



# Ittefaq Iron Industries Ltd.

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## Marketing Division

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## DIRECTOR'S REPORT

On behalf of the board of directors, I take pleasure to present condensed interim financial statements for period of three months; quarter ended March 31, 2020.

The financial results are summarized as under:

### Quarter Ended

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Sale	825,634,240	1,759,091,337
Gross Profit	19,190,465	176,396,651
Profit/ (loss) after tax	(49,364,829)	64,245,827
Earnings per share	(0.34)	0.45


The sales turnover for three months shown Decreased from Rs.1.759 million to Rs.0.825 million in order to slowdown economic activities of last few months in the country. Simultaneously, adverse impact in the gross profits as well as net profits. The company is facing challenging to improve the results.

However, The Company is focusing on his targets which will increase our profitability.

The Directors of your Company wish to thankful to the Banks for the financial support and co-operation they have extended to the company. The Directors would like to express their appreciation for the dedication and hard work of the workers, staff and members of management team.

For and on behalf of Board of Directors.

ITTEFAQ IRON INDUSTRIES LTD.

  
SHAHZAD JAVED  
Chief Executive



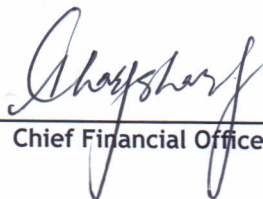
Lahore: April 27, 2020

**ITTEFAQ IRON INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT 31 MARCH 2020**

EQUITY AND LIABILITIES	Unaudited	Audited
	31 / Mar / 2020 Rupees	30 / Jun / 2019 Rupees
<b>Share capital and reserves</b>		
Share capital	1,443,433,640	1,443,433,640
Capital reserves	774,507,925	774,507,925
Equity portion of loan from directors	6,529,732	26,118,927
Un-appropriated profit	1,069,719,946	1,226,215,557
Surplus on revaluation of property, plant and equipment	602,357,699	628,655,446
	<b>3,896,548,943</b>	<b>4,098,931,495</b>
<b>Non-current liabilities</b>		
Long-term finances	329,388,678	290,210,289
Liabilities against asset subject to finance lease	58,644,132	-
Deferred Liabilities	197,864,088	190,361,798
	<b>585,896,898</b>	<b>480,572,087</b>
<b>Current liabilities</b>		
Trade and other payables	573,356,475	522,727,339
Unclaimed dividends	9,471,048	15,589,883
Mark-up accrued on borrowings	106,224,163	72,150,897
Short-term borrowings	1,344,351,889	1,232,283,431
Current portion of against asset subject to finance lease	2,233,905	-
	<b>2,035,637,481</b>	<b>1,842,751,550</b>
<b>Contingencies and commitments</b>	-	-
<b>Total equity and liabilities</b>	<b>6,518,083,322</b>	<b>6,422,255,132</b>



Chief Executive Officer  
Lahore.




Chief Financial Officer

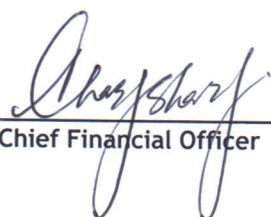


Director

**ITTEFAQ IRON INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**  
**AS AT 31 MARCH 2020**

ASSETS	Unaudited	Audited
	31 / Mar/ 2020	30 / Jun / 2019
	Rupees	Rupees
<b>Non-current assets</b>		
Property, plant and equipment	1,785,013,610	1,703,511,242
Long-term deposits	18,972,226	18,972,226
	<u>1,803,985,836</u>	<u>1,722,483,468</u>
<b>Current assets</b>		
Stores, spare parts and loose tools	321,553,251	225,053,856
Stock in trade	1,986,984,244	2,331,035,674
Trade debts	1,502,412,400	1,113,616,537
Loans and advances	395,292,698	642,998,633
Trade deposits and prepayments	83,364,519	127,397,447
Tax refunds due from government	314,074,893	123,619,331
Cash and bank balances	110,415,481	136,050,186
	<u>4,714,097,486</u>	<u>4,699,771,664</u>
<b>Total assets</b>	<u><u>6,518,083,322</u></u>	<u><u>6,422,255,132</u></u>

  
 Chief Executive Officer  
 Lahore.

