952,237)	(1,424,860)
Dividends paid to shareholders of the Holding Company		(532,402)	(1,510,488)
<b>Net cash used in financing activities</b>		<b>(1,567,414)</b>	<b>(6,917,181)</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,005,958</b>	<b>16,795,293</b>
Cash and cash equivalents at beginning of the year		(2,871,829)	(19,741,322)
Effects of exchange rate changes in cash and cash equivalents		(20,047)	74,200
Cash and cash equivalents at end of the year	38	2,114,082	(2,871,829)

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial Officer



**Sohail R. Bhojani**  
Chief Executive Officer

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended June 30, 2024**

**1 THE GROUP AND ITS OPERATIONS**

**1.1** The Group consists of International Industries Limited (the Holding Company), its 56.33% owned subsidiary International Steels Limited (ISL), its wholly owned subsidiary IIL Construction Solutions (Private) Limited (IIL CSL) and its wholly owned foreign subsidiaries IIL Australia Pty. Limited (IIL Australia) and IIL Americas Inc. (IIL Americas) [together referred to as "the Group" and individually as "Group entities"] and the Holding Company's 17.124% interest in an equity accounted investee namely Pakistan Cables Limited (PCL).

**1.2** The Holding Company was incorporated in Pakistan in 1948 under the Companies Act, 1913 (now the Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. It is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes, structural hollow sections, stainless steel tubes, polymer pipes & fittings. The Company also offers customised construction solution services. The registered office of the Holding Company is situated at 101-107 1st Floor, Beaumont Plaza, 10 Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Holding Company are situated as follows:

- i) LX 15 - 16, HX-7/4, LX-2, LX 14/13, LX 14/14, Landhi Industrial Area, Karachi;
- ii) Survey no. 402, 405 - 406, 95, Rehri Road, Landhi Town, Karachi; and
- iii) 22 KM, Sheikhpura Road, Mouza Khanpur Nabipur, Tehsil Ferozpur, District Sheikhpura.

The sales offices and warehouse of the Holding Company are situated as follows:

- i) Chinoy House, 2nd and 3rd Floor, Bank Square, Lahore;
- ii) Hall No.1, Second Floor, Rafi Shopping Center, Plot No.7, Safari Valley, Rawalpindi;
- iii) 1592, 2nd Floor, Quaid-e-Azam Shopping Centre No.1, Multan Cantt;
- iv) Office No. 1 & 2, 1st Floor, Hurmaz Plaza, Main University Road, Peshawar; and
- v) Plot No. NEIR - 61, Khasra no. 3303 - 3308, Hadbast Mouza Naulakha, GT Road, Lahore.

**1.3** International Steels Limited (ISL) was incorporated on September 03, 2007 as a public unlisted company limited by shares under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is domiciled in the province of Sindh. Subsequent to the sale of shares by the Holding Company to general public under an Initial Public Offer, ISL was listed on the Pakistan Stock Exchange on June 1, 2011. The primary activity of the Company is the business of manufacturing of cold rolled, galvanized and colour coated steel coils and sheets. ISL commenced commercial operations on January 1, 2011. The registered office of ISL is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530. The Holding Company has 56.33% ownership interest in International Steels Limited.

The manufacturing facilities of International Steels Limited are situated as follows:

- i) 399-405, Rehri Road, Landhi Industrial Area, Karachi; and
- ii) Plot No. LE 73-79, 102-103, 112-118, 125-129, Survey No. NC 98, National Industrial Parks (NIP), Bin Qasim Industrial Zone, Karachi.

The sales offices of International Steels Limited are situated as follows:

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

**1.4** IIL CSL was incorporated on August 19, 2020 under the Companies Act, 2017. It is engaged in the business of providing scaffolding and other building solutions. Its registered office is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi 75530. Its sales offices are situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi-75530 and Chinoy House, 6 Bank Square, Lahore. The manufacturing facility of IIL CSL is located at LX 15 - 16, Landhi Industrial Area, Karachi.

**1.5** IIL Australia was incorporated in Australia on May 2, 2014. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes, pre-galvanized pipes, stainless steel tubes and galvanized steel sheets and coils. Its registered office and sales office is situated at 101-103, Abbot Road, Hallam, Victoria 3803, Australia.

**1.6** IIL Americas was incorporated in Canada on October 8, 2019. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes and pre-galvanized pipes. Its registered office and sales office is situated at Suite 210, 5800 Ambler Drive Mississauga, ON L4W 4J4, Canada.

**1.7** Details of the associated company are stated in note 7 to these consolidated financial statements.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These consolidated 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 of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### **2.2 Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention except for the Group entities liabilities under defined benefit plan (Gratuity Fund) which is determined on the basis of the present value of defined benefit obligations less fair value of plan assets determined by an independent actuary and land and buildings at revalued amounts assessed by an independent valuer which are stated at fair value.

### **2.3 Functional and presentation currency**

These consolidated financial statements are presented in Pakistani Rupees which is also the Holding Company's functional currency. All amounts have been rounded off to the nearest thousand, unless otherwise indicated.

### **2.4 Use of significant estimates and judgements**

The preparation of consolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, 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 judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

- Property, plant and equipment (note 3.2)
- Lease liability and right-of-use assets (note 3.1)
- Trade debts, advances and other receivables (note 3.5.2)
- Stores and spares (note 3.6)
- Stock-in-trade (note 3.7)
- Taxation (note 3.8)
- Staff retirement benefits (note 3.9)
- Impairment (note 3.14)
- Provisions (note 3.15)
- Contingent liabilities (note 3.16)

## 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, 2023. However, these do not have any significant impact on these consolidated financial statements.

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

There are certain amendments to the accounting and reporting standards that will be mandatory for the annual accounting period beginning on or after July 1, 2024. However, these are considered either not to be relevant or to have any significant impact on the consolidated financial statements and, therefore, have not been disclosed in these consolidated financial statements.

## 2.6 Basis of consolidation

### i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision-making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases. These consolidated financial statements include International Industries Limited (the Holding Company) and all companies which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

The financial statements of the Subsidiaries have been consolidated on a line-by-line basis. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance

### ii) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of a subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

Material accounting policies and methods of computations adopted in the preparation of these consolidated financial statements are same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended June 30, 2023 except as disclosed in note 3.20 to these consolidated financial statements.

### 3.1 Lease liability and Right-of-use assets

The Group, 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 Group 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 Group mainly

leases properties for its operations. The Group 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 Group has various lease agreements for sales offices which were previously classified by the Group based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for all the leases - i.e. these leases are on Consolidated 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 profit and 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 Group 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 Group 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 group entities 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 and leasehold land and buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold and leasehold lands are stated at revalued amounts, and buildings on freehold and leasehold lands are stated at revalued amounts less accumulated depreciation and impairment loss, if any. The value assigned to leasehold lands is not amortized as the respective leases are expected to be renewed for further periods on payment of relevant rentals. 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 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 group entities and the cost of the items can be measured reliably. All other expenditure (including repairs and normal maintenance) is recognised in the Consolidated Statement of Profit or Loss account as an expense when it is incurred.

### **Depreciation**

Depreciation on all items except for land is charged on straight line method at the rates specified in note 4.1 to the consolidated financial statements and is generally recognised in the Consolidated 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 land and building 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 land and building is recognized, net of tax, in the Consolidated Statement of 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 Consolidated Statement of Comprehensive Income, in which case the increase is first recognized in the Consolidated 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 the Consolidated Statement of Profit or Loss. The revaluation reserve is not available for distribution to the Group's shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to Consolidated 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 Consolidated Statement of Profit or Loss, and the related revaluation surplus on property, plant and equipment, if any, is transferred directly to unappropriated profit.

## **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.

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 group entities 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.

#### Infinite Intangible

These are stated at cost less impairment, if any.

#### Definite Intangible

- a) These are stated at cost less accumulated amortisation and impairment, if any.
- b) Intangible assets are amortised on straight line basis over its estimated useful life(s) (refer note 6).
- c) Amortisation on additions during the year is charged from the month in which the asset is intended to be used, whereas no amortisation is charged from the month the asset is disposed-off.

### 3.4 Investments in associates

Investments in associates are accounted for using equity method of accounting in the consolidated financial statements in which the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

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

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

### 3.5 Financial instruments

#### Initial measurement of financial asset

The Group 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 Consolidated 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 Consolidated Statement of Profit or Loss.

##### Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the Consolidated 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 Consolidated 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 the Consolidated 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 Consolidated Statement of Profit or Loss.

### 3.5.1 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the group entities 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. Group entities 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 retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

### 3.5.2 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 where there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

### 3.5.3 Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents comprise cash in hand, balances with banks on current, savings and deposit accounts, short-term investments with original maturities of three months or less and short term borrowing and short term finances availed by the Company, which form an integral part of the group entities' cash management.

### 3.5.4 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 dividend, accrued mark-up and trade and other payables. Group entities derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability 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.

### 3.5.5 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 Unconsolidated Statement of Profit or Loss over the period of the borrowings using the effective interest 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.

### 3.5.6 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.

### 3.5.7 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group entities has received consideration. If a customer pays consideration before the Group entities 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 group entities performs under the contract.

### **3.5.8 Derivative financial instruments - other than hedging**

Derivatives that do not qualify for hedge accounting are recognised in the Consolidated Statement of Financial Position at estimated fair value with corresponding effect to Consolidated Statement of Profit or Loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

### **3.5.9 Derivative financial instruments - cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in Consolidated Statement of Comprehensive Income and accumulated in hedging reserve. Any ineffective portion of changes in fair value of derivative is recognised immediately in the Consolidated 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.

### **3.5.10 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when the Group entities has currently legally enforceable right to set-off the recognised amounts and the group entities 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 group entities or the counter parties.

### **3.6 Stores and spares**

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

Provision is made for obsolete and slow moving spares and is recognised in the Consolidated Statement of Profit or Loss.

### **3.7 Stock-in-trade**

These are valued at lower of cost and net realizable 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 materials in transit comprise of invoice value and other charges thereon. Net realizable value signifies the estimated selling price in the ordinary course of the business less estimated cost of completion and selling expenses. Scrap and by-product is valued at estimated realizable value.

### **3.8 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated 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 Group entities, 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 Group entities 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 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 Group entities 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.

## Levies

The tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income, which is not adjustable against the future tax liability, is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 12/IAS 37.

## 3.9 Staff retirement benefits

### 3.9.1 Defined benefit plan

The Holding Company and ISL provide gratuity benefit to all their respective permanent employees who have completed their minimum qualifying period of service i.e. three years (except in case of workers where minimum qualifying period of service is six months). For executives and officers having total service of over twenty years, the benefit is available at one month's basic salary (eligible salary) for each completed year of service. For executives and officers having total service of less than twenty years, the benefit is available at half month's basic salary (eligible salary) for each completed year of service. For workers, the benefit is available at one month's gross salary less conditional allowances (eligible salary) for each completed year of service.

Obligations of Holding Company and ISL are determined through actuarial valuations carried out under the "Projected Unit Credit Method". Remeasurements which comprise actuarial gains or losses and the return on plan assets (excluding interest) are recognised immediately in other comprehensive income in the consolidated financial statements.

The Holding Company and ISL determine their respective net interest expenses (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognised in the Consolidated Statement of Profit or Loss. The latest actuarial valuations were conducted at the reporting date by qualified professional firms 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.

### 3.9.2 Defined contribution plan

The Holding company and ISL provides provident fund benefits to all its officers. Equal contributions are made, both by the Companies and the employees, at the rate of 8.33% of basic salary and cost of living allowance and the same is charged to the Consolidated Statement of Profit or Loss.

### 3.9.3 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.

## 3.10 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 Consolidated Statement of Profit or Loss currently. The exchange gain on export receivable is restricted as per foreign exchange circulars issued by State Bank of Pakistan.

### 3.11 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.
- Toll manufacturing / partial manufacturing income is recognised when related services are rendered.
- Service 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 120 days, which is consistent with the market practice.

### 3.12 Other Income

- Income from power generation plant on account of sales of surplus electricity is recognised on transmission of electricity to K-Electric Limited (KE).
- Dividend income is recognised when the right to receive the dividend is established.
- Gains / losses arising on sale of investments are included in the Consolidated Statement of Profit or Loss in the period in which they arise.
- Rental income is recognised on straight line basis over the term of the respective lease agreement.

### 3.13 Income on bank deposits and finance cost

The Group's finance income and finance cost includes interest income and interest expense. Interest income or expense is recognised using the effective interest method.

### 3.14 Impairment

#### 3.14.1 Financial assets

Loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

Loss allowances are measured 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 debts are always measured at an amount equal to lifetime ECLs.

The expected loss rates are based on payment profiles of sales over a period of 36 - 60 months before June 30, 2024 or July 1, 2023 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 Group entities have 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 ECL, Group entities consider 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 Group entities historical experience and informed credit assessment and including forward-looking information.

The Group 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 Group entities have no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. Group entities individually make an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Group entities expect 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 Group entities 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.

### **3.14.2 Non-financial assets**

The carrying amounts of 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 Consolidated Statement of Profit or Loss.

### **3.15 Provisions**

A provision is recognised in the Consolidated Statement of Financial Position when Group entities have a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate. The nature of provision is not stated in the consolidated financial statements where such is expected to materially prejudice company's position, as allowed under the applicable accounting framework.

### **3.16 Contingent liabilities**

A contingent liability is disclosed when the Group 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 Group; or the Group 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.

### **3.17 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting structure. The operating results are monitored separately for each product category (i.e. Steel Coils and Sheets, Steel Pipes and Polymer Pipes) for the purposes of making decisions regarding resource allocation and performance assessment.

The Group entities do not consider sale of electricity to K-Electric Limited as separate reportable segment as the power plants of the entities are installed primarily to supply power to their production facilities and currently any excess electricity, if any, is sold to KE.

### 3.18 Dividend and appropriation to / from reserves

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

### 3.19 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 Group entities' recognises government grants when there is reasonable assurance that grants will be received and the Group entities will be able to comply with conditions associated with grants.

Government grants are recognized 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 Group entities' 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.

### 3.20 Restatement

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the unconsolidated statement of financial position, the unconsolidated statement of cash flows and earning per share as a result of this change.

	For the year ended June 30, 2024			For the year ended June 30, 2023		
	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	----- Rupees in '000 -----					
Profit before income tax	5,325,409	(271, 866)	5,053,543	7,234,060	(217,708)	7,016,352
Levies	-	(271, 866)	(271, 866)	-	(217,708)	(217,708)
Income tax expense	(1498,374)	271, 866	(1,226,508)	(2,625,403)	217,708	(2,407,695)

### 3.21 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.



#### 4. PROPERTY, PLANT AND EQUIPMENT

Note	2024	2023
	(Rupees in '000)	
Operating assets	30,519,822	28,908,267
Capital work-in-progress(CWIP)	1,119,324	767,190
Stories and spares held for capital expenditures - at cost	614,649	556,158
	<b>32,253,795</b>	<b>30,231,615</b>

#### 4.1 Operating assets

	Land - revalued - note 4.1.2 & 4.1.3		Buildings - revalued note 4.1.2 & 4.1.3		Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land				
Rupees in '000								
<b>Balance as at July 1, 2023</b>								
Cost / revalued amount	3,523,073	4,230,765	3,579,345	1,442,187	28,354,660	384,130	496,430	42,010,590
Accumulated depreciation	-	-	342,201	196,291	(13,192,822)	(259,744)	(188,249)	(13,102,323)
Net book value (NBV)	3,523,073	4,230,765	3,921,546	1,638,477	15,161,838	124,386	308,181	28,908,267
Additions / transfer from CWIP	-	-	163,716	16,984	1,409,886	67,636	317,693	1,975,915
Surplus / (loss) on revaluation - note 4.1.3	50,000	2,209,422	(17,780)	(9,829)	-	-	-	2,231,813
Translation reserve	-	-	-	-	-	(161)	-	(161)
- Disposals - note 4.1.4	(46,987)	-	(3,525)	-	(159,433)	(5,119)	(101,146)	(316,210)
- Cost / revalued amount	-	-	619	-	121,299	4,760	65,440	192,118
- Accumulated depreciation	(46,987)	-	(2,906)	-	(38,134)	(359)	(35,706)	(124,092)
Depreciation charge - note 4.1.1	-	-	(315,784)	(183,368)	(1,795,079)	(51,478)	(126,211)	(2,471,920)
<b>Balance as at June 30, 2024 (NBV)</b>	<b>3,526,086</b>	<b>6,440,187</b>	<b>3,748,792</b>	<b>1,462,265</b>	<b>14,738,511</b>	<b>140,024</b>	<b>463,957</b>	<b>30,519,822</b>
<b>Gross carrying value as at June 30, 2024</b>								
Cost / revalued amount	3,526,086	6,440,187	3,066,669	1,066,412	29,605,113	446,486	712,977	44,863,930
Accumulated depreciation	-	-	682,123	395,853	(14,866,602)	(306,462)	(249,020)	(14,344,108)
<b>Net book value</b>	<b>3,526,086</b>	<b>6,440,187</b>	<b>3,748,792</b>	<b>1,462,265</b>	<b>14,738,511</b>	<b>140,024</b>	<b>463,957</b>	<b>30,519,822</b>
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	
<b>Balance as at July 1, 2022</b>								
Cost / revalued amount	3,523,073	4,230,765	4,209,766	1,748,198	27,135,235	332,757	431,516	41,611,310
Accumulated depreciation	-	-	-	-	(11,582,817)	(226,282)	(182,788)	(11,991,887)
Net book value (NBV)	3,523,073	4,230,765	4,209,766	1,748,198	15,552,418	106,475	248,728	29,619,423
Additions / transfer from CWIP	-	-	24,764	76,919	1,301,445	57,144	168,927	1,629,199
Translation reserve	-	-	-	-	-	1,407	-	1,407
Disposals note 4.1.1								
- Cost	-	-	(98)	-	(82,020)	(7,178)	(104,013)	(193,309)
- Accumulated depreciation	-	-	14	-	37,010	6,575	82,525	126,124
Depreciation charge-note 4.1.1	-	-	(84)	-	(45,010)	(603)	(21,488)	(67,185)
Depreciation charge-note 4.1.1	-	-	(312,900)	(186,639)	(1,647,015)	(40,037)	(87,986)	(2,274,577)
<b>Balance as at June 30, 2023 (NBV)</b>	<b>3,523,073</b>	<b>4,230,765</b>	<b>3,921,546</b>	<b>1,638,478</b>	<b>15,161,838</b>	<b>124,386</b>	<b>308,181</b>	<b>28,908,267</b>
<b>Gross carrying value as at June 30, 2023</b>								
Cost / revalued amount	3,523,073	4,230,765	3,579,345	1,442,187	28,354,660	384,130	496,430	42,010,590
Accumulated depreciation	-	-	342,201	196,291	(13,192,822)	(259,744)	(188,249)	(13,102,323)
Net book value	3,523,073	4,230,765	3,921,546	1,638,478	15,161,838	124,386	308,181	28,908,267
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	

\* Accumulated depreciation of buildings has been adjusted against the gross carrying amount of the assets using the elimination approach to incorporate the revaluation impact.

