



**UNAUDITED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2024**

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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. Norihiro Mizota
Mr. Yousuf H. Mirza

CHIEF EXECUTIVE OFFICER

Mr. Samir M. Chinoy

CHIEF FINANCIAL OFFICER

Mr. Mujtaba Hussain

COMPANY SECRETARY & HEAD OF LEGAL AFFAIRS

Mr. Zohaib Raza Merchant

CHIEF INTERNAL AUDITOR

Syed Zaib Zaman Shah

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 : investors@isl.com.pk

LAHORE OFFICE

Chinoy House, 6 Bank Square, Lahore - 54000.
Telephone Nos: +92 42-37229752-55,
UAN: +92 42-111-019-019
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: +92 51-28230412-3

MULTAN OFFICE

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

FACTORY

399 - 405, 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, 2024

The Directors of your Company are pleased to present the Financial Statements for the quarter ended September 30, 2024.

Pakistan's economy has shown signs of recovery followed by the successful agreement with IMF for 37-month Extended Fund Facility, totalling USD 7 billion, to help stabilize fiscal conditions and support economic reform. The IMF projects Pakistan's GDP growth could reach 3.2% in the current fiscal year, but several challenges persist, including policy uncertainty, tight macroeconomic conditions, high energy costs, reduced consumer purchasing power, and political instability.

Global flat steel prices exhibited a volatile trajectory during the quarter, influenced by a confluence of factors. The weakening Chinese economy, a primary driver of global steel demand, coupled with increased production levels and inventory adjustments, contributed to a downward trend in prices. The slowdown in China's real estate sector and sluggish consumer spending further exacerbated the decline in steel demand. Consequently, the domestic steel industry faced challenges this quarter due to declining international steel prices to USD 500/MT from USD 640/MT. This downturn was compounded by the influx of tax-exempt materials from the FATA/PATA regions and circumvention of antidumping duties on galvanized steel.

Gas tariff for captive power was further increased by 10% to Rs. 3,000/MMBtu. To mitigate the impact of increasing energy costs, a 6.4 MW solar power generation plant is under commission and will be operational in the next quarter.

Despite economic challenges and slow demand, the company demonstrated resilience by achieving a profit of Rs. 179 Mn, as compared to the same period last year profit of Rs. 1,117 Mn. This has translated into an earnings per share (EPS) of Rs. 0.41.

The Company is dedicated to navigating the evolving economic landscape and seizing emerging opportunities. Recognizing the prevailing uncertainties, we will maintain a vigilant stance, closely monitoring economic variables and adapting our strategies as necessary. A primary focus will be on enhancing operational efficiency and optimizing working capital management to mitigate the adverse effects of rising costs and ensure financial flexibility. We will continue to implement cost rationalization initiatives to improve profitability.

In conclusion, we would like to extend our heartfelt appreciation to all our employees and stakeholders for their unwavering support and confidence in the company. Your dedication and commitment have been instrumental in navigating the challenges we face, and we are grateful for your contributions to our continued success. We also express our gratitude to the Almighty for guiding us on this journey.



Samir M. Chinoy
Chief Executive Officer



Kamal A. Chinoy
Chairman

Karachi : October 24, 2024



ڈائریکٹرز رپورٹ

30 ستمبر 2024 کو ختم ہونے والی مدت کے لیے

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2024 کو اختتام پذیر ہونے والی سہ ماہی کے مالیاتی گوشواروں کو پیش کرتے ہوئے پُرسرت ہیں۔

آئی ایم ایف کے ساتھ 37 ماہ کی ایکٹیویٹی ڈیفنڈ فیسیلٹی کے تحت 17 ارب ڈالر کے کامیاب معاہدے کے باعث پاکستان کی معیشت میں بحالی کے آثار نمایاں ہوئے ہیں، جس کا مقصد مالی استحکام اور معاشی اصلاحات تشکیل دینا ہے۔ آئی ایم ایف کے مطابق، پاکستان کی جی ڈی پی کی شرح نمرواں مالی سال میں 3.2 فیصد تک پہنچنے کا امکان ہے، تاہم، کچھ چیلنجز بدستور درپیش ہیں، جن میں پالیسی کی غیر یقینی صورتحال، بشکل میکرو اکنامک حالات، توانائی کی بڑھتی ہوئی قیمتیں، صارفین کی قوت خرید میں کمی، اور سیاسی عدم استحکام شامل ہیں۔


اس سہ ماہی کے دوران عالمی فلیٹ اسٹیل کی قیمتوں میں اتار چڑھاؤ دیکھا گیا، جس کا سبب متعدد عوامل تھے۔ چین کی کمزور معیشت، جو عالمی اسٹیل کی طلب میں اہم کردار ادا کرتی ہے، بڑھتی ہوئی پیداواری سطح اور انویسٹری ایڈجسٹمنٹ کے ساتھ قیمتوں میں کمی کا باعث بنی۔ چین کے ریئل اسٹیٹ سیکٹر میں سست روی اور صارفین کے کم اخراجات کے باعث اسٹیل کی طلب میں مزید کمی واقع ہوئی ہے۔ جس کے نتیجے میں، مقامی اسٹیل انڈسٹری کو بین الاقوامی اسٹیل قیمتوں میں کمی کا سامنا کرنا پڑا، جو امریکی ڈالر فی میٹرک ٹن سے کم ہو کر 500 امریکی ڈالر فی میٹرک ٹن تک آگئی۔ اس کمی کو FATA/PATA علاقوں سے ٹیکس سے مستثنیٰ مال کی آمد اور گیلوانائزڈ اسٹیل پرائیٹی ڈیمینڈ ڈیوٹی سے بچنے کے طریقہ کار نے مزید پیچیدہ بنا دیا ہے۔


کمپنی پاور کے لیے گیس ٹیرف میں 10 فیصد اضافہ کیا گیا ہے، جس سے یہ 3,000/MMBtu روپے ہو گیا ہے۔ توانائی کی بڑھتی لاگت پر قابو پانے کے لیے 6.4 میگا واٹ کا سولر پاور پلانٹ زیر تکمیل ہے، جو آئندہ سہ ماہی میں فعال ہو جائے گا۔

معاشی چیلنجز اور کم طلب کے باوجود، کمپنی نے 179 ملین روپے کا منافع حاصل کیا، جو گزشتہ سال کی اسی تقابلی مدت میں 1,117 ملین روپے تھا، جو 0.41 روپے کی فی حصص آمدنی (EPS) ظاہر کرتا ہے۔

کمپنی اس بدلتے ہوئے معاشی منظر نامے کو سمجھنے اور نئے مواقعوں سے فائدہ اٹھانے کے لیے پُر عزم ہے۔ موجودہ غیر یقینی حالات میں، ہم مستعد رہیں گے، معاشی صورت حال پر گہری نظر رکھیں گے اور اپنی حکمت عملی کو ضرورت کے مطابق تشکیل دیں گے۔ ہماری بنیادی توجہ آپریشنل کارکردگی کو بہتر بنانا اور سرمائے کے موثر استعمال کو یقینی بنانا ہے، تاکہ بڑھتی ہوئی لاگت کے منفی اثرات سے محفوظ رہتے ہوئے مالی استحکام کو یقینی بنایا جاسکے۔ ہم منافع میں اضافے کے لیے لاگت میں کمی کرنے کے اقدامات کے لئے مسلسل کوشاں رہیں گے۔

آخر میں، ہم اپنے تمام ملازمین اور اسٹیک ہولڈرز کے کمپنی پر ان کے مسلسل اعتماد اور حمایت کو تہ دل سے سراہتے ہیں۔ آپ کی لگن اور عزم نے ان چیلنجز کا سامنا کرنے میں اہم کردار ادا کیا، اور اپنی اس مسلسل کامیابی کے لئے ہم آپ کے تعاون کے لیے انتہائی مشکور ہیں۔ ہم اللہ تعالیٰ کا بھی شکر ادا کرتے ہیں جس نے ہمیں اس سفر میں رہنمائی عطا کی۔


کمال اے چنائے
چیئر مین


سمیر ایم چنائے
چیف ایگزیکٹو آفیسر

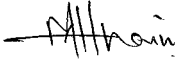
کراچی: 24 اکتوبر 2024

INTERNATIONAL STEELS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

		(Un-audited) September 30	(Audited) June 30
	Note	2024	2024
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	19,869,377	20,016,449
Right-of-use assets		42,438	23,846
Intangible assets		451,980	408,853
Investment in Chinoy Engineering & Construction (Pvt.) Limited		48,450	-
Long term deposit with Central Depository Company of Pakistan Limited		100	100
		20,412,345	20,449,248
CURRENT ASSETS			
Stores and spares		1,007,000	902,140
Stock-in-trade	6	18,658,847	18,259,002
Trade debts		857,317	1,423,286
Receivable from K-Electric Limited (KE)		79,011	25,537
Advances, trade deposits and prepayments		109,557	140,894
Staff retirement benefits		48,093	55,521
Sales tax receivable		1,147,706	580,296
Taxation - net		547,459	145,754
Cash and bank balances	7	1,564,564	2,708,102
		24,019,554	24,240,532
TOTAL ASSETS		44,431,899	44,689,780
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
500,000,000 (2024: 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		15,628,624	16,735,347
Capital reserve			
Revaluation surplus on property, plant and equipment		2,093,227	2,112,083
TOTAL SHAREHOLDERS' EQUITY		22,071,851	23,197,430
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finance - secured	8	808,694	845,316
Deferred income - Government grant		91,530	98,244
Gas Infrastructure Development Cess	9	-	-
Deferred taxation - net		1,800,185	1,811,362
Lease liabilities		17,059	4,415
		2,717,468	2,759,337
CURRENT LIABILITIES			
Trade and other payables	10	7,842,429	12,822,416
Contract liabilities		1,518,341	1,834,506
Short term borrowings - secured	11	8,561,710	3,560,288
Unpaid dividend		1,305,000	430
Unclaimed dividend		6,949	7,079
Current portion of long term finance - secured	8	264,142	344,944
Current portion of lease liabilities		25,072	24,886
Accrued mark-up		118,936	138,464
		19,642,579	18,733,013
TOTAL LIABILITIES		22,360,048	21,492,350
CONTINGENCY AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		44,431,899	44,689,780

The annexed notes from 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


Samir M. Chinoy
 Chief Executive
 Officer



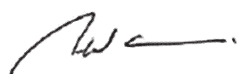
INTERNATIONAL STEELS LIMITED

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

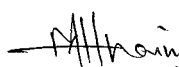
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024

		Three months ended	
		September 30	September 30
Note		2024	2023
(Rupees in '000)			
	Revenue from contracts with customers	13,489,892	19,207,230
	Cost of sales	(12,584,919)	(16,742,374)
	Gross profit	904,973	2,464,856
	Selling and distribution expenses	(384,749)	(368,367)
	Administrative expenses	(113,744)	(107,386)
		(498,493)	(475,753)
	Finance cost	(303,971)	(195,684)
	Other expenses	(42,328)	(145,141)
		(346,299)	(340,825)
	Other income	150,661	124,885
	Profit before taxation	210,842	1,773,163
	Income tax expense	(31,414)	(656,093)
	Profit after taxation	179,428	1,117,070
(Rupees)			
	Earnings per share - basic and diluted	0.41	2.57

The annexed notes from 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



Samir M. Chinoy
Chief Executive
Officer

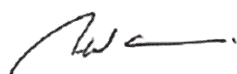


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

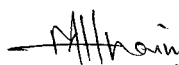
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024

	Three months ended	
	September 30	September 30
	2024	2023
	(Rupees in '000)	
Profit after taxation	179,428	1,117,070
Other comprehensive income for the year	-	
Total comprehensive income	179,428	1,117,070

The annexed notes from 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



Samir M. Chinoy
Chief Executive
Officer

INTERNATIONAL STEELS LIMITED

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

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024

	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, 2023	4,350,000	15,146,402	2,187,478	21,683,880
Profit for the year	-	1,117,070	-	1,117,070
Other comprehensive income	-	-	-	-
Total comprehensive income	-	1,117,070	-	1,117,070
Transactions with owners recorded directly in equity - distributions				
Dividend:				
- Final dividend @ 25% (Rs. 2.50 per share) for the year ended June 30, 2023	-	(1,087,500)	-	(1,087,500)
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, 2023	4,350,000	15,197,911	2,165,539	21,713,450
Balance as at July 01, 2024	4,350,000	16,735,347	2,112,076	23,197,423
Profit for the year	-	179,428	-	179,428
Other comprehensive income	-	-	-	-
Total comprehensive income	-	179,428	-	179,428
Transactions with owners recorded directly in equity - distributions				
Dividend:				
- Final dividend @ 30% (Rs. 3.00 per share) for the year ended June 30, 2024	-	(1,305,000)	-	(1,305,000)
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax				
	-	18,849	(18,849)	-
Balances as at September 30, 2024	4,350,000	15,628,624	2,093,227	22,071,851

The annexed notes from 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



Samir M. Chinoy
Chief Executive
Officer



INTERNATIONAL STEELS LIMITED

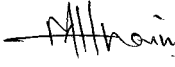
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024

		(Un-audited)	
		Three months ended	
		September 30	September 30
Note		2024	2023
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash (used in) / generated from operations		
	Finance cost paid	(315,430)	(303,978)
	Income on bank deposits received	30,249	131,716
	Staff retirement benefits paid	(1,001)	(9,614)
	Payment on account of compensated absences	(8,649)	(7,195)
	Income tax paid	(444,308)	(570,553)
	Net cash (used in) / generated from operating activities	(5,609,328)	6,221,399
CASH FLOWS FROM INVESTING ACTIVITIES			
	Payment for acquisition of property, plant and equipment	(327,519)	(223,088)
	Payment for acquisition of intangible asset	(43,524)	(48,421)
	Proceeds from disposal of property, plant and equipment	15,236	20,920
	Investments in Associates	(48,450)	-
	Investments in Term Deposit Receipt	250,000	(1,600,000)
	Net cash used in investing activities	(154,257)	(1,850,589)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from long term financing	-	-
	Repayment of long term financing	(124,138)	(96,167)
	Proceeds / (Repayment) from Short term borrowings - net	689,712	(1,100,000)
	Lease rentals paid	(6,677)	(6,276)
	Dividend paid	(560)	(920)
	Net cash generated / (used in) from financing activities	558,337	(1,203,363)
	Net (decrease) / increase in cash and cash equivalents	(5,205,248)	3,167,447
	Cash and cash equivalents at beginning of the year	1,974,102	1,096,911
	Cash and cash equivalents at end of the year	(3,231,146)	4,264,358

The annexed notes from 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


Samir M. Chinoy
 Chief Executive
 Officer



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024

1. STATUS AND NATURE OF BUSINESS

International Steels Limited ('the Company') was incorporated on September 03, 2007 as a public unlisted Company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is domiciled in the province of Sindh. The Company was listed on the Pakistan Stock Exchange Limited on June 01, 2011. The Company is subsidiary of International Industries Limited (Holding Company) which holds 245,055,543 (June 30, 2024: 245,055,543 shares) shares of the Company as at September 30, 2024 representing 56.3% (June 30, 2024: 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. 4,177.17 million determined as at August 23, 2010 (day immediately preceding the completion date) in accordance with the Scheme of Arrangement, were transferred to the Company on August 24, 2010. In consideration of transferring to and vesting the Steel Project Undertaking in the Company, 417,716,700 fully paid-up ordinary shares were issued at par value to the Holding Company.

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

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

The Company has sales offices at following locations:

- Chinoy House, 6-Bank Square, Lahore - 54000
- Office No. 303-A 3rd Floor Evacuee Trust Complex Sector F-5/1 Agha Khan Road, Islamabad; and
- Office No. 708-A, The United Mall, plot No. 74, 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 Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.1.2 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, 2024.

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, 2024, 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, 2023.

2.2 Basis of measurement

These condensed financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligation less fair value of plan assets, freehold land and buildings thereon that are stated at fair values determined by an independent valuer.

2.3 Functional and presentation currency

These condensed financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All amounts have been rounded off to the nearest thousand, unless otherwise indicated.

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, 2024.

3.2 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 01, 2024. However, these do not have any significant impact on the Company's financial reporting.

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

There are standards and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2024. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these 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 judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements 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, 2024.

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, 2024.



5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work in progress	Total
	(Rupees in '000)		
Cost / revalued amount			
Opening balance as at July 01, 2024	30,745,376	1,034,742	31,780,118
Additions	194,899	312,410	516,309
Adjustments / transfers - net	6,113	(194,899)	(188,786)
Disposals	(15,816)	-	(15,816)
	<u>30,930,572</u>	<u>1,161,254</u>	<u>32,091,826</u>
Accumulated depreciation			
Opening balance as at July 01, 2024	(11,763,670)	-	(11,763,670)
Charge for the period	(465,418)	-	(465,418)
Disposals	6,639	-	6,639
	<u>(12,222,449)</u>	<u>-</u>	<u>(12,222,449)</u>
Written down value as at September 30, 2024 (Un-audited)	<u>18,708,123</u>	<u>1,161,254</u>	<u>19,869,377</u>
Written down value as at June 30, 2024 (Audited)	<u>18,981,707</u>	<u>1,034,742</u>	<u>20,016,449</u>

5.1 Additions and disposal to the operating assets during the period are as follows:

	(Un-audited)		(Un-audited)	
	September 30, 2024		September 30, 2023	
	Additions / Transfer	Disposal / Transfer (Written down value)	Additions / Transfer	Disposal / Transfer (Written down value)
	(Rupees in '000)			
Freehold land	-	-	-	-
Building on freehold land	-	-	-	-
Plant and machinery	164,423	-	53,961	(4,998)
Furniture and fixtures	5,401	-	5,765	-
Office equipment	-	-	-	-
Vehicles	25,075	(9,177)	123,417	(6,446)
	<u>194,899</u>	<u>(9,177)</u>	<u>183,143</u>	<u>(11,444)</u>

6. STOCK-IN-TRADE

	(Un-audited)	(Audited)
	September 30	June 30
	2024	2024
	(Rupees in '000)	
Raw material		
- in hand	5,817,655	3,818,766
- in transit	5,456,481	4,918,138
	<u>11,274,136</u>	<u>8,736,904</u>
Work-in-process	909,303	1,560,840
Finished goods	6,437,120	7,926,094
By-products	7,927	2,974
Scrap material	30,361	32,190
	<u>18,658,847</u>	<u>18,259,002</u>



7. CASH AND BANK BALANCES

These include investment in Term Deposit Receipt (TDR) amounting to Rs. 384 million having mark-up of 14.25% (June 30, 2024: Rs. 384 million 18.15%). The TDR was placed against a bank guarantee submitted to the Nazir of Sindh High Court in relation to petition filed by the Company in the Court against chargeability of Super Tax.

Investment in Term Deposit Receipt (TDR) amounting to Rs. 100 million having mark-up of 13.50% (June 30, 2024: 50 million 18.50%) . The TDR was placed against a bank guarantee submitted to the ETO.

8. LONG TERM FINANCE - secured

		(Un-audited) September 30	(Audited) June 30
	Note	2024	2024
(Rupees in '000)			
Conventional			
Long Term Finance Facility (LTFF)	8.1	299,551	405,685
Temporary Economic Refinance Facility (TERF)	8.2	431,377	431,377
Renewable Energy Financing Facility (REFF)	8.3	150,000	150,000
Islamic			
Islamic Long Term Finance Facility (ILTFF)	8.4	310,927	329,370
		1,191,855	1,316,432
Less: Deferred Income - Government grant	8.6	(119,019)	(126,172)
Less: Current portion of long term loans:			
Conventional			
Long Term Finance Facility (LTFF)		(132,485)	(219,383)
Temporary Economic Refinance Facility (TERF)		(61,625)	(61,625)
Renewable Energy Financing Facility (REFF)		(9,375)	-
Islamic			
Islamic Long Term Finance Facility (ILTFF)		(60,657)	(63,936)
		(264,142)	(344,944)
		808,694	845,316

8.1 This represents finance facility loan obtained from different banks under the State Bank of Pakistan (SBP) Long Term Finance Facility for Plant and Machinery in respect of export-oriented projects at SBP Refinance rate + 0.50% to 1.00% (June 30, 2024: SBP Refinance rate at 0.50% to 1.00%).

8.2 This represents finance facility loan obtained from a commercial bank under the SBP's Temporary Economic Refinance Facility available to the Company at SBP Refinance rate + 1.25% (June 30, 2024: SBP Refinance rate + 1.25%) for setting up of new industrial units.

8.3 This represents finance facility loan obtained from different banks under the SBP's Renewable Energy Financing Facility available to the Company at SBP Refinance rate + 3.00% (June 30, 2024: SBP Refinance rate + 3.00%) for setting up of Solar power project.

8.4 This represents finance facility loan obtained from different banks under the SBP's Islamic Long Term Finance Facility for Plant and Machinery in respect of export-oriented projects at SBP Refinance rate + 3.00% (June 30, 2024: SBP refinance rate at 3.00%).



- 8.5 The above loans are secured against joint pari passu charge over fixed assets of the Company (such as land, building, plant and machinery etc.).
- 8.6 Government grant amounting to Rs. 119.02 million (June 30, 2024: Rs. 126.17 million) has been recorded up to the period ended September 30, 2024 and Rs. 7.15 million (September 30, 2023: Rs. 7.13 million) has been amortised during the period.

9. GAS INFRASTRUCTURE DEVELOPMENT CESS

In the prior year, 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 High Court of Sindh (SHC) on the ground that the Company has not passed on the burden of Cess. Stay order was granted in the aforesaid suit, which has been operative till the next date of hearing.

The Company has recognised GIDC payable with respect to its captive power plant used for self consumption. This payable has been revalued and recorded at its present value by discounting the future cash flows using three year PKRV rate and has booked loss of Rs. Nil (June 30, 2024: Rs. 5.49 million), which has been recorded as other income. The unwinding of the GIDC during the year amounts to Rs. 4.83 million (September 30, 2023: Rs. 17.47 million).

The Company has not recognized GIDC amounting to Rs. 769 million (June 30, 2024: Rs. 769 million) pertaining to period from 01 July 2011 to 31 Jul 2020 with respect to its captive power plant from which power generation is supplied to K-Electric Limited. Management considers that, in the event such levy is imposed, it shall recover GIDC from K-Electric Limited through fuel adjustments after getting requisite approval from National Electric Power Regulatory Authority (NEPRA).

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

10. TRADE AND OTHER PAYABLES

	Note	(Un-audited)	(Audited)
		September 30	June 30
		2024	2024
(Rupees in '000)			
Trade creditors		1,072,835	5,670,585
Accrued expenses	10.1	2,231,335	2,689,112
Provision for infrastructure cess	10.2	4,142,921	3,853,646
Workers' Welfare Fund	10.3	245,925	241,391
Workers' Profit Participation Fund		11,330	252,342
Deferred income - Government grant		27,489	27,928
Provision for government levies		5,349	4,717
Short term compensated absences		12,424	18,823
Others		92,820	63,872
		7,842,429	12,822,416

- 10.1 This includes current portion of provision for Gas Infrastructure Development Cess amounting to Rs.1,248.21 million (June 30, 2024: Rs. 1,248.21 million) and provision against revision of gas tariff by Oil and Gas Regulation Authority amounting to Rs.544.96 million (June 30, 2024: Rs. 544.96 million).

- 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 (SHC), passed an interim order directing that every company subsequent to December 27, 2006 is required to clear the goods on paying 100% 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 increased the rate to 1.25%.From 01 July 2024,the rate has been further increased to 1.85% through Sindh Finance Act,2024.



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 03, 2021. The Company was not satisfied with the above orders and filed an appeal with the Supreme Court of Pakistan.

On September 1, 2021, the Supreme Court granted a stay order against the operation of the order of SHC dated June 4, 2021, that the bank guarantees already submitted by the Company in pursuant to the order of 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. 4,282.50 million (June 30, 2024: Rs. 4,032.50 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.

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

11. SHORT TERM BORROWINGS - secured

	Note	(Un-audited)	(Audited)
		September 30	June 30
		2024	2024
(Rupees in '000)			
Conventional			
Short term under mark-up arrangement	11.1	3,634,349	-
Running finance under Export Refinance Scheme (Rupee Based Discounting)	11.2	-	110,288
Running finance under Export Refinance Scheme	11.3	3,950,000	3,350,000
Islamic			
Short term finance under Running Musharakah	11.4	677,361	-
Running finance under Export Refinance Scheme	11.5	300,000	100,000
		8,561,710	3,560,288

- 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 19.70% to 20.59% (June 30, 2024: 22.09% to 22.52%) per annum.
- 11.2 The Company has availed this year short term running finance facility under Export Finance Scheme (Rupee Based Discounting) of the State Bank of Pakistan from a Islamic Bank. The rate of mark-up on this facility is nill (Jun 30, 2024: 2%) per annum.
- 11.3 The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The rate of mark-up on this facility is 14.50% to 16.50% (June 30, 2024: 17.25% to 17.50%) per annum. This facility matures within six months and is renewable.
- 11.4 This represents short term finance facility obtained under Running Musharakah. The rate of mark-up ranges from 17.96% to 20.74% (June 30, 2024: 21.99% to 22.43%) per annum. This facility matures within twelve months and is renewable.
- 11.5 The Company has availed this year short term running finance facility under Islamic Export Refinance Scheme of the State Bank of Pakistan from a Islamic bank. The rate of mark-up on this facility is 16.50% (Jun 30, 2024: 17.50%) per annum. This facility matures within six months and is renewable.
- 11.6 As at September 30, 2024, the unavailed facilities from the above borrowings amounted to Rs.18,288 million (June 30, 2024: Rs. 23,289 million).
- 11.7 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

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, 2024.

12.2 Commitments

12.2.1 Commitments under Letters of Credit for raw materials and spares as at September 30, 2024 amounted to Rs. 4,888.07 million (June 30, 2024: Rs. 12,106.10 million).

12.2.2 The facilities for opening letters of credit and guarantees from banks as at September 30, 2024 amounted to Rs. 40,500 million (June 30, 2024: Rs. 40,500 million) and Rs. 10,184 million (June 30, 2024: Rs. 10,184 million) respectively of which unutilised balance at period end amounted to Rs. 35,612 million (June 30, 2024: Rs. 28,393 million) and Rs. 1,339 million (June 30, 2024: Rs. 1,590 million) respectively.

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

	(Un-audited)	
	September 30	September 30
	2024	2023
Note	(Rupees in '000)	
Sale of goods less returns:		
Local	13,564,709	18,725,581
Export	2,171,896	3,762,733
	15,736,605	22,488,314
Sales tax	(2,016,412)	(2,865,439)
Trade discounts	(66,691)	(226,298)
Sales commission	(163,610)	(189,347)
	(2,246,713)	(3,281,084)
	13,489,892	19,207,230
14. INCOME TAX EXPENSES		
Current	(42,604)	(582,028)
Deferred	11,190	(74,065)
	(31,414)	(656,093)
15. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	210,842	1,773,163
Adjustments for:		
Depreciation and amortisation	465,815	468,494
Gain on disposal of property, plant and equipment	(6,059)	(9,475)
Provision for net realisable value written off stores and spares	-	13,316
Provision for staff gratuity	8,429	9,614
Unwinding of Gas Infrastructure		
Development Cess	4,835	17,469
Provision for compensated absences	2,250	2,926
Income on bank deposits	(30,249)	(131,716)
Finance cost	299,136	178,215
Deferred income - Government grant	(7,153)	(7,132)
	737,004	541,711
Changes in working capital	(5,818,036)	4,666,149
	(4,870,189)	6,981,023



15.1 CHANGES IN WORKING CAPITAL

		(Un-audited)	
		September 30	September 30
		2024	2023
Note		(Rupees in '000)	
	Decrease / (increase) in current assets:		
	Stores and spares	(104,860)	(39,184)
	Stock-in-trade	(399,845)	1,048,288
	Receivable from K-Electric Limited	(53,474)	9,314
	Trade debts	565,969	(685,755)
	Advances, trade deposits, and short-term prepayments	31,337	(109,900)
	Sales tax receivable	(567,410)	276,938
		(528,283)	499,701
	Increase / (decrease) in current liabilities:		
	Trade and other payables	(4,973,588)	3,331,601
	Contract liabilities	(316,165)	834,847
		(5,818,036)	4,666,149
16.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	1,080,564	4,542,217
	Short term finance under mark-up arrangement	11 (3,634,349)	(44,262)
	Short term finance borrowing under Running Musharakah	11 (677,361)	(233,597)
		(3,231,146)	(4,264,358)

17. TRANSACTIONS WITH RELATED PARTIES

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

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
	2024	2023
	(Rupees in '000)	
Holding company:		
Sales	295,486	167,217
Purchases	505	6,271
Rent / Lease payments	3,430	3,191
Shared resources cost	19,715	41,457
Reimbursement of expenses	995	-
Dividend	735,167	612,639
Associated undertakings		
Sales	414,681	804,671
Purchases	13,877,383	8,732,483
Dividend	118,433	98,694
Rental Income	795	729
Reimbursement of Expenses	-	8,735
Services	5,327	686
Key management personnel		
Remuneration	122,688	109,845
Staff retirement funds		
Contribution paid	19,601	20,110
Non-executive directors		
Directors' fee	2,800	2,500

18. OPERATING SEGMENTS

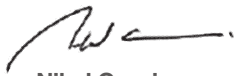
- 18.1** These condensed interim financial statements have been prepared on the basis of a single reportable segment.
- 18.2** Revenue from sales of steel products represents 99.27% (June 30, 2024: 99.64%) of total revenue whereas remaining represent revenue from sale of surplus electricity to K-Electric 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.



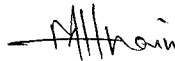
18.3 86.20% (September 30, 2023: 83.27%) of gross sales are domestic sales whereas 13.80% (September 30, 2023: 16.73%) of sales are export sales.

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors on 24 October 2024.



Nihal Cassim
Director & Chairman
Board Audit Committee



Mujtaba Hussain
Chief Financial
Officer



Samir M. Chinoy
Chief Executive
Officer

Head 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 : info@isl.com.pk

Lahore Office

Chinoy House, 6 Bank Square, Lahore - 54000.
Telephone Nos: +92 42-37229752-55,
UAN: +92 42-111-019-019
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: +92 51-28230412-3

Multan Office

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

Factory

399 - 405, 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

Sales Inquiries

sales@isl.com.pk

Careers

careers@isl.com.pk

Website

www.isl.com.pk



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