



**INTERNATIONAL
STEELS LIMITED**

CREATING VALUE

**UNAUDITED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2021**



CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS
ENDED MARCH 31, 2021

In the name of Allah, the most Gracious, the most Merciful.
This is by the Grace of Allah

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International Steels Limited

COMPANY INFORMATION

Chairman (Independent Director)

Dr. Amjad Waheed

Independent Directors

Mr. Nihal Cassim

Mr. Babar Badat

Ms. Nausheen Ahmad

Non-Executive Directors

Mr. Fuad Azim Hashimi

Mr. Haroun Rashid

Mr. Kamal A. Chinoy

Mr. Koji Fukushima

Mr. Mustapha A. Chinoy

Director & Chief Executive Officer

Mr. Yousuf H. Mirza

Director & Chief Operating Officer

Mr. Samir M. Chinoy

Chief Financial Officer

Mr. Mujtaba Hussain

Company Secretary

Mr. Mohammad Irfan Bhatti

Chief Internal Auditor

Mrs. Asema Tapal

External Auditors

A.F. Ferguson & Co.

Legal Advisor(s)

Mrs. Sana Shaikh Fikree

Investor Relations Contact

Shares Registrar

THK Associates (Pvt.) Ltd

Plot No. 32-C, Jami

Commercial Street 2, D.H.A.,

Phase VII, Karachi-75500

Phone: +9221-35890051

Mobile: 0334-2404222

Fax: +9221-35310191

Email: info@thk.com.pk

Registered Office

101, Beaumont Plaza, 10, Beaumont Road, Karachi – 75530

Telephone Nos: +9221-35680045-54, UAN: 021-111-019-019

Fax: +9221-35680373, E-mail: irfan.bhatti@isl.com.pk

Lahore Office

Chinoy House, 6 Bank Square, Lahore - 54000

Telephone Nos:+9242-37229752-55, UAN:+9242-111-019-019

Fax: +9242-37249755, E-mail: lahore@isl.com.pk

Islamabad Office

Office No.303-A, 3rd Floor Evacuee Trust Complex

Sector F-5/1 Agha Khan Road, Islamabad.

Telephone Nos: +9251-2823041-2, Fax: +9251-28230413

Multan Office

Office No. 708-A, "The United Mall", Plot No. 74,

Abdali Road, Multan

Telephone Nos: +9261-4570571

Factory

399 - 404, Rehri Road, Landhi, Karachi.

Telephone Nos: +9221-35013104 - 5

Fax: +9221-35013108, E-mail: info@isl.com.pk

Service Center

Plot# LE-73-79, 102-103, 112-118, 125-129

Survey # Nc.98, Near Arabian Country Club,

National Industrial Park, Bin Qasim, Karachi

Website

www.isl.com.pk

Bankers

Allied Bank Limited

Bank Al Habib Limited

Bank Alfalah Limited

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

Industrial and Commercial Bank of China Limited

MCB Bank Limited

MCB Islamic Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Samba Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

International Steels Limited
DIRECTORS' REPORT
For the nine months ended March 31, 2021

The directors of your company are pleased to present the directors' report and financial statements for the period ending March 31, 2021.

The global steel prices stayed on an uptrend with the resumption of the economic and industrial activities, which is primarily driven by strong international demand and rising input costs. The hot rolled coil prices have more than doubled since the beginning of the year. The price increase has also been supported by the anticipated decision of authorities in China about withdrawal of rebate on export of Alloy steel products. The prices may experience correction in the latter half of the year.

The economy has continued its recovery resulting in strong demand of flat steel products across all sectors of the industry. The recovery has been supported by lower current account deficit, stable currency, lower interest rates and better than expected GDP growth. Availability of Temporary Economic Refinance Facility (TERF) will further drive industrial activity in the country.

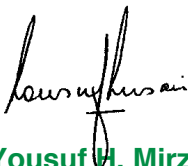
Your company announced on 9th March an additional investment of Rs.1.25 billion for enhancement in existing production capacity. Expansion will enable us meet the growing domestic demand. The investment will be financed through a combination of TERF and Long Term Finance Facility (LTFF). The project is expected to be commissioned by August next year.

Your company's sales have shown a significant growth of 32% over last year on account of higher sales volume and better prices. Similarly, the resulting profit after tax was Rs. 5,152 million vs Rs.655 million over last year. EPS was 11.84 vs 1.51 last year.

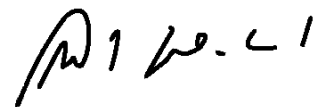
I welcome Mr. Haroun Rashid and Mr. Babar Badat to the Board of Directors of your company against casual vacancies. I am sure that the Board and the company will immensely benefit from their vast experience.

I wish to express my thanks to all our employees, esteemed customers, suppliers and bankers for their contribution to the company.

We pray to Almighty Allah for the continued success of your company.



Yousuf H. Mirza
Chief Executive Officer



Dr. Amjad Waheed
Chairman

Karachi: April 20, 2021

کمپنی کے ڈائریکٹرز 31 مارچ 2021 کو ختم ہونے والی مدت کیلئے ڈائریکٹرز رپورٹ اور مالیاتی تفصیلات بخوشی پیش کر رہے ہیں۔ معاشی اور صنعتی سرگرمیوں کے آغاز سے ہی عالمی سطح پر اسٹیل کی قیمتوں میں بڑھتا ہوا رجحان برقرار رہا، جس کی بنیادی وجہ بین الاقوامی سطح پر شدید طلب اور لاگت کی قیمتوں میں اضافہ ہے۔ ہاٹ رولڈ کوائل کی قیمتوں میں اس سال کے آغاز سے اب تک دو گنا سے زائد اضافہ ہو چکا ہے۔ قیمتوں میں اضافے کی ایک وجہ چین میں موجود اتھارٹیز کے متوقع فیصلے ہیں جو ایلوئے اسٹیل کی مصنوعات کی برآمد پر رعایت کو ختم کرنا ہے۔ سال کی اول ششماہی کے بعد ان قیمتوں میں تصحیح متوقع ہے۔

معیشت مسلسل بحالی کی جانب گامزن ہے جس کی وجہ سے تمام صنعتی شعبوں میں فلیٹ اسٹیل کی مصنوعات میں شدید طلب کا رجحان دیکھا گیا ہے۔ کرنٹ اکاؤنٹ کے خسارے میں کمی، مستحکم کرنسی، کم شرح سود اور ملک کی مجموعی پیداوار میں غیر متوقع زائد اضافے نے بھی معیشت کی بحالی میں اہم کردار ادا کیا ہے۔ عارضی معاشی ریفرنانس فیسیلیٹی (TERF) کی دستیابی ملک کی صنعتی سرگرمیوں میں اضافے کا باعث بنے گی۔

آپ کی کمپنی نے 9 مارچ کو 1.25 بلین روپے کی اضافی سرمایہ کاری کا اعلان کیا تاکہ موجودہ پیداواری استعداد کو بڑھایا جاسکے۔ یہ پیداواری استعداد ملک کی بڑھتی ہوئی طلب کو پورا کرنے میں معاون ثابت ہوگی۔ یہ سرمایہ کاری عارضی معاشی ریفرنانس فیسیلیٹی (TERF) اور طویل مدتی فنانس فیسیلیٹی (LTFF) کے ذریعے عمل میں آئے گی۔ اس منصوبے کی تکمیل اگلے سال ماہ اگست تک ہونا متوقع ہے۔

زائد فروخت کے حجم اور بہتر قیمتوں کے باعث آپ کی کمپنی کی فروخت میں گزشتہ سال کی بنسبت 32 فیصد کا غیر معمولی اضافہ دیکھنے میں آیا۔ اسی طرح منافع بعد از ٹیکس 5,152 ملین روپے ریکارڈ ہوا جو گزشتہ سال 655 ملین روپے تھا۔ منافع فی حصص (EPS) مقابلتاً 11.84 رہا جو گزشتہ سال 1.51 تھا۔

اتفاقی اسامیوں پر میں جناب ہارون رشید اور جناب بابر بدات کو آپ کی کمپنی کے بورڈ آف ڈائریکٹرز میں شمولیت پر خوش آمدید کہتا ہوں۔ مجھے یقین ہے کہ بورڈ اور کمپنی ان کے وسیع تجربے سے بے حد مستفید ہوں گے۔

میں اپنے تمام ملازمین، معزز کسٹمرز، سپلائرز اور مینکرز کا کمپنی میں اعلیٰ معاونت کیلئے ممنون و مشکور ہوں۔

ہم آپ کی کمپنی کی مسلسل کامیابی کیلئے دعا گو ہیں۔

ڈاکٹر امجد وحید
چیئر مین

یوسف ایچ مرزا
چیف ایگزیکٹو آفیسر

| | Note | (Un-audited) March 31, 2021 | (Audited) June 30, 2020 |
|--|------|-----------------------------------|-------------------------------|
| (Rupees in '000) | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 19,716,105 | 20,638,354 |
| Right-of-use assets | | 23,761 | 49,377 |
| Intangible assets | | 964 | 1,197 |
| Long term deposit with Central Depository Company of Pakistan Limited | | 100 | 100 |
| | | 19,740,930 | 20,689,028 |
| Current assets | | | |
| Stores and spares | | 932,763 | 668,960 |
| Stock-in-trade | 6 | 13,588,694 | 15,132,206 |
| Trade debts | | 933,127 | 1,015,744 |
| Receivable from K-Electric Limited (KE) | | 66,066 | 39,393 |
| Advances, trade deposits and prepayments | 7 | 411,388 | 135,604 |
| Staff retirement benefit | | - | 7,238 |
| Sales tax receivable | | 1,274,652 | 4,033,659 |
| Taxation - net | | 170,848 | 1,033,184 |
| Cash and bank balances | | 3,821,991 | 106,196 |
| | | 21,199,529 | 22,172,184 |
| TOTAL ASSETS | | 40,940,459 | 42,861,212 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised share capital 500,000,000 (2020: 500,000,000) ordinary shares of Rs. 10 each | | 5,000,000 | 5,000,000 |
| Share capital Issued, subscribed and paid-up capital | | 4,350,000 | 4,350,000 |
| Revenue reserve Unappropriated profit | | 10,994,184 | 7,121,607 |
| Capital reserve Revaluation surplus on property, plant and equipment | | 1,228,767 | 1,254,208 |
| Total shareholders' equity | | 16,572,951 | 12,725,815 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long term finance - secured | 8 | 4,324,252 | 5,042,182 |
| Gas Infrastructure Development Cess payable | 9 | 699,292 | - |
| Deferred taxation | | 2,163,806 | 1,499,446 |
| Lease liabilities | | 7,314 | 38,098 |
| | | 7,194,664 | 6,579,726 |
| Current liabilities | | | |
| Trade and other payables | 10 | 7,893,375 | 8,921,279 |
| Contract liabilities | | 3,147,064 | 1,377,396 |
| Short term borrowings - secured | 11 | 4,511,448 | 11,520,404 |
| Unpaid dividend | | 2,490 | - |
| Unclaimed dividend | | 7,017 | 8,433 |
| Current portion of long term finance | 8 | 1,462,438 | 1,487,634 |
| Current portion of lease liabilities | | 19,905 | 16,755 |
| Accrued mark-up | | 129,107 | 223,770 |
| | | 17,172,844 | 23,555,671 |
| TOTAL LIABILITIES | | 24,367,508 | 30,135,397 |
| Contingency and commitments | 12 | | |
| TOTAL EQUITY AND LIABILITIES | | 40,940,459 | 42,861,212 |

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


Nihal Cassim
 Director & Chairman
 Board Audit Committee


Mujtaba Hussain
 Chief Financial
 Officer


Yousuf H. Mirza
 Chief Executive
 Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

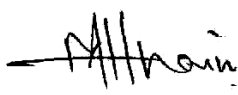
For the nine months ended March 31, 2021

| | Note | Nine months ended | | Three months ended | |
|---|------|---------------------|----------------|---------------------|----------------|
| | | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| ------(Rupees in '000)----- | | | | | |
| Net sales | 13 | 50,917,815 | 38,492,840 | 17,401,868 | 13,128,287 |
| Cost of sales | | (41,865,151) | (35,093,053) | (13,305,270) | (11,952,216) |
| Gross profit | | 9,052,664 | 3,399,787 | 4,096,598 | 1,176,071 |
| Selling and distribution expenses | | (615,538) | (731,892) | (256,701) | (290,067) |
| Administrative expenses | | (276,143) | (198,144) | (130,962) | (63,412) |
| | | (891,681) | (930,036) | (387,663) | (353,479) |
| Finance cost | | (595,932) | (1,746,490) | (158,037) | (400,528) |
| Other operating charges / income - net | | (609,386) | (26,158) | (253,218) | (27,769) |
| | | (1,205,318) | (1,772,648) | (411,255) | (428,297) |
| Other income | | 364,336 | (32,479) | 54,772 | (126,950) |
| Profit before taxation | | 7,320,001 | 664,624 | 3,352,452 | 267,345 |
| Taxation | 14 | (2,167,865) | (9,071) | (974,443) | (77,728) |
| Profit after taxation | | 5,152,136 | 655,553 | 2,378,009 | 189,617 |
| Earning per share - basic and diluted (Rupees) | | 11.84 | 1.51 | 5.47 | 0.44 |

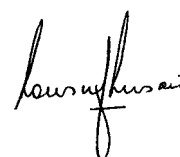
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Nihal Cassim
Director & Chairman
Board Audit Committee



Mujtaba Hussain
Chief Financial
Officer



Yousuf H. Mirza
Chief Executive
Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

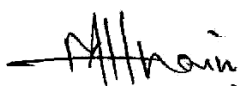
For the nine months ended March 31, 2021

| | Nine months ended | | Three months ended | |
|-----------------------------------|-----------------------------|-------------------|--------------------|-------------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2020 | March 31, 2020 |
| | ------(Rupees in '000)----- | | | |
| Profit after taxation | 5,152,136 | 655,553 | 2,378,009 | 189,617 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | 5,152,136 | 655,553 | 2,378,009 | 189,617 |

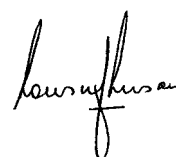
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Nihal Cassim
Director & Chairman
Board Audit Committee



Mujtaba Hussain
Chief Financial
Officer



Yousuf H. Mirza
Chief Executive
Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

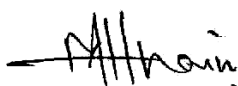
For the nine months ended March 31, 2021

| | | Nine months ended | |
|--|----|--------------------|-------------------|
| | | March 31, 2021 | March 31, 2020 |
| Note | | (Rupees in '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 15 | 14,347,460 | 4,709,190 |
| Finance cost paid | | (675,201) | (1,869,411) |
| Staff gratuity paid | | (11,175) | (17,714) |
| Compensated absences paid | | (6,698) | (8,536) |
| Income tax paid | | (641,167) | (535,315) |
| | | (1,334,241) | (2,430,976) |
| Net cash generated from operating activities | | 13,013,219 | 2,278,214 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for acquisition of property, plant and equipment | 5 | (262,389) | (1,677,168) |
| Right-of-use assets | | 12,996 | - |
| Proceeds from disposal of property, plant and equipment | | 21,344 | 23,921 |
| Income received on bank deposits | | 14,267 | 2,322 |
| Net cash used in investing activities | | (213,782) | (1,650,925) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long term finance | | 175,553 | 501,626 |
| Repayments of long term finance | | (918,679) | (792,297) |
| Proceeds from / (Repayment) of short term borrowings - net | | 1,374,373 | 638,044 |
| Lease liabilities | | (27,634) | 58,346 |
| Dividend paid | | (1,303,926) | (652,905) |
| Net cash used in financing activities | | (700,313) | (247,186) |
| Net increase in cash and cash equivalents | | 12,099,124 | 380,103 |
| Cash and cash equivalents at beginning of the period | | (8,568,724) | (6,232,042) |
| Cash and cash equivalents at end of the period | 16 | 3,530,400 | (5,851,939) |

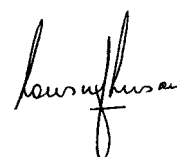
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Nihal Cassim
Director & Chairman
Board Audit Committee



Mujtaba Hussain
Chief Financial
Officer



Yousuf H. Mirza
Chief Executive
Officer

International Steels Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

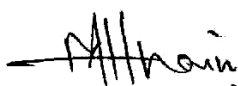
For the nine months ended March 31, 2021

| | Issued, subscribed & paid-up capital | Revenue reserve - unappropriated profit | Capital reserve - revaluation surplus on property, plant and equipment | Total |
|---|--|--|--|-------------------|
| ----- (Rupees in '000) ----- | | | | |
| Balance as at July 01, 2019 | 4,350,000 | 7,240,140 | 1,288,130 | 12,878,270 |
| Total comprehensive income for the period | | | | |
| Profit for the period | - | 655,553 | - | 655,553 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | 665,553 | - | 665,553 |
| Transactions with owners recorded directly in equity - distributions | | | | |
| Dividend: | | | | |
| Final dividend @ 15% (Rs. 1.50 per share) for the year ended June 30, 2019 | - | (652,500) | - | (652,500) |
| Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax | - | 29,486 | (29,486) | - |
| Balance as at March 31, 2020 | 4,350,000 | 7,272,679 | 1,258,644 | 12,881,323 |
| Balance as at July 01, 2020 | 4,350,000 | 7,121,607 | 1,254,208 | 12,725,815 |
| Total comprehensive income for the period | | | | |
| Profit for the period | - | 5,152,136 | - | 5,152,136 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | 5,152,136 | - | 5,152,136 |
| Total transactions with owners of the company | | | | |
| Dividend: | | | | |
| Interim Dividend @ 30% (Re. 3.00 per share) for the period ended December 31, 2020 | - | (1,305,000) | - | (1,305,000) |
| Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax | - | 25,441 | (25,441) | - |
| Balance as at March 31, 2021 | 4,350,000 | 10,994,184 | 1,228,767 | 16,572,951 |

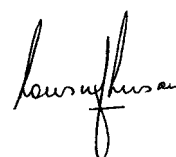
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Nihal Cassim
Director & Chairman
Board Audit Committee



Mujtaba Hussain
Chief Financial
Officer



Yousuf H. Mirza
Chief Executive
Officer

1. STATUS AND NATURE OF BUSINESS

International Steels Limited ('the Company') was incorporated on September 3, 2007 as a public unlisted Company limited by shares under the repealed Companies Ordinance, 1984 and is domiciled in the province of Sindh. The Company was listed on the Pakistan Stock Exchange Limited on June 1, 2011. The Company is subsidiary of International Industries Limited (The Holding Company) which holds 245,055,543 (June 30, 2020: 245,055,543) shares of the Company as at March 31, 2021 representing 56.3% (June 30, 2020: 56.3%) of the shareholding of the Company.

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

The primary activity of the Company is the business of manufacturing of cold rolled, galvanized and colour coated steel coils and sheets. The Company commenced commercial operations on January 1, 2011. The registered office of the Company is situated at 101, Beaumont Plaza, 10 Beaumont Road, Civil Lines, Karachi - 75530.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These condensed interim financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise:

- International Accounting Standard (IAS) 34 'Interim Financial Reporting' 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 IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended June 30, 2020.

2.1.3 The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended June 30, 2020, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended March 31, 2020.

2.1.4 These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for the Company's liability against defined benefit plan (gratuity) which is determined on the present value of defined benefit obligations less fair value of plan assets determined by an independent actuary, land & buildings at revalued amounts assessed by an independent valuer and derivative financial instruments which are stated at fair value.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded-off to the nearest thousand Rupee except where stated otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2020.

3.2 Changes in accounting standards, interpretations and pronouncements

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

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

b) Standards and amendments to approved accounting and reporting 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 January 1, 2021. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

4.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimating the uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended June 30, 2020.

4.3 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2020.

5. PROPERTY, PLANT AND EQUIPMENT

Cost / revalued amount

| | Operating assets | Capital work in progress | Total |
|-----------------------------|------------------|--------------------------|------------|
| ------(Rupees in '000)----- | | | |
| Opening balance | 26,735,120 | 107,338 | 26,842,458 |
| Additions | 59,661 | 415,141 | 474,802 |
| Adjustments | (82,675) | (129,738) | (212,413) |
| Disposals | (27,533) | - | (27,533) |
| | 26,684,573 | 392,741 | 27,077,314 |

Accumulated depreciation

| | | | |
|-----------------------|-------------|---|-------------|
| Opening balance | (6,204,104) | - | (6,204,104) |
| Charge for the period | (1,175,305) | - | (1,175,305) |
| Disposals | 18,200 | - | 18,200 |
| | (7,361,209) | - | (7,361,209) |

Written down value as at March 31, 2021 (Un-audited)

| | | |
|-------------------|----------------|-------------------|
| 19,323,364 | 392,741 | 19,716,105 |
|-------------------|----------------|-------------------|

Written down value as at June 30, 2020 (Audited)

| | | |
|------------|---------|------------|
| 20,531,016 | 107,338 | 20,638,354 |
|------------|---------|------------|

6. STOCK-IN-TRADE

| | (Un-audited) March 31, 2021 | (Rupees in '000) | (Audited) June 30, 2020 |
|-----------------|-----------------------------------|------------------|-------------------------------|
| Raw material | 3,545,349 | | 6,655,805 |
| - in hand | 5,938,855 | | 432,047 |
| - in transit | 1,559,578 | | 2,532,031 |
| Work-in-process | 2,451,800 | | 5,290,148 |
| Finished goods | 7,372 | | 10,666 |
| By-product | 85,740 | | 211,509 |
| Scrap material | 13,588,694 | | 15,132,206 |

7. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS

These include advances to suppliers amounting to Rs. 304.583 million (June 30, 2020: Rs. 79.25 million) which mainly include advance against import of Hot Rolled Coils (HRC).

8. LONG TERM FINANCE - secured

| | Note | (Un-audited) March 31, 2021 | (Rupees in '000) | (Audited) June 30, 2020 |
|----------------------------|-----------|-----------------------------------|------------------|-------------------------------|
| Conventional | | | | |
| Long term finance facility | 8.1 | 999,947 | | 1,205,940 |
| Islamic | | | | |
| Long term finance facility | 8.1 | 523,223 | | 545,908 |
| Long term finance | 8.2 & 8.3 | 4,244,923 | | 4,759,598 |
| Deferred Income | | | | |
| - Government Grant | 8.3 | 18,597 | | 18,370 |
| | | 5,786,690 | | 6,529,816 |

Current portion of long term finances shown under current liabilities

| | | | | |
|------------------------------------|--|--------------------|--|-------------|
| Conventional | | | | |
| Long term finance facility | | (250,023) | | (250,024) |
| Islamic | | | | |
| Long term finance facility | | (60,655) | | (36,614) |
| Long term finance | | (1,136,007) | | (1,189,921) |
| Deferred Income - Government Grant | | (15,753) | | (11,075) |
| | | (1,462,438) | | (1,487,634) |
| | | 4,324,252 | | 5,042,182 |

- 8.1** This finance has been obtained from commercial banks and an Islamic bank and is secured by way of pari passu charge over fixed assets of the Company.
- 8.2** These include long term finance amounting to Rs. 3,920 million (June 30, 2020: Rs. 4,410 million) from Islamic window of a commercial bank and is secured by way of ranking charge over fixed assets of the Company at the rate of KIBOR + 0.1%.
- 8.3** These also include long term loans of Rs. 343.521 million (June 30, 2020: Rs. 167.968 million) obtained under SBP Refinance Scheme for payment of wages and salaries, earmarked from running finance limit, which is secured against first Joint Pari Passu Hypothecation charge over stock and book debts. These loans are at concessional rate of mark-up ranging from 0.75% to 1% per annum (June 30, 2020: 1%).

Government grant amounting to Rs. 18.6 million (June 30, 2020: Rs. 18.37 million) has been recorded upto the period ended March 31, 2021 and Rs. 15.39 million (June 30, 2020: Rs. 0.718 million) has been amortised during the period. In accordance with the terms of the grant, the Company was prohibited to lay-off the employees at least for six months from the period April 2020 to September 2020 of the grant.

9. GAS INFRASTRUCTURE DEVELOPMENT CESS PAYABLE

During the period, the Supreme Court of Pakistan has decided the Appeal against consumers upholding the vires of GIDC Act, 2015 through its judgement dated August 13, 2020. The Review Petition was filed against the Judgment, wherein the Honourable Court has provided some relief by increasing the time period for recovery of GIDC from 24 instalments to 48 instalments. However, the review application has been dismissed.

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

The Company recorded the payable at its present value by discounting the future cash flows using three year PKRV rate and booked income of Rs. 183.64 million as other income in December 2020 out of which Rs. 1.032 million has been amortized upto March 31, 2021.

10. TRADE AND OTHER PAYABLES

| | | (Un-audited) March 31, 2021 | (Audited) June 30, 2020 |
|------------------------------------|------|-----------------------------------|-------------------------------|
| | Note | (Rupees in '000) | |
| | | 4,211,529 | 5,183,883 |
| Trade creditors | 10.1 | 1,436,879 | 2,231,861 |
| Accrued expenses | 10.2 | 1,501,412 | 1,320,075 |
| Provision for Infrastructure Cess | | 1,931 | 2,047 |
| Provision for government levies | | 12,742 | 11,485 |
| Short term compensated absences | | 393,848 | 1,290 |
| Workers' Profit Participation Fund | 10.3 | 297,991 | 149,278 |
| Workers' Welfare Fund | | 37,043 | 21,360 |
| Others | | <u>7,893,375</u> | <u>8,921,279</u> |

- 10.1** This include current portion of Gas Infrastructure Development Cess payable amounting to Rs. 373.12 million and it also includes provision against revision of gas tariff by Oil and Gas Regulation Authority.
- 10.2** 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, passed an interim order directing that every company subsequent to December 27, 2006 is required to clear the goods on paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Bank guarantees issued as per the above mentioned interim order amount to Rs.1,547.5 million (June 30, 2020: Rs. 1,330.5 million), have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Company on prudent basis. Subsequently through Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh infrastructure cess. The Company has obtained stay against these and the ultimate dispute has been linked with the previous infrastructure cess case.

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

11. SHORT TERM BORROWINGS - secured

| | Note | (Un-audited) March 31, 2021 | (Audited) June 30, 2020 |
|--|------|-----------------------------------|-------------------------------|
| (Rupees in '000) | | | |
| Conventional | | | |
| Running finance under mark-up arrangement from banks | 11.1 | 219,561 | 164,222 |
| Short-term borrowing under Money Market scheme | | | |
| - Maturing after three months | | - | 750,000 |
| - Maturing within three months | | - | 6,100,000 |
| | | - | 6,850,000 |
| Short term finance under Export Refinance Scheme | 11.2 | 2,800,000 | 1,175,628 |
| Islamic | | | |
| Short term finance under Running Musharakah | 11.3 | 72,030 | 2,410,698 |
| Short term finance under Export Refinance Scheme | 11.4 | 1,419,857 | 919,856 |
| | | 4,511,448 | 11,520,404 |

- 11.1** This represents short term finance obtained from various commercial banks for the purpose of meeting working capital requirements. The rate of mark-up on these finances ranges from 7.49% to 8.56% (June 30, 2020: 7.87% to 11.72%) per annum.
- 11.2** This represents short term finance facility obtained under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The rate of mark-up on this facility ranges from 2.75% to 3% (June 30, 2020: 3%) per annum.
- 11.3** This represents short term finance facility obtained under Running Musharakah. The rate of mark-up ranges from 7.40% to 7.70% (June 30, 2020: 8.46% to 11.84%) per annum. This facility matures within twelve months and is renewable.
- 11.4** This represents short term finance facility obtained under Islamic Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The rate of mark-up on this facility is 3% (June 30, 2020: 3%) per annum.
- 11.5** As at March 31, 2021, the unavailed facilities from the above borrowings amounted to Rs. 17,494 million (June 30, 2020: Rs. 7,879.59 million).
- 11.6** The above facilities are secured by way of joint pari passu charge over current and future moveable assets of the Company.

12. CONTINGENCY AND COMMITMENTS

12.1 Contingency

| 12.1.1 | Description of the factual basis of the proceedings and relief sought | Name of the court | Principal parties | Date instituted |
|--------|--|-------------------|--|------------------|
| | A petition was filed before the Sindh High Court seeking order for the issuance of quota for concessionary import under SRO 565; release of 85,000 tons of HRC arrived at the port in November 2019 and for future shipments. SHC granted release of 85,000 tons of HRC against submission of bank guarantee for the differential amount of duty and 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 and taxes. As ordered, the Input Output Co-efficient Organization (IOCO) is issuing quota equivalent to ordered / shipped quantity of raw material on case to case basis. | Sindh High Court | I.S.L. vs Federation of Pakistan / Director IOCO / The Chief Collector (South) | November 4, 2019 |

12.2 Commitments

12.2.1 Capital expenditure commitments outstanding as at March 31, 2021 amounted to Rs. 409.14 (June 30, 2020: Rs. 78.46 million).

12.2.2 Commitments under Letters of Credit for raw materials and spares as at March 31, 2021 amounted to Rs. 15,525 million (June 30, 2020: Rs. 8,419 million).

12.2.3 The facilities for opening letters of credit and guarantees from banks as at as at March 31, 2021 amounted to Rs. 26,000 million (June 30, 2020: Rs. 25,472 million) and Rs. 5,754 million (June 30, 2020: Rs. 4,061 million) respectively of which unutilised balance at period end amounted to Rs. 15,084 million (June 30, 2020: Rs. 17,053 million) and Rs. 446 million (June 30, 2020: Rs. 229 million) respectively.

13. NET SALES

| | Nine months ended | | Three months ended | |
|------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | March 31, 2021 (Un-audited) | March 31, 2020 (Un-audited) | March 31, 2021 (Un-audited) | March 31, 2020 (Un-audited) |
| | ------(Rupees in '000)----- | | | |
| Local | 50,656,558 | 37,727,003 | 16,866,690 | 12,589,564 |
| Export | 8,313,873 | 6,840,148 | 3,172,645 | 2,529,957 |
| | 58,970,431 | 44,567,151 | 20,039,335 | 15,119,521 |
| Sales tax | (7,410,806) | (5,348,793) | (2,457,240) | (1,849,863) |
| Trade discounts | (93,301) | (335,834) | (5,080) | (30,624) |
| Sales commission | (548,509) | (389,684) | (175,147) | (110,747) |
| | (8,052,616) | (6,074,311) | (2,637,467) | (1,991,234) |
| | 50,917,815 | 38,492,840 | 17,401,868 | 13,128,287 |

14. TAXATION

| | | | | |
|----------|--------------------|-----------|------------------|-----------|
| Current | (1,503,503) | (284,770) | (899,700) | (100,162) |
| Deferred | (664,362) | 275,699 | (74,743) | 22,434 |
| | (2,167,865) | (9,071) | (974,443) | (77,728) |

| 15. CASH GENERATED FROM OPERATIONS | Note | Nine months ended | |
|--|------|-----------------------------------|-----------------------------------|
| | | March 31, 2021 (Un-audited) | March 31, 2020 (Un-audited) |
| Profit before taxation | | 7,320,001 | 664,624 |
| Adjustments for: | | | |
| Depreciation and amortisation | | 1,188,159 | 1,044,760 |
| Gain on disposal of property, plant and equipment | | (12,011) | (1,019) |
| Provision for obsolescence against spares | | 59,500 | 26,256 |
| Provision for staff gratuity | | 18,413 | 17,714 |
| Provision for compensated absences | | 7,955 | 5,534 |
| Income on bank deposits | | (14,267) | (2,322) |
| Finance cost | | 595,932 | 1,746,490 |
| Government grant | | (15,394) | - |
| | | 1,828,287 | 2,837,413 |
| Changes in working capital | 15.1 | 5,199,172 | 1,207,153 |
| | | 14,347,460 | 4,709,190 |
| 15.1 CHANGES IN WORKING CAPITAL | | | |
| Decrease / (Increase) in current assets: | | | |
| Stores and spares | | (323,306) | (123,931) |
| Stock-in-trade | | 1,543,512 | (1,965,178) |
| Receivable from K-Electric Limited | | (26,673) | (91,633) |
| Trade debts | | 82,617 | (2,491,811) |
| Advances, trade deposits and short-term prepayments | | (275,784) | 7,408 |
| Sales tax receivable | | 2,759,007 | (431,392) |
| | | 3,759,373 | (5,096,537) |
| Increase in current liabilities: | | | |
| Trade and other payables | | 1,439,799 | 6,303,690 |
| | | 5,199,172 | 1,207,153 |
| 16. CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 3,821,991 | 96,473 |
| Running finance under mark-up arrangement from banks | 11 | (219,561) | (209,590) |
| Short-term borrowing under Money Market scheme | 11 | - | (4,950,000) |
| Short term borrowing under Running Musharakah | 11 | (72,030) | (788,822) |
| | | 3,530,400 | (5,851,939) |

17. TRANSACTIONS WITH RELATED PARTIES

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

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. Rental income is recognized on straight line basis over the term of the respective lease agreement.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements, are as follows:

| | Nine months ended | | Three months ended | |
|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | March 31, 2021 (Un-audited) | March 31, 2020 (Un-audited) | March 31, 2021 (Un-audited) | March 31, 2020 (Un-audited) |
| ----- (Rupees in '000) ----- | | | | |
| Holding company | | | | |
| Sales | 1,024 | 1,572,505 | 553 | - |
| Purchases | 4,657 | 131,396 | 1,193 | 4,542 |
| Rent | 111,442 | 34,635 | 2,741 | 22,710 |
| Shared resources cost | 56,443 | 63,030 | 19,833 | 21,927 |
| Reimbursement of expenses | 10,959 | 2,986 | 1,349 | 766 |
| Partial manufacturing -sales | - | 6,431 | - | 378 |
| Dividend paid | 735,167 | 367,583 | 735,167 | - |
| Associated undertakings | | | | |
| Sales | 572,879 | 807,004 | 385,239 | 361,658 |
| Purchases | 18,211,049 | 19,871,656 | 7,337,917 | 10,120,454 |
| Dividend paid | 118,433 | 59,216 | 118,433 | - |
| Rental income | 1,822 | 2,796 | 608 | 601 |
| Reimbursement of expenses | 1,170 | 1,762 | - | 585 |
| Services* | 29,611 | 56,144 | 6,372 | 2,336 |
| Key management personnel | | | | |
| Remuneration | 170,268 | 173,755 | 57,688 | 56,738 |
| Staff retirement funds | | | | |
| Contribution paid | 33,590 | 39,332 | 14,256 | 12,684 |
| Non-executive directors | | | | |
| Directors' fee | 6,600 | 5,325 | 3,000 | 2,100 |
| Reimbursement of Chairman's expenses | 3,605 | 2,178 | 408 | 884 |

*Services include Jubilee Life, Beaumont Plaza, Amir Sultan Foundation, Karwan-e-Hayat, Landhi Association of Trade and Industry, Employers' Federation of Pakistan and Habib University.

18. OPERATING SEGMENTS

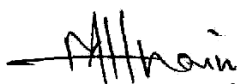
- 18.1** These condensed interim financial statements have been prepared on the basis of a single reportable segment.
- 18.2** Revenue from sales of steel products represents 99% (March 31, 2020: 99%) of total revenue whereas remaining represent revenue from sale of surplus electricity to KElectric Limited (KE). The Company does not consider sale of electricity to KE as separate reportable segment as the power plant of the Company is installed primarily to supply power to its Cold Rolling, Galvanizing and Colour Coating Plants and currently any excess electricity is sold to KE.
- 18.3** 86% (March 31, 2020: 85%) of sales of steel sheets are domestic sales whereas 14% (March 31, 2020: 15%) of sales are export / foreign sales.

19. Date of authorisation for issue

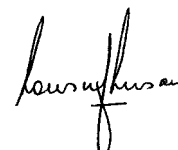
These condensed interim financial statements were authorised for issue by the Board of Directors on April 20, 2021.



Nihal Cassim
Director & Chairman
Board Audit Committee



Mujtaba Hussain
Chief Financial
Officer



Yousuf H. Mirza
Chief Executive
Officer