4.1.1	The depreciation charge for the year has been allocated as follows:	Note	2024	2023
			(Rupees in '000)	
	Cost of sales	28	2,136,202	2,020,293
	Selling and distribution expenses	29	36,970	32,429
	Administrative expenses	30	42,127	34,135
	Income from power generation	33.1	256,621	187,720
			<b>2,471,920</b>	<b>2,274,577</b>

4.1.2 Particulars of immovable property (i.e. land and building) in the name of the Group and related forced sales values are as follows:

Particulars	Location	Area of land (Acres)	Covered Area (Square Feet)	Forced sales value (Rupees in '000)
Leasehold Land and Building (Manufacturing plant)	Plot No. LX 15-16, HX-7/4, LX-2, LX 14/13, LX 14/14 Landhi Industrial Estate, Karachi	25.59	815,879	4,211,090
Leasehold Land and Building (Manufacturing plant)	22 KM, Sheikhpura Road, Mouza Khanpur Nabipur, Tehsil Ferozpur, District Sheikhpura	30.24	339,810	1,120,138
Freehold Land and Building (Manufacturing plant)	Survey No. 399 - 406, 95, Rehri Road, Landhi Town, Karach	42.45	1,705,374	5,843,546
Leasehold Building (Office premises)	Office No. 101-107, 1st Floor, Beaumont Plaza, 10 Beaumont Road, Karachi	Not applicable	11,544	218,809
Leasehold Building (Office premises)	Office No. 203, 2nd Floor, Beaumont Plaza, 10 Beaumont Road, Karachi	Not applicable	1,794	25,121
Leasehold Building (Sales office premises)	Chinoy House, 2nd and 3rd Floor, Bank Square, Off Thornton Road, Hadbast Mouza Khas, Lahore	Not applicable	8,420	39,149
Freehold Land and Building (Sales godown)	*Plot No. NEIR-61, Khasrano.3303-3308, Hadbast Mouza Naulakha, GT Road, Lahore	0.17	6,300	50,315
Service center	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	Not applicable	653,400	1,120,524
Multan plot	Khewat No. (B)38, 114, 302, Khatooni no. 127, 475, 1114, Mouza Laar Bahawalpur Road, Multan	0.17	372,711	90,910
				<b>12,719,602</b>

*\*As of December 2023, management intended to sell this property, resulting in its classification as a non-current asset held for sale in accordance with IFRS5 in the half-yearly financial statements. Subsequently, due to internal expansion plans, management decided to retain the property for internal use. Consequently, the property has been reclassified in accordance with IAS 16.*

**4.1.3** A desktop evaluation of freehold land, leasehold land and buildings thereon was carried out by Holding Company as at June 30, 2024 by MYK Associates (Private) Limited (an external valuer who is located in Karachi) resulted in a surplus amounting to Rs. 2,231.81 million which was incorporated in the books of the Company as at June 30, 2024.

A full-scope evaluation of freehold land, leasehold land and buildings was also carried out by the same valuer as at June 30, 2022 resulting in a surplus amounting to Rs. 2,271.68 million on freehold land, leasehold land and buildings.

The holding company commissioned independent valuation of freehold land, leasehold land and buildings thereon during the years / periods ended June 30, 1988, June 30, 1997, June 30, 2000, June 30, 2004, December 31, 2007, June 30, 2013, June 30, 2016, June 30, 2019, June 30, 2022 and June 30, 2024.

The carrying amount of the aforementioned assets as at June 30, 2024, 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	1,585,530	-	1,585,530
Leasehold land	725,145	-	725,145
Buildings	4,910,844	(2,014,023)	2,896,821
<b>As at June 30, 2024</b>	<b>7,221,519</b>	<b>(2,014,023)</b>	<b>5,207,496</b>
<b>As at June 30, 2023</b>	<b>6,699,390</b>	<b>(1,753,644)</b>	<b>4,945,746</b>

**4.1.4** Details of property, plant and equipment disposed off / scrapped having book value of five hundred thousand rupees or more each are as follows:

Description	Original cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer	Relationship with buyer
----- (Rupees in '000) -----								
<b>Property</b>								
Ghoray Shah Warehouse	50,512	619	49,893	57,798	7,905	Negotiation	Ali Nawaz, Asad Ali, Fiza Ali, Alishba	Third Party
	<b>50,512</b>	<b>619</b>	<b>49,893</b>	<b>57,798</b>	<b>7,905</b>			
<b>Plant and machinery</b>								
Skin Pass Mill old Items	41,419	14,904	26,515	4,967	(21,548)	Negotiation	Asif Bajwa Steel Co.	Third Party
Incinerator system at CCL for heat recovery & environment protection	14,491	7,970	6,521	1,360	(5,161)	Negotiation	Yasir Shah Traders	Third Party
Galvanizing Plant old Equipment	8,165	3,167	4,998	600	(4,398)	Negotiation	Yasir Shah Traders	Third Party
	<b>64,075</b>	<b>26,041</b>	<b>38,034</b>	<b>6,927</b>	<b>(31,107)</b>			

Description	Original cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer	Relationship with buyer
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----- (Rupees in '000) -----

### Vehicles

Suzuki Alto BSK-663	1,398	815	583	1,900	1,317	Negotiation	Syed Riaz Ahmed	Third Party
Suzuki Alto ABH-236	1,433	788	645	2,100	1,455	Negotiation	U.S Motors	Third Party
Suzuki Alto VXR BSY-676	1,433	740	693	1,688	995	As per Policy	Mr. Khalid Junejo	Employee
Suzuki Cultus BSY-693	1,780	949	831	2,088	1,257	As per Policy	Mr. Muhammad Asim	Employee
Honda Civic Auto BQX-523	3,767	2,888	879	3,990	3,111	As per Policy	Mr. Zulfiqar Mooraj	Employee
Suzuki Cultus BVG-534	1,655	607	1,048	2,462	1,414	As per Policy	Mr. Hamza Abbas	Employee
Suzuki Alto BWH-265	1,546	464	1,082	1,900	818	Negotiation	U.S Motors	Third Party
Toyota Yaris BSZ-231	2,695	1,437	1,258	3,289	2,031	As per Policy	Mr. Baber Munshi	Employee
Honda City 1.5 AEG-183	2,623	1,224	1,399	3,088	1,689	As per Policy	Mr. Atiq ur Rehman	Employee
Toyota Corolla Altis	3,573	2,620	953	3,513	2,560	As per Policy	Mr. Mustafa Khan	Employee
Toyota Yaris Ativ Manual	2,625	1,619	1,006	3,035	2,029	Negotiation	Farhat Enterp.	Third Party
Honda City Prosmatec	2,817	1,362	1,455	3,315	1,860	As per Policy	Mr. Ozair Syed	Employee
Suzuki Cultus Vxr	1,780	831	949	2,475	1,526	As per Policy	Mr. Sanjay Kumar	Employee
Toyota Yaris Ativ Manual	2,752	826	1,926	3,298	1,372	As per Policy	Mr. Khurram Iqbal	Employee
Suzuki Alto Vxr	1,335	601	734	1,910	1,176	Negotiation	Itehad Motors	Third Party
Suzuki Alto Vxl	1,886	314	1,572	2,700	1,128	Negotiation	Yaseen Motors	Third Party
Suzuki Alto Vxr	1,433	669	764	1,868	1,104	As per Policy	Mr. Naveed Arshad	Employee
Suzuki Alto Vxr	1,335	534	801	1,755	954	As per Policy	Mr. Mukesh Kumar	Employee
Suzuki Alto Vxr	1,395	628	767	1,703	936	As per Policy	Mr. Shams Muhammad	Employee
Toyota Corolla Altis	3,350	1,005	2,345	3,075	730	As per Policy	Mr. Tallat Bashir	Employee
Kia Picanto 1.0	3,206	641	2,565	2,400	(165)	As per Policy	Ms. Munazzah Iqbal	Employee
Toyota Yaris Ativ Manual	4,512	752	3,760	3,450	(310)	Negotiation	Itehad Motors	Third Party
Kia Stonic	5,942	693	5,249	4,650	(599)	Negotiation	Itehad Motors	Third Party
	<b>56,271</b>	<b>23,007</b>	<b>33,264</b>	<b>61,652</b>	<b>28,388</b>			
	<b>170,858</b>	<b>49,667</b>	<b>121,191</b>	<b>126,377</b>	<b>5,186</b>			

### 4.2 Capital work-in-progress (CWIP)

	2024 Cost				2023 Cost			
	As at July 1, 2023	Additions / adjustments	Transfers / adjustments	As at June 30, 2024	As at July 1, 2022	Additions / adjustments	Transfers / adjustments	As at June 30, 2023
Buildings on freehold land	20,511	479,000	(163,716)	335,795	8,884	36,391	(24,764)	20,511
Buildings on leasehold land	641	16,709	(16,984)	366	43,168	34,392	(76,919)	641
Plant and machinery	675,082	1,491,438	(1,409,886)	756,634	567,087	1,409,440	(1,301,445)	675,082
Furniture, fixtures and office equipment	29,235	64,772	(67,636)	26,371	12,536	73,204	(56,505)	29,235
Vehicles	41,721	276,129	(317,692)	158	9,980	200,668	(168,927)	41,721
	<b>767,190</b>	<b>2,328,048</b>	<b>(1,975,914)</b>	<b>1,119,324</b>	<b>641,655</b>	<b>1,754,095</b>	<b>(1,628,560)</b>	<b>767,190</b>

----- (Rupees in '000) -----

4.3 Stores and spares held for capital expenditures - at cost	Note	2024	2023
		(Rupees in '000)	
Net book value (NBV) at beginning of the year		556,158	510,307
Additions during the year		210,134	273,969
Transfers made during the year		(47,335)	(200,650)
Provision for obsolescence against capital spares		(104,308)	(27,468)
NBV at end of the year		<b>614,649</b>	556,158

## 5. LEASES

### 5.1. Right-of-use assets

Balance at beginning of the year	5.1.1	22,245	31,335
Depreciation charge during the year		(9,196)	(9,090)
Balance at end of the year		<b>13,049</b>	22,245

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

	Note	2024	2023
		(Rupees in '000)	
Selling and distribution expenses	29	5,703	5,597
Administrative expenses	30	3,493	3,493
		<b>9,196</b>	9,090

### 5.2 Lease liabilities

Rental contracts are made for a fixed period subject to renewal upon mutual consent of the Group and lessor. Wherever practicable, the Group 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 Set out below the carrying amount of lease liabilities and the movements during the year:

	Note	2024	2023
		(Rupees in '000)	
Balance at beginning of the year	31	24,832	31,939
Interest expense		2,473	3,606
Payments		(11,591)	(10,713)
Balance at end of the year		<b>15,714</b>	24,832
Current portion		11,299	8,993
Non-current portion		4,415	15,839
		<b>15,714</b>	24,832

5.2.2 Lease liabilities are payable as follows:

	2024			2023
	Minimum lease payments	Interest	Present value of minimum lease payments	Present value of minimum lease payments
Less than one year	12,621	(1,322)	11,299	8,993
Between one and five years	4,484	(69)	4,415	15,839
	<b>17,105</b>	<b>(1,391)</b>	<b>15,714</b>	24,832

## 6. INTANGIBLE ASSETS

Note	2024	2023
	(Rupees in '000)	
Operating intangible assets	8,460	3,028
Capital work-in-progress (CWIP)	401,977	309,182
	<b>410,437</b>	<b>312,210</b>

### 6.1 Operating intangible assets

Net book value at beginning of the year		3,028	3,303
Additions		8,415	1,492
Amortisation	6.1.2	(2,983)	(1,767)
Net book value at end of the year		<b>8,460</b>	<b>3,028</b>
<b>Gross carrying value</b>			
Cost		104,290	103,465
Additions		7,934	344
Accumulated amortisation		(103,764)	(100,781)
Net book value		<b>8,460</b>	<b>3,028</b>

(Percent)

<b>Amortization rate (per annum)</b>	<b>20 - 33.33</b>	<b>20 - 33.33</b>
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6.1.1 Intangible assets comprise of computer software and licenses.

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

Note	2024	2023
	(Rupees in '000)	
Cost of sales	1,812	730
Selling and distribution expenses	483	349
Administrative expenses	688	688
	<b>2,983</b>	<b>1,767</b>

This includes capitalization of Advanced Supply Chain Software, Delmia Quintiq solutions, amounting to Rs. 396.84 million (2023: Rs. 292.97 million).

## 7. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

	2024	2023		Note	2024	2023
	(Number of shares)				(Rupees in '000)	
	7,615,588	6,092,470	Pakistan Cables Limited (PCL) - associated company	7.1	1,909,524	1,855,464

**7.1** The Holding Company holds a 17.124% (2023: 17.124%) ownership interest in PCL. The Chief Executive Officer of PCL is Mr. Fahd K. Chinoy. The Holding Company considers it has significant influence over PCL as, in addition to its holding, the Chairman of the Board of the Holding Company is also the Chairman of the Board of PCL. The price per share of PCL as at reporting date was Rs. 155.17 (2023: Rs. 82.92) resulting in a market value of total investment amounting to Rs. 1,182 million (2023: Rs. 631.48 million). The share of profit after acquisition is recognised based on unaudited condensed interim financial statements of PCL as at March 31, 2024 as the latest financial statements as at June 30, 2024 were not presently available.

**7.1.1** Market values of the investments disclosed in note 7.1 is categorised as level 1 fair value measurement in accordance with IFRS 13 'Fair Value Measurement'.

**7.1.2** The summarized financial information of the associate and reconciliation with the carrying amount of the investment in these consolidated financial statements are set out below:

**7.1.2.1 Movement during the year**

	2024	2023
	(Rupees in '000)	
Investment at the beginning of the year	1,855,464	1,238,598
Share of profit from associate - before tax	113,692	173,766
Related tax	(35,341)	(66,946)
Share of profit from associate - net of tax	78,351	106,820
Share of other comprehensive income / (loss)	5,162	(761)
Proportionate share of transfer from surplus on revaluation of building	-	2,239
Share of (deficit) / surplus on revaluation of building	(29,453)	548,169
Dividends received	-	(39,601)
Investment at end of the year	1,909,524	1,855,464
<b>7.1.2.2 Cost of investment</b>	<b>817,553</b>	<b>817,553</b>

**7.1.2.3 Summarized statement of financial position of associate**

Current assets	12,155,583	7,596,486
Non-current assets	15,811,148	13,720,661
<b>Total assets</b>	<b>27,966,731</b>	<b>21,317,147</b>
Current liabilities	(10,533,682)	(6,506,855)
Non-current liabilities	(7,812,508)	(5,505,450)
<b>Total liabilities</b>	<b>(18,346,190)</b>	<b>(12,012,305)</b>
<b>Net assets</b>	<b>9,620,541</b>	<b>9,304,842</b>

#### 71.2.4 Summarized statement of profit or loss of associate

	For the period from April 1, 2023 to March 31, 2024	For the period from April 1, 2022 to March 31, 2023
	(Rupees in '000)	
Net sales	25,154,806	21,885,208
Cost of sales	21,709,700	18,986,882
Gross profit	3,445,106	2,898,326
General and administration expenses	(2,898,516)	(2,035,402)
Other income	117,345	151,831
<b>Profit before tax for the period</b>	<b>663,935</b>	<b>1,014,755</b>
Taxation	(206,385)	(390,950)
<b>Profit after tax for the period</b>	<b>457,550</b>	<b>623,805</b>
Other comprehensive (loss) / income for the period	(141,851)	3,196,724
Direct adjustment in equity	-	13,075
<b>Total comprehensive income for the period</b>	<b>315,699</b>	<b>3,833,604</b>

#### 71.2.5 Reconciliation of the above summarized financial information to the carrying amount of the interest in associate recognized in these consolidated financial statements is as follows:

	For the period from April 1, 2023 to March 31, 2024	For the period from April 1, 2022 to March 31, 2023
	(Rupees in '000)	
Net assets at beginning of the year	9,304,842	5,702,495
Total comprehensive income for the year	315,699	3,833,604
Dividend distributed during the year	-	(231,257)
<b>Net assets of the associate</b>	<b>9,620,541</b>	<b>9,304,842</b>
Proportion of Company's interest in associate	17.124%	17.124%
<b>Share of net assets of associate</b>	<b>1,647,421</b>	<b>1,593,361</b>
Goodwill and others	262,103	262,103
<b>Carrying amount of the Company's interest in associate</b>	<b>1,909,524</b>	<b>1,855,464</b>

#### 8. STORES AND SPARES

	Note	2024	2023
		(Rupees in '000)	
Stores		1,326,820	737,582
Spares		151,422	769,930
Loose tools		29,508	21,432
		1,507,750	1,528,944
Less: Provision for net realisable value write down	8.1	(410,292)	(281,204)
		<b>1,097,458</b>	<b>1,247,740</b>



8.1 Provision for net realisable value write down	Note	2024	2023
		(Rupees in '000)	
Balance as at 1 July 2023		281,204	255,634
Provision during the year		129,088	25,570
Balance as at 30 June 2024		410,292	281,204

## 9. STOCK-IN-TRADE

Raw material	- in hand	9.1	8,352,320	12,615,638
	- in transit		5,588,819	5,499,968
			13,941,139	18,115,606
Work-in-process			2,557,557	1,623,223
Finished goods	- in hand		11,659,195	12,168,747
	- in transit		532,703	387,918
By-products			37,378	29,893
Scrap material			247,698	206,118
			28,975,670	32,531,505

9.1 Raw material amounting to Rs. 1.7 million as at June 30, 2024 (2023: Rs. 2.8 million) was held at a vendor's premises for the production of pipe caps.

10. TRADE DEBTS	Note	2024	2023
		(Rupees in '000)	
Considered good - secured	10.1	462,724	778,166
- unsecured		4,150,126	4,549,708
		4,612,850	5,327,874
Considered doubtful		224,877	175,055
		4,837,727	5,502,929
Loss allowance on trade debts	10.3	(224,877)	(175,055)
		4,612,850	5,327,874

10.1 This represents trade debts arising on account of export sales of Rs. 421.34 million (2023: Rs. 614.87 million) which are secured by way of Export Letters of Credit and Rs. 41.4 million (2023: Rs. 163.29 million) on account of domestic sales which are secured by way of Inland Letters of Credit.

10.2 Related parties from whom trade debts are due as at June 30, 2024 are as under:

	2024	2023
	(Rupees in '000)	
Sumitomo Corporation	153,190	132,140
Pakistan Cables Limited	103,876	91,583
	257,066	223,723

**10.2.1** The maximum aggregate amount due from the related parties at any time during the year calculated by reference to month-end balances is Rs. 257.06 million (2023: Rs. 223.72 million).

**10.2.2** The ageing of trade debts from related parties as at the reporting date is as under:

	2024	2023
	(Rupees in '000)	
Not yet due	198,866	223,723
Past due 1 - 60 days	10,608	-
Past due 61 - 180 days	28,809	-
Past due 181 - 365 days	18,783	-
	257,066	223,723

### 10.3 Loss allowance on trade debts

Balance at beginning of the year	175,055	143,332
Charge of loss allowance on trade debts	49,822	51,910
Write off during the year	-	(20,187)
Balance at end of the year	224,877	175,055

## 11. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS

Considered good - unsecured

- Suppliers	11.1	135,074	101,844
- Employees for business related expenses	11.1	2,218	4,735
Trade deposits	11.1	26,483	32,288
Prepayments		51,631	37,467
		215,406	176,334

**11.1** These advances and trade deposits are non interest bearing.

## 12. OTHER RECEIVABLES

Considered good

Receivable from K-Electric Limited (KE) - unsecured		25,537	22,363
Receivable from Provident Fund - unsecured	12.1	28,576	31,192
Others		18,340	41,784
		72,453	95,339

Considered doubtful

Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods		25,940	25,940
Receivable against short shipment	12.2	-	150,000
		98,393	271,279
Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in prior periods		(25,940)	(25,940)
Provision for receivable against short shipment	12.2	-	(150,000)
		72,453	95,339

12.1 This represents amount receivable from International Industries Limited - Employees' Contributory Provident Fund, a related party.

12.2 This represented receivable in respect of short receipt of Prime Hot Rolled Coil (HRC) last year. The management pursued various actions for recovery of the amount which has resulted in the recovery of Rs. 140 million during the year.

### 13. CASH AND BANK BALANCES

	Note	2024	2023
Cash at bank			
(Rupees in '000)			
<b>Conventional</b>			
Current accounts			
- local currency		1,375,219	631,042
- foreign currency	13.1	783,953	670,097
Savings accounts			
- local currency	13.2	57,125	88,871
- foreign currency		1,003,629	350,059
Call deposit receipt		734,000	384,000
		<b>3,953,926</b>	<b>2,124,069</b>
<b>Islamic</b>			
Current accounts			
- local currency		109,938	77,469
- foreign currency		54,836	151,109
Savings accounts			
- local currency		-	11,521
Cash in hand		4,874	47,070
		<b>4,123,574</b>	<b>2,411,238</b>

13.1 At June 30, 2024, the rates of mark up on savings accounts denominated in local currency range from 11.01% to 19.00% (2023: 12.25% to 20.50%) per annum.

13.2 This represents investment in Term Deposit Receipt (TDR) by ISL amounting to Rs. 384.00 million (June 30, 2023: 384.00 million) having mark-up of 18.50%. The TDR was placed against a bank guarantee submitted to the Nazir of Sindh High Court in relation to petition filed by the Company in the Court against chargeability of Super Tax.

13.2.1 Investment in Term Deposit Receipt (TDR) amounting to Rs. 50 million (June 30, 2023: NIL) having mark-up of 18.50%. The TDR was placed against a bank guarantee submitted to the ETO.

13.2.2 Investment in Term Deposit Receipt (TDR) amounting to Rs. 150 million (June 30, 2023: NIL) having mark-up of 19.30%.

13.2.3 Investment in Term Deposit Receipt (TDR) amounting to Rs. 150 million (June 30, 2023: NIL) having mark-up of 18.50%.

### 14. SHARED CAPITAL

#### Authorised share capital

2024	2023		2024	2023
(Number of shares)			(Rupees in '000)	
2,000,000	2,000,000	Ordinary shares of Rs. 10 each	2,000,000	2,000,000

#### Issued, subscribed and paid-up capital

2024	2023		2024	2023
(Number of shares)			(Rupees in '000)	
6,769,725	6,769,725	Fully paid ordinary shares of Rs. 10 each issued for cash	67,697	67,697
125,112,155	125,112,155	Fully paid ordinary shares of Rs.10 each issued as bonus shares	1,251,122	1,251,122
<b>131,881,881</b>	<b>131,881,881</b>		<b>1,318,819</b>	<b>1,318,819</b>

14.1 Pakistan Cables Limited, an associated company due to shareholding and common directorship, held 633,600 (2023: 633,600) ordinary shares of the Holding Company of Rs. 10 each at the year end.

## 15. GENERAL RESERVE

General reserve is maintained for fulfilling various business needs including meeting contingencies, offsetting future losses, enhancing the working capital and paying dividends.

## 16. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

	Note	2024	2023
		(Rupees in '000)	
Freehold land			
Balance at beginning of the year		1,686,100	1,686,100
Surplus on revaluation of freehold land		50,000	-
Disposal of land		(17,507)	-
Balance at end of the year		1,718,593	1,686,100
Leasehold land			
Balance at beginning of the year		3,505,620	3,505,620
Surplus on revaluation of leasehold land		2,209,423	-
Balance at end of the year		5,715,043	3,505,620
Buildings			
Balance at beginning of the year		1,971,412	2,175,308
Loss on revaluation of buildings		(27,609)	-
Disposal of building		(2,258)	-
Transferred to retained earnings (un-appropriated profit) in respect of incremental depreciation charged during the year		(192,835)	(203,896)
		1,748,710	1,971,412
Related deferred tax liability	16.2	(684,470)	(682,640)
Balance at end of the year - net of deferred tax		1,064,240	1,288,772
		8,497,876	6,480,492
Proportionate share of surplus on revaluation of building of equity accounted investee		693,021	725,485
Related deferred tax liability		(129,679)	(137,042)
		563,342	588,443
		9,061,218	7,068,935

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

### 16.2 Movement in related deferred tax liability

	2024	2023
	(Rupees in '000)	
Balance at beginning of the year	682,640	558,815
Deferred tax for the year	(10,768)	-
Effect of change in Normal Tax Regime ratio	91,985	196,674
Tax effect on disposal of buildings	(4,181)	-
Tax effect on incremental depreciation transferred to retained earnings	(75,206)	(72,849)
Balance at end of the year	684,470	682,640

17. LONG-TERM FINANCING - secured	Note	2024	2023
		(Rupees in '000)	
<b>Conventional</b>			
Long-Term Finance Facility (LTFF)	17.2	793,095	1,142,506
Long-Term Finance		145,455	677,178
Renewable Energy Financing Facility (REFF)		150,000	-
Temporary Economic Refinance Facility (TERF)	17.3	431,377	493,003
		1,519,927	2,312,687
<b>Islamic</b>			
Diminishing Musharakah		3,011,364	3,079,545
Islamic Long-Term Finance Facility (ILTFF)	17.3	413,701	489,217
Islamic Temporary Economic Refinance Facility (ITERF)	17.4	226,858	240,285
Islamic Finance Facility for Renewable Energy (IFRE)	17.5	75,556	80,000
		3,727,479	3,889,047
		5,247,406	6,201,734
Deferred income - government grant	18	(165,684)	(205,331)
		5,081,722	5,996,403
Current portion of long-term financing			
<b>Conventional</b>			
Long-Term Finance Facility (LTFF)		(327,789)	(352,869)
Long-Term Finance		(145,455)	(395,455)
Temporary Economic Refinance Facility (TERF)		(61,625)	(61,625)
		(534,869)	(809,949)
<b>Islamic</b>			
Diminishing Musharakah		(311,364)	(79,545)
Islamic Long-Term Finance Facility (ILTFF)		(78,795)	(76,133)
Islamic Temporary Economic Refinance Facility (ITERF)		(26,130)	(12,577)
Islamic Finance Facility for Renewable Energy (IFRE)		(8,889)	(8,000)
		(425,178)	(176,255)
		(960,047)	(986,204)
		4,121,675	5,010,199

#### 17.1 Long-term finances utilised under mark-up arrangements

CONVENTIONAL	Sale price	Purchase price	Number of instalments and commencement date	Date of maturity / repayment	Rate of mark-up per annum	Carrying amount	
						2024	2023
<b>i) LTFF</b>	(Rupees in '000)					(Rupees in '000)	
MCB Bank Limited Assistance for plant and machinery	550,000	906,963	34 quarterly Oct 29, 2016	Nov 18, 2025	3.7% / 5.2% (fixed rate)	88,288	152,541
MCB Bank Limited Assistance for plant and machinery	100,000	149,976	34 quarterly Aug 31, 2019	Aug 31, 2027	3.5% (fixed rate)	39,396	51,520
MCB Bank Limited Assistance for plant and machinery	100,000	147,862	34 quarterly Mar 30, 2020	Jun 30, 2028	3.5% (fixed rate)	44,347	57,210
Allied Bank Limited Assistance for plant and machinery	500,000	578,167	16 half yearly Dec 30, 2023	Jul 20, 2032	2.5% to 7.5% (fixed rate)	215,379	225,529
Allied Bank Limited Assistance for plant and machinery	500,000	578,168	16 half yearly Dec 20, 2022	Jan 20, 2032	0.50% over SBP Refinance rate	195,370	195,370
Bank Al Habib Assistance for plant and machinery	1,000,000	2,501,562	16 half yearly Dec 12, 2016	May 30, 2026	1.00% over SBP Refinance rate	115,430	240,432
United Bank Limited Assistance for plant and machinery	1,000,000	4,675,000	32 quarterly Oct 16, 2016	Jul 15, 2026	1.00% over SBP Refinance rate	94,885	219,904
						793,095	1,142,506

	Sale price	Purchase price	Number of instalments and commencement date	Date of maturity / repayment	Rate of mark-up per annum	Carrying amount	
						2024	2023
<b>ii) Long-term finance</b>							
MCB Bank Limited Refinancing of capital expenditure / balancing, modernization and replacement (BMR)	800,000	1,164,316	11 half yearly June 30, 2020	Jun 28, 2025	0.1% over 6 months KIBOR	145,455	363,637
Allied Bank of Pakistan Limited Refinancing of capital expenditure	1,000,000	1,494,500	4 half yearly June 29, 2022	Dec 29, 2023	0.1% over 6 months KIBOR	-	250,000
Allied Bank of Pakistan Limited Assistance for plant and machinery					0.1% over 6 months KIBOR	-	63,541
						145,455	677,178
<b>iii) TERF</b>							
National Bank of Pakistan Assistance for plant and machinery	500,000	1,188,140	16 half yearly April 6, 2021	Oct 6, 2031	1.25% over SBP Refinance rate	431,377	493,003
<b>iv) Renewable Energy Finance Facility</b>							
Bank Alfalah Limited	100,000	163,868	16 quarterly instalments May 29, 2024	May 29, 2029	3.00% over SBP Refinance rate	100,000	-
Allied Bank Limited	100,000	96,232	16 quarterly instalments June 28, 2024	June 28, 2029	3.00% over SBP Refinance rate	50,000	-
						150,000	-
						1,519,927	2,312,687
<b>ISLAMIC</b>							
<b>i) Diminishing Musharakah</b>							
Meezan Bank Limited Acquisition of Musharakah assets	500,000	950,361	5 half yearly & 12 quarterly Jun 30, 2018	Jun 30, 2023	0.1% over 3 months KIBOR	-	22,727
Meezan Bank Limited Acquisition of Musharakah assets	250,000	279,978	3 half yearly & 16 quarterly Jun 30, 2019	July 2, 2024	0.1% over 3 months KIBOR	11,364	56,818
Meezan Bank Limited Acquisition of Musharakah assets	1,688,000	3,022,245	20 quarterly Mar 29, 2025	Dec 29, 2029	0.1% over 3 months KIBOR	1,688,000	1,688,000
Meezan Bank Limited Acquisition of Musharakah assets	1,312,000	2,349,043	20 quarterly March 29, 2025	Dec 29, 2029	0.1% over 3 months KIBOR	1,312,000	1,312,000
						3,011,364	3,079,545
<b>ii) ILTFF</b>							
Habib Bank Limited Acquisition of Musharakah assets	150,000	187,500	16 half yearly Feb 22, 2022	May 31, 2030	2.5% (fixed rate)	84,331	99,190
Meezan Bank Limited Acquisition of Musharakah assets	700,000	792,312	32 quarterly Oct 17, 2020	March 13, 2030	3.00% over SBP Refinance rate	329,370	390,027
						413,701	489,217
<b>iii) ITERF</b>							
Habib Bank Limited Assistance for plant and machinery	131,000	163,750	32 quarterly June 28, 2023	April 9, 2031 to Jun 18, 2031	2% (fixed rate)	101,858	115,285
Bank Islami Pakistan Limited Assistance for plant and machinery	125,000	156,250	32 quarterly Nov 06, 2024	May 6, 2031 Aug 26, 2032	2% (fixed rate)	125,000	125,000
						226,858	240,285
<b>iv) IFRE</b>							
Bank Islami Pakistan Limited Assistance for Solar Project	80,000	101,347	32 half yearly March 30, 2024	Nov 30, 2032	6.0% (fixed rate)	75,556	80,000
						3,727,479	3,889,047
						5,247,406	6,201,734

- 17.1.1** The above loans are secured by way of a charge on stocks and all present and future land, buildings and plant and machinery located at Plot Number LX 15 - 16, HX-7/4, LX-2, LX 14/13, LX 14/14, Landhi Industrial Area, Karachi and Survey number 402, 405 - 406, 95 Rehri Road, Landhi Town, Karachi of the Holding Company and by way of joint pari passu charge and ranking charge over the fixed assets of ISL (such as land, building, plant and machinery etc.).
- 17.1.2** In relation to these borrowings, the Holding Company and ISL need to observe certain financial and non-financial covenants as specified in the agreement with various lenders which are complied with as of the reporting date.
- 17.2** This represents finance facility loans obtained by the Holding Company and ISL from various banks under the State Bank of Pakistan's (SBP) Long-Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 17.3** This represents finance facility loans obtained from a commercial bank by ISL under SBP's Temporary Economic Refinance Facility available at below-market interest rates for setting up of new industrial units.
- 17.4** This represents finance facility loans obtained by the Holding Company and ISL from Islamic banks under SBP's Islamic Long-Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 17.5** This represents long-term loans obtained by the Holding Company under the SBP's Islamic Temporary Economic Refinance Facility available to the Holding Company from various Islamic banks at below-market interest rates.
- 17.6** This represents finance facility loan obtained from an Islamic bank under SBP's Islamic Finance Facility for Renewable Energy for solar power project.
- 17.7** During the year, mark-up paid on conventional and Islamic long-term finance amounts to Rs. 146.35 million (2023: Rs. 208.35 million) and Rs. 650.2 million (2023: Rs. 454.99 million) respectively.

18. DEFERRED INCOME - GOVERNMENT GRANT	Note	2024	2023
		(Rupees in '000)	
Balance at beginning of the year		205,331	224,935
Deferred grant recorded:			
- under Islamic Temporary Economic Refinance Facility	18.1	-	9,469
Government grant recognised in income	33	1,605,308	1,536,101
Balance at end of the year		165,684	205,331
Less: current portion of deferred income - government grant		(37,405)	(38,632)
		128,279	166,699

This represents deferred grant recognised by the Holding Company and ISL in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in respect of SBP's Refinance Scheme for Payment of Wages and Salaries and the Islamic Temporary Economic Refinance Facility obtained at concessionary rates. The Holding Company and ISL have fulfilled the criteria of the said loans and have accordingly recognised the grant income in the Consolidated Statement of Profit or Loss.

19. GAS INFRASTRUCTURE DEVELOPMENT CESS	2024	2023
	(Rupees in '000)	
Balance at beginning of the year	1,536,101	1,465,882
Unwinding of Gas Infrastructure Development Cess (GIDC)	62,598	97,497
Gain / (loss) on remeasurement of GIDC	6,609	(27,278)
	1,605,308	1,536,101
Less: Current portion of GIDC	(1,605,308)	(1,344,482)
Balance at end of the year	-	165,521

Supreme Court of Pakistan (SCP) upheld the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015) through its judgement dated August 13, 2020 and advised the Government of Pakistan (the GoP) to initiate the gas pipeline project within six months. The SCP on November 2, 2020 ordered that its decision of August 13, 2020 has validated the GIDC Act, 2015 in complete sense and the benefits allowed under Section 8(2) of the GIDC Act to the industrial sector are also available. Further, payment of due Gas Infrastructure Development Cess (the Cess) was allowed in 48 installments instead of 24 installments.

The Holding Company and ISL have also filed a civil suit before Sindh High Court (SHC) on the ground that they have not passed on the burden of the Cess. A stay order was granted in the aforesaid suit, which is operative till the next date of hearing.

Despite the aforesaid order dated August 13, 2020 by the SCP, the GoP did not initiate the gas project within six months. Therefore, during the prior financial year, the Holding Company and ISL have filed a petition with the SHC challenging the validity of the GIDC Act, 2015.

## **20. STAFF RETIREMENT BENEFITS**

### **20.1 Defined contribution plan**

#### **Staff Provident Fund**

**20.1.1** All investments in collective investment scheme, listed equity and listed debt securities out of the Provident Funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

### **20.2 Defined benefit scheme**

#### **Staff Gratuity Fund**

**20.2.1** As stated in note 3.9, the Holding Company and ISL operate approved funded defined benefit gratuity plans for all permanent employees meeting the specified criteria and defined contribution plan for all active employees subject to minimum service of prescribed period as per the respective trust deeds. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2024.

**20.2.2** Plan assets held in trust are governed by local regulations which mainly include Sindh Trusts Act, 2020; the Companies Act, 2017; 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 Holding Company and ISL appoints the trustees from among its employees.

### **20.2.3 Risks on account of defined benefit plan**

The Group 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 year Regular Income Certificates, Defence Savings Certificates 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.



## 20.2.4 Funding

The gratuity plan is fully funded by the Group. 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.

**20.2.5** The actuarial valuation of the gratuity benefit was carried out at June 30, 2024 under projected unit credit method using the following significant assumptions:

Financial Assumptions		2024	2023
Holding Company			
Discount Rate		14.00%	16.25%
Salary increase rate			
First year	- Unionized staff	14.00%	16.25%
First year	- Management	13.00%	16.25%
Long term	- Unionized staff	14.00%	16.25%
Long term	- Management	13.00%	16.25%
ISL			
Discount Rate		14.00%	16.25%
Salary increase rate		13.00%	16.25%

### Demographic assumptions

#### Holding Company

Mortality rate		SLIC 2001-05-1	SLIC 2001-05-1
Rates of employee turnover	- Unionized staff	Light	Heavy
Rates of employee turnover	- Management staff	Moderate	Heavy
Retirement assumption		Age 60 years	Age 60 years
ISL			
Mortality rate		SLIC 2001-05-1	SLIC 2001-05-1
Rates of employee turnover		Moderate	Moderate
Retirement assumption		Age 60 years	Age 60 years

**20.2.6** The amounts recognised in Consolidated Statement of Financial Position are as follows:

	Note	2024	2023
(Rupees in '000)			
Present value of defined benefit obligation	20.2.9	1,194,634	1,053,043
Fair value of plan assets	20.2.10	(1,176,492)	(887,522)
Deficit as at June 30		18,142	165,521

20.2.7 Movements in the net defined benefit liability	Note	2024	2023
		(Rupees in '000)	
Balance at beginning of the year		165,521	155,545
Expense chargeable to Consolidated Statement of Profit or Loss	20.2.8	111,087	91,690
Contribution paid during the year		(87,305)	(112,012)
Re-measurements recognised in other comprehensive income during the year	20.2.8.1	(171,161)	30,298
Balance at end of the year		<b>18,142</b>	<b>165,521</b>

### 20.2.8 Amount recognised in total comprehensive income

The following amounts have been charged in respect of these benefits to the consolidated Statement of Profit or Loss and other Comprehensive Income:

	2024	2023
	(Rupees in '000)	
Component of defined benefit costs recognized in profit or loss		
Service cost		
Current service cost	88,260	73,714
Interest cost on defined benefit obligation	165,645	121,502
Return on plan assets	(142,818)	(103,526)
	<b>22,827</b>	<b>17,976</b>
	<b>111,087</b>	<b>91,690</b>
Component of defined benefit costs (re-measurement) recognised in other comprehensive income		
Actuarial loss on obligation	(49,648)	(18,410)
Actuarial (loss)/gain on plan assets	(121,513)	48,708
Total re-measurements recognised in other comprehensive income	<b>(171,161)</b>	<b>30,298</b>
Total defined benefit cost recognised in profit or loss and other comprehensive income	<b>(60,074)</b>	<b>121,988</b>

#### 20.2.8.1 Analysis of remeasurements recognised in other comprehensive income

Re-measurements: Actuarial (gain)/loss on obligation		
Gain due to change in financial assumptions	(39,635)	(6,600)
Loss due to change in experience adjustments	(10,013)	34,152
Total actuarial (gain) loss on obligation	<b>(49,648)</b>	<b>(27,552)</b>
Re-measurements: Actuarial loss on plan assets		
Actual return on plan assets	(205,087)	(12,419)
Interest income on plan assets	82,602	62,199
Opening difference	972	(1,070)
Total actuarial gain on plan assets	<b>(121,513)</b>	<b>48,708</b>
	<b>(171,161)</b>	<b>76,260</b>

	2024	2023				
(Rupees in '000)						
<b>20.2.9 Movements in the present value of defined benefit obligation</b>						
Present value of defined benefit obligation at beginning of the year	1,053,043	940,561				
Current service cost	88,259	73,714				
Interest cost	165,645	121,502				
Benefits paid	(62,665)	(64,324)				
Re-measurements: Actuarial loss on obligation	(49,648)	(18,410)				
Present value of defined benefit obligation at end of the year	1,194,634	1,053,043				
<b>20.2.10 Movements in the fair value of plan assets</b>						
Fair value of plan assets at beginning of the year	887,522	785,016				
Interest income on plan assets	142,818	103,526				
Contribution to the fund	87,305	112,012				
Benefits paid	(62,665)	(64,324)				
Re-measurements: Actuarial gain / (loss) on plan assets	121,512	(48,708)				
Fair value of plan assets at the end of the year	1,176,492	887,522				
<b>20.2.11 Analysis of present value of defined benefit obligation</b>						
<b>Vested / Non-Vested</b>						
Vested benefits	1,188,711	1,046,942				
Non-vested benefits	5,923	6,101				
	1,194,634	1,053,043				
<b>20.2.12 Disaggregation of fair value of plan assets</b>						
Cash and cash equivalents (after adjusting current liabilities)	76,502	77,537				
Equity instruments - listed	304,299	238,201				
Debt instruments	795,691	571,784				
	1,176,492	887,522				
<b>20.2.13 International Steels Limited ensure asset / liability matching by investing in government securities, bank deposits and equity securities and does not use derivatives to manage its risk.</b>						
<b>20.2.14 Maturity profile of the defined benefit obligation</b>	2024	2023				
	----- Years -----					
Weighted average duration of the defined benefit obligation						
Holding Company	9.81	6.79				
ISL	10	10				
<b>Distribution of timing of benefit payments</b>						
	2024			2023		
	Holding Company	ISL	Total	Holding Company	ISL	Total
----- Rupees in '000 -----						
One year	57,348	26,045	83,393	78,686	17,668	96,354
Two years	63,993	20,980	84,973	100,947	26,769	127,716
Three years	80,305	80,159	160,464	93,771	20,421	114,192
Four years	81,013	27,057	108,070	125,060	80,762	205,822
Five years	51,994	30,142	82,136	119,303	26,924	146,227
Six years to ten years	533,685	12,555,439	13,089,124	720,473	15,142,368	15,862,841

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

	2024			2023		
	Holding Company	ISL	Total	Holding Company	ISL	Total
----- Rupees in '000 -----						
Discount rate + 1%	680,155	405,150	1,085,305	639,845	334,434	974,279
Discount rate - 1%	827,815	494,641	1,322,456	733,113	410,510	1,143,623
Long-Term Salary increase + 1%	830,112	495,273	1,325,385	735,104	411,056	1,146,160
Long-Term Salary increase - 1%	677,186	403,912	1,081,098	637,394	333,381	970,775

The above sensitivity analysis are 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 with the project unit credit method at the end of the reporting period) has been applied.

**20.2.16** The expense in relation to gratuity benefit for the year ending June 30, 2025 is expected to be Rs. 94.96 million which is also the expected contribution of the Holding Company and ISL.

## 21. DEFERRED TAXATION - NET

	Balance at July 1, 2023	(Credit) / charge to profit or loss for the year	(Credit) / charge to other comprehensive income for the year	Balance at June 30, 2024	Balance at July 1, 2023	(Credit) / charge to profit or loss for the year	(Credit) / charge to other comprehensive income for the year	Balance at June 30, 2024
----- (Rupees in '000) -----								
Accelerated tax depreciation	2,672,504	502,254	-	3,174,758	2,132,702	539,802	-	2,672,504
Share of profit from equity accounted investee	260,461	20,878	(7,363)	273,976	63,157	60,262	137,042	260,461
Surplus on revaluation of buildings	913,464	(100,435)	81,217	894,246	746,104	(45,694)	213,054	913,464
Provision for infrastructure cess and government levies	(1,048,029)	(647,047)	-	(1,695,076)	(700,126)	(347,903)	-	(1,048,029)
Loss allowance on trade debts	(66,500)	(24,830)	-	(91,330)	(29,669)	(36,831)	-	(66,500)
Provision for net realisable value write down against stores and spares	(53,091)	(50,473)	-	(103,564)	(48,165)	(4,926)	-	(53,091)
Provision for compensated absences	(6,653)	(2,926)	-	(9,579)	(4,809)	(1,844)	-	(6,653)
Provision for lease liability	(4,786)	(3,275)	-	(8,061)	(3,411)	(1,375)	-	(4,786)
Staff retirement benefits	(52,518)	(9,863)	33,652	(28,729)	(36,359)	(2,756)	(13,403)	(52,518)
Gas Infrastructure Development Cess	5,774	(7,568)	-	(1,794)	(1,740)	7,514	-	5,774
Unrealised exchange losses	(35,879)	34,016	-	(1,863)	(9,329)	(26,550)	-	(35,879)
Minimum Tax	(152,504)	(6,063)	-	(158,567)	-	(152,504)	-	(152,504)
Net effect of consolidation adjustments - note 21.4	(92,820)	91,605	-	(1,215)	(352,743)	259,923	-	(92,820)
Tax loss - note 21.3	(147,136)	-	-	(147,136)	(147,136)	-	-	(147,136)
Provision for long term & trade deposit	-	(1,768)	-	(1,768)	-	-	-	-
Provision for stores & spares	-	(35,322)	-	(35,322)	-	-	-	-
Provision for WPPF	-	(10,117)	-	(10,117)	-	-	-	-
<b>Total</b>	<b>2,192,287</b>	<b>(250,934)</b>	<b>107,506</b>	<b>2,048,859</b>	<b>1,608,476</b>	<b>247,118</b>	<b>336,693</b>	<b>2,192,287</b>

**21.1** 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 Consolidated Statement of Financial Position.

**21.2** Deferred tax assets and liabilities are restricted to 100% (2023: 81.36%) by the Holding Company and 100% (2023: 72.02%) by ISL based on the changes in Finance Act 2024, according to which export sales will not be treated as Final Tax Regime, instead the export sales will fall under the Minimum Tax Regime.

- 21.3** The deferred tax asset on tax loss will be recoverable based on the estimated future taxable income and approved business plans and budgets. The aggregate amount of temporary differences associated with the investment in subsidiaries for which deferred tax liabilities have not been recognized related to undistributed profit and foreign currency translation reserve amounted to Rs. 9,571.29 million (2023: Rs. 8,691.23 million) and Rs. 80.66 million (2023: Rs. 83.45 million) respectively. A deferred tax liability has not been recognised on these temporary differences as there is no expectation of disposal of foreign subsidiaries and there is no expectation that the temporary differences related to undistributable profits will reverse in foreseeable future.
- 21.4** This represents tax impact arising on elimination of unrealised gain on inventory and property, plant and equipment on intra-group transactions.
- 21.5** Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. As per Finance Act, 2022, companies operating in certain sectors, including steel, are liable to pay super tax at 10% for tax year 2022 and upto 4% for tax year 2023 and onwards. However Finance Act, 2023 has introduced progressive rate on high earning persons ranging from 1% to 10% whereas on companies having income in excess of Rs. 500 million 10% super tax will be applicable. Such higher rate of tax has been made perpetual thus substantially increasing the overall tax costs for the businesses. Accordingly, deferred tax assets and liabilities have been recognised using the expected applicable rate.

**22. TRADE AND OTHER PAYABLES**

Note	2024	2023
	(Rupees in '000)	
Trade creditors	5,722,042	4,684,877
Bills payable	148,027	1,381,901
Accrued expenses	3,812,873	3,782,410
Provision for Infrastructure Cess	5,114,316	4,291,707
Short-term compensated absences	27,751	25,574
Workers' Profit Participation Fund	252,582	277,336
Workers' Welfare Fund	326,500	389,776
Current portion of deferred income - government grant	37,405	38,632
Provision for Government Levies	4,717	3,094
Others	68,744	148,435
	<b>15,514,957</b>	<b>15,023,742</b>

- 22.1** This includes payable to Sumitomo Corporation, related party of ISL, amounting to Rs. 4,831 million (2023: Rs. 3,053 million).
- 22.2** These include the current portion of Gas Infrastructure Development Cess amounting to Rs. 1605.34 million (2023: Rs. 1,344.48 million).

This also includes a provision against the revision of gas tariff by the Oil and Gas Regulatory Authority amounting to Rs. 631.61 million (2023: Rs. 843.22 million). On February 18, 2023 the Sindh High Court validated the increase in gas tariff w.e.f. October 23, 2020 instead of September 1, 2020 and encashment of cheques submitted to the Nazir against the differential of tariff. The Holding Company and ISL preferred an appeal against the said order before the divisional bench.

On March 28, 2024 the divisional bench of the SHC upheld the order of the single judge and ordered for encashment of securities deposited. The Holding Company is considering an appeal before the Supreme Court against the said order, however, in the meantime 25% of the differential has been deposited with the SSGC under protest.

**22.3 Provision for Infrastructure Cess**

Balance at beginning of the year  
Charge for the year  
Balance at end of the year

2024	2023
(Rupees in '000)	
4,291,707	3,473,999
822,609	817,708
<b>5,114,316</b>	<b>4,291,707</b>

**22.3.1** The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court (SHC), passed an interim order directing that every company subsequent to December 27, 2006, is required to clear the goods by 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. 5,370 million (2023: Rs. 4,250 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 Holding Company and ISL on the basis of prudence. Subsequently through the Sindh Finance Act 2015 and 2016, the legislation has increased the rate to 1.25% of Sindh infrastructure cess. The Holding Company and ISL had obtained a stay against this and the ultimate dispute had been linked with the previous infrastructure cess case.

The case was decided on June 4, 2021 by the SHC whereby the court declared the first four versions of the law unconstitutional and a release of bank guarantees was ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order remained suspended till September 3, 2021. The Holding Company and ISL were not in agreement with the above orders and filed an appeal before the Supreme Court of Pakistan (SCP).

On September 1, 2021, the SCP granted a stay order against the operation of the order of SHC dated June 4, 2021, that the bank guarantees already submitted by the Holding Company and ISL in pursuant to the order of the SHC is valid and enforceable. The Court further ordered that imports should be released on submission of fresh bank guarantees equivalent to the duty under the Act.

Subsequent to the year end, the rate has been increased to 1.85% through Sindh Finance Act, 2024.

	Note	2024	2023
		(Rupees in '000)	
<b>22.4 Provision for Government levies - stamp duty</b>			
Balance at beginning of the year		3,094	778
Provided during the year		3,600	3,600
Payment during the year		(1,977)	(1,284)
Balance at end of the year		4,717	3,094
<b>22.5 Workers' Profit Participation Fund</b>			
Balance at beginning of the year		277,336	440,127
Interest on funds utilized in the Holding Company's business 75% (2023: 75%)	31	1,320	5,680
Expense for the year	32	278,656	445,807
		282,588	333,337
Payments made during the year		561,244	779,144
Balance at end of the year		(308,662)	(501,808)
		252,582	277,336
<b>22.6 Workers' Welfare Fund</b>			
Balance at beginning of the year		389,776	452,793
Charge for the year		115,598	84,166
Payment / adjustment during the year		(178,874)	(147,183)
Balance at end of the year		326,500	389,776

The Holding Company and ISL have filed a constitutional petition with the SHC against a notice to the companies for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014 despite the fact that the companies are making the payments of Workers Welfare Fund to the Federal Government. A stay was obtained on the ground that the Holding Company and ISL are trans-provincial establishments operating industrial and commercial activities across Pakistan and are liable to pay Workers Welfare Fund under Federal Workers Welfare Fund Ordinance, 1971.

## 23. CONTRACT LIABILITIES

During the year, the Holding Company and ISL recognised revenue amounting to Rs. 2,248.21 million (2023: Rs. 2,047.98 million) out of the contract liabilities balance outstanding at the beginning of the year.

	Note	2024	2023
(Rupees in '000)			
<b>24. SHORT-TERM BORROWINGS - secured</b>			
<b>CONVENTIONAL</b>			
Running finance under mark-up arrangement from banks	24.1	489,808	1,416,708
Short-term borrowing under Money Market Scheme maturing within three months	24.1	300,000	2,326,191
Short-term borrowing under Export Refinance Scheme	24.2	4,650,000	5,351,000
Short-term borrowing under Export Finance Scheme	24.3	662,889	207,463
Short-term borrowing under FE-25 Import	24.4	1,223,955	-
Invoice Financing Liability		-	239,139
		<b>7,326,652</b>	<b>9,540,501</b>
<b>ISLAMIC</b>			
Short-term borrowing under Money Market Scheme maturing within three months		1,000,000	925,000
Short-term borrowing under Running Musharakah	24.5	219,684	376,029
Short-term borrowing under Export Refinance Scheme	24.6	100,000	200,000
		<b>1,319,684</b>	<b>1,501,029</b>
		<b>8,646,336</b>	<b>11,041,530</b>

- 24.1** 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 obtained by the Holding Company range from 20.24% to 22.52% (2023: 21.18% to 22.63%) per annum. The rates of mark-up on these finances obtained by ISL range from 22.09% to 22.52% (2023: 21.75% to 22.20%) per annum.
- 24.2** The Holding Company and ISL have obtained short-term running finance facilities under the Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities obtained by Holding Company is 17.50% (2023: 12.50% to 18.00%) per annum. The rates of mark-up on these facilities obtained by ISL range from 17.25% to 17.50% (2023: 16.50% to 17.75%) per annum. These facilities mature within six months and are renewable.
- 24.3** The Holding Company and ISL had obtained short-term finance under Export Finance Scheme (Post Discount) of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities is 2.00% to 2.50% (2023: 2.00% to 2.50%) per annum. These facilities mature within six months.
- 24.4** The Company has obtained facilities for short-term finance under FE-25 Import finance. The rates of mark-up on these facilities range from 7.50% to 10.25% (2023: Nil) per annum.
- 24.5** The Holding Company and ISL have obtained facilities for short-term finance under Running Musharakah. The rates of profit on these finances obtained by the Holding Company range from 20.30% to 22.29% (2023: 21.41% to 22.38%) per annum. The rates of profit on the finances obtained by ISL range from 21.99% to 22.43% (2023: 22.18% to 22.48%) per annum.
- 24.6** ISL has availed short-term running finance facility under the Islamic Export Refinance Scheme of the SBP from an Islamic bank. The rates of profit on this facility range from 17.50% (2023: 3.00% to 7.50%) per annum. This facility matures within six months and is renewable.
- 24.7** As at June 30, 2024, the unavailed facilities from the above borrowings for the Holding Company amounted to Rs. 12,938 million (2023: Rs. 12,224 million) and for ISL amounted to Rs. 23,289 million (2023: Rs. 25,826 million).
- 24.8** The above facilities are secured by way of a joint pari passu charge and ranking charge over all current and future movable assets of the Holding Company and ISL.

(Rupees in '000)

**25. TAXATION - NET**

Balance at beginning of the year		1,840,449	2,431,598
Tax payments / adjustments made during the year		(3,180,467)	(3,009,225)
		(1,340,018)	(577,627)
Less: Provision for income tax	34 & 35	1,770,872	2,418,076
Balance at end of the year		<u>430,854</u>	<u>1,840,449</u>

**25.1** Under the Finance Act, 2022, the Federal Government inserted section 4C to the Income Tax Ordinance, 2001 which imposed a super tax on persons earning more than Rs. 150 million at varying rates. The Holding Company and ISL, along with the other companies, filed a petition in SHC on October 22, 2022 against the chargeability of Super Tax for the tax year 2022 and accordingly submitted a bank guarantee amount to Rs. 748.75 million in the Nazir of SHC. On December 22, 2022, the SHC decided that the Super Tax shall be applicable from FY 2023 instead of FY 2022 at a rate of a maximum 4%. In an appeal by FBR against this order, the Supreme Court passed an interim order to encash the bank guarantees by 4% till the case is finally decided. Consequently, the bank guarantee was reduced to Rs. 623.25 million.

**26. CONTINGENCIES AND COMMITMENTS**

**26.1 Contingencies**

	Description of the factual basis of the proceeding and relief sought	Name of the court	Principal parties	Date Instituted
26.1.1	The Collector of Customs has charged the Company for a redemption fine of Rs. 83 million on clearance of imported raw material consignments in 2006. The Company has filed an appeal before the Sindh High Court (SHC), which has set aside the examination reports including subsequent order produced by the custom authorities, and ordered the authorities to re-examine the matter afresh. However, the custom authorities had filed an application for leave to appeal against the order of the SHC. The management anticipates that the chances of admission of such appeal are remote.	Sindh High Court	Collector of Customs / Federation of Pakistan	August 30, 2007
26.1.2	The Company filed the suit before SHC challenging the chargeability of tax on inter corporate dividend in respect of dividend declared by its subsidiary, International Steels Limited. On October 21, 2016 Court granted stay against which 500,000 shares of subsidiary company were pledged as a security with Nazir of the Court. In one of the litigation to which Company is not a party, Supreme Court of Pakistan (SCP) issued an order on February 21, 2018 whereby continuity of suits was made subject to depositing minimum 50% of the tax calculated by the tax authorities. A review petition has been filed against such order of the SCP in which Company is not a party and the decision is awaited. In view of such developments, the suit was withdrawn and a petition was filed before the SHC, which is pending hearing. Application for release of pledged shares is in process.  On a separate application challenging the chargeability of tax on inter corporate dividend, stay is granted by the SHC in respect of dividends declared by the subsidiary company on June 2, 2017, September 26, 2017, January 23, 2018, September 29, 2021, January 31, 2022 and August 18, 2022 against bank guarantees amounting to Rs. 76.6 million, Rs. 36.8 million, Rs. 55.1 million, Rs. 257.3 million, Rs. 73.5 million and Rs. 165.4 million respectively submitted to the Nazir of the Court.	Sindh High Court	FBR / Commissioner Inland Revenue / Federation of Pakistan	November 1, 2016



Description of the factual basis of the proceeding and relief sought	Name of the court	Principal parties	Date Instituted
<p><b>Holding Company</b></p>			
<p>26.1.3 As per section 95 of the Custom Act read with Customs Rules, 2001, the Company sold zinc wastages generated from imports under manufacturing bond at 0% duty for export during 2012-13, 2013-14 and 2014-15. All these sales were subject to sales tax payments in term of Custom Rules.</p> <p>However, on August 31, 2020, the Collector of Customs (Adjudication - II) has passed ONO no. 473, 474 and 475 against the Holding Company and ordered for recovery of customs duty amounting to Rs. 402.72 million on zinc wastages.</p> <p>The Holding Company filed appeals against these orders in the Customs Tribunal. However, due to non-functioning of Tribunal and considering the importance, Holding Company preferred to file an appeal with the SHC. SHC granted stay order against the order of the Collector of Customs and issued notices for the hearing.</p> <p>During the year, The SHC vide its order dated October 12, 2021 has disposed off the case with directions to the Appellate Tribunal to decide the pending appeal within sixty days. The SHC further directed that the respondents shall not take any coercive action against the Company in respect of the impugned demand till the conclusion of the appeal. The case was decided against ILL by the Custom Appellate Tribunal. Being aggrieved by the decision of the Appellate Tribunal, the Company preferred a reference to the SHC. The SHC, at the hearing on September 9, 2022 adjourned the matter for a later date.</p>	Sindh High Court	Collector of Customs	October 10, 2020
<p><b>International Steels Limited</b></p>			
<p>26.1.4 A petition was filed before the SHC 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.</p> <p>SHC granted release of 85,000 tons of HRC against submission of bank guarantee for the differential amount of duty &amp; 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 &amp; 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.</p>	Sindh High Court	I.S.L vs Federation of Pakistan / Director LOCO / The Chief Collector (South)	November 04, 2020

## 26.2 Commitments

### Holding Company and ISL

- 26.2.1** Capital expenditure commitments outstanding as at June 30, 2024 amounted to Rs. 6.86 million (2023: Rs. 183.42 million).
- 26.2.2** Commitments under letters of credit for raw materials and stores and spares as at June 30, 2024 amounted to Rs. 12,991.20 million (2023: Rs. 9,753.07 million).
- 26.2.3** Facilities for opening letters of credit and guarantees from banks as at June 30, 2024 amounted to Rs. 55,700 million (2023: Rs. 53,100 million) and Rs. 13,984 million (2023: Rs. 11,334 million) respectively, of which the unutilised balance at year-end amounted to Rs. 42,702 million (2023: Rs. 43,163 million) and Rs. 1,903 million (2023: Rs. 7,872 million) respectively.

## Holding Company

**26.2.4** Commitments under purchase contracts as at June 30, 2024 amounted to Rs. 17.53 million (2023: Rs. 832.20 million).

## ISL

**26.2.7** 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, 2024 amounted to Rs. 4,510 million (2023: Rs. 2,152 million).

## 27. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024	2023
	(Rupees in '000)	
Sale of goods less returns		
Local	95,050,065	97,181,223
Sales tax	(14,254,437)	(14,280,162)
Trade discounts	(3,731,700)	(2,873,357)
	77,063,928	80,027,704
Export	22,114,509	20,714,771
Export commission & discounts	(22,361)	(5,313)
	22,092,148	20,709,458
	99,156,076	100,737,162

**27.1** The domestic sales revenue of ISL includes Rs. 7,394.30 million (2023: Rs. 9,928.70 million) on account of sales from manufacturing facility located at National Industrial Parks, Bin Qasim Industrial Park, Karachi which is a Special Economic Zone.