  
 Chief Financial Officer

  
 Director

**ITTEFAQ IRON INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED 31 MARCH 2020**

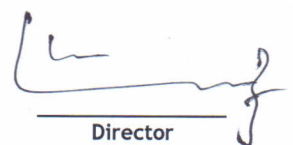
	9 Months ended		Quarter ended	
	31 / Mar/ 2020	31 / Mar/ 2019	31 / Mar/ 2020	31 / Mar/ 2019
	Rupees		Rupees	
Sales - net	2,272,153,212	4,892,836,559	825,634,240	1,759,091,337 ✓
Cost of sales	2,244,636,697	4,416,869,187	806,443,775	1,582,694,686
Gross profit	27,516,515	475,967,372	19,190,465	176,396,651 ✓
Other operating income	3,038,879	4,089,454	313,814	2,699,152
Distribution and selling cost	48,203,633	18,725,045	3,846,892	6,208,416
Administrative and general expenses	71,026,276	53,154,686	24,763,426	13,795,545
Other operating cost	630,668	20,906,585	-	7,225,390
Finance cost	84,675,454	127,275,355	28,554,440	61,619,140
	204,536,031	220,061,671	57,164,758	88,848,491
(Loss) / Profit before taxation	(173,980,637)	259,995,155	(37,660,479)	90,247,312
Taxation	(28,401,915)	(59,193,015)	(11,704,350)	(26,001,485)
(Loss) / Profit after taxation	(202,382,552)	200,802,139 ✓	(49,364,829)	64,245,827 ✓
Total comprehensive (Loss) / Profit	(202,382,552)	200,802,139	(49,364,829)	64,245,827
Loss per share - basic and diluted	(1.40)	1.39	(0.34)	0.45 ✓



Chief Executive Officer  
Lahore.



Chief Financial Officer



Director

**ITTEFAQ IRON INDUSTRIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED 31 MARCH 2020**

	----- Nine months ended -----	
	31 / Mar/ 2020	31 / Mar/ 2019
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(173,980,637)	259,995,155
Adjustments for non-cash charges / items:		
Depreciation of property, plant and equipment	86,595,689	91,997,682
Provision for gratuity	10,854,382	8,833,537
Gain on sale of fixed asset	(20,063)	(960,961)
Finance cost	84,675,454	127,275,355
	182,105,462	227,145,613
Loss before working capital changes	8,124,825	487,140,768
Working capital changes		
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(96,499,395)	(116,382,617)
Stock in trade	344,051,430	217,356,019
Trade debts	(388,795,863)	(539,703,877)
Loans and advances	247,705,935	-
Trade deposits and prepayments	44,032,928	-
Tax refunds due from government	(190,455,562)	(70,466,695)
(Decrease) in trade and other payables	50,629,136	52,854,253
	10,668,610	(456,342,917)
Cash (used in) / generated from operations	18,793,435	30,797,851
Income tax paid	(62,854,810)	(49,529,574)
Finance cost paid	(50,602,188)	(101,244,983)
Gratuity paid	(3,413,541)	(4,510,828)
<b>Net cash (used in) / generated from operating activities</b>	<b>(98,077,104)</b>	<b>(124,487,535)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(43,828,935)	(24,773,566)
Capital work in progress	-	(27,060,503)
Proceeds from disposal of fixed assets	-	2,373,000
Security deposits	-	(164,200)
<b>Net cash in / (out) flow from investing activities</b>	<b>(43,828,935)</b>	<b>(49,625,269)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(6,118,835)	(29,878,997)
Loan from directors	19,589,194	-
Short term borrowings	112,068,458	120,968,855
Repayment of lease liabilities	(9,267,483)	-
<b>Net cash in / (out) flow from financing activities</b>	<b>116,271,334</b>	<b>91,089,858</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(25,634,705)</b>	<b>(83,022,946)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>136,050,186</b>	<b>152,333,352</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>110,415,481</b>	<b>69,310,406</b>

