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UNAUDITED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022



UNAUDITED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022



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COMPANY INFORMATION

Chairman (Non-Executive)

Mr. Kamal A. Chinoy

Independent Directors

Dr. Amjad Waheed
Ms. Nausheen Ahmad
Mr. Nihal Cassim

Non-Executive Directors

Mr. Haroun Rashid
Mr. Mustapha A. Chinoy
Mr. Shuji Tsubota

Director and Chief Operating Officer

Mr. Samir M. Chinoy

Chief Executive Officer

Mr. Yousuf H. Mirza

Chief Financial Officer

Mr. Mujtaba Hussain

Company Secretary & Head of Legal Affairs

Mr. Mohammad Irfan Bhatti

External Auditors

A. F. Ferguson & Co., Chartered Accountants

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: +92 21-111-000-322, +92 21-37120628-29
Email: sfc@thk.com.pk

Registered Office

101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.
Telephone Numbers : +9221-35680045-54
UAN : +92 21-111-019-019, Fax : 021-35680373
E-mail : irfan.bhatti@isl.com.pk

Lahore Office

Chinoy House, 6 Bank Square, Lahore - 54000.
Telephone Nos: +92 42-37229752-55,
UAN: +92 42-111-019-019
Fax: +92 42-37249755
E-Mail: lahore@isl.com.pk

Islamabad Office

Office No.303-A, 3rd Floor, Evacuee Trust Complex,
Sector F-5/1, Sir Agha Khan Road, Islamabad.
Telephone Nos: +92 51-2823041 - 2 Fax: 051-28230413

Multan Office

Office No. 708-A, "The United Mall", Plot No. 74,
Abdali Road, Multan.
Telephone Nos: +92 61-4570571

Factory

399 - 404, Rehri Road, Landhi, Karachi.
Telephone Nos: +92 21-35013104 - 5 Fax : 021-35013108
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.
Telephone Nos: +92 21-34724184

Website

www.isl.com.pk

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan 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



DIRECTORS' REPORT

FOR THE PERIOD ENDED SEPTEMBER 30, 2022

The Directors of your Company are pleased to present the financial statements for the quarter ended 30th September 2022.

The national economy continued to face serious headwinds exacerbated by unprecedented floods during the quarter. Strong domestic demand post COVID, coupled with low productivity growth, high global commodity prices and weak exports contributed to severe external imbalances. The Government through its contractionary budget has aimed to slow down economy. Stabilization measures such as LC Cash Margin on imports including company's basic raw material HRC, high interest rates of 15% and various import restrictions have adversely impacted the business environment. The recommencement of IMF program is expected to create macroeconomic stability.

Despite economic slowdown, inflationary pressures continue to persist with inflation recorded at 23%. PKR continues to slide against USD from Rs. 205 to as high as Rs. 241 and then finally settling down at Rs. 228 at quarter end, depreciating by further 11%. Government's focus on reducing the current account deficit managed to reduce it to USD 2.2 Bn for the quarter could not arrest erosion of foreign exchange reserves. As a result of these factors, large scale manufacturing has continued to exhibit a decline and may aggravate further due to gas shortages in the winter.

Global steel output is declining due to weak demand in industrialized countries on account of fears of an expected recession, high interest rates to curb rising inflation. The ongoing conflict between Russia and Ukraine has resulted in higher energy prices in the west contributing to a further slowdown in the European markets. Major steel manufacturers including in China have reduced their steel production to support prices with little success. Hot Rolled Coil prices continued to weaken and has so far shown a decline of 40% to USD 600 – 650 / MT after touching a peak of USD 1,100 last year.

The Company achieved net sales of Rs. 16.5 Bn as compared to Rs. 24.5 Bn, declining by 33% over last year. Government policy of economic slowdown coupled with high inflation and floods have seriously impacted the domestic demand. Subdued demand has caused inventory buildup exerting pressure on finance costs. Your Company continued to capitalize on its global footprint with a contribution of 20% and 22% in the overall sales volume and net sales respectively. PAT and earnings per share remained at Rs. 448 million and Rs. 1.03 as compared to Rs.2,668 million and Rs. 6.13 over same period last year.

Your Company is committed to invest in new technology, quality enhancements and exploring new markets for its product. New Electrolytic Cleaning Line has stabilized and enabled the Company to serve Tin plate segment of the Cold Rolled market.

The Company expects a recovery on the back of improved demand in the second half of the year. The political stability and fiscal discipline supported by IMF program would help in reviving the economic activity.

We thank the management and staff for their untiring efforts in achieving our goals.

We pray to almighty Allah for the continued success of your Company.

Mr. Yousuf H. Mirza

Chief Executive Officer

Mr. Kamal A. Chinoy

Chairman

Karachi : 24 October 2022

ڈائریکٹرز کی رپورٹ

برائے سہ ماہی اختتامہ 30 ستمبر 2022

آپ کی کمپنی کے ڈائریکٹرز مالیاتی گوشوارے برائے سہ ماہی اختتامہ 30 ستمبر 2022 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

میں غیر معمولی سیلاب کے باعث قومی معیشت کو درپیش شدید مشکلات میں مزید اضافہ ہو گیا۔ کووڈ کے بعد مقامی مضبوط طلب، نیز کم پیداواری نمو، عالمی سطح پر بلند قیمتوں اور کمزور برآمدات سے شدید بیرونی عدم توازن پیدا ہوا۔ حکومت نے اپنے تخفیفی بجٹ کے ذریعے معیشت کی رفتار کو کم رکھا۔ استحکام کے اقدامات، جیسے درآمدات پر ایل سی کیش مارجن بشمول کمپنی کے بنیادی خام مال HRC، 15% کی بلند شرح سود اور مختلف درآمدی پابندیوں سے کاروباری ماحول پر منفی اثر پڑا ہے۔ IMF پروگرام کے دوبارہ اجراء سے میکرو اکنامک استحکام پیدا ہونے کی توقع ہے۔

معیشت کی سست روی کے باوجود افراط زر کا دباؤ جاری ہے جو 23% کی ریکارڈ سطح تک بڑھ چکا ہے۔ یو ایس ڈالر کے مقابلے میں پاکستانی روپیہ 205 سے بڑھ کر 241 تک پہنچ گیا اور سہ ماہی کے اختتام تک 11% کی کمی کے ساتھ 228 کی سطح تک نیچے آ گیا۔

حکومت کی توجہ کرٹ خسارے میں کمی کی جانب رہی اور اس سہ ماہی میں 2.2 بلین یو ایس ڈالر کی کمی لانے میں کامیاب ہوئی مگر زرمبادلہ کے ذخائر میں کمی پر قابو نہ پایا جاسکا۔ ان عوامل کے نتیجے میں بڑے پیمانے کی مینوفیکچرنگ میں کمی جاری رہی جو موسم سرما میں گیس کی قلت کے سبب مزید بڑھ سکتی ہے۔

عالمی سطح پر اسٹیل کی پیداوار میں کمی آئی جس کی وجہ متوقع کساد بازاری کے خدشات، بڑھتے ہوئے افراط زر پر قابو کیلئے بلند شرح سود کی بناء پر صنعتی ممالک میں طلب کا کم ہونا تھی۔ روس اور یوکرین میں جاری تنازعہ کے نتیجے میں مغرب میں توانائی کی قیمتوں میں اضافہ ہوا جس سے یورپین مارکیٹس میں کاروبار میں مزید سست روی پیدا ہوئی۔ اسٹیل کے بڑے مینوفیکچررز بشمول چین نے قیمتوں کو سپورٹ کرنے کیلئے اپنی اسٹیل کہ پیداوار میں کمی کر دی جس سے معمولی سی کامیابی حاصل ہوئی۔ ہاٹ رولڈ کوال کی قیمتیں بھی کم رہیں اور گزشتہ سال کی بلند ترین سطح 1,100 یو ایس ڈالر سے اب تک 40% تک کمی کے ساتھ 600-650/MT یو ایس ڈالر تک آ گئیں۔

کمپنی کی خالص فروخت 16.5 بلین روپے ہوئی جو گزشتہ سال کے 24.5 بلین روپے کے مقابلے میں 33% کم ہے۔ حکومت کی معیشت میں سست روی کی پالیسی کے ساتھ بلند افراط زر اور سیلاب سے مقامی طلب پر شدید اثرات مرتب ہوئے ہیں۔ طلب میں کمی کے نتیجے میں انونٹری میں اضافے سے مالیاتی لاگت پر دباؤ بڑھ گیا۔ آپ کی کمپنی نے اپنی عالمی سطح پر موجودگی کے سبب مجموعی فروخت کے حجم اور خالص فروخت میں بالترتیب 20% اور 22% اضافہ حاصل کیا۔ بعد از ٹیکس منافع اور فی شیئر آمدنی بالترتیب 448 ملین روپے اور 1.03 روپے رہے جو گزشتہ سال کی اسی مدت میں 2,668 ملین روپے اور 6.13 روپے تھے۔

آپ کی کمپنی نئی ٹیکنالوجی، معیار کی بلندی اور اپنی پروڈکٹس کیلئے نئی مارکیٹس کی دریافت میں سرمایہ کاری کیلئے پرعزم ہے۔ نئی الیکٹرو لائٹنگ لائن سے استحکام پیدا ہوا اور کمپنی کو کولڈ رولڈ مارکیٹ کے ٹن پلیٹ کے شعبہ میں کام جاری رکھنے میں مدد ملی ہے۔

کمپنی کو سال کے دوسرے نصف حصے میں طلب کے بہتر ہو جانے کے سبب کاروباری بحالی کی توقع ہے۔ سیاسی استحکام اور IMF پروگرام کے ذریعے مالیاتی نظم و ضبط قائم ہونے سے معاشی سرگرمی کے دوبارہ شروع ہونے میں مدد ملے گی۔

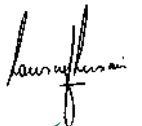
ہم اپنے اہداف کے حصول کیلئے انتظامیہ اور ملازمین کی انتھک کوششوں کے شکر گزار ہیں۔

ہم آپ کی کمپنی کی مسلسل کامیابی کیلئے اللہ تعالیٰ سے دعا گو ہیں۔



کمال اے چنائے

چیئر مین



یوسف علی مرزا

چیف ایگزیکٹو آفیسر

کراچی: 24 اکتوبر 2022



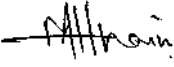
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

As at September 30, 2022		(Un-audited) September 30	(Audited) June 30
Note	2022	2022	
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	20,468,877	20,749,605
Right-of-use assets		58,566	63,725
Intangible assets		190,585	176,866
Long term deposit with Central Depository Company of Pakistan Limited		100	100
		20,718,128	20,990,296
Current assets			
Stores and spares		896,129	904,026
Stock-in-trade	6	32,320,010	30,196,653
Trade debts		673,446	1,034,132
Receivable from K-Electric Limited (KE)		47,328	32,874
Advances, trade deposits and prepayments		113,743	110,795
Sales tax receivable		2,871,943	1,739,818
Cash and bank balances		218,886	896,462
		37,141,485	34,914,760
Total assets		57,859,613	55,905,056
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
500,000,000 (2022 : 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		13,348,211	14,835,313
Capital reserve			
Revaluation surplus on property, plant and equipment		2,388,837	2,410,776
Total shareholders' equity		20,087,048	21,596,089
LIABILITIES			
Non-current liabilities			
Long term financing - secured	7	2,702,414	2,778,846
Deferred income - Government grant		130,392	136,550
Gas Infrastructure Development Cess	8	360,920	426,521
Deferred taxation - net		1,522,040	1,705,161
Lease liabilities		44,000	48,786
		4,759,766	5,095,864
Current liabilities			
Trade and other payables	9	5,436,389	6,470,477
Contract liabilities		833,415	2,290,226
Short term borrowings - secured	10	21,951,401	17,359,553
Unpaid dividend		1,958,060	-
Unclaimed dividend		9,730	10,301
Current portion of long term financing - secured	7	1,373,894	1,419,495
Current portion of lease liabilities		17,189	16,155
Taxation - net		923,978	1,375,883
Accrued mark-up		508,743	271,013
		33,012,799	29,213,103
		37,772,565	34,308,967
TOTAL LIABILITIES			
Contingency and commitments	11		
TOTAL EQUITY AND LIABILITIES		57,859,613	55,905,056

The annexed notes from 1 to 18 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



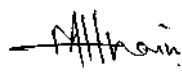
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the three months ended September 30, 2022

Note	Three months ended	
	September 30	September 30
	2022	2021
	(Rupees in '000)	
Profit after taxation	448,459	2,667,622
Other comprehensive income	-	-
Total comprehensive income for the period	448,459	2,667,622

The annexed notes from 1 to 18 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



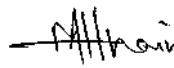
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the three months ended September 30, 2022

	Issued, subscribed & paid-up capital	Revenue reserve- unappropriat- ed profit	Capital reserve- Revaluation surplus on property, plant and equipment	Total
	(Rupees in '000)			
Balance as at July 01, 2021	4,350,000	13,317,354	1,220,286	18,887,640
Profit for the period	-	2,667,622	-	2,667,622
Other comprehensive income	-	-	-	-
Total comprehensive income	-	2,667,622	-	2,667,622
Transactions with owners recorded directly in equity - distributions				
Dividend				
- Final dividend Rs. 7.00 per share for the year ended June 30, 2021	-	(3,045,000)	-	(3,045,000)
Total transactions with owners of the Company - distributions	-	(3,045,000)	-	(3,045,000)
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	8,480	(8,480)	-
Balance as at September 30, 2021	4,350,000	12,948,456	1,211,806	18,510,262
Balance as at July 01, 2022	4,350,000	14,835,313	2,410,776	21,596,089
Profit for the period	-	448,459	-	448,459
Other comprehensive income	-	-	-	-
Total comprehensive income	-	448,459	-	448,459
Transactions with owners recorded directly in equity - distributions				
Dividend				
- Final dividend Rs. 4.50 per share for the year ended June 30, 2022	-	(1,957,500)	-	(1,957,500)
Total transactions with owners of the Company - distributions	-	(1,957,500)	-	(1,957,500)
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	21,939	(21,939)	-
Balance as at September 30, 2022	4,350,000	13,348,211	2,388,837	20,087,048

The annexed notes from 1 to 18 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



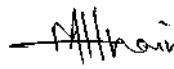
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

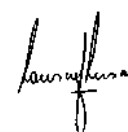
For the three months ended September 30, 2022

		Three months ended		
		September 30	September 30	
Note		2022	2021	
		(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES				
	Cash (used in) / generated from operations	14	(3,694,204)	608,700
	Finance cost paid		(615,453)	(113,887)
	Income on bank deposits received		2,180	18,020
	Staff retirement benefits paid		(8,108)	(7,576)
	Payment on account of compensated absences		(7,924)	(2,802)
	Income tax paid		(681,033)	(301,144)
	Net cash (used in) / generated from operating activities		(5,004,542)	201,311
CASH FLOWS FROM INVESTING ACTIVITIES				
	Payment for acquisition of property, plant and equipment	5	(126,044)	(73,244)
	Payment for acquisition of intangible assets		(13,797)	-
	Proceeds from disposal of property, plant and equipment		9,115	19,577
	Net cash used in investing activities		(130,726)	(53,667)
CASH FLOWS FROM FINANCING ACTIVITIES				
	Repayment of long term financing		(128,191)	(135,652)
	Proceeds from / (repayment of) short term borrowings - net		521,190	1,828,445
	Lease rentals paid		(5,954)	(5,418)
	Dividend paid		(11)	(355)
	Net cash generated from financing activities		387,034	1,687,020
	Net (decrease) / increase in cash and cash equivalents		(4,748,234)	1,834,664
	Cash and cash equivalents at beginning of the period		(9,530,310)	(2,283,977)
	Cash and cash equivalents at end of the period	15	(14,278,544)	(449,313)

The annexed notes from 1 to 18 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



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months ended September 30, 2022

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, 2022: 245,055,543 shares) shares of the Company as at September 30, 2022 representing 56.3% (June 30, 2022: 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, National Industrial Parks (NIP), Bin Qasim Industrial Park, Karachi.

The Company has sales offices at following locations:

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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, 2022.

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, 2022, 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 September 30, 2021.



- 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. SUMMARY OF 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, 2022.

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, 2022. 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, 2023. 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, 2022.
- 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, 2022.



5. PROPERTY, PLANT AND EQUIPMENT

Cost / revalued amount

	Operating assets	Capital work in progress	Total
	(Rupees in '000)		
Opening balance	28,477,022	574,400	29,051,422
Additions	25,543	112,742	138,285
Adjustments	13,302	(25,543)	(12,241)
Disposal	(10,711)	-	(10,711)
	28,505,156	661,599	29,166,755

Accumulated depreciation

Opening balance	(8,301,817)	-	(8,301,817)
Charge for the period	(404,668)	-	(404,668)
Disposal	8,607	-	8,607
	(8,697,878)	-	(8,697,878)

Written down value as at September 30, 2022 (Un-audited)

	19,807,278	661,599	20,468,877
Written down value as at June 30, 2022 (Audited)	20,175,205	574,400	20,749,605

6. STOCK-IN-TRADE

	Note	(Un-audited) September 30 2022	(Audited) June 30 2022
		(Rupees in '000)	
Raw material			
- in hand		17,232,325	12,626,302
- in transit		28,124	4,712,547
		17,260,449	17,338,849
Work-in-process		3,691,067	5,315,424
Finished goods		11,312,308	7,470,757
Scrap material		30,631	22,104
By-product		25,555	49,519
		32,320,010	30,196,653

7. LONG TERM FINANCING - secured

Conventional

Long Term Finance Facility (LTFF)	7.1	820,284	891,386
Temporary Economic Refinance Facility (TERF)		442,889	442,889

Islamic

Islamic Long Term Finance Facility (ILTFF)	7.1	432,239	447,402
Long Term Finance (LTF)	7.2	2,450,000	2,450,000

Payroll refinance scheme	7.3	85,880	128,820
		4,231,292	4,360,497

Deferred income - Government grant		(154,984)	(162,156)
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Current portion of long term finances shown under current liabilities

Conventional

Long Term Finance Facility (LTFF)		(250,020)	(250,020)
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Islamic

Islamic Long Term Finance Facility (ILTFF)		(57,994)	(60,655)
Long Term Finance (LTF)		(980,000)	(980,000)
Payroll refinance scheme		(85,880)	(128,820)
		(1,373,894)	(1,419,495)
		2,702,414	2,778,846



- 7.1** 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.
- 7.2** This long term finance has been obtained 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%.
- 7.3** This represents salaries and wages under SBP's Refinance Scheme for Payment of Wages and Salaries at concessionary rates, earmarked from running finance limit.

8. GAS INFRASTRUCTURE DEVELOPMENT CESS PAYABLE

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

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

The Company has revalued and recorded the payable at its present value by discounting the future cash flows using three year PKRV rate and has booked income of Rs. Nil (June 30, 2022: Rs. 49.42 million), as other income. The unwinding of the GIDC during the three months period ended September 30, 2022 amounts to Rs. 20.62 million (June 30, 2022: Rs. 76.99 million).

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

- 8.1** Following is the carrying amount of provision for GIDC and the movement during the year:

	Note	(Un-audited) September 30 2022	(Audited) June 30 2022
		(Rupees in '000)	
Current portion		799,499	713,283
Non-current portion		360,920	426,521
Total		1,160,419	1,139,804
Balance as at July 01		1,139,804	1,112,221
Initial recognition		-	-
Remeasurement		-	(49,414)
Recognised during the year		20,615	76,997
Payments		-	-
Balance as at June 30		1,160,419	1,139,804

9. TRADE AND OTHER PAYABLES

Trade creditors		247,274	434,497
Accrued expenses	9.1	1,858,336	2,574,838
Provision for infrastructure cess	9.2	2,854,448	2,596,977
Provision for government levies		1,679	778
Short term compensated absences		12,390	17,242
Workers' Profit Participation Fund		26,584	430,147
Workers' Welfare Fund	9.3	340,781	330,148
Deferred income - Government grant		24,591	25,606
Others		70,306	60,244
		5,436,389	6,470,477



9.1 These include current portion of provision for Gas Infrastructure Development Cess amounting to Rs. 799.5 million (June 30, 2022: Rs. 713.28 million) and provision against revision of gas tariff by Oil and Gas Regulation Authority amounting to Rs. 708.67 million (June 30, 2022: Rs. 688.38 million).

9.2 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 (SHC), passed an interim order directing that every company subsequent to December 27, 2006 is required to clear the goods on paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Subsequently through Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh Infrastructure Cess.

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

On September 01, 2021, the Supreme Court granted a stay order against the operation of the order of SHC dated June 04, 2021, that the bank guarantees already submitted by the Company in pursuant to the order of High Court is valid and enforceable. The court further ordered that imports should be released on submission of fresh bank guarantees equivalent to 100% of the fee amount under the Act.

Bank guarantees issued as per the above mentioned orders amounting to Rs. 2,822.5 million (June 30, 2022: Rs. 2,622.5 million) have been provided to the Excise and Taxation 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.

9.3 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.

10. SHORT TERM BORROWINGS - secured

		(Un-audited) September 30 2022	(Audited) June 30 2022
Note			
(Rupees in '000)			
Conventional			
Running finance under mark-up arrangement from banks	10.1	884,895	1,210,002
Short-term borrowing under Money Market scheme			
- Maturity after three months		-	-
- Maturing within three months		12,550,000	6,950,000
		12,550,000	6,950,000
Short term finance under Export Refinance Scheme	10.2	5,288,971	4,932,781
Islamic			
Short term finance under Running Musharakah	10.3	512,535	566,770
Short term finance under Term Musharakah			
- Maturing after three months		-	-
- Maturing within three months		550,000	1,700,000
		550,000	1,700,000
Short term finance under Export Refinance Scheme	10.4	2,165,000	2,000,000
		21,951,401	17,359,553



- 10.1** 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 15.24% to 16.11% (June 30, 2022: 11.95% to 14.61%) per annum.
- 10.2** 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 7.50% to 10.00% (June 30, 2022: 2.50% to 7.50%) per annum.
- 10.3** This represents short term finance facility obtained under Running Musharakah. The rate of mark-up ranges from 15.25% to 15.72% (June 30, 2022: 11.99% to 12.46%) per annum. This facility matures within twelve months and is renewable.
- 10.4** 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 10% (June 30, 2022: 3%) per annum.
- 10.5** As at September 30, 2022, the unavailed facilities from the above borrowings amounted to Rs. 6,723 million (June 30, 2022: Rs. 8,900 million).
- 10.6** The above facilities are secured by way of joint pari passu and ranking charge over current and future moveable assets of the Company.

11. CONTINGENCY AND COMMITMENTS

11.1 Contingency

There have been no significant changes during the period in the contingency reported in the annual audited financial statements for the year ended June 30, 2022.

11.2 Commitments

- 11.2.1** Capital expenditure commitments outstanding as at September 30, 2022 amounted to Rs. 273.57 million (June 30, 2022: Rs. 225.09 million).
- 11.2.2** Commitments under Letters of Credit for raw materials and spares as at September 30, 2022 amounted to Rs. 877.59 million (June 30, 2022: Rs. 2,791.76 million).
- 11.2.3** The facilities for opening letters of credit and guarantees from banks as at September 30, 2022 amounted to Rs. 37,300 million (June 30, 2022: Rs. 32,300 million) and Rs. 7,390 million (June 30, 2022: Rs. 7,390 million) respectively of which unutilized balance at period end amounted to Rs. 36,148.84 million (June 30, 2022: Rs. 29,283 million) and Rs. 275 million (June 30, 2022: Rs. 479 million) respectively.

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

Sale of goods less returns:
Local
Export

Sales Tax
Trade discounts
Sales Commission

----- (Un-audited) -----	
Three months ended	
September 30	September 30
2022	2021
(Rupees in '000)	
15,231,204	22,589,909
3,781,699	5,426,335
19,012,903	28,016,244
(2,233,359)	(3,301,375)
(108,113)	(4,000)
(127,314)	(221,531)
(2,468,786)	(3,526,906)
16,544,117	24,489,338

13. TAXATION

Current
Deferred

(229,128)	(862,978)
183,122	(90,658)
(46,006)	(953,636)



14. CASH GENERATED FROM OPERATIONS

		(Un-audited)	
		Three months ended	
		September 30	September 30
Note		2022	2021
		(Rupees in '000)	
	Profit before taxation	494,465	3,621,258
	Adjustments for:		
	Depreciation and amortisation	409,905	388,871
	Gain on disposal of property, plant and equipment	(7,011)	1,010
	Unwinding of Gas Infrastructure Development Cess	20,615	18,667
	Provision for obsolescence against spares	18,719	16,346
	Provision for staff gratuity	8,108	7,576
	Provision for compensated absences	3,072	3,152
	Income on bank deposits	(2,180)	(18,020)
	Finance costs	841,943	157,261
	Government grant	(7,172)	(4,391)
		1,285,999	570,472
14.1	Changes in working capital	(5,474,668)	(3,583,030)
		(3,694,204)	608,700

14.1 CHANGES IN WORKING CAPITAL

	Decrease / (Increase) in current assets:		
	Stores and spares	(10,822)	(95,284)
	Stock-in-trade	(2,123,357)	(11,037,270)
	Receivable from K-electric Limited	(14,454)	(9,746)
	Trade debts	360,686	(3,388,144)
	Advances, trade deposits and short-term prepayments	(2,948)	(312,634)
	Sales tax receivable	(1,132,125)	1,018,733
		(2,923,020)	(13,824,345)
	Decrease in current liabilities:		
	Trade and other payables	(1,094,837)	9,670,405
	Contract liabilities	(1,456,811)	570,910
		(5,474,668)	(3,583,030)

15. CASH AND CASH EQUIVALENTS

	Cash and bank balances	218,886	219,721
	Running finance under mark-up arrangements from banks	(884,895)	(450,408)
	Short-term borrowing under Money Market scheme	(12,550,000)	-
	Short-term borrowing under Term Musharakah	(550,000)	-
	Short-term borrowing under Running Musharakah	(512,535)	(218,626)
		(14,278,544)	(449,313)



16. 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:

		----- (Un-audited) -----	
		Three months ended	
		September 30	September 30
Note		2022	2021
		(Rupees in '000)	
Holding company			
	Sales	1,563,887	995,321
	Purchases	4,513	9,434
	Rent / Lease payments	2,947	2,947
	Shared resources cost	6,881	16,768
	Reimbursement of expenses	663	1,068
	Corporate, legal, marketing and internal audit services	2,749	4,526
	Dividend	1,102,750	1,715,389
Associated undertakings			
	Sales	899,527	1,009,772
	Purchases	9,635,175	24,486,630
	Dividend	177,649	276,344
	Rental Income	724	719
	Reimbursement of expenses	327	-
	Services	1,167	379
Key management personnel			
	Remuneration	82,214	71,112
Staff retirement funds			
	Contribution paid	17,398	16,201
Non-executive directors			
	Directors' fee	2,200	1,300



17. OPERATING SEGMENTS

- 17.1** These condensed interim financial statements have been prepared on the basis of a single reportable segment.
- 17.2** Revenue from sales of steel products represents 99.13% (September 30, 2021: 99.59%) of total revenue whereas remaining represent revenue from sale of surplus electricity to K-Electric Limited (KE). The Company does not consider sale of electricity to KE as separate reportable segment as the power plant of the Company is installed primarily to supply power to its Cold Rolling, Galvanizing and Colour Coating Plants and currently any excess electricity is sold to KE.
- 17.3** All non-current assets of the Company as at September 30, 2022 are located in Pakistan.
- 17.4** 80.11% (September 30, 2021: 80.63%) of gross sales of steel sheets are domestic sales whereas 19.89% (September 30, 2021: 19.37%) of sales are export / foreign sales.

18. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors on October 24, 2022.

Nihal Cassim
Director & Chairman
Board Audit Committee

Mujtaba Hussain
Chief Financial
Officer

Yousuf H. Mirza
Chief Executive
Officer