## 27.2 Disaggregation of revenue

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

	2024	2023
	(Rupees in '000)	
<b>Primary geographical markets:</b>		
Local	77,063,927	80,027,703
Asia	4,996,215	4,660,664
Europe	3,279,376	1,477,162
Australia	2,502,967	3,940,010
Africas	22,594	93,198
Americas	11,290,997	10,538,425
	99,156,076	100,737,162
<b>Major Product Lines:</b>		
Steel products	94,644,088	97,259,269
Polymer products	4,511,988	3,477,893
	99,156,076	100,737,162

28. COST OF SALES	Note	2024	2023
		(Rupees in '000)	
<b>Raw material consumed</b>			
Opening stock of raw material		12,615,638	15,436,789
Purchases		73,277,521	68,204,108
		<b>85,893,159</b>	83,640,897
Closing stock of raw material	9	<b>(8,352,320)</b>	(12,615,638)
		<b>77,540,839</b>	71,025,259
<b>Manufacturing overheads</b>			
Salaries, wages and benefits	28.1	2,186,329	1,942,974
Electricity, gas and water		3,130,805	2,066,940
Depreciation and amortisation		2,138,014	2,023,140
Operational supplies and consumables		339,289	318,188
Repairs and maintenance		330,568	305,243
Sundries		69,570	224,924
(Reversal) / Provision for receivable against short shipment		<b>(140,000)</b>	150,000
Vehicle, travel and conveyance		141,922	140,988
Security and janitorial		126,112	94,552
Computer stationary and software support fees		<b>99,875</b>	86,561
Internal material handling		71,723	73,456
Insurance		62,763	48,978
Postage, telephone and stationery		46,533	32,660
Provision for capital spares		104,308	27,468
Toll manufacturing		348,898	14,249
Rent, rates and taxes		9,524	11,796
Environment controlling expense		8,440	7,024
Provision for net realisable value written down		<b>129,089</b>	(7,819)
		<b>9,203,762</b>	7,561,322
		<b>86,744,601</b>	78,586,581
<b>Work-in-process</b>			
Opening stock		1,623,223	6,833,793
Closing stock	9	<b>(2,557,557)</b>	(1,623,223)
		<b>(934,334)</b>	5,210,570
Cost of goods manufactured		<b>85,810,267</b>	83,797,151
<b>Finished goods, by-products and scrap:</b>			
Opening stock		12,792,676	11,562,069
Purchases		363,891	2,866,674
Closing stock	9	<b>(12,476,974)</b>	(12,792,676)
		<b>679,592</b>	1,636,067
		<b>86,489,859</b>	85,433,218

**28.1** These include Rs. 38.13 million (2023: Rs. 34.46 million) in respect of contribution to the Provident Funds, Rs. 73.14 million (2023: Rs. 63.83 million) in respect of the Gratuity Funds and Rs. 21.24 million (2023: Rs. 26.03 million) in respect of compensated absences.

	Note	2024	2023
(Rupees in '000)			
<b>29. SELLING AND DISTRIBUTION EXPENSES</b>			
Freight and forwarding		2,755,282	1,860,774
Salaries, wages and benefits	29.1	461,467	390,149
Advertising and sales promotion		193,344	137,354
Vehicle, travel and conveyance		116,547	91,340
Depreciation and amortisation		43,156	38,375
Insurance		31,994	25,580
Postage, telephone and stationery		18,653	13,990
Rent, rates and taxes		10,428	9,421
Electricity, gas and water		10,563	9,289
Certification and registration charges		7,778	2,414
Repairs and maintenance		1,099	1,041
Office supplies		144	22
Others		24,374	69,641
		<b>3,674,829</b>	<b>2,649,390</b>

**29.1** These include Rs. 11.04 million (2023: Rs. 9.12 million) in respect of contribution to the Provident Funds, Rs. 12.55 million (2023: Rs. 9.04 million) in respect of the Gratuity Funds and Rs. 1.11 million (2023: Rs. 1.99 million) in respect of compensated absences.

		2024	2023
(Rupees in '000)			
<b>30. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	30.1	627,206	506,759
Legal and professional charges		116,294	107,495
Depreciation and amortisation		46,307	38,316
Vehicle, travel and conveyance		71,345	36,791
Postage, telephone and stationery		16,596	14,720
Certification and registration charges		22,170	13,469
Electricity, gas and water		6,105	4,873
Insurance		4,709	4,230
Entertainment		2,965	3,553
Repairs and maintenance		5,337	2,642
Rent, rates and taxes		2,123	1,714
Office supplies		1,289	1,583
Others		31,690	62,761
		<b>954,136</b>	<b>798,905</b>

**30.1** These include Rs. 16.83 million (2023: Rs. 14.11 million) in respect of contribution to the Provident Funds, Rs. 19.5 million (2023: Rs. 16.14 million) in respect of the Gratuity Funds and Rs. 0.34 million (2023: Rs. 3.47 million) in respect of compensated absences.

31. FINANCE COST	Note	2024	2023
		(Rupees in '000)	
<b>Conventional</b>			
- Interest on long-term financing		173,700	264,459
- Interest on short-term borrowings		1,322,727	2,716,265
		<b>1,496,427</b>	<b>2,980,724</b>
<b>Islamic</b>			
- Mark-up on long-term financing		649,492	591,993
- Mark-up on short-term borrowings		87,607	294,956
		<b>737,099</b>	<b>886,949</b>
Bank charges		112,735	99,203
Unwinding of Gas Infrastructure Development Cess		62,598	97,497
Interest on Workers' Profit Participation Fund	22.5	1,320	5,680
Interest on lease liabilities	5.2.1	2,473	3,606
Exchange gain on borrowings		(78,657)	(49,223)
		<b>2,333,995</b>	<b>4,024,436</b>
<b>32. OTHER OPERATING CHARGES</b>			
Workers' Profit Participation Fund	22.5	282,588	333,337
Workers' Welfare Fund		115,598	84,166
Donations	32.1	63,600	71,485
Business development expenses		2,076	32,527
Auditors' remuneration	32.2	11,090	8,822
		<b>474,952</b>	<b>530,337</b>
<b>32.1 Donations</b>			
<b>32.2.1</b> Donations to the following organization exceed 10 % of total amount of donations made or Rs. 1 million which ever is higher.			
		2024	2023
		(Rupees in '000)	
The Citizen Foundation		9,600	7,400
Amir Sultan Chinoy Foundation		35,750	48,550
Aga Khan Education Services Pakistan		10,000	-
		<b>55,350</b>	<b>55,950</b>
<b>32.2 Auditors' remuneration</b>			
Audit fee		6,112	4,757
Half yearly review		2,000	1,085
Certifications for regulatory purposes		1,476	1,692
Out of pocket expenses		1,502	1,288
		<b>11,090</b>	<b>8,822</b>

33. OTHER INCOME / (LOSSES) - NET	Note	2024	2023
		(Rupees in '000)	
<b>Income from financial assets</b>			
Income on bank deposits - conventional		328,534	109,117
Government grant	18	39,647	29,099
Income on bank deposits - conventional		(182,933)	(354,241)
<b>Income from non-financial assets</b>			
Gain on disposal of property, plant and equipment		43,782	72,822
(Loss) / gain on remeasurement of Gas			
Infrastructure Development Cess		(6,609)	27,278
Rental income		2,981	8,816
Loss income from power generation	33.1	(228,424)	(38,293)
Liability no longer payable - written off		46,041	-
Others		25,556	23,676
		<b>68,575</b>	<b>(121,726)</b>
<b>33.1 Loss from power generation</b>			
Revenue		265,305	482,160
Cost of electricity produced:			
Salaries, wages and benefits	33.1.1	(36,399)	(36,695)
Electricity, gas and water		(2,011,493)	(930,848)
Insurance		(24)	(147)
Depreciation	4.1.1	(256,620)	(187,720)
Operational supplies and consumables		(36,577)	(30,130)
Repairs and maintenance		(67,938)	(47,710)
Sundries		(2,669)	(1,695)
		<b>(2,411,720)</b>	<b>(1,234,945)</b>
Self consumption		1,917,991	714,492
Loss from power generation		<b>(228,424)</b>	<b>(38,293)</b>
<b>33.1.1</b>	These include Rs. 0.9 million (2023: Rs. 0.92 million) in respect of contribution to the Provident Funds, Rs. 4.9 million (2023: Rs.3.11 million) in respect of the Gratuity Funds and Rs. 0.03 million (2023: Rs. 0.44 million) in respect of compensated absences.		
<b>33.1.2</b>	The Holding Company and ISL have power generation facilities at their premises. The Holding Company and ISL have generated electricity in excess of its requirements which is supplied to K-Electric Limited under respective agreements.		
<b>34. LEVIES</b>	Note	2024	2023
		(Rupees in '000)	
Final tax u/s 154		(271,866)	(217,708)
<b>35. INCOME TAX EXPENSE</b>			
Current			
- for the year	35.1	(2,293,022)	(2,530,653)
- for prior years		794,015	330,285
		<b>(1,499,007)</b>	<b>(2,200,368)</b>
Deferred		272,499	(207,327)
		<b>(1,226,508)</b>	<b>(2,407,695)</b>

35.1 This includes super tax of Rs. 701.50 million (2023: Rs. 732.80 million) as imposed by the Finance Act, 2022.

35.2 Relationship between income tax expense and accounting profit	2024	2023	2024	2023
	(Effective tax rate %)		(Rupees in '000)	
Profit before levies and income tax			5,325,409	7,234,060
Tax at the enacted tax rate	(29.00)	(29.00)	(1,544,367)	(2,112,713)
Tax effect of:				
Income subject to final tax regime	1.48	(7.15)	78,787	(711,996)
Exempt income	2.76	(7.15)	146,799	(194,905)
Income taxed as separate block of income	(3.06)	3.46	(163,157)	250,650
Super tax	(13.17)	10.13	(701,504)	732,801
Write off of minimum tax	(0.15)	-	(8,198)	-
Tax credit	0.10	(0.14)	5,235	(10,273)
Prior year	14.92	(4.59)	794,630	(331,738)
Change in Normal Tax Regime ratio	1.42	4.57	75,776	330,907
Permanent differences	0.03	(0.01)	1,335	(571)
Others	(2.42)	(0.07)	(128,863)	(5,035)
Consolidation adjustments	(1.03)	0.87	(54,847)	63,040
Levies and income tax - note 33 & 34	(28.12)	(28.92)	(1,498,374)	(1,989,834)

36. EARNINGS PER SHARE - BASIC AND DILUTED	Note	2024	2023
		(Rupees in '000)	
Profit for the year attributable to owners of the Holding Company		2,168,613	3,080,288
Weighted average number of ordinary shares outstanding during the year	14	131,881,881	131,881,881
Earnings per share - basic and diluted		16.44	23.36

36.1 There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2024 and 2023.

	Note	2024	2023
<b>37. CASH GENERATED FROM OPERATIONS</b>			
		(Rupees in '000)	
Profit before levies and income tax		5,325,409	7,234,060
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	4.1.1	2,471,920	2,274,577
Depreciation of right-of-use assets	5.1	9,196	9,090
Amortisation of intangible assets	6	2,983	1,767
Charge of loss allowance on trade debts	10.3	49,822	51,910
Provision / (reversal) in provision for net realisable value write down	28	129,089	(7,819)
Provision for capital spares	4.3	104,308	27,468
Provision for staff retirement benefits	20.2.8	111,087	91,690
Provision for compensated absences		22,713	32,460
Income on bank deposits	33	(328,534)	(109,117)
Gain on disposal of property, plant and equipment	33	(43,782)	(72,822)
Government grant income	33	(39,647)	(29,099)
Gain on remeasurement of Gas Infrastructure Development Cess	33	6,609	(27,278)
Unwinding of Gas Infrastructure Development Cess	31	62,598	97,497
Share of profit from equity accounted investee	71.2.1	(78,351)	(106,820)
Finance cost		2,271,397	3,926,939
		10,076,816	13,394,503
Changes in working capital	37.1	4,292,900	19,014,298
		14,369,716	32,408,802

### 37.1 CHANGES IN WORKING CAPITAL

Decrease / (increase) in current assets:			
Stores and spares		21,193	(58,395)
Stock-in-trade		3,483,386	13,949,670
Trade debts		586,870	2,201,714
Advances, trade deposits and prepayments		(40,185)	29,917
Other receivables		22,886	29,677
Sales tax receivable		179,543	611,442
		4,253,693	16,764,025
Increase / (decrease) in current liabilities:			
Trade and other payables		394,152	2,082,954
Contract liabilities		(354,945)	167,320
		4,292,900	19,014,299



	Note	2024	2023
(Rupees in '000)			
<b>38. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	13	4,123,574	2,411,238
Running finance under mark-up arrangement from banks	24	(489,808)	(1,655,847)
Short-term borrowing under Money Market Scheme within three months	24	(1,300,000)	(3,251,191)
Short-term borrowing under running Musharakah within three months	24	(219,684)	(376,029)
		<b>2,114,082</b>	<b>(2,871,829)</b>

### 39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2024	2023	2024	2023	2024	2023
------(Rupees in '000)-----						
Managerial remuneration	27,977	24,584	-	-	545,807	484,42
Bonus	9,326	8,195	-	-	170,964	140,507
Variable performance pay	13,060	9,275	-	-	166,381	138,954
Retirement benefits	2,352	5,204	-	-	58,487	49,054
Rent, utilities allowance etc.	13,989	17,316	-	-	272,904	252,615
Ex Gratia	-	-	-	-	375	1,612
Directors' fees	-	-	9,600	9,225	9,319	-
	<b>66,704</b>	<b>64,574</b>	<b>9,600</b>	<b>9,225</b>	<b>1,224,237</b>	<b>1,067,171</b>
Number of persons	<b>1</b>	<b>1</b>	<b>8</b>	<b>9</b>	<b>170</b>	<b>139</b>

**39.1** The Chief Executive, directors and certain executives are provided with free use of Company maintained vehicles & Chief Executive of Holding Company is provided with security guard in accordance with the Company's policy.

**39.2** Fee paid to 8 (2023: 9) non-executive directors were Rs. 9.6 million (2023: Rs. 9.2 million) on account of meetings attended by them.

**39.3** Reimbursement of Holding Company's chairman expense was NIL (2023: Rs. 1.7 million).

## 40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### a) Financial risk management

The Board of Directors of respective group entities have overall responsibility for the establishment and oversight of the risk management framework for the respective group entity. Each group entity has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### b) Risk management framework

The Board of Directors of respective group entities meet frequently throughout the year for developing and monitoring the risk management of the respective group entity. The risk management policies are established for each group entity to identify and analyse the risks faced by the respective entity, to set appropriate risk limits and controls and to monitor risks including adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the respective group entity's activities. Each group entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the respective group entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the group entity.

## 40.1 Credit risk

Credit risk is the risk of financial loss to a group entity if a customer or counterparty to a financial instrument fails to meet its contractual obligation without considering fair value of collateral available there against.

### 40.1.1 Exposure to credit risk

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

	Note	2024	2023
		(Rupees in '000)	
- Long-term deposits		6,477	4,077
- Trade debts - net of provision	10	4,612,850	5,327,874
- Trade deposits	11	26,483	32,288
- Other receivables	12	72,453	95,339
- Bank balances	13	4,118,700	2,364,168
		<b>8,836,963</b>	<b>7,823,746</b>

The group entities do not take into consideration the value of collateral while testing financial assets for impairment. The group entities consider the credit worthiness of counter parties as part of their risk management.

#### Long-term deposits

These represent long-term deposits with various parties for the purpose of securing supplies of raw materials and services. No credit exposure is foreseen there against as the amounts are paid to counter parties as per the agreement and are refundable on termination of agreement with respective counterparties.

#### Trade debts

The exposure to credit risk of each group entity arising from trade debtors is mainly influenced by the individual characteristics of each customer. The majority of the customers of the respective group entities have been transacting with them for several years. The Holding Company and ISL establish an allowance for impairment that represents its estimate of incurred losses.

#### Trade deposits

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

## Other receivables

These mainly include receivable from K-Electric Limited (KE) on account of electricity provided to it from the 4 MW and 18 MW plant located at factory sites of the Holding Company and Subsidiary Company respectively under an agreement. The Group does not expect to incur credit loss these receivables.

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

	2024	2023
	(Rupees in '000)	
Domestic	2,768,415	2,752,454
Export	2,094,849	2,772,838
	<b>4,863,264</b>	<b>5,525,292</b>

### 40.1.2 Impairment losses

The aging of trade debtors and amounts receivable from KE at the reporting date was as follows:

	2024		2023	
	Gross	Impairment	Gross	Impairment
	----- (Rupees in '000) -----			
0-30 Days	3,639,776	1,723	5,051,751	2,942
31-60 Days	36,548	602	100,185	271
61-90 Days	194,626	522	58,883	468
91-120 Days	264,919	676	24,392	458
121-150 Days	109,791	988	20,541	1,098
151-180 Days	143,687	266	20,684	1,647
181-210 Days	11,488	1,052	26,368	4,501
211-240 Days	23,863	1,234	68,939	20,374
241-270 Days	16,323	6,638	7,648	2,682
271-300 Days	4,862	345	1,393	614
301-330 Days	56,977	3,633	761	482
331-360 Days	159,221	6,015	4,668	4,137
Over 1 year	201,183	201,183	139,079	139,206
Total	<b>4,863,264</b>	<b>224,877</b>	<b>5,525,292</b>	<b>178,880</b>

Management of the Group entities believes that the unimpaired balances that are past dues 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.

### Bank balances

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 within which balances are held or credit lines available:

Bank	Rating Agency	Rating	
		Short term	Long term
Habib Bank Limited	VIS	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Faysal Bank Limited	PACRA	A-1+	AA
Bank Al Habib Limited	PACRA	A-1+	AAA
MCB Bank Limited	PACRA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Meezan Bank Limited	VIS	A-1+	AAA
Bank Al Falah Limited	PACRA	A-1+	AAA
Allied Bank Limited	PACRA	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+
Samba Bank Limited	PACRA	A-1	AA
Soneri Bank Limited	PACRA	A-1+	AA-
Dubai Islamic Bank Limited	VIS	A-1+	AA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
MCB Islamic Bank Limited	PACRA	A-1	A+
National Bank of Pakistan	PACRA	A-1+	AAA
Bank Islami Pakistan Limited	PACRA	A-1	AA-
Industrial & Commercial Bank of China	Moody's	P-1*	A-2
TD Canada Trust	S&P	A-1+	AA-
Commonwealth Bank of Australia	Fitch	F1	AA-

#### 40.1.3 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 Group entities' performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focus 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 reporting date.

#### 40.2 Liquidity risk

Liquidity risk is the risk that a group entity 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 group entity could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The approach of group entities to managing liquidity is to ensure, as far as possible, that they 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 entity's or group's reputation. The group entities ensure that they have sufficient liquidity including credit lines to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2024				
	Contractual cashflows				
Carrying amount	Six months or less	Six to twelve months	One to five years	More than five years	
----- (Rupees in '000) -----					
<b>Non-derivative financial liabilities</b>					
Long-term financing	5,081,722	(716,357)	(927,154)	(5,058,825)	(660,945)
Trade and other payables	9,779,437	(9,779,437)	-	-	-
Accrued mark-up	403,534	(403,534)	-	-	-
Short-term borrowings	8,646,336	(8,646,336)	-	-	-
Lease liabilities	15,714	(5,650)	(5,650)	(4,415)	-
Unclaimed dividend	48,354	(48,354)	-	-	-
	<u>23,975,097</u>	<u>(19,599,668)</u>	<u>(932,804)</u>	<u>(5,063,240)</u>	<u>(660,945)</u>

	2023				
	Contractual cashflows				
Carrying amount	Six months or less	Six to twelve months	One to five years	More than five years	
----- (Rupees in '000) -----					
<b>Non-derivative financial liabilities</b>					
Long-term financing	5,996,403	(741,378)	(381,269)	(3,791,731)	(1,421,440)
Trade and other payables	10,023,197	(10,023,197)	-	-	-
Accrued mark-up	584,396	(584,396)	-	-	-
Short-term borrowings	11,041,530	(11,041,530)	-	-	-
Lease liabilities	24,832	(4,497)	(4,497)	15,839	-
Unclaimed dividend	56,173	(56,173)	-	-	-
	<u>27,726,531</u>	<u>(22,451,171)</u>	<u>(385,766)</u>	<u>(3,775,892)</u>	<u>(1,421,440)</u>

**40.2.1** 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 rates of mark-up have been disclosed in respective notes to these consolidated financial statements.

#### 40.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect a group entity'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. Group entities are exposed to currency risk and interest rate risk only.

### 40.3.1 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 Group is exposed to currency risk on trade debts, trade and other payables and bank balances that are denominated in a currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

	2024						2023					
	Rupees	US Dollars	Australian Dollars	Euro	Canadian Dollars	Yuan	Rupees	US Dollars	Australian Dollars	Euro	Canadian Dollars	Yuan
	(In '000)						(In '000)					
<b>Financial assets</b>												
Bank Balance	1,842,418	6,613	-	-	-	-	1,020,156	2,869	-	-	-	-
Trade debts	2,094,849	5,811	3,324	-	4,786	-	2,772,838	3,502	6,180	-	7,672	-
<b>Financial liabilities</b>												
Trade and other payables	(5,245,677)	(17,613)	(7,797)	(7)	-	(73)	(4,805,804)	(16,395)	-	(71)	-	(286)
<b>Net exposure</b>	<b>(1,308,410)</b>	<b>(5,189)</b>	<b>(4,473)</b>	<b>(7)</b>	<b>4,786</b>	<b>(73)</b>	<b>(1,012,810)</b>	<b>(10,024)</b>	<b>6,180</b>	<b>(71)</b>	<b>7,672</b>	<b>(286)</b>

The following significant exchange rates were applicable during the year:

	Reporting date rate	
	2024 Buying / Selling	2023 Buying / Selling
US Dollars (USD) to Pakistan Rupee	278.15 / 278.59	286.18 / 286.60
Australian Dollars (AUD) to Pakistan Rupee	184.32 / 184.62	192.21 / 192.49
Euro to Pakistan Rupee	297.46 / 297.92	312.84 / 313.29
Canadian Dollars (CAD) to Pakistan Rupee	202.69 / 203.01	218.11 / 218.41
Yuan to Pakistan Rupee	38.29 / 38.35	39.68 / 39.73

#### Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pak Rupee against the USD, AUD, Euro and CAD at June 30, would have (decreased) / increased the equity / profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same for both the years. However, current year amount is net of corporate tax while there is no impact of corporate tax on the prior as income was subject to minimum tax.

	Effect on Consolidated Statement of Profit or Loss	
	2024	2023
	(Rupees in '000)	
<b>As at 30 June</b>		
Effect in USD	(82,319)	(163,127)
Effect in AUD	(46,910)	67,387
Effect in Euro	(118)	(1,262)
Effect in CAD	54,825	94,929
Effect in Yuan	(159)	(645)

#### 40.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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:

At the reporting date the interest rate profile of the Group's interest-bearing financial instrument is:

	Carrying amount	
	2024	2023
	(Rupees in '000)	
<b>Fixed rate instruments</b>		
Financial liabilities	6,901,075	7,946,052
<b>Variable rate instruments</b>		
Financial liabilities	6,942,867	8,885,289

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit by Rs. 42.35 million (2023: Rs. 54.20 million) with corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for both the years. However, current year amount is net of corporate tax while there is no impact of corporate tax on prior year as income was subject to minimum tax.

#### Fair value sensitivity analysis for fixed rate instruments

The Group do not account for any fixed rate financial assets and liabilities at fair value through the Consolidated Statement of Profit or Loss. Therefore a change in interest rates at the reporting date would not affect the Consolidated Statement of Profit or Loss.

#### 40.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2024				
	Short-term borrowings	Long-term financing	Dividend	Lease Liabilities	Total
	(Rupees in '000)				
Balance as at July 1, 2023	11,298,177	6,324,152	56,173	24,832	17,703,335
Changes from financing cash flows					
Repayment of long-term loan	-	(1,104,328)	-	-	(1,104,328)
Proceeds from long-term loan	-	150,000	-	-	150,000
Lease rental paid	-	-	-	(11,591)	(11,591)
Dividend paid	-	-	(1,484,639)	-	(1,484,639)
Total changes from financing activities	-	(954,328)	(1,484,639)	(11,591)	(1,264,903)
Other changes					
Interest expense	1,410,334	823,192	-	2,473	1,506,618
Interest paid	(1,666,951)	(743,184)	-	-	(2,410,135)
Deferred government grant recognised	-	(706)	-	-	(706)
Changes in short-term borrowings	(2,359,094)	-	-	-	(2,359,094)
Total loan related other changes	(2,615,711)	79,302	-	2,473	(2,533,936)
Equity related other changes	-	-	1,477,250	-	1,477,250
Balance as at June 30, 2024	8,682,466	5,449,126	48,784	15,714	14,196,090

	2023				
	Short-term borrowings	Long-term financing	Dividend	Lease Liabilities	Total
	(Rupees in '000)				
Balance as at July 1, 2022	30,503,264	6,668,383	50,297	31,939	37,253,883
Changes from financing cash flows					
Repayment of long-term loan	-	(4,036,625)	-	-	(4,036,625)
Proceeds from long-term loan	-	3,389,690	-	-	3,389,690
Lease rental paid	-	-	-	(10,713)	(10,713)
Dividend paid	-	-	(2,935,348)	-	(2,935,348)
Total changes from financing activities	-	(646,935)	(2,935,348)	(10,713)	(3,592,996)
Other changes					
Interest expense	3,011,221	856,452	-	3,606	3,871,279
Interest paid	(3,260,965)	(563,243)	-	-	(3,824,208)
Deferred government grant recognised	-	9,495	-	-	9,495
Changes in short-term borrowings	(18,955,343)	-	-	-	(18,955,343)
Total loan related other changes	(19,205,087)	302,704	-	3,606	(18,898,777)
Equity related other changes	-	-	2,941,224	-	2,941,224
Balance as at June 30, 2023	11,298,177	6,324,152	56,173	24,832	17,703,335

#### 40.5 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 group entities have no exposure to price risk as its investments are measured at cost.

#### 40.6 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the Consolidated Statement of Financial Position approximate their fair values.

#### 40.7 Financial instruments by categories

	Note	2024	2023
(Rupees in '000)			
<b>Financial assets</b>			
Held at amortised cost			
- Long-term deposits		6,477	4,077
- Trade debts - net of provision	10	4,612,850	5,327,874
- Trade deposits	11	26,483	32,288
- Other receivables	12	72,453	95,339
- Cash and bank balances	13	4,123,574	2,411,238
		<b>8,841,837</b>	<b>7,870,815</b>
<b>Financial liabilities</b>			
Held at amortised cost			
- Long-term financing	17	5,081,722	5,996,403
- Trade and other payables	22	9,779,437	10,036,255
- Accrued mark-up		403,534	584,396
- Short-term borrowings	24	8,646,336	11,041,530
- Unclaimed dividend		48,354	54,646
		<b>23,959,383</b>	<b>27,713,230</b>

None of the financial assets and liabilities are offset in the Consolidated Statement of Financial Position



#### 41. CAPITAL MANAGEMENT

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

The group entities intend to manage its capital structure by monitoring return on capital, as well as the level of dividends to ordinary shareholders.

#### 42. 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) with sufficient regularity and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by managements of group entities. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, Group entities 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, 2024, 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 unconsolidated 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-relationship between significant unobservable inputs and fair value measurement
Revalued property, plant and equipment - Land and buildings	June 30, 2024	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.

Management of the Group entities assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade receivables, short-term borrowings, trade and other payables, accrued mark-up and unclaimed dividends approximate their carrying amounts largely due to their short-term maturities. For long-term deposit and long-term financing, management consider that their carrying values approximates their fair value owing to credit standing of counterparties and interest payable on borrowings are market rates. Fair value of investment in equity accounted investee is disclosed in note 7 to these consolidated financial statements.

#### 43. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the associated undertakings, directors of the group entities , key management employees and staff retirement funds. The group entities continue to follow a policy whereby all transactions with related parties are entered into at commercial terms at rate agreed under a contract/arrangement/agreement. The contribution to the defined contribution plan (Provident Fund) of the group entities, wherever applicable, are made as per the terms of employment and contribution to the defined benefit plan (Gratuity Fund) of the group entities, wherever applicable, are in accordance with latest actuarial advice. Remuneration of key management personnel is in accordance with their terms of employment and the policies of respective group entities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the respective group entity. The Group entities consider their Chief Executive Officer, Chief Financial Officer, Company Secretary, non-executive directors and departmental heads to be their key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

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

	2024	2023
	(Rupees in '000)	
<b>Associated companies</b>		
Sales	4,426,531	2,843,870
Purchases	34,785,487	35,846,446
Insurance premium	-	3,207
Insurance claim	-	207
Rent income	2,981	2,901
Dividend paid	199,922	303,368
Dividend received	-	39,601
Registration and training	3,444	230
Services	-	-
Reimbursement of expenses	15,372	12,340
Subscription	2,500	2,500
Donation	27,104	42,526

	2024	2023
	(Rupees in '000)	
<b>Key management personnel</b>		
Remuneration	773,875	317,320
<b>Non-executive directors</b>		
Directors' fee	9,600	9,225
<b>Reimbursement of Chairman's expenses</b>	-	1,650
<b>Staff retirement funds</b>		
Contributions paid	192,449	123,937

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
Pakistan Cables Limited	Associated company - 17.12% (2023:17.12%) shareholding
Sumitomo Corporation	Associated company - 9.08% (2023: 9.08%) shareholding in ISL
The Pakistan Business Council	Associated company by virtue of common directorship
Lahore University of Management Sciences	Associated company by virtue of common directorship
German Pakistan Chamber of Commerce and Industry	Associated entity by virtue of common directorship
Landhi Association of Trade & Industry	Associated company by virtue of common directorship
Employers' Federation of Pakistan	Associated company by virtue of common directorship
Amir Sultan Chinoy Foundation	Associated company by virtue of common directorship
Pakistan Japan Business Forum	Associated company by virtue of common directorship
Lucky Core Industries Limited (ICI Pakistan)	Associated company by virtue of common directorship
Intermark (Private) Limited	Associated company by virtue of common directorship

43.2 Outstanding balances with related parties have been separately disclosed in trade debts, advances, deposits and prepayments and trade and other payables respectively. These are settled in ordinary course of business.

#### 44. ANNUAL PRODUCTION CAPACITY

The name-plate production capacity at the year end was as follows:

	2024	2023
	(Metric Tonnes)	
* Steel pipe	585,000	585,000
* Galvanizing	90,000	90,000
* Cold rolled steel strip	50,000	50,000
Polymer pipes and fittings	35,000	35,000
Stainless steel - pipe	4,800	4,800

\* Annual production capacity of steel pipe, galvanizing and cold rolled steel strip as per sales mix is 335,000, 60,000 and 20,000 metric tonnes respectively

	2024	2023
<b>Subsidiary company - International Steels Limited</b>		
	(Metric Tonnes)	
Galvanising	462,000	462,000
Cold rolled steel coil	1,000,000	1,000,000
Cold rolled annealed	454,000	454,000
Cold rolled full hard	46,000	46,000
Colour coated	84,000	84,000

The actual production for the year was as follows:

**Holding company**

Steel pipe	76,731	78,030
Galvanizing pipe	31,333	29,373
Polymer pipes & fittings	7,092	7,071
Stainless steel - pipe	1,253	1,147

**Subsidiary company - International Steels Limited**

Galvanising	172,200	154,006
Cold rolled steel strip	95,477	135,270
Colour coated	6,185	14,268

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

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

**45. Segment Reporting**

Performance is measured based on respective segment results. Information regarding the reportable segments specified in note 3.17 is presented below.

## 45.1 Segment revenue and results

For the year ended June 30, 2024

Revenue from contracts with customers

	Steel coils & sheets segment	Steel pipes segment	Polymer segment	Investments segment	Total
	(Rupees in '000)				
Local	52,626,120	19,925,819	4,511,989	-	77,063,928
Exports	15,098,953	6,993,195	-	-	22,092,148
	<u>67,725,073</u>	<u>26,919,014</u>	<u>4,511,989</u>	<u>-</u>	<u>99,156,076</u>
Cost of sales	(58,916,998)	(24,387,353)	(3,185,508)	-	(86,489,859)
Gross profit	<u>8,808,075</u>	<u>2,531,661</u>	<u>1,326,481</u>	<u>-</u>	<u>12,666,217</u>
Selling and distribution expenses	(2,079,677)	(1,456,204)	(138,948)	-	(3,674,829)
Administrative expenses	(472,739)	(448,519)	(32,878)	-	(954,136)
Charge of loss allowance on trade debts	-	(9,495)	(40,327)	-	(49,822)
Operating profit	<u>(2,552,416)</u>	<u>(1,914,218)</u>	<u>(212,153)</u>	<u>-</u>	<u>(4,678,787)</u>
Finance cost	(853,333)	(1,253,089)	(227,573)	-	(2,333,995)
Other operating charges	(404,279)	(8,523)	(62,150)	-	(474,952)
	<u>(1,257,612)</u>	<u>(1,261,612)</u>	<u>(289,723)</u>	<u>-</u>	<u>(2,808,947)</u>
Other income	(64,030)	133,463	-	(858)	68,575
Share of loss in equity accounted investee - net of tax	-	-	-	78,351	78,351
Profit before levies and income tax	<u>4,934,017</u>	<u>(510,706)</u>	<u>824,605</u>	<u>77,493</u>	<u>5,325,409</u>
Levies					(271,866)
Income tax expense					(1,226,508)
Profit for the year					<u>3,827,035</u>

For the year ended June 30, 2023

Revenue from contracts with customers

	Steel coils & sheets segment	Steel pipes segment	Polymer segment	Investments segment	Total
	(Rupees in '000)				
Local	57,974,454	18,575,357	3,477,893	-	80,027,704
Exports	12,150,683	8,558,775	-	-	20,709,458
	<u>70,125,137</u>	<u>27,134,132</u>	<u>3,477,893</u>	<u>-</u>	<u>100,737,162</u>
Cost of sales	(59,569,619)	(23,029,660)	(2,833,939)	-	(85,433,218)
Gross profit	<u>10,555,518</u>	<u>4,104,472</u>	<u>643,954</u>	<u>-</u>	<u>15,303,944</u>
Selling and distribution expenses	(986,410)	(1,553,867)	(109,113)	-	(2,649,390)
Administrative expenses	(389,057)	(383,063)	(26,785)	-	(798,905)
Charge of loss allowance on trade debts	-	(58,653)	6,743	-	(51,910)
	<u>(1,375,467)</u>	<u>(1,995,583)</u>	<u>(129,155)</u>	<u>-</u>	<u>(3,500,205)</u>
Finance cost	(2,260,063)	(1,539,512)	(224,861)	-	(4,024,436)
Other operating charges	(442,458)	(67,582)	(20,297)	-	(530,337)
	<u>(2,702,521)</u>	<u>(1,607,094)</u>	<u>(245,158)</u>	<u>-</u>	<u>(4,554,773)</u>
Other income	(1,336,030)	1,214,304	-	-	(121,726)
Share of profit in equity accounted investee - net of tax	-	-	-	106,820	106,820
Profit before levies and income tax	<u>5,141,500</u>	<u>1,716,099</u>	<u>269,641</u>	<u>106,820</u>	<u>7,234,060</u>
Levies					(217,708)
Taxation					(2,407,695)
Profit for the year					<u>4,608,657</u>

**45.2 Segment assets and liabilities**

	Steel coils & sheets segment	Steel pipes segment	Polymer segment	Investment segment	Total
----- (Rupees in '000) -----					
<b>As at June 30, 2024</b>					
Segment assets	44,092,433	24,152,231	3,270,430	1,909,524	73,424,617
Segment liabilities	<u>20,892,214</u>	<u>10,239,207</u>	<u>317,109</u>	<u>-</u>	<u>31,448,530</u>
<b>As at June 30, 2023</b>					
Segment assets	42,063,322	27,475,893	2,260,191	1,855,464	73,654,870
Segment liabilities	<u>20,519,064</u>	<u>14,783,068</u>	<u>975,375</u>	<u>-</u>	<u>36,278,307</u>

Reconciliation of segment assets and liabilities with total assets and liabilities in the Consolidated Statement of Financial Position is as follows:

	2024	2023
(Rupees in '000)		
Total for reportable segments assets	73,424,617	32,239,360
Unallocated assets	1,242,414	1,716,967
Total assets as per Consolidated Statement of Financial Position	<u>74,667,031</u>	<u>75,371,839</u>
Total for reportable segments liabilities	31,448,530	36,278,307
Unallocated liabilities	3,355,988	3,827,625
Total liabilities as per Consolidated Statement of Financial Position	<u>34,804,518</u>	<u>40,105,932</u>

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

**45.4** Segment assets reported above comprise of property, plant and equipment, stores and spares, stock-in-trade, trade debts and cash and bank balance. These assets are identified based on the operations of the segment and remaining assets and liabilities are presented as unallocated assets and liabilities.

**45.5** Additions to non-current assets in relation to steel coils and sheets, steel pipes and polymer segments amounts to Rs. 1,809.10 million (2023: Rs. 1,831.97 million), Rs. 708.4 million (2023: Rs. 551.51 million), and Rs. 54.00 million (2023: Rs. 2.60 million) respectively.

**45.6 Information about major customers**

Revenue from major customers individually accounting for more than 10% of the segment revenue for steel pipes segment and polymer segment was Rs. NIL (2023: Rs. NIL) and Rs. 1,420 million (2023: Rs. 1,134 million) respectively.

**45.7 Geographical information**

The consolidated net revenue is from external customers by geographical location is disclosed in note 27.2.

**45.8** Management considers that revenue from its ordinary activities are shariah compliant.

## 46. INTERESTS IN OTHER ENTITIES

### 46.1 Non-controlling interests

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

	2024	2023
NCI Percentage (%)	43.6654%	43.6654%
Non-current assets	20,449,248	20,658,088
Current assets	24,240,532	21,733,494
Non-current liabilities	2,759,337	3,301,090
Current liabilities	18,733,013	17,406,611
Intercompany eliminations	(2,104)	(141,034)
Net assets attributable to non-controlling interests	10,130,169	9,406,738
Revenue	69,299,633	76,753,334
Expenses	65,644,822	73,234,545
Profit for the year	3,654,811	3,518,789
Profit attributable to non-controlling interests	1,658,422	1,528,369
Other comprehensive income attributable to non-controlling interests	14,731	(73,576)
Total comprehensive income attributable to non-controlling interest	1,673,153	1,454,793

### 46.2 Associates

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

	2024	2023
<b>47. NUMBER OF EMPLOYEES</b>		
<b>Holding company</b>		
Average number of employees during the year	932	938
Total employees at the year end	930	935
<b>Subsidiary companies</b>		
Average number of employees during the year	683	694
Total employees at the year end	682	688

#### 48. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Holding Company, in their meeting held on August 22, 2024, has proposed a final cash dividend of Rs. 3.50 (2023: Rs. 2.00) per share amounting to Rs. 461.59 million (2023: Rs. 263.76 million) for the year ended June 30, 2024. The approval of the members of the Holding Company for the dividend shall be obtained at the Annual General Meeting to be held on September 27, 2024.

The Board of Directors of ISL in their meeting held on August 20, 2024 has proposed a final cash dividend of Rs. 3.00 (2023: Rs. 2.50) per share amounting to Rs. 1,305.0 million (2023: Rs. 1,087.5 million) for the year ended June 30, 2024. The approval of the members of ISL for the dividend shall be obtained at the Annual General Meeting to be held on September 24, 2024.

The consolidated financial statements do not include the effect of the aforementioned proposed dividends which will be accounted for in the consolidated financial statements for the year ending June 30, 2025.

#### 49. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved and authorised for issue on August 22, 2024 by the Board of Directors of the Holding Company.



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**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



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**Muhammad Akhtar**  
Chief Financial Officer



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**Sohail R. Bhojani**  
Chief Executive Officer





# SECTION 10.0

## Shareholders' Information

Ownership

Pattern of shareholding

Categories of shareholders

Key shareholdings

Members having 5% or more of voting rights

Shares trading by directors/executives

Free float of shares

Notice of Annual General Meeting

E-Dividend mandate

Proxy Form



# SHAREHOLDERS' INFORMATION

## OWNERSHIP

On June 30, 2024 there were 4,177 members on the record of the Company's ordinary shares.

## DIVIDEND

The Board of Directors of the Company has recommended 35% final cash dividend for the year as per its Profit Appropriation Policy. The proposal shall be placed before the shareholders of the Company at the Annual General Meeting for their consideration and approval on September 27, 2024. The dividend amounts, if approved by the shareholders, shall be directly credited to their designated banks to the shareholders listed in the Company's members register at the close of business on September 19, 2024 and shall be subject to the Zakat and Tax deductions as per applicable law.

## FINANCIAL CALENDAR

### RESULTS

Year ended June 30, 2024	Approved on	22-Aug-24
	Announced on	23-Aug-24
Third quarter ended March 31, 2024	Approved and Announced on	26-Apr-24
Half year ended December 31, 2023	Approved and Announced on	30-Jan-24
First quarter ended September 30, 2023	Approved and Announced on	27-Oct-23

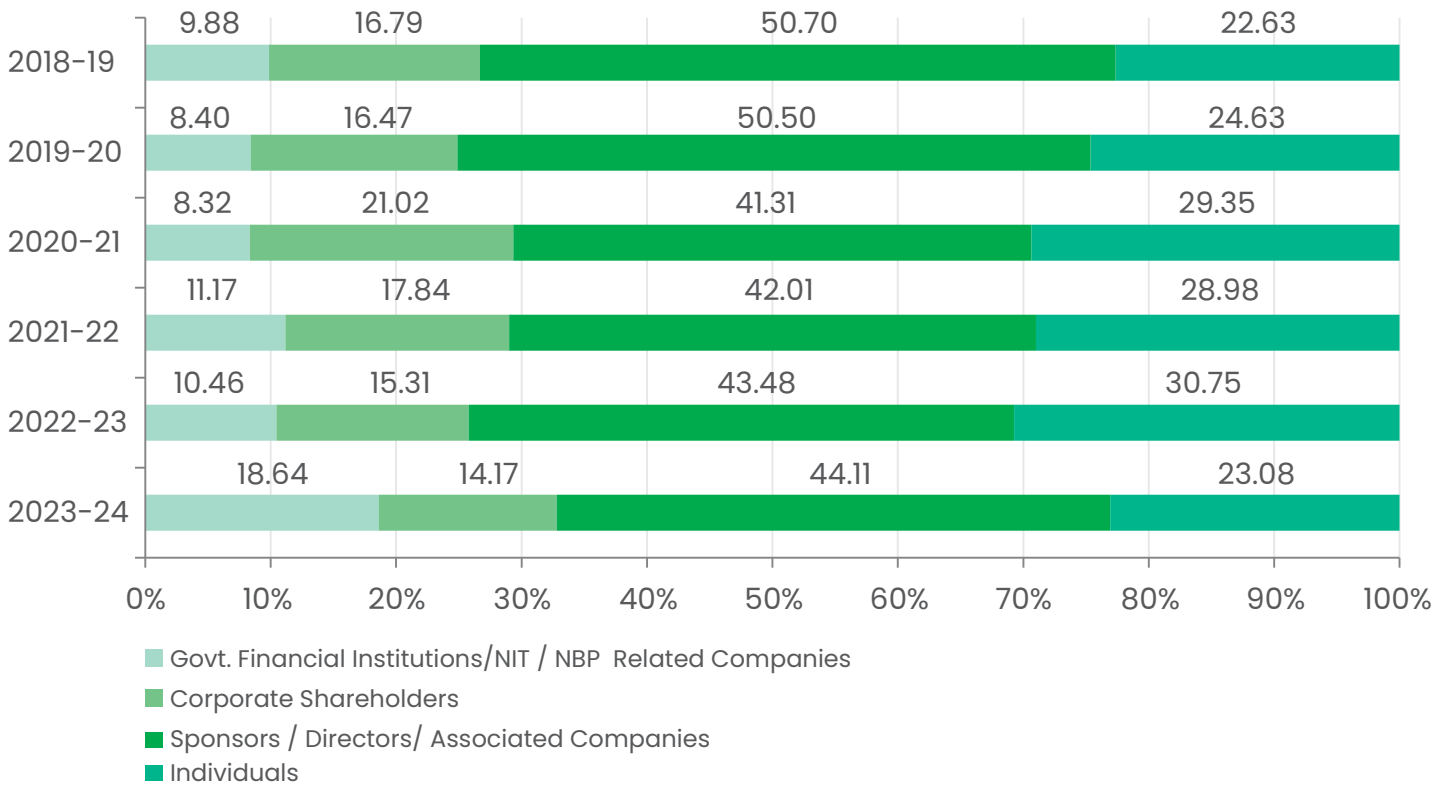
### DIVIDENDS (PAID)

Interim – Cash (2024)	Approved on	30-Jan-24
	Entitlement date	13-Feb-24
	Statutory limit upto which payable	26-Feb-24
	Paid on	23-Feb-24
Final – Cash (2023)	Approved on	27-Sep-23
	Entitlement date	20-Sep-23
	Statutory limit upto which payable	12-Oct-23
	Paid on	10-Oct-23
<b>LATEST ANNUAL REPORT ISSUED ON</b>		5-Sep-24
<b>76TH ANNUAL GENERAL MEETING</b>		27-Sep-24

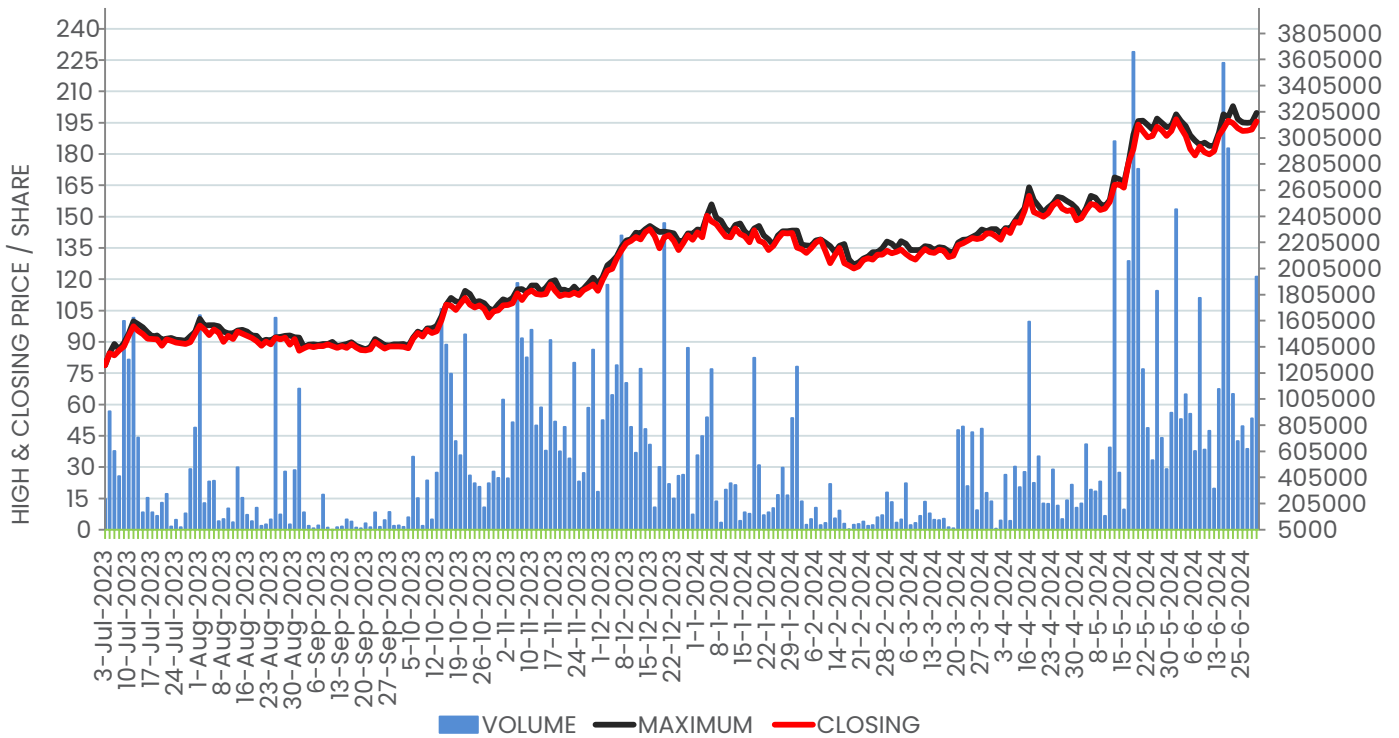
### TENTATIVE DATES OF FINANCIAL RESULTS 2024-25

For the Period	To be Announced on
1st Quarter	28-Oct-24
2nd Quarter	30-Jan-25
3rd Quarter	25-Apr-25
Annual Accounts	21-Aug-25

## SHAREHOLDER COMPOSITION



## IIL SHARE PRICES - TREND V/S VOLUME TRADED FY 2023-24



## Pattern of Shareholding

As at June 30, 2024

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
1205	1	100	38,118	0.0289
873	101	500	259,614	0.1969
480	501	1000	394,430	0.2991
872	1001	5000	2,136,229	1.6198
268	5001	10000	2,021,584	1.5329
109	10001	15000	1,328,547	1.0074
53	15001	20000	947,282	0.7183
39	20001	25000	890,644	0.6753
31	25001	30000	866,307	0.6569
16	30001	35000	516,386	0.3916
22	35001	40000	838,125	0.6355
13	40001	45000	564,036	0.4277
10	45001	50000	482,006	0.3655
9	50001	55000	472,628	0.3584
5	55001	60000	294,410	0.2232
6	60001	65000	381,426	0.2892
10	65001	70000	676,868	0.5132
8	70001	75000	596,095	0.4520
8	75001	80000	631,364	0.4787
11	80001	90000	931,377	0.7062
12	90001	100000	1,173,440	0.8898
12	100001	120000	1,321,870	1.0023
18	120001	150000	2,450,065	1.8578
20	150001	200000	3,520,052	2.6691
8	200001	250000	1,748,396	1.3257
10	250001	300000	2,787,464	2.1136
9	300001	400000	3,198,693	2.4254
5	400001	500000	2,378,806	1.8037
4	500001	600000	2,225,327	1.6874
3	600001	700000	1,916,477	1.4532
2	700001	800000	1,518,300	1.1513
5	800001	1000000	4,505,493	3.4163
1	1000001	1100000	1,100,000	0.8341
2	1100001	1300000	2,517,573	1.9090
3	1300001	1500000	4,274,150	3.2409
1	1500001	1600000	1,507,088	1.1428
1	1600001	1700000	1,700,000	1.2890
3	1700001	2500000	7,500,000	5.6869
2	2500001	4000000	6,618,816	5.0187
4	4000001	5000000	18,446,243	13.9869
1	5000001	7000000	6,252,183	4.7407
1	7000001	12500000	12,375,675	9.3839
1	12500001	12800000	12,740,130	9.6603
1	12800001	13000000	12,838,163	9.7346
<b>4177</b>	<b>Company Total</b>		<b>131,881,880</b>	<b>100.0000</b>

## CATEGORIES OF SHAREHOLDERS

As at June 30, 2024

Particulars	No. of Shareholders	Share Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children	21	56,689,825	42.9853
Associated Companies	3	1,488,657	1.1288
Govt. Financial Institutions/NIT / NBP related Companies	17	24,577,888	18.6363
Banks, Development Financial Institutions, Non Banking Financial Institutions	9	4,552,649	3.4521
Insurance Companies	6	1,382,843	1.0485
Modarabas and Mutual Funds	30	3,898,507	2.9561
Foreign Companies	7	2,210,990	1.6765
Public, Private and Other Companies	102	6,636,912	5.0325
General Public - Local	3,888	30,181,093	22.8849
General Public - Foreign	94	262,516	0.1991
<b>Total</b>	<b>4,177</b>	<b>131,881,880</b>	<b>100.0000</b>

## KEY SHAREHOLDINGS

Information on shareholding required under reporting framework is as follows:

	No. of Shares	Percentage
Directors & Spouses	29,734,782	22.5465
Sponsoring Family Members	26,955,043	20.4388
Associated Companies	1,488,657	1.1288
Govt. Financial Institutions/NIT /NBP & Related Companies	24,577,888	18.6363

## MEMBERS HAVING 5% OR MORE OF VOTING RIGHTS

Name of Shareholder	Shares Held	Percentage
State Life Insurance Corp. of Pakistan	12,838,163	9.7346
Kamal A. Chinoy	12,740,230	9.6603
Mustapha A. Chinoy	12,376,275	9.3844

## SHARES TRADING BY DIRECTORS / EXECUTIVES

During FY 2023-24

Following shares transactions were made by Directors, Executives and their family members or their private owned companies during the financial year July 1, 2023 to June 30, 2024.

No. of Shares	
Sold / Gifted to Family Members	Purchased / Gift From Family Members
3,290,701	2,272,971

## FREE FLOAT OF SHARES

As at June 30, 2024

S. No.	Category of Shareholders	Shares Held
	<b>Total Outstanding Shares</b>	131,881,880
1	Government Holding as Promoter	(17,370,335)
2	Directors / Sponsors/Senior	(56,689,131)
3	Physical Shares	(1,498,844)
4	Associated / Group Companies	(1,488,657)
5	Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-
6	Treasury Shares	-
7	Any other category that are barred from selling	-
	<b>Free Float</b>	<b>54,834,913</b>



# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the Members that the 76th Annual General Meeting of International Industries Limited will be held on Friday, September 27, 2024, at 10.30 a.m. at the Jasmine Hall, Beach Luxury Hotel, Off: M.T. Khan Road, Karachi to transact the following business. Members are encouraged to attend the meeting through video conferencing.

## ORDINARY BUSINESS

### FINANCIAL STATEMENTS

1. To receive, consider and adopt the Audited Annual Financial Statements (unconsolidated and consolidated) of the Company for the year ended June 30, 2024, together with the Reports of the Directors and Auditors thereon.

As required under Section 223 of the Companies Act 2017 and in terms of S.R.O No. 389(I)/2023 dated March 21, 2023, the Annual Report including the Notice of Meeting and the Financial Statements of the Company has been transmitted to the shareholders and uploaded on the website of the Company which can be viewed using the following link or QR enable code:

<https://iil.com.pk/en/page/investors/financial-information>



### Dividend

2. To consider and approve the payment of Rs. 3.50 per share (35%) as the final cash dividend in addition to the 20% interim cash dividend announced and already paid, making a total dividend of Rs. 5.50 per share (55%) for the financial year ended June 30, 2024, as recommended by the Board of Directors.

### Auditors

3. To appoint statutory auditors of the Company for the year ending June 30, 2025 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.

### Any other Business

4. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

Karachi: August 22, 2024

By Order of the Board  
International Industries Ltd.  
M. Irfan Bhatti  
Company Secretary &  
Head of Legal Affairs

## NOTES:

### 1. PARTICIPATION IN THE AGM VIA VIDEO CONFERENCING FACILITY:

Shareholders interested in attending the meeting through video conferencing are requested to email the following information with the subject "Registration for International Industries Limited AGM 2024" along with a valid copy of both sides of their Computerized National Identity Card (CNIC) to investors@iil.com.pk. Video link and login credentials will be shared with members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

#### Registration to attend the Annual General Meeting through Video Conferencing Facility

1. FolioNo./CDC investors A/cNo./Sub-A/c No.-----
2. Name of Shareholder:-----
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@iil.com.pk

### 2. CLOSURE OF SHARE TRANSFER BOOKS

The Register of Members and the Share Transfer Books will be closed from September 20, 2024 to September 27, 2024 (both days inclusive) to establish the right to attend the Annual General Meeting and to receive the dividend declared.

### 3. ATTENDING AGM AND APPOINTMENT OF PROXY

A. 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.

B. 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.

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

#### i) For Attending AGM

a) 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 their Computerized National Identity Card (CNIC) at the time of attending the meeting.

b) In case of a corporate entity, a 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.

#### ii) For Appointing Proxy

a) In the case of individuals, the account holder or sub-account holder whose registration details are uploaded as per CDC regulations shall submit the Proxy Form as per the above requirement.

b) Attested copies of the 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.

#### 4. MANDATORY INFORMATION

(EMAIL, CNIC, IBAN AND ZAKAT DECLARATION)

A. In compliance with Section 119 of the Companies Act, 2017 and Regulation 19 Companies (General Provisions and Forms) Regulations, 2018 members are requested to immediately provide their mandatory information such as CNIC number, updated mailing address, email, contact mobile/telephone number and International Bank Account Number (IBAN) together with a copy of their CNIC to update our records and to avoid any non-compliance of the law. 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 CDC Share Registrar Services Limited
- For shares in CDS to CDC Investors A/c Services or respective participant

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

#### 5. UNCLAIMED DIVIDENDS AND BONUS SHARES

Shareholders, who for any reason, could not claim their dividend and/or bonus shares are advised to contact our Shares Registrar M/s CDC Share Registrar Services Limited to collect/enquire about their unclaimed dividends and/or bonus shares if any.

#### 6. E-DIVIDEND MANDATE

As per Section 242 of the Companies Act, 2017, in the 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) and details in the Central Depository System through respective participants. In case of physical shares, provide bank account details to our Share Registrar, M/s CDC Share Registrar Services Limited. Please ensure an early update of your particulars to avoid any inconvenience. The e-Dividend mandate form is enclosed.

#### 7. 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 members of International Industries 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/stockbroker of the Pakistan Stock Exchange to open an account in the Central Depository System 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 loss, damage or theft
- No stamp duty on transfer of shares in book-entry form
- Seamless 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 the earliest.

## 8. FILER AND NON-FILER STATUS

i) The Government of Pakistan through the Finance Act, 2024 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 Taxpayers List (ATL) provided on the FBR website, 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 dividends.

ii) For any query/problem/information, the investors may contact the Share Registrar at the following phone numbers, or email addresses:

M/s CDC Share Registrar Services Limited CDC House, 99-B, Block B, S.M.C.H.S, Shahrah-e-Faisal, Karachi  
Customer Support Service Nos: +92-080023275 E-mail : info@cdcsrsl.com

iii) 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. M/s CDC Share Registrar Services Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio number.

## 9. ELECTRONIC VOTING

The members are hereby notified that pursuant to Section 143-145 of the Companies Act, 2017 and Companies (Postal Ballot) Regulations, 2018 amended through Notification dated December 5, 2022, issued by the Securities and Exchange Commission of Pakistan (“SECP”), wherein, SECP has directed all the listed companies to provide the right to vote through the electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of International Industries Limited (the “Company”) will be allowed to exercise their right to vote through the electronic voting facility or voting by post for the special business whenever needed in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

- جن ممبرز کے نام FBR کی ویب سائٹ پر فراہم کی گئی فعال ٹیکس گزاروں کی فہرست (ATL) میں شامل نہیں ہیں، اگرچہ وہ فائلر ہیں، ان سے گزارش ہے کہ وہ اپنے نام کو ATL میں شامل ہونے کو یقینی بنائیں تاکہ وہ ڈیوڈینڈز پر ٹیکس کی زیادہ شرح سے بچ سکیں۔
- (ii) کسی بھی استفسار/مسئلے/معلومات کیلئے انویسٹرز شیئر رجسٹرار سے درج ذیل فون نمبر پر یا بذریعہ ای میل ایڈریس رابطہ کر سکتے ہیں
- میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، B-99، بلاک بی، ایس ایم سی ایچ ایس، شاہراہ فیصل، کراچی
- کسٹمر سپورٹ سروس نمبر: +92-080023275 ای میل info@cdcsrsl.com
- (iii) سی ڈی سی اکاؤنٹ کے حامل کارپوریٹ شیئر ہولڈرز اپنے متعلقہ شرکاء کے پاس نیشنل ٹیکس نمبر (NTN) اپ ڈیٹ رکھیں جبکہ کارپوریٹ فزیکل شیئر ہولڈرز اپنے NTN سرٹیفکیٹ کی کاپی شیئر رجسٹرار، یعنی میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو ارسال کریں۔
- شیئر ہولڈرز کو چاہئے کہ وہ NTN یا NTN سرٹیفکیٹس، جو بھی صورت ہو، بھیجتے وقت کمپنی کا نام اور اپنا متعلقہ فون نمبر ضرور درج کریں۔

## ۹۔ الیکٹرونک ذریعہ سے ووٹنگ

- ممبرز کو مطلع کیا جاتا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 143-145 میں درج شرائط کے مطابق اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018، ترمیم شدہ بذریعہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("SECP") کے نوٹیفیکیشن مورخہ 5 دسمبر، 2022، جس میں SECP نے لسٹڈ کمپنیز کو ہدایت کی ہے کہ وہ خصوصی امور کے تحت مختص تمام کاروباروں کیلئے ممبرز کو ان کے الیکٹرونک ووٹنگ یا بذریعہ ڈاک ووٹنگ کا حق استعمال کرنے کی سہولت فراہم کریں۔
- لہذا کسی بھی خصوصی امر کی منظوری کیلئے انٹرنیشنل انڈسٹریز لمیٹڈ کے ممبران کو، جب بھی ضرورت پڑی، الیکٹرونک ووٹنگ اور پوسٹل بیلٹ کی سہولتیں مروجہ قوانین کے تحت مہیا کی جائیں گی۔

## ۷۔ فزیکل شیئرز کی بک انٹری فارم میں تبدیلی

کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق تمام موجودہ کمپنیز کیلئے لازم ہے کہ وہ کمپنیز ایکٹ 2017 کے نفاذ کی تاریخ سے زیادہ سے زیادہ چار سال کے اندر اپنے فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرالیں۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر CSD/ED/Misc./2016-639-640 مجریہ 26 مارچ 2021 کے ذریعے لٹڈ کمپنیز کو ہدایت دی ہے کہ وہ اپنے ایسے ممبرز کو، جن کے شیئرز ابھی تک فزیکل فارم میں ہیں، ان شیئرز کو بک انٹری فارم میں تبدیل کرانے کی ترغیب دیں۔

لہذا انٹرنیشنل انڈسٹریز لمیٹڈ کے تمام ایسے ممبرز سے، جن کے پاس فزیکل فارم میں شیئرز ہیں، ہماری درخواست ہے کہ وہ جلد از جلد اپنے شیئرز بک انٹری فارم میں تبدیل کرالیں۔ ان کو یہ بھی مشورہ دیا جاتا ہے کہ وہ سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ سے یا پاکستان اسٹاک ایکسچینج کے کسی فعال ممبر/اسٹاک بروکر سے رابطہ کر کے سینٹرل ڈپازٹری سسٹم میں اکاؤنٹ کھلوائیں تاکہ فزیکل شیئرز کو بک انٹری فارم میں تبدیلی کرانے کی سہولت حاصل ہو جائے۔

ممبرز کو مطلع کیا جاتا ہے کہ شیئرز کو بک انٹری فارم میں رکھنے کے کئی فائدے ہیں جن میں سے چند درج ذیل ہیں:

• شیئرز کی محفوظ اور باسہولت تحویل

• تجارت اور منتقل کرنے میں آسانی

• گم ہونے، نقصان پہنچنے یا چوری ہونے کا کوئی خطرہ نہیں

• شیئرز کے بک انٹری فارم میں تبدیلی پر کوئی اسٹیپ ڈیوٹی نہیں

• بونس یا رائٹ شیئرز کا بلا رکاوٹ کریڈٹ

ہم کمپنی کے ممبرز کو ایک مرتبہ پھر بزور ہدایت کرتے ہیں کہ اپنے بہترین مفاد میں اپنے فزیکل شیئرز کو جلد از جلد بک انٹری فارم میں تبدیل کرالیں۔

## ۸۔ فائلر اور نان فائلر کی حیثیت

(i) حکومت پاکستان نے فنانس ایکٹ، 2024 کے ذریعے انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 میں کمپنیز کی جانب سے ڈیویڈنڈ کی ادائیگی پر وہولڈنگ ٹیکس کی شرح ذیل شرح مقرر کی ہے:

(a) انکم ٹیکس ریٹرن کے فائلر کیلئے 15%

(b) انکم ٹیکس ریٹرن کے نان فائلر کیلئے 30%

۴۔ لازمی معلومات کی فراہمی (ای میل، سی این آئی سی، آئی بی اے این اور زکوٰۃ ڈیکلریشن)

الف۔ کمپنیز ایکٹ 2017 کے سیکشن 119 اور ریگولیشن 19 کمپنیز (جنرل پروویژنز اینڈ فارمز) ریگولیشنز، 2018 کی پیروی میں، ممبرز سے درخواست ہے کہ اپنی لازمی معلومات جیسے سی این آئی سی نمبر، تازہ ترین ڈاک کا پتہ، ای میل، رابطے کا موبائل/ٹیلیفون نمبر اور انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) مع اپنے CNIC کی کاپی، ہمارے ریکارڈ میں اپ ڈیٹ کرنے اور کسی قانون کی عدم پیروی سے بچنے کیلئے درج ذیل کے مطابق فوری طور پر فراہم کریں، ورنہ کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشنز 2017 کے سیکشن 6 کی رو سے تمام ڈیویڈنڈز روک لئے جائیں گے۔

• فزیکل شیئرز کی صورت میں

میسرز سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ کو

• سی ڈی ایس میں شیئرز کی صورت میں

سی ڈی سی انویسٹرز اکاؤنٹ سروسز یا متعلقہ شریک کو

ب۔ ممبرز سے درخواست ہے کہ زکوٰۃ سے استثنیٰ کیلئے زکوٰۃ اینڈ عشر آڈیننس 1980 کے مطابق ڈیکلریشن (CZ-50) اور پتے میں کسی تبدیلی کی صورت میں، اگر ہو، تو اس کی اطلاع بھی جمع کرائیں۔

۵۔ غیر کلیم شدہ ڈیویڈنڈز اور بونس شیئرز

جو شیئرز ہولڈرز کسی وجہ سے اپنے ڈیویڈنڈ اور/یا بونس شیئرز کلیم نہیں کر سکے ہیں، ان کو مشورہ دیا جاتا ہے کہ اپنے غیر کلیم شدہ ڈیویڈنڈ اور/یا بونس شیئرز، اگر کوئی ہے، حاصل کرنے/ان کے بارے میں معلومات کیلئے ہمارے شیئرز رجسٹرار میسرز سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ سے رابطہ کریں۔

۶۔ ای ڈیویڈنڈ مینڈیٹ

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت پبلک لسٹڈ کمپنی کیلئے لازم ہے کہ وہ نقد ادائیگی والے ڈیویڈنڈ صرف الیکٹرونک ذریعہ سے براہ راست اہل شیئرز ہولڈرز کے مقرر کردہ بینک اکاؤنٹ میں جمع کرائیں۔

لہذا اس نوٹس کے ذریعے تمام شیئرز ہولڈرز سے درخواست ہے کہ اپنے بینک اکاؤنٹ نمبر (IBAN) اور دیگر تفصیلات متعلقہ شریک کے

ذریعے سینٹرل ڈپازٹری سسٹم میں اپ ڈیٹ کرادیں۔ فزیکل شیئرز کی صورت میں اپنے بینک اکاؤنٹ کی تفصیلات ہمارے شیئرز رجسٹرار

میسرز سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ کو فراہم کریں۔ برائے مہربانی اپنے اکاؤنٹ کی تفصیلات یقینی طور پر جلد از جلد اپ ڈیٹ

کر لیں تاکہ زحمت سے بچ سکیں۔ ای ڈیویڈنڈ مینڈیٹ فارم منسلک ہے۔

## ۲۔ شیئر ٹرانسفر بکس کی بندش

۱۔ ممبران کارجسٹر اور شیئر ٹرانسفر بکس 20 ستمبر 2024 تا 27 ستمبر 2024 (بشمول دونوں ایام) سالانہ اجلاس عام میں شرکت کے استحقاق اور اعلان شدہ ڈیویڈنڈ کی وصولی کی تصدیق کیلئے بند رہیں گی۔

## ۳۔ اے جی ایم میں شرکت اور پراکسی کا تقرر

الف۔ 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 پراکسی مقرر کرنے کا حق رکھتا رکھتی ہے۔

ب۔ پراکسی کی تقرری کی دستاویز اور پاور آف اٹارنی یا کوئی اور اتھارٹی، جس کے تحت دستخط کئے گئے ہوں یا پاور آف اٹارنی کی نوٹری سے تصدیق شدہ کاپی، اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں لازماً جمع کرائی جائیں۔ پراکسی کا فارم منسلک ہے۔

ج۔ سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر 1 مورخہ 26 جنوری 2000 میں درج رہنما ہدایات پر بھی عمل کرنا ہوگا۔

## (i) اے جی ایم میں شرکت کیلئے

۱۔ فرد واحد ہونے کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر، جن کی سیکورٹیز اور ان کے رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ ڈ ہیں، وہ اجلاس میں شرکت کے وقت اپنا کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) دکھا کر اپنی شناخت کا ثبوت مہیا کریں۔  
ب۔ کارپوریٹ ادارہ ہونے کی صورت میں اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع نامزد فرد کے نمونے کے دستخط پیش کرنا ہوں گے۔ (اگر پہلے سے فراہم نہ کئے گئے ہوں)

## (ii) پراکسی کے تقرر کیلئے

a۔ فرد واحد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر، جس کی رجسٹریشن کی تفصیلات سی ڈی سی ضوابط کے مطابق اپ لوڈ ڈ ہیں، درج بالا شرائط کے مطابق پراکسی فارم جمع کرائے گا۔

b۔ بنیفیشل اونرز اور پراکسی کی CNIC کی تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ فراہم کرنا ہوں گی۔ پراکسی کو اجلاس میں شرکت کے وقت اصل CNIC پیش کرنا ہوگا۔



۴۔ چیئرمین کی اجازت سے کسی اور امور کی انجام دہی جو سالانہ اجلاس عام میں کی جاسکے۔

بحکم بورڈ  
انٹرنیشنل انڈسٹریز لمیٹڈ

کراچی 22 اگست 2024

ایم۔ عرفان بھٹی

کمپنی سیکرٹری اور ہیڈ آف لیگل افیئرز

نوٹس:

۱۔ سالانہ اجلاس عام میں بذریعہ ویڈیو کانفرنسنگ شرکت کی سہولت اجلاس میں ویڈیو کانفرنسنگ کے ذریعے شرکت کے خواہشمند شیئرز ہولڈرز سے درخواست ہے کہ وہ درج ذیل معلومات "رجسٹریشن برائے انٹرنیشنل انڈسٹریز لمیٹڈ AGM 2024" کے عنوان سے، مع اپنے کمپیوٹر انڈسٹریز قومی شناختی کارڈ (CNIC) کی دونوں طرف کی کارآمد کاپی [investors@iil.com.pk](mailto:investors@iil.com.pk) پر ای میل کریں۔ ویڈیو لنکس اور لاگ ان کا طریقہ کار انہی ممبرز کے ساتھ شیئر کیا جائے گا جن کی ای میل، تمام مطلوبہ کوائف کے ساتھ AGM کے وقت سے کم از کم 48 گھنٹے پہلے وصول ہو جائیں گی۔

سالانہ اجلاس عام میں بذریعہ ویڈیو کانفرنسنگ شرکت کی سہولت کیلئے رجسٹریشن

۱۔ فولیو نمبر اسی ڈی سی انویسٹرز اکاؤنٹ نمبر اسب اکاؤنٹ نمبر

۲۔ شیئر ہولڈر کا نام

۳۔ موبائل فون نمبر

۴۔ ای میل کا پتہ

۵۔ AGM میں شرکت کے استحقاق کی تصدیق کیلئے کتب کی بندش کے پہلے روز تجویل میں موجود شیئرز کی تعداد:

شیئر ہولڈرز AGM کے ایجنڈا آئٹمز کے لئے اپنی آراء اور سوالات اس پتے پر ای میل کر سکتے ہیں۔

[investors@iil.com.pk](mailto:investors@iil.com.pk)

## اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا ممبرز کو مطلع کیا جاتا ہے کہ انٹرنیشنل انڈسٹریز لمیٹڈ کا 76 واں سالانہ اجلاس عام بروز جمعہ، 27 ستمبر، 2024 صبح 10.30 بجے، درج ذیل کاروباری امور کی انجام دہی کیلئے بمقام چیئرمین ہال، بیچ لگژری ہوٹل، آف ایم ٹی خان روڈ، کراچی منعقد ہوگا۔ ممبرز کی حوصلہ افزائی کی جاتی ہے کہ وہ اجلاس میں بذریعہ ویڈیو کانفرنسنگ شرکت کریں۔

عمومی امور

مالیاتی حسابات

1۔ کمپنی کے آڈٹ شدہ سالانہ مالیاتی حسابات (غیر مجموعی اور مجموعی) برائے سال ختمہ 30 جون 2024 مع ان پریکٹرز اور آڈیٹرز کی رپورٹس، وصول کرنا، ان پر غور کرنا اور ان کو منظور کرنا۔  
کمپنیز ایکٹ 2017 کے سیکشن 223 کی شرائط کے تحت اور ایس آر او نمبر 389(1)/2023 مورخہ 21 مارچ 2023 کے مطابق سالانہ رپورٹ بشمول اجلاس کی اطلاع اور کمپنی کے مالیاتی حسابات شیئر ہولڈرز کو ای میل کے ذریعے بھیج دیئے گئے ہیں اور کمپنی کی ویب سائٹ پر اپ لوڈ کر دیئے گئے ہیں، جو درج ذیل لنک اور QR کوڈ کے ذریعے دیکھے جاسکتے ہیں:



<https://iil.com.pk/en/page/investors/financial-information>

2. ڈیویڈنڈ

بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق حتمی نقد منافع بحساب 3.50 روپے فی شیئر (35%) کی ادائیگی پر غور کرنا اور منظوری دینا جو پہلے سے ادا شدہ 2.0% عبوری نقد منافع کے علاوہ ہے جس کا اعلان کیا گیا تھا اور ادا کیا جا چکا ہے، اس کو ملا کر کل منافع برائے مالی سال ختمہ 30 جون 2024، 5.50 روپے فی شیئر (55%) ہوگا۔

آڈیٹرز

3۔ کمپنی کے قانونی آڈیٹرز برائے سال ختمہ 30 جون 2025 کا تقرر کرنا اور ان کے مشاہرے کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے، اہل ہونے کی بنیاد اپنے دوبارہ تقرر کی پیشکش کی ہے جو باہمی متفقہ فیس اور جیب خرچ کے علاوہ اصل اخراجات کی رقم واپس ادائیگی پر مبنی ہے۔

# E-DIVIDEND MANDATE FORM

To:

Date: \_\_\_\_\_

Subject: Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/We/Messrs. \_\_\_\_\_

being a/the shareholder(s) of International Industries Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividends declared by it, into my/our bank account as detailed below:

(i) Shareholder's details:	
Name of Shareholder	
CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me/us are correct and I/we shall keep the Company informed in case of any changes in the said particulars in the future.

Yours faithfully

\_\_\_\_\_  
Signature of Shareholder

(Please affix company stamp in case of corporate entity)

Notes:








1. Please provide complete IBAN, after checking with your bank branch, to enable electronic credit directly into your bank account.
2. This letter must be sent to the 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.










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-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes

 [jamapunji.pk](http://jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices



Jama Punji is an Investor  
Education Initiative of  
Securities and Exchange  
Commission of Pakistan

# PROXY FORM

I / We \_\_\_\_\_  
of \_\_\_\_\_  
being a member of INTERNATIONAL INDUSTRIES LIMITED and holder of \_\_\_\_\_  
ordinary shares as per Share Register Folio No. \_\_\_\_\_ and / or CDC Participant I.D.  
No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_  
as my proxy to vote for me and on my behalf at the annual general meeting of the Company to be held on September 27, 2024 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024

**WITNESS:**

1 Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
NIC or Passport No. \_\_\_\_\_

2 Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
NIC or Passport No. \_\_\_\_\_

Signature Revenue Stamp

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

**Note:**

Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy must a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this proxy form before submission to the Company.

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## فارم برائے پراسسی

میں / ہم \_\_\_\_\_  
 سکنتہ \_\_\_\_\_ بحیثیت ممبر (ز) انٹرنیشنل انڈسٹریز لمیٹڈ،  
 حامل \_\_\_\_\_ عمومی شیئرز، بذریعہ ہذا  
 سکنتہ \_\_\_\_\_ کو بذریعہ فوئیو / سی ڈی سی اکاؤنٹ نمبر  
 یا اس کی عدم دستیابی کی صورت میں \_\_\_\_\_  
 سکنتہ \_\_\_\_\_  
 جو انٹرنیشنل انڈسٹریز لمیٹڈ کا ممبر ہے بذریعہ فوئیو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ کو اپنا / ہمارا پراسسی مقرر کرتا ہوں /  
 کرتے ہیں، جو اپنی / ہماری غیر حاضری میں میری / ہماری جگہ 27 ستمبر 2024 کو کراچی میں منعقد ہونے والے کمپنی کے 76 ویں سالانہ اجلاس عام میں یا کسی ملتوی  
 شدہ اجلاس شرکت کرنے، بولنے اور ووٹ دینے کا حقدار ہوگا ہوں گے۔

میں / ہم نے اپنے ہاتھ / امہر سے گواہی دی تاریخ \_\_\_\_\_ 2024

مذکورہ شخص کے دستخط \_\_\_\_\_

ان افراد کی موجودگی میں ۱۔ دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 CNIC / پاسپورٹ نمبر: \_\_\_\_\_

ریونیو اسٹمپ پر دستخط

۲۔ دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 CNIC / پاسپورٹ نمبر: \_\_\_\_\_

فویو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ یہ دستخط کمپنی کے ریکارڈ پر موجود دستخط کے مطابق ہونا چاہیے

### اہم ہدایات:

- ۱۔ یہ پراسسی فارم، مکمل شدہ اور دستخط شدہ، کمپنی کے رجسٹرڈ دفتر واقع 101 بیومونٹ پلازہ، 10، بیومونٹ روڈ، کراچی-75530 پر سالانہ اجلاس عام کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازمی طور پر وصول ہو جائے۔
- ۲۔ کسی ایسے شخص کو پراسسی مقرر نہیں کیا جاسکتا جو کمپنی کا / کی ممبر نہ ہو، سوائے کارپوریشن کے، جو ممبر نہ ہونے والے فرد کو پراسسی مقرر کر سکتی ہے۔
- ۳۔ اگر کوئی ممبر ایک سے زیادہ پراسسی مقرر کرتا ہے اور کوئی ممبر کمپنی کے پاس ایک سے زیادہ پراسسی کی دستاویز جمع کراتا ہے تو ایسی تمام دستاویزات ناقابل قبول قرار دی جائیں گی۔

CDC اکاؤنٹ ہولڈرز / کارپوریٹ اکائی کی صورت میں:

درج بالا کے علاوہ درج ذیل شرائط بھی پورا کرنا ہوں گی:

- ۱۔ پراسسی فارم پر دو گواہوں کے دستخط ہونا لازمی ہے جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں۔
- ۲۔ بینیفیشیل اوور (ز) اور پراسسی کے CNICs یا پاسپورٹس کی تصدیق شدہ کاپیاں پراسسی فارم کے ساتھ فراہم کی جائیں۔
- ۳۔ کارپوریٹ اکائی ہونے کی صورت میں، پورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹرنی بشمول نامزد کردہ افراد۔
- ۴۔ کمپنی کے دستخط مع پراسسی فارم (اگر پہلے جمع نہ کرایا گیا ہو) کے ہمراہ کمپنی کے پاس جمع کرائے جائیں۔
- ۵۔ پراسسی کو سالانہ اجلاس عام میں شرکت کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

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