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive Officer

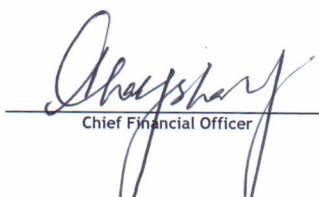
Director

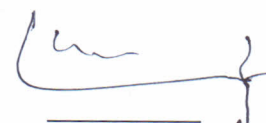
Chief Financial Officer

ITTEFAQ IRON INDUSTRIES LIMITED  
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
 FOR THE NINE MONTHS ENDED 31 MARCH 2020

	Share capital	Reserves			Equity portion of loan from directors	Total equity
		Capital		Revenue		
		Share premium	Surplus on revaluation of operating asset	Un-appropriated profit		
----- Rupees -----						
Balance as at 30 June 2018	1,312,212,400	774,507,925	655,194,969	1,167,519,815	50,081,244	3,959,516,353
Profit after taxation for the year	-	-	-	198,190,844	-	198,190,844
Other comprehensive income						
Remeasurements of benefit plan						
plan	-	-	-	3,258,220	-	3,258,220
Less: Related deferred tax	-	-	-	(944,884)	-	(944,884)
	-	-	-	2,313,336	-	2,313,336
Amortization of unwinding of interest on loan from directors	-	-	-	23,962,317	(23,962,317)	-
Transfer from revaluation surplus (net of deferred tax)	-	-	(31,061,105)	31,061,105	-	-
Adjustment in revaluation surplus due to change in rate of tax	-	-	4,521,582	-	-	4,521,582
Bonus shares issued	131,221,240	-	-	(131,221,240)	-	-
Dividend of Re. 0.50 per share for the year 2018	-	-	-	(65,610,620)	-	(65,610,620)
<b>Balance as at 30 June 2019</b>	<b>1,443,433,640</b>	<b>774,507,925</b>	<b>628,655,446</b>	<b>1,226,215,557</b>	<b>26,118,927</b>	<b>4,098,931,495</b>
Loss after taxation for the year	-	-	-	(202,382,552)	-	(202,382,552)
Transfer from revaluation surplus (net of deferred tax)	-	-	(26,297,747)	26,297,747	-	-
Amortization of unwinding of interest on loan from directors	-	-	-	19,589,195	(19,589,195)	-
<b>Balance as at 31 March 2020 Un-audited</b>	<b>1,443,433,640</b>	<b>774,507,925</b>	<b>602,357,699</b>	<b>1,069,719,946</b>	<b>6,529,732</b>	<b>3,896,548,943</b>

  
 Chief Executive Officer

  
 Chief Financial Officer

  
 Director

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**ITTEFAQ IRON INDUSTRIES LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED 31 MARCH 2020**

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**1 STATUS AND ACTIVITIES**

Ittefaq Iron Industries Limited ("the Company") was incorporated on 13 April 2007 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on 20 February 2004. On 5 January 2017 the Company is converted into an unquoted public company. The Company was listed on Pakistan Stock Exchange on 3 July 2017.

The principal business of the Company is the manufacturing of iron bars, girders and related products. The registered office of the Company is situated at 40 B / II, Gulberg III, M. M. Alam Road, Lahore.

**2 STATEMENT OF COMPLIANCE**

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IAS 34 and IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2019.

**3 BASIS OF MEASUREMENT**

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statements, all the transactions have been accounted for on accrual basis.

**4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and method for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended June 30, 2019.

**5 AUTHORIZATION FOR ISSUE**

These financial statements have been approved by the board of directors of the Company and authorized for issue on 27 April 2020

**6 CORRESPONDING FIGURES**

6.1 Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.

6.2 Figures have been rounded off to the nearest of rupees.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer