



ONE IN A MILLION

Unaudited Financial Statements

for the nine months ended March 31, 2023



International Industries Limited

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

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Company Information

Chairman (Non-Executive)

Mr. Kamal A. Chinoy

Independent Directors

Mr. Adnan Afridi
Mr. Asif Jooma
Mr. Haider Rashid
Mr. Jehangir Shah
Mr. Mansur Khan

Non-Executive Directors

Mr. Mustapha A. Chinoy
Mrs. Selina Rashid Khan

Chief Executive Officer

Mr. Sohail R. Bhojani

Chief Financial Officer

Mr. Muhammad Akhtar

Company Secretary & Head of Legal Affairs

Mr. Mohammad Irfan Bhatti

Chief Internal Auditor

Mr. Muhammad Atif Khan

External Auditor

M/s A.F. Ferguson & Co.

Bankers

Allied Bank Limited
Askari Bank Limited
Bank AL Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
MCB Bank Limited
Meezan Bank Limited
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Legal Advisor

K. M. S. Law Associates

National Tax Number

0710735-8

Sales Tax Registration Number

02-04-7306-001-82

Registered Office

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10 Beaumont Road,
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Lahore - 54000, Pakistan
Telephone: +9242-37229752-55
UAN: +9242-111-019-019
E-Mail: lahore@iil.com.pk

Rawalpindi Office

2nd Floor, Khyber Heights,
Rafi Commercial, Bahria Town, Phase # 8,
Rawalpindi, Pakistan.

Multan Office

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Multan Cantt., Multan, Pakistan
Telephone: +9261-4583332

Faisalabad Office

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Electrocity Plaza, Susan Road,
Faisalabad, Pakistan
Telephone: +9241-8720037

Peshawar Office

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University Road, Peshawar, Pakistan
Telephone: +9291-5845068

IIL Construction Solutions (Pvt.) Ltd.

101 Beaumont Plaza, 10 Beaumont Road,
Karachi – 75530, Pakistan
Website: www.iil.com.pk/csl

IIL Americas Inc.

Suite 210-5800
Ambler Drive, Mississauga
ONL4W4J4, Canada

IIL Australia Pty Limited

101-103, Abbott Road, Hallam, Victoria 3803, Australia
Website: www.iilaustralia.com

Factories

Factory 1

LX 15-16, Landhi Industrial Area,
Karachi – 75120, Pakistan
Telephone: +9221-35080451-55
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Factory 2

Survey # 405 & 406, Rehri Road,
Landhi, Karachi – 75160, Pakistan
Telephone: +9221-35017026-28, 35017030

Factory 3

22 KM, Sheikhupura Road, Lahore, Pakistan
Telephone: +9242-37190491-3

Investor Relations Contact

Shares Registrar
CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S.
Shahrah-e-Faisal, Karachi, Pakistan
Telephone: +92-0800-23275
Fax: +92-21-34326053
E-mail: info@cdcsrsl.com
Website: www.cdcsrsl.com

Corporate Website

www.iil.com.pk

Directors' Report

For the nine months ended March 31, 2023

The Directors of your Company are pleased to present the financial statements for the nine months ended March 31, 2023.

Pakistan's economy continued to face serious challenges with rising inflation and high borrowing costs, necessitating increases in discount rates to tackle the twin account deficits, exacerbated by generally dampened business confidence due to tightening of the economy along-with the prevailing political uncertainty. The economic slowdown resulted in a compression of the manufacturing sector, with Large Scale Manufacturing down by 7.6% compared to the same period last year. The central bank increased its policy rate to a two-decade high of 21% in a hitherto unsuccessful bid to curb inflation (currently at 35%) and depreciation of the Pakistani Rupee (currently at PKR 285).

These factors are having major negative ramifications for the local industry, resulting in substantial demand contraction for steel products, mainly from major sectors including automobiles, construction, fluid transmission and general fabrication. Government spending on infrastructure projects also remains subdued. Furthermore, the misuse of tax exemptions on steel imports available for the FATA and PATA regions continued to hamper the Company's sales efforts. Consequently, your Company too faced a sizeable reduction in domestic sales volumes.

Sourcing of raw materials remained extremely challenging due to restrictions imposed on establishing letters of credit and a 100% cash margin requirement. Moreover, the devaluation of the PKR by 55% relative to last year has increased pressures on cost and led to a need for higher working capital. Internationally, steel prices were largely stable through the quarter on the back of steady global offtake, but certain key export markets struggled with sluggish local economies and recessionary headwinds. Furthermore, your Company had to forego sizeable export orders due to raw material shortages brought about by the aforementioned import restrictions enforced by the government. Consequently, export sales were lower by 48% compared to the same period last year. However, the impact of this dip was more than offset by profitable operational results of the Company's overseas subsidiaries and exchange gains resulting from the decline in the value of the Pakistani Rupee.

Unconsolidated sales revenue for the period under review stood at Rs. 20.19 billion, which was 28% lower than the same period last year. As a consequence, overall production for the period under review was 45% lower than the same period last year due to the compression in demand. Your Company was able to partially mitigate the impact of lower sales through its success in improving margins, driving operational efficiencies and rigorous cost control. Effective working capital management resulted in a 26% reduction during the period under review, releasing PKR 8.33 billion in operational cash flows that enabled a reduction in bank borrowings from PKR 15.06 billion to PKR 8.94 billion, providing a much-needed shield against high interest rates.

Unconsolidated Profit after Tax (PAT) for the period under review was Rs. 1.42 billion (EPS Rs. 10.77), compared to Rs. 2.39 billion (EPS Rs. 18.16) for the same period last year. This represents a significant improvement during the quarter under review compared to the end of the first half of the financial year. PAT includes net dividend income of Rs. 925 million from our subsidiary and associate companies.

Our subsidiary, International Steels Limited, reported sales revenue of Rs. 57.82 billion, 18% lower than Rs. 70.56 billion during the same period last year. PAT stood at Rs. 1.58 billion (EPS Rs. 3.62) compared to Rs. 5.36 billion (EPS Rs. 12.31) for the same period last year, representing a substantial improvement during the quarter under review compared to the end of the first half of the financial year. Consolidated Group PAT of Rs. 2.02 billion was down 60% from Rs 5.03 billion for the same period last year. EPS attributable to shareholders of the Holding Company was Rs. 9.90, compared to Rs. 20.74 for the same period last year.

Directors' Report

For the nine months ended March 31, 2023

The macroeconomic outlook of the country continues to be uncertain on the back of depleted foreign exchange reserves, delay in the completion of the ongoing IMF review, high-interest rates and the tightening of global liquidity and financial conditions. Political uncertainty is adding to the woes of an already ailing economy. Large Scale Manufacturing (LSM) output continues to contract in response to the challenging business conditions. Pakistan's economic growth is forecasted to be around 0.5% which is a harbinger of further economic and social hardship in the short-term future. Your Company has managed the adverse situation well despite significant challenges. Having made strong strides in operational efficiencies, cost control and working capital optimization, we remain reasonably hopeful of navigating through these difficult times.

We extend our gratitude to all stakeholders for their contribution and look forward to a productive close to the financial year.

For & on behalf of the Board of Directors



Kamal A. Chinoy
Chairman

Karachi.

Date: April 28, 2023

ڈائریکٹرز کی رپورٹ

برائے 31 مارچ 2023

پاکستان کی معاشی ترقی %0.5 کے لگ بھگ رہنے کی پیش گوئی ہے جو مختصر مدت کے مستقبل میں مزید معاشی اور سماجی مشکلات کا پیش خیمہ ہے۔ آپ کی کمپنی نے متعدد چیلنجز اور آپریشنل استعداد میں مضبوط اقدامات اٹھانے، لاگت پر کنٹرول اور ورکنگ کیپٹل کو تقویت دینے کے باوجود منفی صورتحال سے نمٹنے کا بندوبست کر کے ان مشکل اوقات میں آگے بڑھنے کیلئے بڑی حد تک پرامید ہے۔

ہم اپنے تمام اسٹیک ہولڈرز کے تعاون پر ان کے بے حد ممنون ہیں اور پرامید ہیں کہ مالی سال کا اختتام مثبت صورتحال پر ہوگا۔

برائے اور منجانب
انٹرنیشنل انڈسٹریز لمیٹڈ

کمال اے چنائے
چیمبرمین

کراچی

مورخہ 28 اپریل 2023

ڈائریکٹرز کی رپورٹ

برائے 31 مارچ 2023

زیر جائزہ مدت میں غیر مجموعی فروخت کی آمدنی 20.19 بلین روپے رہی جو گزشتہ سال کی اسی مدت کے مقابلے میں 28% کم ہے۔ اسی طرح مانگ میں کمی کے باعث مجموعی پیداوار بھی گزشتہ سال کے مقابلے میں 45% کم رہی۔ آپ کی کمپنی نے کامیابی کے ساتھ مارجن میں بہتری، آپریشنل استعداد میں اضافے اور لاگت پر سخت کنٹرول کے ذریعے فروخت میں کمی کے اثر میں کسی حد تک قابو پایا۔ اسی طرح موثر منجمنٹ کے ذریعے اس مالی سال کیلئے ورکنگ کیپٹل کی طلب میں 26% کمی لانے میں کامیابی حاصل کی؛ آپریشنل کیش فلو میں 8.33 بلین روپے کا اضافہ بینک کے قرضے 15.6 بلین روپے سے کم ہو کر 8.94 بلین روپے ہونے میں مددگار ثابت ہوا اور بلند شرح سود کے مقابلے میں ڈھال ثابت ہوا۔

زیر جائزہ مدت میں بعد از فروخت غیر مجموعی منافع (PAT)، 1.42 بلین روپے (فی شیئر آمدنی 10.77 روپے) رہا جو کہ گزشتہ سال کی اسی مدت میں 2.39 بلین روپے (فی شیئر آمدنی 18.16 روپے) تھا۔ اس سے مالی سال کی گزشتہ ششماہی کے آخر کی صورتحال کے مقابلے میں زیر جائزہ مدت میں نمایاں بہتری ظاہر ہوتی ہے۔ بعد از ٹیکس منافع میں ہماری ذیلی اور ایسوسی ایٹڈ کمپنیز سے حاصل شدہ ڈیویڈنڈ سے حاصل ہونے والی 925 ملین روپے کی آمدنی بھی شامل ہے۔

ہماری ذیلی کمپنی انٹرنیشنل اسٹیل لمیٹڈ نے 57.82 بلین روپے کی فروخت کی آمدنی رپورٹ کی جو گزشتہ سال کی اسی مدت کی آمدنی 70.56 بلین روپے سے 18% کم ہے۔ بعد از ٹیکس منافع 1.58 بلین روپے (فی شیئر آمدنی 3.62 روپے) رہا جبکہ گزشتہ سال کی اسی مدت کا منافع 5.36 بلین روپے (فی شیئر آمدنی 12.31 روپے) تھا جو مالی سال کی پہلی ششماہی کے آخر کی صورتحال کے مقابلے میں زیر جائزہ سہ ماہی میں نمایاں بہتری ظاہر کرتا ہے۔ مجموعی گروپ بعد از ٹیکس منافع 2.02 بلین روپے رہا جو گزشتہ سال کی اسی مدت کے 5.03 بلین روپے کے مقابلے میں 60% کم ہے۔ ہولڈنگ کمپنی کے شیئر ہولڈرز کو دئے جانے والی فی شیئر آمدنی 9.90 روپے رہی جو گزشتہ سال کی اسی مدت میں 20.74 روپے تھی۔

زرمبادلہ کے ذخائر میں کمی، آئی ایم ایف کے جاری جائزہ کی تکمیل میں تاخیر، بلند شرح سود اور سخت عالمی لیکویڈیٹی اور مالیاتی صورتحال کے سبب ملک کے میکرو اکنامک کے منظر نامے میں غیر یقینی کیفیت نمایاں رہی۔ اس پر سیاسی غیر یقینی حالات نے پہلے سے بیمار معیشت کے نقصانات میں مزید اضافہ کر دیا۔ بڑے پیمانے کی صنعتوں (LSM) کی پیداوار بھی مشکل کاروباری حالات کی وجہ سے متاثر ہوئی۔

ڈائریکٹرز کی رپورٹ

برائے 31 مارچ 2023

آپ کی کمپنی کے ڈائریکٹرز نو ماہ مختتمہ 31 مارچ 2023 کے مالیاتی اسٹیٹمنٹس پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

پاکستانی معیشت کو بڑھتے ہوئے افراط زر، قرضہ کے حصول کی بڑی قیمتوں، کرنٹ اکاؤنٹس کے بڑھتے ہوئے خسارے کو روکنے کیلئے درکار شرح سود میں اضافہ اور معاشی سختیوں اور سیاسی غیر یقینی صورتحال کے سبب شدید چیلنجز کا سامنا ہے۔ معاشی سست روی کے نتیجے میں مینوفیکچرنگ کے شعبہ پر دباؤ پڑنے سے بڑے پیمانے کی مینوفیکچرنگ میں گزشتہ سال کے مقابلے میں %7.6 کمی آئی ہے۔ اسٹیٹ بینک نے پالیسی ریٹس میں %21 کی سطح تک اضافہ کیا جو گزشتہ دو دہائیوں میں ہونے والا بلند ترین اضافہ ہے جو افراط زر (موجودہ %35) اور پاکستانی روپے کی قدر (موجودہ 285 روپے) پر قابو پانے کی ناکام کوشش ثابت ہوا۔

ان عوامل سے مقامی انڈسٹری پر گہرے منفی اثرات مرتب ہوئے جس کے نتیجے میں اسٹیل کی پروڈکٹس کی طلب میں نمایاں کمی دیکھنے میں آئی جو خاص طور پر بڑے شعبوں بشمول آٹوموبائلز، کنسٹرکشن، فلوڈ ٹرانسمیشن اور جنرل فیبریکیشن میں ہوئی۔ حکومت کی جانب سے انفراسٹرکچر کے پروجیکٹس میں کئے جانے والے اخراجات میں بھی کمی رہی۔ اس کے علاوہ اسٹیل کی درآمدات پر FATA اور PATA رجسٹر کیلئے دستیاب ٹیکس کے استثنیٰ کے غلط استعمال سے کمپنی کی سیلز کی کوششوں پر بھی مسلسل اثر پڑ رہا ہے۔ اس کے نتیجے میں آپ کی کمپنی کو بھی مقامی سیلز کے حجم میں نمایاں کمی کا سامنا کرنا پڑا۔

اسی طرح لیٹر آف کریڈٹ کھولنے پر پابندی لگنے اور %100 کیش مارجن کی شرط کی بناء پر خام مال کا حصول دشوار تر ہو گیا۔ اس کے علاوہ گزشتہ سال کے مقابلے میں روپے کی قدر میں %55 کی بڑی کمی آنے سے لاگت پر نمایاں فرق پڑا جس کے نتیجے میں زیادہ ورکنگ کیپٹل کی ضرورت پڑی۔ پوری سہ ماہی کے دوران میں بہتر عالمی کاروباری حالات کے سبب بین الاقوامی سطح پر اسٹیل کی قیمتوں میں استحکام رہا لیکن بعض اہم برآمدی مارکیٹس کو مقامی معاشی سست روی اور خام مال کی قلت کے سبب کساد بازاری سے مشکلات کا سامنا رہا۔ آپ کی کمپنی کو بھی حکومت کی جانب سے درآمدات پر عائد کردہ مذکورہ پابندیوں کے سبب خاطر خواہ تعداد میں برآمدات کو نظر انداز کرنا پڑا۔ اس کے نتیجے میں برآمدات کی فروخت میں گزشتہ اسی مدت کی برآمدات کے مقابلے میں %48 کمی آئی۔ تاہم اس کمی کی تلافی کسی حد تک کمپنی کی سمندر پار ذیلی اداروں سے منافع بخش آپریشنل نتائج اور پاکستانی روپے کی قدر میں کمی کے نتیجے میں حاصل ہونے والے زرمبادلہ کے منافع سے ہوئی۔

UNCONSOLIDATED **CONDENSED INTERIM FINANCIAL STATEMENTS**

for the nine months ended March 31, 2023

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	9,994,939	9,983,844
Intangible assets		1,703	2,730
Investments	6	3,372,515	3,372,515
Long-term deposits		1,808	1,653
		13,370,965	13,360,742
CURRENT ASSETS			
Stores and spares		266,818	277,500
Stock-in-trade	7	9,797,724	13,577,794
Trade debts		4,524,174	8,800,377
Advances, trade deposits and prepayments		1,969,738	60,302
Other receivables		69,379	70,393
Sales tax receivable		-	34,875
Cash and bank balances		188,470	113,580
		16,816,303	22,934,821
TOTAL ASSETS		30,187,268	36,295,563
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Issued, subscribed and paid-up capital		1,318,819	1,318,819
Revenue reserves			
General reserve		2,700,036	2,700,036
Unappropriated profit		6,180,766	5,465,105
Capital reserve			
Revaluation surplus on property, plant and equipment		4,987,353	5,110,255
TOTAL SHAREHOLDERS' EQUITY		15,186,974	14,594,215
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing - secured	8	4,059,802	1,346,449
Deferred income - government grant		42,036	49,959
Gas Infrastructure Development Cess	10	62,821	122,020
Staff retirement benefits		152,809	155,545
Deferred taxation - net		162,158	192,669
		4,479,626	1,866,642
CURRENT LIABILITIES			
Trade and other payables	11	3,580,850	4,440,453
Contract liabilities		776,588	341,989
Short-term borrowings - secured	12	4,053,939	12,637,320
Unclaimed dividend		37,958	39,996
Current portion of long-term financing - secured	8	822,305	1,078,944
Taxation - net	9	904,932	1,015,977
Sales tax payable		184,201	-
Accrued mark-up		159,895	280,027
		10,520,668	19,834,706
TOTAL LIABILITIES		15,000,294	21,701,348
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	13	30,187,268	36,295,563

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Unconsolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For the period ended March 31, 2023

	Note	Nine months ended		Three months ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
----- (Rupees in '000) -----					
Revenue from contracts with customers	14	20,191,535	28,066,159	7,202,303	9,840,916
Cost of sales		(17,730,134)	(25,064,920)	(6,161,733)	(8,945,180)
Gross profit		2,461,401	3,001,239	1,040,570	895,736
Selling and distribution expenses		(1,106,776)	(1,831,464)	(336,570)	(683,368)
Administrative expenses		(266,088)	(218,180)	(105,277)	(68,940)
Charge of loss allowance on trade debts		(26,719)	(13,142)	(24,504)	(14,104)
		(1,399,583)	(2,062,786)	(466,351)	(766,412)
Operating profit		1,061,818	938,453	574,219	129,324
Finance cost		(1,300,035)	(790,191)	(371,274)	(318,600)
Other operating charges		(57,677)	(73,083)	(51,292)	(21,850)
		(1,357,712)	(863,274)	(422,566)	(340,450)
Other income	15	2,116,064	2,988,604	585,266	929,713
Profit before income tax		1,820,170	3,063,783	736,919	718,587
Income tax expense	16	(399,457)	(669,023)	(80,413)	(181,237)
Profit after tax for the period		1,420,713	2,394,760	656,506	537,350
Earnings per share					
- basic and diluted (Rupees)		10.77	18.16	4.98	4.07

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended March 31, 2023

	Nine months ended		Three months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
----- (Rupees in '000) -----				
Profit after tax for the period	1,420,713	2,394,760	656,506	537,350
Other comprehensive (loss) / income				
Items that will not be subsequently reclassified to Unconsolidated Statement of Profit or Loss				
Remeasurement of staff retirement benefits				
- Adjustment related to opening deferred tax balance	4,747	(2,477)	1,132	(140)
Surplus on revaluation of land and buildings				
- Adjustment related to opening deferred tax balance	(41,410)	15,207	(9,877)	863
Other comprehensive (loss) / income for the period - net of tax	(36,663)	12,730	(8,745)	723
Total comprehensive income for the period	1,384,050	2,407,490	647,761	538,073

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



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Officer

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the period ended March 31, 2023

	Issued, subscribed and paid-up capital	Revenue Reserves		Capital Reserve	Total
		General reserve	Unappropriated profit	Revaluation surplus on property, plant and equipment	
----- (Rupees in '000) -----					
Balance as at July 1, 2021	1,318,819	2,700,036	4,419,169	3,060,499	11,498,523
Profit after tax for the period	-	-	2,394,760	-	2,394,760
Other comprehensive (loss) / income for the period	-	-	(2,477)	15,207	12,730
Total comprehensive income for the period	-	-	2,392,283	15,207	2,407,490
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	38,282	(38,282)	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	838	(838)	-
Transactions with owners recorded directly in equity - distributions					
Dividend:					
- Final dividend at 65% (i.e. Rs. 6.50 per share) for the year ended June 30, 2021	-	-	(857,232)	-	(857,232)
- Interim dividend at 20% (i.e. Rs. 2.00 per share) for the year ending June 30, 2022	-	-	(263,764)	-	(263,764)
Balance as at March 31, 2022	1,318,819	2,700,036	5,729,576	3,036,586	12,785,017
Balance as at July 1, 2022	1,318,819	2,700,036	5,465,105	5,110,255	14,594,215
Profit after tax for the period	-	-	1,420,713	-	1,420,713
Other comprehensive income / (loss) for the period	-	-	4,747	(41,410)	(36,663)
Total comprehensive income / (loss) for the period	-	-	1,425,460	(41,410)	1,384,050
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	81,492	(81,492)	-
Transactions with owners recorded directly in equity - distributions					
Dividend:					
- Final dividend at 60% (i.e. Rs. 6.00 per share) for the year ended June 30, 2022	-	-	(791,291)	-	(791,291)
Balance as at March 31, 2023	1,318,819	2,700,036	6,180,766	4,987,353	15,186,974

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



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Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the period ended March 31, 2023

Note	Nine months ended	
	March 31, 2023	March 31, 2022
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
	17	
Cash generated from / (used in) operations	8,329,821	(405,632)
Finance cost paid	(1,393,257)	(691,643)
Income on bank deposits received	5,220	1,225
Staff retirement benefits paid	(44,516)	(47,897)
Payment on account of compensated absences	(15,904)	(10,687)
Income tax paid - net	(577,676)	(489,922)
Net cash generated from / (used in) operating activities	6,303,688	(1,644,556)
CASH FLOWS FROM INVESTING ACTIVITIES		
	5	
Payment for acquisition of property, plant and equipment	(460,380)	(651,008)
Payment for acquisition of intangible assets	-	(1,457)
Proceeds from disposal of property, plant and equipment	19,437	56,045
Dividend received	1,142,351	2,269,471
Net cash generated from investing activities	701,408	1,673,051
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term financing	3,144,220	345,537
Repayment of long-term financing	(697,716)	(440,266)
Proceeds from short-term borrowings - net	697,000	1,219,850
Dividend paid	(793,329)	(1,117,522)
Net cash generated from financing activities	2,350,175	7,599
Net increase in cash and cash equivalents	9,355,271	36,094
Cash and cash equivalents at beginning of the period	(10,419,740)	(8,653,002)
Cash and cash equivalents at end of the period	18 (1,064,469)	(8,616,908)

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



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Director & Chairman
Board Audit Committee



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Sohail R. Bhojani
Chief Executive
Officer

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

1. STATUS AND NATURE OF BUSINESS

International Industries Limited ("the Company") was incorporated in Pakistan on March 1, 1948 under the Companies Act, 1913 (now the Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The Company is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes, polymer pipes & fittings. The registered office of the Company is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Company are situated as follows:

- i) LX 15 - 16, Landhi Industrial Area, Karachi;
- ii) Survey no. 402, 405 - 406, Dehshrabi Landhi Town, Karachi; and
- iii) 22 KM, Sheikhpura Road, Lahore.

The sales offices of the Company are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore;
- ii) 2nd Floor, Khyber Heights, Rafi Commercial, Bahria Town, Phase # 8, Rawalpindi;
- iii) 1592, 2nd Floor, Quaid-e-Azam Shopping Centre no. 1, Multan Cantt;
- iv) Office no. 1/1, Wahab Centre, Electrocitry Plaza, Susan Road, Faisalabad; and
- v) Office no. 1 & 2, 1st Floor, Hurmaz Plaza, Main University Road, Peshawar.

These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investments in subsidiaries and associate have been accounted for at cost less accumulated impairment losses, if any. Details of the Company's investment in subsidiaries and associated company are stated in note 6 to these unconsolidated condensed interim financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These unconsolidated 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 of:

- 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.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

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 unconsolidated 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 unconsolidated financial statements of the Company as at and for the year ended June 30, 2022.
- 2.1.3** The comparative Unconsolidated Condensed Interim Statement of Financial Position presented in these unconsolidated condensed interim financial statements have been extracted from the audited annual unconsolidated financial statements of the Company for the year ended June 30, 2022, whereas the comparative Unconsolidated Condensed Interim Statement of Profit or Loss, Unconsolidated Condensed Interim Statement of Comprehensive Income, Unconsolidated Condensed Interim Statement of Cash Flows and Unconsolidated Condensed Interim Statement of Changes in Equity are extracted from the un-audited unconsolidated condensed interim financial statements for the period ended March 31, 2022.
- 2.1.4** These unconsolidated 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 unconsolidated condensed interim financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (Gratuity Fund) which is determined on the basis of the present value of defined benefit obligations less fair value of plan assets determined by an independent actuary and land and buildings at revalued amounts assessed by an independent valuer which are stated at fair value.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of audited annual separate financial statements of the Company as at and for the year ended June 30, 2022.
- 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 1, 2022. However, these do not have any significant impact on the Company's financial reporting.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of unconsolidated 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 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 the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual unconsolidated financial statements as at and for the year ended June 30, 2022.

4.3 The Company's financial risk management objectives and policies 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

	Operating assets	Capital work- in-progress (including capital stores and spares)	Total
	----- (Rupees in '000) -----		
Cost / revalued amount			
Balance at beginning of the period	13,363,854	72,377	13,436,231
Additions	-	460,380	460,380
Transfers	237,260	(237,260)	-
Disposals	(25,371)	-	(25,371)
	<u>13,575,743</u>	<u>295,497</u>	<u>13,871,240</u>
Accumulated depreciation			
Balance at beginning of the period	(3,452,387)	-	(3,452,387)
Charge for the period	(446,556)	-	(446,556)
Disposals	22,642	-	22,642
	<u>(3,876,301)</u>	<u>-</u>	<u>(3,876,301)</u>
Written down value as at March 31, 2023 (Un-audited)	<u>9,699,442</u>	<u>295,497</u>	<u>9,994,939</u>
Written down value as at June 30, 2022 (Audited)	<u>9,911,467</u>	<u>72,377</u>	<u>9,983,844</u>

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

6. INVESTMENTS

(Un-audited) March 31, 2023 (Number of shares)	(Audited) June 30, 2022		(Un-audited) March 31, 2023 (Rupees in '000)	(Audited) June 30, 2022 (Rupees in '000)
Quoted Companies				
245,055,543	245,055,543	International Steels Limited (ISL) - subsidiary company, at cost	2,450,555	2,450,555
7,006,340	6,092,470	Pakistan Cables Limited (PCL) - associated company, at cost	817,553	817,553
Un-quoted Companies				
150,000	150,000	IIL Americas Inc. (IIL Americas) - subsidiary company, at cost	17,966	17,966
100,000	100,000	IIL Australia Pty. Limited (IIL Australia) - subsidiary company, at cost	9,168	9,168
7,727,270	7,727,270	IIL Construction Solutions (Private) Limited (IIL CSL) - subsidiary company, at cost	77,273	77,273
			3,372,515	3,372,515
		Note	(Un-audited) March 31, 2023 (Rupees in '000)	(Audited) June 30, 2022

7. STOCK-IN-TRADE

Raw material - in hand	7.1	4,275,946	2,834,857
- in transit		760,241	5,033,016
		5,036,187	7,867,873
Work-in-process		1,185,618	1,539,000
Finished goods		3,437,094	4,015,843
By-products		32,364	50,531
Scrap material		106,461	104,547
		9,797,724	13,577,794

7.1 Raw material amounting to Rs.1.6 million as at March 31, 2023 (June 30, 2022: Rs. 7.7 million) was held at a vendor's premises for the production of pipe caps.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

	Note	(Un-audited) March 31, 2023 (Rupees in '000)	(Audited) June 30, 2022
8. LONG-TERM FINANCING - secured			
CONVENTIONAL			
Long-Term Finance Facility (LTFF)	8.2	569,432	570,667
Long-term finance		863,637	1,186,364
Payroll Refinance Scheme	8.3	-	194,993
		<u>1,433,069</u>	<u>1,952,024</u>
ISLAMIC			
Diminishing Musharakah		3,079,546	181,819
Islamic Long-Term Finance Facility (ILTFF)	8.4	181,799	114,048
Islamic Temporary Economic Refinance Facility (ITERF)	8.5	240,281	240,281
		<u>3,501,626</u>	<u>536,148</u>
		<u>4,934,695</u>	<u>2,488,172</u>
Less: Deferred income - government grant		(52,588)	(62,779)
Less: Current portion of long-term financing:			
CONVENTIONAL			
Long-Term Finance Facility (LTFF)		(87,323)	(87,273)
Long-term finance		(645,455)	(645,455)
Payroll Refinance Scheme		-	(194,993)
		<u>(732,778)</u>	<u>(927,721)</u>
ISLAMIC			
Diminishing Musharakah		(68,182)	(136,364)
Islamic Long-Term Finance Facility (ILTFF)		(21,345)	(14,859)
		<u>(89,527)</u>	<u>(151,223)</u>
		<u>(822,305)</u>	<u>(1,078,944)</u>
		<u>4,059,802</u>	<u>1,346,449</u>

8.1 These facilities are secured by way of a charge on stocks and all present and future land, buildings and plant and machinery located at Plot Number LX - 15 & 16 and HX - 7/4, Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, Dehsharabi, Landhi Town, Karachi.

8.1.1 In relation to the above borrowings, the Company needs to observe certain financial and non-financial covenants as specified in the agreement with respective lenders which are complied with as of the reporting date.

8.2 This represents finance facility loan obtained from various banks under the State Bank of Pakistan (SBP) Long Term Finance Facility for plant and machinery in respect of export-oriented projects.

8.3 This represents long-term loans obtained by the Company for financing its salaries and wages under SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.

8.4 This represents finance facility loan obtained from an Islamic bank under SBP's Islamic Long Term Finance Facility for plant and machinery in respect of export-oriented projects.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

8.5 This represents long-term loans obtained by the Company under SBP's Islamic Temporary Economic Refinance Facility available from various Islamic banks at below-market interest rates.

9. TAXATION - net

Under the Finance Act, 2022, the Federal Government inserted section 4C to the Income Tax Ordinance, 2001 which imposed a super tax on persons earning more than Rs. 150 million at varying rates. The Company, along with the other companies, filed a petition in SHC on October 22, 2022 against the chargeability of Super Tax for the tax year 2022 and accordingly submitted a bank guarantee amount to Rs. 398.75 million in the Nazir of SHC. On December 22, 2022, the SHC decided that the Super Tax shall be applicable from FY 2023 instead of FY 2022 at a rate of a maximum 4%. In an appeal by FBR against this order, the Supreme Court passed an interim order to encash the bank guarantees by 4% till the case is finally decided. Consequently, the bank guarantee was reduced to Rs.239.25 million.

10. GAS INFRASTRUCTURE DEVELOPMENT CESS

Supreme Court of Pakistan (SCP) upheld the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015) through its judgement dated August 13, 2020 and advised the Government of Pakistan (the GoP) to initiate the gas pipeline project within six months. The SCP on November 2, 2020 ordered that its decision of August 13, 2020 has validated the GIDC Act, 2015 in complete sense and the exceptions allowed under Section 8(2) of the GIDC Act to the industrial sector are also available. Further, payment of accumulated Gas Infrastructure Development Cess (the Cess) was allowed in 48 installments instead of 24 installments.

The Company has also filed civil suits before Sindh High Court (SHC) on the ground that the Company has not passed on the burden of the Cess. Stay orders were granted in the aforesaid suits, which are operative till the next date of hearing.

Despite the aforesaid order dated August 13, 2020 by the SCP, the GoP did not initiate the gas project within six months. Therefore, during the financial year ended June 30, 2021, the Company filed a petition with the SHC challenging the validity of the GIDC Act, 2015.

	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
11. TRADE AND OTHER PAYABLES			
Trade creditors		308,271	262,733
Bills payable		760,241	1,810,739
Accrued expenses	11.1	1,303,680	1,335,198
Provision for Infrastructure Cess	11.2	1,009,122	877,022
Short-term compensated absences		4,754	5,000
Workers' Profit Participation Fund		9,152	9,980
Workers' Welfare Fund	11.3	166,302	122,645
Current portion of deferred income			
- government grant		10,552	12,820
Others		8,776	4,316
		3,580,850	4,440,453

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

11.1 These include the current portion of Gas Infrastructure Development Cess amounting to Rs. 274.36 million (June 30, 2022: Rs. 204.06 million) and a provision against the revision of gas tariff by the Oil and Gas Regulatory Authority amounting to Rs. 125.49 million (June 30, 2022: Rs. 116.55 million). On February 18, 2023 the Sindh High Court validated the increase in gas tariff w.e.f. October 23, 2020 instead of September 01, 2020 and encashment of cheques submitted to the Nazir against the differential of tariff. IIL preferred an appeal against the said order before the divisional bench.

11.2 This represents a provision against the amount guaranteed to Excise and Taxation Department. The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court (SHC), passed an interim order directing that every company subsequent to December 27, 2006, is required to clear the goods by paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Bank guarantees issued as per the above-mentioned interim order amounting to Rs. 1,127 million (June 30, 2022: Rs. 992 million), have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Company on the basis of prudence. Subsequently through the Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh infrastructure cess. The Company had obtained a stay against this and the ultimate dispute had been linked with the previous infrastructure cess case.

The case was decided on June 4, 2021 by the SHC whereby the court declared the first four versions of the law unconstitutional and the release of bank guarantees was ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order remained suspended till September 3, 2021. The Company was not in agreement with the above orders and filed an appeal before the Supreme Court of Pakistan (SCP).

On September 1, 2021, the SCP granted a stay order against the operation of the order of SHC dated June 4, 2021, that the bank guarantees already submitted by the Company in pursuant to the order of the High Court are valid and enforceable. The Court further ordered that imports should be released on submission of fresh bank guarantees equivalent to the duty under the Act.

11.3 The Company filed a constitutional petition with the SHC against notice to the Company for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014 despite the fact that the Company is making the payments of Workers Welfare Fund to the Federal Government. A stay was obtained on the ground that the Company is a trans-provincial establishment operating industrial and commercial activities across Pakistan and is liable to pay Workers Welfare Fund under federal Workers Welfare Fund Ordinance, 1971.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

	Note	(Un-audited) March 31, 2023 (Rupees in '000)	(Audited) June 30, 2022
12. SHORT-TERM BORROWINGS - secured			
CONVENTIONAL			
Running finance under mark-up arrangement from banks	12.1	1,144,509	3,348,023
Short-term borrowing under Money Market Scheme maturing within three months	12.1	-	1,320,000
Short-term borrowing under Export Refinance Scheme	12.2	2,701,000	2,104,000
ISLAMIC			
Short-term borrowing under Running Musharakah maturing within three months	12.3	108,430	5,865,297
Short-term borrowing under Export Refinance Scheme	12.2	100,000	-
		<u>4,053,939</u>	<u>12,637,320</u>

12.1 These facilities for short-term finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances range from 17.05% to 19.97% (June 30, 2022: 10.88% to 14.81%) per annum.

12.2 The Company has obtained short-term finance under Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities ranges from 9.50% to 16.75% (June 30, 2022: 2.50%) per annum. These facilities mature within six months and are renewable.

12.3 The Company has obtained facilities for short-term finance under Running Musharakah. The rates of profit on these facilities range from 17.00% to 19.67% (June 30, 2022: 11.95% to 14.51%) per annum.

12.4 As at March 31, 2023, the unavailed facilities from the above borrowings amounted to Rs. 15,011 million (June 30, 2022: Rs. 5,601 million).

12.5 The above facilities are secured by way of a joint pari passu charge and ranking charge over all current and future moveable assets of the Company.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There have been no significant changes during the period in the contingencies reported in the annual audited unconsolidated financial statements for the year ended June 30, 2022 except as discussed below:

13.1.1 In relation to the case of the sale of zinc wastages generated from imports under manufacturing bond, the Appellate Tribunal heard the case and the Customs department submitted its response during the hearing. The Appellate Tribunal, thereafter, reserved its order and, subsequently, announced its decision upholding the order of the Collector of Customs (Adjudication - II). Being aggrieved by the decision of the Appellate Tribunal, the Company preferred a reference to the Sindh High Court (SHC). The SHC held the first hearing of the case on September 9, 2022, and has issued a short notice of a hearing to be held subsequently.

13.1.2 In connection to the application challenging the chargeability of tax on inter corporate dividends from the Company's subsidiary, International Steels Limited (ISL), the Company has filed various constitutional petitions before the SHC covering past dividends issued by ISL. Stay orders were granted in each respective case against submission of bank guarantees amounting Rs. 664.7 million (June 30, 2022: Rs. 499.3 million). The SHC has dismissed our petitions. The Company is considering the merits to challenge the above order.

13.2 Commitments

13.2.1 Capital expenditure commitments outstanding as at March 31, 2023 amounted to Rs. 45.52 million (June 30, 2022: Rs. 48.65 million).

13.2.2 Commitments under letters of credit for raw materials and stores and spares as at March 31, 2023 amounted to Rs. 1,293.1 million (June 30, 2022: Rs. 802.2 million).

13.2.3 Commitments under purchase contracts as at March 31, 2023 amounted to Rs. 2,335.7 million (June 30, 2022: Rs. 685.8 million).

13.2.4 The facilities for opening letters of credit and guarantees from banks as at March 31, 2023 amounted to Rs. 14,300 million (June 30, 2022: Rs. 12,700 million) and Rs. 3,050 million (June 30, 2022: Rs. 3,050 million) respectively, of which the unutilised balance at period-end amounted to Rs. 13,007 million (June 30, 2022: Rs. 11,851 million) and Rs. 271 million (June 30, 2022: Rs. 955 million) respectively.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

		(Un-audited)			
		Nine months ended		Three months ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
14.	REVENUE FROM CONTRACTS WITH CUSTOMERS	----- (Rupees in '000) -----			
	Sale of goods less returns				
	Local	20,372,902	25,703,895	7,744,696	8,986,318
	Sales tax	(2,875,398)	(3,618,815)	(1,093,006)	(1,253,737)
	Trade discounts	(1,355,092)	(1,790,916)	(599,354)	(701,817)
		16,142,412	20,294,164	6,052,336	7,030,764
	Export	4,073,311	7,820,626	1,169,767	2,824,342
	Export commission & discounts	(24,188)	(48,631)	(19,800)	(14,190)
		4,049,123	7,771,995	1,149,967	2,810,152
		20,191,535	28,066,159	7,202,303	9,840,916

15. OTHER INCOME

This includes dividend income from subsidiary and associated companies amounting to Rs. 1,142.40 million (March 31, 2022: Rs. 2,269.50 million).

		(Un-audited)			
		Nine months ended		Three months ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
16.	INCOME TAX EXPENSE	----- (Rupees in '000) -----			
	Current	466,631	725,811	89,024	196,927
	Deferred	(67,174)	(56,788)	(8,611)	(15,690)
		399,457	669,023	80,413	181,237

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

	Note	(Un-audited)	
		Nine months ended	
		March 31, 2023	March 31, 2022
		(Rupees in '000)	
17. CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before income tax		1,820,170	3,063,783
Add/(less): Adjustment for non-cash charges and other items			
Depreciation of property, plant and equipment		446,556	380,194
Amortisation of intangible assets		1,028	632
Charge of loss allowance on trade debts		26,719	13,142
Provision for staff retirement benefits		41,780	35,871
Provision for compensated absences		15,521	8,937
Income on bank deposits		(5,220)	(1,225)
Gain on disposal of property, plant and equipment		(16,708)	(41,429)
Gain on remeasurement of Gas Infrastructure Development Cess		(5,640)	(10,273)
Unwinding of Gas Infrastructure Development Cess		16,719	14,983
Dividend income		(1,142,351)	(2,269,471)
Government grant income		(10,191)	(22,879)
Finance cost		1,283,316	775,208
		2,471,699	1,947,473
Changes in working capital	17.1	5,858,122	(2,353,105)
		8,329,821	(405,632)
17.1 Working capital changes			
Decrease /(increase) in current assets:			
Stores and spares		10,682	(59,407)
Stock-in-trade		3,780,070	1,619,678
Trade debts		4,249,484	(5,436,953)
Advances, trade deposits and prepayments		(1,909,436)	(9,665)
Other receivables		1,014	(14,844)
Sales tax receivable		34,875	174,106
		6,166,689	(3,727,085)
(Decrease) / increase in current liabilities:			
Trade and other payables		(927,367)	1,029,933
Contract liabilities		434,599	344,047
Sales tax payable		184,201	-
		(308,567)	1,373,980
		5,858,122	(2,353,105)

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

	Note	(Un-audited)	
		Nine months ended	
		March 31, 2023	March 31, 2022
(Rupees in '000)			
18. CASH AND CASH EQUIVALENTS			
Cash and bank balances		188,470	99,534
Running finance under mark-up arrangement from banks	12	(1,144,509)	(330,448)
Short-term borrowing under Money Market Scheme maturing within three months	12	-	(7,880,000)
Short-term borrowing under Running Musharakah maturing within three months	12	(108,430)	(505,994)
		<u>(1,064,469)</u>	<u>(8,616,908)</u>

19. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the subsidiary companies, associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to follow a policy whereby all transactions with related parties are entered into at commercial terms at rate agreed under a contract / arrangement / agreement. The contributions to the defined contribution plan (Provident Fund) are made as per the terms of employment and contributions to the defined benefit plan (Gratuity Fund) are made on the basis of latest actuarial advice. Remuneration of key management personnel are in accordance with their terms of engagements.

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

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

	(Un-audited)			
	Nine months ended		Three months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- (Rupees in '000) -----			
19.1 Transactions with related parties				
Subsidiary companies				
Sales	2,785,713	6,639,502	778,027	2,484,094
Sale of vehicles	-	3,350	-	-
Purchases	5,078,755	6,345,558	1,586,760	2,687,085
Purchases of Fixed Assets	50,068	-	-	-
Purchase of vehicles	-	2,350	-	2,350
Cost of shared resources	67,591	55,281	3,555	14,246
Reimbursement of expenses	16,617	4,703	7,742	1,537
Rental income	15,619	8,841	2,968	2,947
Dividend received	1,102,750	2,205,500	-	490,111
Associated companies				
Sales	59,378	6,320	58,776	1,457
Purchases	9,911	11,782	1,748	6,102
Reimbursement of expenses	9,753	865	4,299	536
Insurance premium	3,206	23,302	1,045	1,388
Insurance claim	207	1,158	54	51
Dividend received	39,601	63,971	-	15,231
Dividend paid	3,802	9,234	-	1,267
Subscription	2,500	2,000	-	-
Registration and training	130	2,523	-	-
Key management personnel				
Remuneration and allowances	246,398	309,555	70,448	77,160
Staff retirement funds				
Contribution paid	89,951	113,764	57,607	66,744
Non-executive directors				
Directors' fee	5,425	4,875	1,900	2,250
Reimbursement of Chairman's expenses	1,650	3,366	-	1,177

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

20. SEGMENT REPORTING

The Company has identified Steel, Polymer and Investments as reportable segments. Performance is measured based on respective segment's results. Information regarding the Company's reportable segments is presented below.

20.1 Segment revenue and results

	Steel segment	Polymer segment	Investments segment	Total
	(Rupees in '000)			
For the nine months ended March 31, 2023				
Revenue from contracts with customers				
Local	13,507,408	2,635,005	-	16,142,412
Exports	4,049,123	-	-	4,049,123
	<u>17,556,531</u>	<u>2,635,005</u>	<u>-</u>	<u>20,191,535</u>
Cost of sales	(15,586,097)	(2,144,037)	-	(17,730,134)
Gross profit	1,970,434	490,968	-	2,461,401
Selling and distribution expenses	(1,032,733)	(74,043)	-	(1,106,776)
Administrative expenses	(245,438)	(20,650)	-	(266,088)
(Charge) / reversal of loss allowance on trade debts	(51,274)	24,555	-	(26,719)
	<u>(1,329,445)</u>	<u>(70,138)</u>	<u>-</u>	<u>(1,399,583)</u>
Finance cost	(1,130,378)	(169,657)	-	(1,300,035)
Other operating charges	(40,095)	(17,582)	-	(57,677)
	<u>(1,170,473)</u>	<u>(187,239)</u>	<u>-</u>	<u>(1,357,712)</u>
Other income	973,713	-	1,142,351	2,116,064
Profit before income tax	444,229	233,590	1,142,351	1,820,170
Income tax expense				(399,457)
Profit after tax for the period				1,420,713
For the nine months ended March 31, 2022				
Revenue from contracts with customers				
Local	18,186,430	2,107,734	-	20,294,164
Exports	7,771,995	-	-	7,771,995
	<u>25,958,425</u>	<u>2,107,734</u>	<u>-</u>	<u>28,066,159</u>
Cost of sales	(23,058,163)	(2,006,757)	-	(25,064,920)
Gross profit	2,900,262	100,977	-	3,001,239
Selling and distribution expenses	(1,763,508)	(67,956)	-	(1,831,464)
Administrative expenses	(207,458)	(10,722)	-	(218,180)
Reversal / (charge) of loss allowance on trade debts	3,781	(16,923)	-	(13,142)
	<u>(1,967,185)</u>	<u>(95,601)</u>	<u>-</u>	<u>(2,062,786)</u>
Finance cost	(731,353)	(58,838)	-	(790,191)
Other operating charges	(73,083)	-	-	(73,083)
	<u>(804,436)</u>	<u>(58,838)</u>	<u>-</u>	<u>(863,274)</u>
Other income	719,133	-	2,269,471	2,988,604
Profit / (loss) before income tax	847,774	(53,462)	2,269,471	3,063,783
Income tax expense				(669,023)
Profit after tax for the period				2,394,760

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

20.2 Segment assets and liabilities

	Steel segment	Polymer segment	Investments segment	Total
----- (Rupees in '000) -----				
As at March 31, 2023 - Un-audited				
Segment assets	<u>21,908,715</u>	<u>1,966,390</u>	<u>3,372,515</u>	<u>27,247,620</u>
Segment liabilities	<u>10,386,211</u>	<u>607,418</u>	<u>-</u>	<u>10,993,629</u>
As at June 30, 2022 - Audited				
Segment assets	<u>29,223,455</u>	<u>2,755,839</u>	<u>3,372,515</u>	<u>35,351,809</u>
Segment liabilities	<u>16,669,182</u>	<u>1,151,798</u>	<u>-</u>	<u>17,820,980</u>

Reconciliation of segment assets and liabilities with total assets and liabilities in the Unconsolidated Statement of Financial Position is as follows :

	(Un-audited) March 31, 2023 (Rupees in '000)	(Audited) June 30, 2022
Total for reportable segments assets	<u>27,247,620</u>	35,351,809
Unallocated assets	<u>2,939,648</u>	943,754
Total assets as per Unconsolidated Statement of Financial Position	<u><u>30,187,268</u></u>	<u><u>36,295,563</u></u>
Total for reportable segments liabilities	<u>10,993,629</u>	17,820,980
Unallocated liabilities	<u>4,006,665</u>	3,880,368
Total liabilities as per Unconsolidated Statement of Financial Position	<u><u>15,000,294</u></u>	<u><u>21,701,348</u></u>

21. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorised for issue on April 28, 2023 by the Board of Directors of the Company.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

CONDENSED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED
for the nine months ended March 31, 2023

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2023

	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
----- (Rupees in '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	30,434,062	30,771,384
Right-of-use assets		23,955	31,335
Intangible assets		266,523	179,596
Investment in equity accounted investee	6	1,818,018	1,238,598
Long-term deposits		3,915	2,427
		<u>32,546,473</u>	<u>32,223,340</u>
CURRENT ASSETS			
Stores and spares		1,363,233	1,181,526
Stock-in-trade	7	28,373,998	45,688,341
Trade debts		5,240,044	6,853,083
Advances, trade deposits and prepayments		8,865,828	202,923
Other receivables		69,379	121,355
Sales tax receivable		558,664	1,770,317
Cash and bank balances		1,082,722	1,218,770
		<u>45,553,868</u>	<u>57,036,315</u>
TOTAL ASSETS		<u>78,100,341</u>	<u>89,259,655</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Issued, subscribed and paid-up capital		1,318,819	1,318,819
Revenue reserves			
General reserve		3,112,325	2,991,258
Unappropriated profit		13,112,347	12,699,443
Exchange translation reserves		69,681	27,392
Capital reserve			
Revaluation surplus on property, plant and equipment		7,374,521	6,986,115
TOTAL SHAREHOLDERS' EQUITY		<u>24,987,693</u>	<u>24,023,027</u>
Non-controlling interest		9,240,360	9,376,528
		<u>34,228,053</u>	<u>33,399,555</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing - secured	8	5,148,866	4,125,295
Deferred income - government grant		175,578	186,509
Gas Infrastructure Development Cess	10	284,420	548,541
Staff retirement benefits		152,809	155,545
Deferred taxation - net		1,904,050	1,608,476
Lease liabilities		17,347	24,429
		<u>7,683,070</u>	<u>6,648,795</u>
CURRENT LIABILITIES			
Trade and other payables	11	18,100,104	11,020,587
Contract liabilities		2,657,224	2,654,961
Short-term borrowings - secured	12	12,004,509	29,996,873
Unclaimed dividend		37,958	39,996
Unclaimed dividend attributable to non-controlling interest (NCI)		10,440	10,301
Current portion of long-term financing - secured	8	1,651,132	2,498,439
Current portion of lease liabilities		9,100	7,510
Taxation - net		1,335,385	2,431,598
Accrued mark-up		383,366	551,040
		<u>36,189,218</u>	<u>49,211,305</u>
TOTAL LIABILITIES		<u>43,872,288</u>	<u>55,860,100</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	13	<u>78,100,341</u>	<u>89,259,655</u>

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
 Director & Chairman
 Board Audit Committee



Muhammad Akhtar
 Chief Financial
 Officer



Sohail R. Bhojani
 Chief Executive
 Officer

Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For the period ended March 31, 2023

	Note	Nine months ended		Three months ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
----- (Rupees in '000) -----					
Revenue from contracts with customers	14	76,896,664	92,347,225	31,454,375	34,915,831
Cost of sales		(67,566,868)	(80,238,403)	(27,421,618)	(31,653,819)
Gross profit		9,329,796	12,108,822	4,032,757	3,262,012
Selling and distribution expenses		(1,734,509)	(2,770,112)	(715,436)	(1,126,384)
Administrative expenses		(567,195)	(484,551)	(229,371)	(154,415)
Charge of loss allowance on trade debts		(27,146)	(10,538)	(24,729)	(13,034)
		(2,328,850)	(3,265,201)	(969,536)	(1,293,833)
Operating profit		7,000,946	8,843,621	3,063,221	1,968,179
Finance cost		(3,358,201)	(1,695,968)	(775,390)	(680,055)
Other operating charges		(1,501,885)	(828,344)	(379,520)	(191,750)
		(4,860,086)	(2,524,312)	(1,154,910)	(871,805)
Other income		1,082,800	894,982	632,338	446,675
Share of profit in equity accounted investee		69,332	119,071	24,592	45,876
Profit before income tax		3,292,992	7,333,362	2,565,241	1,588,925
Income tax expense	15	(1,269,181)	(2,302,427)	(668,665)	(479,141)
Profit after tax for the period		2,023,811	5,030,935	1,896,576	1,109,784
Profit attributable to:					
- Owners of the Holding Company		1,305,229	2,734,666	1,238,642	552,867
- Non-controlling interest (NCI)		718,582	2,296,269	657,934	556,917
		2,023,811	5,030,935	1,896,576	1,109,784
----- (Rupees) -----					
Earnings per share - basic and diluted		9.90	20.74	9.39	4.19

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended March 31, 2023

	Nine months ended		Three months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- (Rupees in '000) -----			
Profit after tax for the period	2,023,811	5,030,935	1,896,576	1,109,784
Other comprehensive income				
Items that will not be subsequently reclassified to Consolidated Statement of Profit or Loss				
Remeasurements of staff retirement benefits				
- Adjustment related to opening deferred tax balance	4,747	(2,477)	1,132	(140)
Surplus on revaluation of land and buildings				
- Adjustment related to opening deferred tax balance on buildings	(41,410)	15,207	(9,877)	863
Proportionate share of surplus on revaluation of land and buildings of equity accounted investee	550,457	-	355	-
Related deferred tax for the period	(104,587)	-	(68)	-
	445,870	-	287	-
Items that will be subsequently reclassified to Consolidated Statement of Profit or Loss				
Foreign operations - foreign currency translation difference	42,289	15,504	33,691	7,010
Proportionate share of other comprehensive income / (loss) of equity accounted investee	(768)	4,724	2	491
Other comprehensive income for the period	450,728	32,958	25,235	8,224
Total comprehensive income for the period	<u>2,474,539</u>	<u>5,063,893</u>	<u>1,921,811</u>	<u>1,118,008</u>
Total comprehensive income attributable to:				
- Owners of the Holding Company	1,755,957	2,767,624	1,263,877	561,091
- Non-controlling interest (NCI)	718,582	2,296,269	657,934	556,917
	<u>2,474,539</u>	<u>5,063,893</u>	<u>1,921,811</u>	<u>1,118,008</u>

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the period ended March 31, 2023

	Attributable to owners of the Holding Company						Total	Non-controlling interest	Total equity
	Issued, subscribed and paid-up capital	Revenue reserves			Capital reserve Revaluation surplus on property, plant and equipment	Total			
		General reserve	Unappropriated profit	Exchange translation reserves					
(Rupees in '000)									
Balance as at July 1, 2021	1,318,819	2,991,258	11,365,899	5,863	14,363,020	4,267,987	19,949,826	8,247,364	28,197,190
Profit after tax for the period	-	-	2,734,666	-	2,734,666	-	2,734,666	2,296,269	5,030,935
Other comprehensive income for the period	-	-	2,247	15,504	17,751	15,207	32,958	-	32,958
Total comprehensive income for the period	-	-	2,736,913	15,504	2,752,417	15,207	2,767,624	2,296,269	5,063,893
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	52,627	-	52,627	(63,723)	(11,096)	11,096	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	838	-	838	(838)	-	-	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL	-	-	1,683	-	1,683	(1,701)	(18)	-	(18)
Transactions with owners recorded directly in equity									
Distributions to owners of Holding Company									
- Final dividend at 65% (Rs. 6.50 per share) for the year ended June 30, 2021	-	-	(857,232)	-	(857,232)	-	(857,232)	-	(857,232)
- Interim dividend at 20% (Rs. 2.00 per share) for the year ended June 30, 2022	-	-	(263,764)	-	(263,764)	-	(263,764)	-	(263,764)
Dividend to non-controlling interest	-	-	-	-	-	-	-	(1,709,500)	(1,709,500)
Balance as at March 31, 2022	<u>1,318,819</u>	<u>2,991,258</u>	<u>13,036,964</u>	<u>21,367</u>	<u>16,049,589</u>	<u>4,216,932</u>	<u>21,585,340</u>	<u>8,845,229</u>	<u>30,430,569</u>
Balance as at July 1, 2022	1,318,819	2,991,258	12,699,443	27,392	15,718,093	6,986,115	24,023,027	9,376,528	33,399,555
Profit after tax for the period	-	-	1,305,229	-	1,305,229	-	1,305,229	718,582	2,023,811
Other comprehensive income for the period	-	-	(100,608)	42,289	(58,319)	509,047	450,728	-	450,728
Total comprehensive income for the period	-	-	1,204,621	42,289	1,246,910	509,047	1,755,957	718,582	2,474,539
Proportionate share of transfer to general reserves of equity accounted investee	-	121,067	(121,067)	-	-	-	-	-	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	118,569	-	118,569	(118,569)	-	-	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	-	-	-	-	-	-	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL	-	-	2,072	-	2,072	(2,072)	-	-	-
Transactions with owners recorded directly in equity									
Distributions to owners of Holding Company									
- Final dividend @ 60% (Rs. 6.00 per share) for the year ended June 30, 2022	-	-	(791,291)	-	(791,291)	-	(791,291)	-	(791,291)
Dividend to non-controlling interest	-	-	-	-	-	-	-	(854,750)	(854,750)
Balance as at March 31, 2023	<u>1,318,819</u>	<u>3,112,325</u>	<u>13,112,347</u>	<u>69,681</u>	<u>16,294,353</u>	<u>7,374,521</u>	<u>24,987,693</u>	<u>9,240,360</u>	<u>34,228,053</u>

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the period ended March 31, 2023

	Note	Nine months ended	
		March 31, 2023	March 31, 2022
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	26,370,364	7,169,582
Finance cost paid		(3,426,828)	(1,414,579)
Income on bank deposits received		61,231	34,254
Staff retirement benefits paid		(69,372)	(70,746)
Payment on account of compensated absences		(26,351)	(14,075)
Income tax paid - net		(2,219,976)	(1,822,324)
Net cash generated from operating activities		20,689,068	3,882,112
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property, plant and equipment		(1,354,430)	(2,017,635)
Payment for acquisition of intangible assets		(88,189)	(1,457)
Proceeds from disposal of property, plant and equipment		104,868	150,193
Dividend received		39,601	63,971
Net cash used in investing activities		(1,298,150)	(1,804,928)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		3,389,685	841,689
Repayment of long-term financing		(3,225,218)	(1,315,118)
Proceeds from short-term borrowings - net		(3,185,781)	3,478,294
Lease rentals paid		(4,621)	(7,288)
Dividends paid to non-controlling interest		(854,611)	(1,706,893)
Dividends paid to shareholders of the Holding Company		(793,329)	(1,117,522)
Net cash (used in) / generated from financing activities		(4,673,875)	173,162
Net increase in cash and cash equivalents		14,717,043	2,250,346
Cash and cash equivalents at beginning of the period		(19,741,322)	(10,667,389)
Effects of exchange rate changes in cash and cash equivalents		(46,508)	48,923
Cash and cash equivalents at end of the period	17	(5,070,787)	(8,368,121)

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of International Industries Limited (the Holding Company), its 56.33% owned subsidiary International Steels Limited (ISL), its wholly-owned subsidiary IIL Construction Solutions (Private) Limited (IIL CSL) and its wholly owned foreign subsidiaries IIL Australia Pty. Limited (IIL Australia) and IIL Americas Inc. (IIL Americas) [together referred to as "the Group" and individually as "Group entities"] and the Holding Company's 17.124% interest in an equity accounted investee, Pakistan Cables Limited (PCL).

1.2 The Holding Company was incorporated in Pakistan in 1948 and is quoted on the Pakistan Stock Exchange. It is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes and polymer pipes and fittings. The registered office of the Holding Company is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Holding Company are situated as follows:

- i) LX 15 - 16, Landhi Industrial Area, Karachi;
- ii) Survey no. 402, 405 - 406, Dehshrabi Landhi Town, Karachi; and
- iii) 22 KM, Sheikhpura Road, Lahore.

The sales offices of the Holding Company are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore;
- ii) 2nd Floor, Khyber Heights, Rafi Commercial, Bahria Town, Phase # 8, Rawalpindi;
- iii) 1592, 2nd Floor, Quaid-e-Azam Shopping Centre no. 1, Multan Cantt;
- iv) Office no. 1/1, Wahab Centre, Electrocitiy Plaza, Susan Road, Faisalabad; and
- v) Office no. 1 & 2, 1st Floor, Hurmaz Plaza, Main University Road, Peshawar.

1.3 International Steels Limited ("the Subsidiary 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. Subsequent to the sale of shares by the Holding Company to general public under an Initial Public Offer, the Subsidiary Company was listed on the Pakistan Stock Exchange on June 1, 2011. The primary activities of the Subsidiary Company is the business of manufacturing of cold rolled steel coils and galvanized sheets. The Subsidiary Company commenced commercial operations on January 1, 2011. The registered office of the Subsidiary Company is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530. The Holding Company has 56.33% ownership interest in the Subsidiary Company.

The manufacturing facilities of the Subsidiary Company are situated as follows:

- i) 399 - 405, Rehri Road, Landhi Industrial Area, Karachi; and
- ii) Plot No. LE 73 - 79, 102 - 103, 112 - 118, 125 - 129, Survey No. NC 98, National Industrial Parks (NIP), Bin Qasim Industrial Zone, Karachi.

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

The sales offices of the Subsidiary Company are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore;
- ii) 2nd Floor, Khyber Heights, Rafi Commercial, Bahria Town, Phase # 8, Rawalpindi; and
- iii) Office no. 708-A, United Mall, Abdali Road, Multan.

1.4 IIL CSL was incorporated on August 19, 2020 under the Companies Act, 2017. It is engaged in the business of providing scaffolding and other business solutions. Its registered office is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530.

1.5 IIL Australia was incorporated in Australia on May 2, 2014. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes, pre-galvanized pipes and galvanized sheets and coils. Its registered office and sales office is situated at 101 - 103, Abbot Road, Hallam, Victoria 3803, Australia.

1.6 IIL Americas was incorporated in Canada on October 8, 2019. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes and pre-galvanized pipes. Its registered office and sales office is situated at 36 Gerigs St., Scarborough, Ontario, Canada MIL 0B9.

1.7 Details of the equity accounted investee is given in note 6 to these consolidated condensed interim financial statements.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

- 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.

2.1.1 These consolidated 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 consolidated financial statements of the Holding Company as at and for the year ended June 30, 2022.

2.1.2 The comparative Consolidated Condensed Interim Statement of Financial Position presented in these consolidated condensed interim financial statements have been extracted from the audited annual consolidated financial statements for the year ended June 30, 2022, whereas the comparative Consolidated Condensed Interim Statement of Profit or Loss, Consolidated

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

Condensed Interim Statement of Comprehensive Income, Consolidated Condensed Interim Statement of Cash Flows and Consolidated Condensed Interim Statement of Changes in Equity are extracted from the unaudited consolidated condensed interim financial statements for the period ended March 31, 2022.

2.2 Basis of measurement

These consolidated condensed interim financial statements have been prepared under the historical cost convention except for the Group entities' liabilities under defined benefit plan (Gratuity Fund) which is determined based on the present value of defined benefit obligations less fair value of plan assets determined by an independent actuary and land and buildings at revalued amounts assessed by an independent valuer which are stated at fair value.

2.3 Functional and presentation currency

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

2.4 Basis of consolidation

2.4.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision-making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases. These consolidated condensed interim financial statements include the Holding Company and all companies which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

The interim financial statements of the Subsidiaries have been consolidated on a line-by-line basis. Inter-company transactions, balances, income and expenses on transactions between Group entities are eliminated. Unrealised profits and losses are also eliminated. Accounting policies of the Subsidiaries are consistent with the policies adopted by the Group.

2.4.2 Transactions and non-controlling interests

Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income for the period, even if that results in a deficit balance.

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of a subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of audited annual consolidated financial statements as at and for the year ended June 30, 2022.

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 Group's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Group's financial reporting.

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

There are certain amendments to the accounting and reporting standards that will be mandatory for the annual accounting periods beginning on or after July 1, 2023. However, these are considered either not to be relevant or to have any significant impact on the consolidated financial statements and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of consolidated 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 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 the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended June 30, 2022.

4.3 The Group's financial risk management objectives and policies are consistent with those disclosed in the audited annual consolidated financial statements as at and for the year ended June 30, 2022.

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work- in-progress (including capital spares)	Total
	----- (Rupees in '000) -----		
Cost / revalued amount			
Balance at beginning of the period	41,611,309	1,286,526	42,897,835
Additions	-	1,357,647	1,357,647
Translation reserve	1,379	-	1,379
Adjustments / transfers - net	710,181	(713,306)	(3,125)
Disposals	(143,787)	-	(143,787)
	<u>42,179,082</u>	<u>1,930,867</u>	<u>44,109,949</u>
Accumulated depreciation			
Balance at beginning of the period	(11,991,887)	(134,564)	(12,126,451)
Charge for the period	(1,692,757)	59,727	(1,633,030)
Disposals	83,594	-	83,594
	<u>(13,601,050)</u>	<u>(74,837)</u>	<u>(13,675,887)</u>
Written down value as at March 31, 2023 (Un-audited)	<u>28,578,032</u>	<u>1,856,030</u>	<u>30,434,062</u>
Written down value as at June 30, 2022 (Audited)	<u>29,619,422</u>	<u>1,151,962</u>	<u>30,771,384</u>
	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
		----- (Rupees in '000) -----	

6. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Pakistan Cables Limited (PCL)			
- associated company	6.1	<u>1,818,018</u>	<u>1,238,598</u>

6.1 The Holding Company holds a 17.124% (June 30, 2022: 17.124%) ownership interest in PCL. The Chief Executive Officer of PCL is Mr. Fahd K. Chinoy. The Holding Company considers it has significant influence over PCL as, in addition to its holding, the companies have common directorships. The price per share of PCL as at reporting date was Rs. 94.12 (June 30, 2022: Rs. 139.50) resulting in a market value of total investment amounting to Rs. 659.44 million (June 30, 2022: Rs. 849.90 million). The share of profit and other comprehensive income for the period is recognised based on the financial statements of PCL as at December 31, 2022 as the latest financial statements as at March 31, 2023 were presently not available.

6.2 Market value of the investment disclosed in note 6.1 is categorised as level 1 fair value measurement in accordance with IFRS 13 "Fair Value Measurement".

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

7. STOCK-IN-TRADE

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
Raw material - in hand	7.1	7,662,215	15,436,789
- in transit		<u>7,587,910</u>	<u>9,745,563</u>
		<u>15,250,125</u>	<u>25,182,352</u>
Work-in-process		4,525,354	6,833,793
Finished goods - in hand		7,912,239	11,335,368
- in transit		507,399	2,110,127
By-products		39,463	72,635
Scrap material		139,418	154,066
		<u><u>28,373,998</u></u>	<u><u>45,688,341</u></u>

7.1 Raw material of the Holding Company amounting to Rs. 1.6 million as at March 31, 2023 (June 30, 2022: Rs. 7.7 million) was held at a vendor's premises for the production of pipe caps.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	

8. LONG-TERM FINANCING - secured

CONVENTIONAL

Long-Term Finance Facility (LTFF)	8.2	1,264,706	1,462,053
Long-term finance		863,637	1,186,364
Payroll Refinance Scheme	8.3	-	194,993
Temporary Economic Refinance Facility (TERF)	8.4	<u>493,003</u>	<u>442,889</u>
		<u>2,621,346</u>	<u>3,286,299</u>

ISLAMIC

Diminishing Musharakah		3,079,546	181,819
Islamic Long-Term Finance Facility (ILTFF)	8.5	583,709	561,450
Islamic Temporary Economic Refinance Facility (ITERF)	8.6	730,281	240,281
Long-term finance		-	2,450,000
Payroll Refinance Scheme	8.7	-	128,820
		<u>4,393,536</u>	<u>3,562,370</u>
		<u>7,014,882</u>	<u>6,848,669</u>

Less: Deferred income - government grant

		(214,884)	(224,935)
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Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
Note	----- (Rupees in '000) -----	
Less: Current portion of long-term financing:		
CONVENTIONAL		
Long-Term Finance Facility (LTFF)	(337,343)	(337,293)
Long-term finance	(676,268)	(645,455)
Payroll Refinance Scheme	-	(194,993)
	(1,013,611)	(1,177,741)
ISLAMIC		
Diminishing Musharakah	(68,182)	(136,364)
Long-term finance	(490,000)	(980,000)
Islamic Long-Term Finance Facility (ILTF)	(79,339)	(75,514)
Payroll Refinance Scheme	-	(128,820)
	(1,651,132)	(2,498,439)
	5,148,866	4,125,295

- 8.1** The above loans are secured by way of a charge on stocks and all present and future land, buildings and plant and machinery located at Plot Number LX - 15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, Dehsharabi, Landhi Town, Karachi of the Holding Company and by way of joint pari passu charge and ranking charge over the fixed assets of ISL (such as land, building, plant and machinery etc.).
- 8.1.1** In relation to the above borrowings, the Holding Company and ISL need to observe certain financial and non-financial covenants as specified in the agreements with various lenders which are complied with as of the reporting date.
- 8.2** This represents finance facility loans obtained by the Holding Company and ISL from various banks under the State Bank of Pakistan's (SBP) Long-Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 8.3** This represents long-term loans obtained by the Holding Company for financing its salaries and wages under the SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.
- 8.4** This represents finance facility loans obtained from a commercial bank by ISL under SBP's Temporary Economic Refinance Facility available at below-market interest rates for setting up new industrial units.
- 8.5** This represents finance facility loans obtained by the Holding Company and ISL from Islamic banks under SBP's Islamic Long-Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 8.6** This represents long-term loans obtained by the Holding Company under the SBP's Islamic Temporary Economic Refinance Facility available to the Holding Company from various Islamic banks at below-market interest rates.
- 8.7** This represents long-term loans obtained by ISL under the SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

9. TAXATION - net

Under the Finance Act, 2022, the Federal Government inserted section 4C to the Income Tax Ordinance, 2001 which imposed a super tax on persons earning more than Rs. 150 million at varying rates. The Holding Company, along with the other companies, filed a petition in SHC on October 22, 2022 against the chargeability of Super Tax for the tax year 2022 and accordingly submitted bank guarantees amount to Rs. 398.75 million in the Nazir of SHC. On December 22, 2022, the SHC decided that the Super Tax shall be applicable from FY 2023 instead of FY 2022 at a rate of a maximum 4%. In an appeal by FBR against this order, the Supreme Court passed an interim order to encash the bank guarantees by 4% till the case is finally decided. Consequently, the bank guarantee was reduced to Rs.239.25 million.

10. GAS INFRASTRUCTURE DEVELOPMENT CESS

Supreme Court of Pakistan (SCP) upheld the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015) through its judgement dated August 13, 2020 and advised the Government of Paksitan (the GoP) to initiate the gas pipeline project within six months. The SCP on November 2, 2020 ordered that its decision of August 13, 2020 has validated the GIDC Act, 2015 in complete sense and the exceptions allowed under Section 8(2) of the GIDC Act to the industrial sector are also available. Further, payment of due Gas Infrastructure Development Cess (the Cess) was allowed in 48 instalments instead of 24 instalments.

The Holding Company and ISL have also filed civil suits before Sindh High Court (SHC) on the ground that they have not passed on the burden of the Cess. Stay orders were granted in the aforesaid suits, which are operative till the next date of hearing.

Despite the aforesaid order dated August 13, 2020 by the SCP, the GoP did not initiate the gas project within six months. Therefore, during the financial year ended June 30, 2021, the Holding Company and ISL filed a petition with the SHC challenging the validity of the GIDC Act, 2015.

	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
----- (Rupees in '000) -----			
11. TRADE AND OTHER PAYABLES			
Trade creditors		9,127,192	743,293
Bills payable		760,241	1,810,739
Accrued expenses	11.1	3,580,163	3,973,524
Provision for Infrastructure Cess	11.2	4,012,778	3,473,999
Provision for government levies		3,479	778
Short-term compensated absences		21,644	22,242
Workers' Profit Participation Fund		193,685	440,127
Workers' Welfare Fund	11.3	276,504	452,793
Current portion of deferred income - government grant		39,306	38,426
Others		85,112	64,666
		18,100,104	11,020,587

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

11.1 These include the current portion of Gas Infrastructure Development Cess amounting to Rs. 1,240.6 million (June 30, 2022: Rs. 917.34 million) and also a provision against the revision of gas tariff by the Oil and Gas Regulatory Authority amounting to Rs. 867.59 million (June 30, 2022: Rs. 804.93 million).

11.2 This represents a provision against the amount guaranteed to Excise and Taxation Department. The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court (SHC) passed an interim order directing that every company subsequent to December 27, 2006, is required to clear the goods by paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Bank guarantees issued as per the above-mentioned interim order amounting to Rs. 4,149.5 million (June 30, 2022: Rs. 3,615 million) have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Holding Company and ISL on the basis of prudence. Subsequently, through the Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh Infrastructure Cess. The Holding Company and ISL had obtained a stay against this and the ultimate dispute has been linked with the previous infrastructure cess case.

The case was decided on June 4, 2021 by the SHC whereby the court declared the first four versions of the law unconstitutional and a release of bank guarantees was ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order remained suspended till September 3, 2021. The Holding Company and ISL were not in agreement with the above orders and filed an appeal before the Supreme Court of Pakistan (SCP).

On September 1, 2021, the SCP granted a stay order against the operation of the order of SHC dated June 4, 2021, that the bank guarantees already submitted by the Holding Company and ISL in pursuant to the order of the SHC are valid and enforceable. The Court further ordered that imports should be released on submission of fresh bank guarantees equivalent to the duty under the Act.

11.3 The Holding Company and ISL have filed a constitutional petition with the SHC against a notice to the companies for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014 despite the fact that the companies are making the payments of Workers Welfare Fund to the Federal Government. A stay was obtained on the ground that the Holding Company and ISL are trans-provincial establishments operating industrial and commercial activities across Pakistan and are liable to pay Workers Welfare Fund under federal Workers Welfare Fund Ordinance, 1971.

	Note	(Un-audited) March 31, 2023	(Audited) June 30, 2022
----- (Rupees in '000) -----			
12. SHORT-TERM BORROWINGS - secured			
CONVENTIONAL			
Running finance under mark-up arrangement from banks	12.1	3,903,473	4,558,025
Short-term borrowing under Money Market Scheme maturing within three months	12.1	-	8,270,000
Short-term borrowing under Export Refinance Scheme	12.2	5,751,000	7,036,781
ISLAMIC			
Short-term borrowing under Running Musharakah maturing within three months	12.3	2,250,036	6,432,067
Term Musharakah maturing within three months		-	1,700,000
Short-term borrowing under Export Refinance Scheme	12.4	100,000	2,000,000
		12,004,509	29,996,873

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

- 12.1** These facilities for short-term finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances obtained by the Holding Company range from 17.05% to 19.97% (June 30, 2022: 10.88% to 14.81%) per annum. The rates of mark-up on these finances obtained by ISL range from 17.15% to 19.97% (June 30, 2022: 11.95% to 14.61%) per annum. The rates of mark-up on these finances obtained by IIL Australia range from 7.00% to 7.50% (June 30, 2022: Nil) per annum.
- 12.2** The Holding Company and ISL have obtained short-term running finance facilities under the Export Refinance Scheme of the SBP from commercial banks. The rate of mark-up on these facilities obtained by Holding Company is 9.50% to 16.75% (June 30, 2022: 2.50%) per annum. The rates of mark-up on these facilities obtained by ISL range from 9.75% to 16.75% (June 30, 2022: 2.50% to 7.50%) per annum. These facilities mature within six months and are renewable.
- 12.3** The Holding Company and ISL have obtained facilities for short-term finance under Running Musharakah. The rates of profit on these finances obtained by the Holding Company range from 17.00% to 19.67% (June 30, 2022: 11.95% to 14.51%) per annum. The rates of profit on these finances obtained by ISL range from 17.00% to 17.46% (June 30, 2022: 11.99% to 12.46%) per annum.
- 12.4** The Holding Company and ISL has availed short-term running finance facilities under the Islamic Export Refinance Scheme of the SBP from an Islamic bank. The rate of profit on this facility obtained by Holding company is 11.00% (June 30, 2022: Nil) per annum. The rate of profit on this facility obtained by ISL is 10.00% (June 30, 2022: Range from 3.00% to 7.50%) per annum.
- 12.5** As at March 31, 2023, the unavailed facilities from above borrowings for the Holding Company amounted to Rs. 15,011 million (June 30, 2022: Rs. 5,601 million) and for ISL amounted to Rs. 21,732 million (June 30, 2022: Rs. 8,900 million).
- 12.6** The above facilities are secured by way of a joint pari passu charge and ranking charge over all current and future movable assets of the Holding Company and ISL.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There have been no significant changes during the period in the contingencies reported in the audited annual consolidated financial statements for the year ended June 30, 2022 except as discussed below.

Holding Company

- 13.1.1** There have been no significant changes during the period in the contingencies reported in the annual audited consolidated financial statements for the year ended June 30, 2022 except as discussed below:
- 13.1.2** In relation to the case of the sale of zinc wastages generated from imports under manufacturing bond, the Appellate Tribunal heard the case and the Customs department submitted its response during the hearing. The Appellate Tribunal, thereafter, reserved its order and, subsequently, announced its decision upholding the order of the Collector of Customs (Adjudication - II). Being aggrieved by the decision of the Appellate Tribunal, the Holding Company preferred a reference to the Sindh High Court (SHC). The SHC held the first hearing of the case on September 9, 2022, and has issued a short notice of a hearing to be held subsequently.

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

13.1.3 In connection to the application challenging the chargeability of tax on inter corporate dividends from ISL, the Holding Company has filed various constitutional petitions before the SHC covering past dividends issued by ISL. Stay orders were granted in each respective case against submission of bank guarantees amounting Rs. 664.7 million (June 30, 2022: Rs. 499.3 million). The SHC has dismissed our petitions. The Company is considering the merits to challenge the above order.

13.2 Commitments

Holding Company and ISL

13.2.1 Capital expenditure commitments outstanding as at March 31, 2023 amounted to Rs. 45.5 million (June 30, 2022: Rs. 273.7 million).

13.2.2 Commitments under letters of credit for raw materials and stores and spares as at March 31, 2023 amounted to Rs. 8,611.1 million (June 30, 2022: Rs. 3,593.9 million).

13.2.3 Facilities for opening letters of credit and guarantees from banks as at March 31, 2023 amounted to Rs. 51,600.0 million (June 30, 2022: Rs. 45,000.0 million) and Rs. 11,283.0 million (June 30, 2022: Rs. 10,440.0 million) respectively, of which the unutilised balance at period-end amounted to Rs. 42,988.0 million (June 30, 2022: Rs. 41,134.0 million) and Rs. 577.0 million (June 30, 2022: Rs. 1,434.0 million) respectively.

Holding Company

13.2.4 Commitments under purchase contracts as at March 31, 2023 amounted to Rs. 2,335.7 million (June 30, 2022: Rs. 685.8 million).

----- (Un-audited) -----			
Nine months ended		Three months ended	
March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
----- (Rupees in '000) -----			

14. REVENUE FROM CONTRACTS WITH CUSTOMERS

Sale of goods less returns

Local	75,296,154	83,677,163	31,015,087	28,246,894
Sales tax	(10,954,183)	(12,082,211)	(4,533,676)	(4,055,936)
Trade discounts	(1,590,747)	(2,472,148)	(681,816)	(940,344)
	62,751,224	69,122,804	25,799,595	23,250,614

Export	14,703,797	23,273,052	5,911,347	11,679,407
Export commission & discounts	(558,357)	(48,631)	(256,567)	(14,190)
	14,145,440	23,224,421	5,654,780	11,665,217
	76,896,664	92,347,225	31,454,375	34,915,831

15. INCOME TAX EXPENSE

Current	1,114,851	2,764,490	514,385	541,201
Deferred	154,330	(462,063)	154,280	(62,060)
	1,269,181	2,302,427	668,665	479,141

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

		----- (Un-audited) -----	
		<u>Nine months ended</u>	
		March 31, 2023	March 31, 2022
		----- (Rupees in '000) -----	
16.	CASH USED IN OPERATIONS		
	Profit before income tax	3,292,992	7,333,362
	Add / (less): adjustments for non-cash charges and other items		
	Depreciation of property, plant and equipment	1,648,151	1,520,188
	Depreciation of right-of-use assets	(7,617)	4,648
	Amortisation of intangible assets	1,028	866
	Charge / (reversal) of loss allowance on trade debts	27,146	10,538
	Provision for obsolescence against stores and spares	(41,365)	57,757
	Provision for staff retirement benefits	66,636	58,720
	Provision for compensated absences	25,616	16,425
	Income on bank deposits	(61,231)	(34,254)
	Gain on disposal of property, plant and equipment	(44,080)	(106,855)
	Gain on remeasurement of Gas Infrastructure Development Cess	(16,052)	(44,651)
	Share of profit from associated company	(69,332)	(119,071)
	Government grant income	(24,756)	(41,220)
	Unwinding of Gas Infrastructure Development Cess	75,162	72,332
	Finance cost	3,283,039	1,623,636
		<u>8,155,337</u>	<u>10,352,421</u>
	Changes in working capital	16.1 <u>18,215,027</u>	<u>(3,182,839)</u>
		<u><u>26,370,364</u></u>	<u><u>7,169,582</u></u>
16.1	Changes in working capital		
	(Increase) / decrease in current assets:		
	Stores and spares	(140,342)	(493,311)
	Stock-in-trade	18,081,623	(2,760,343)
	Trade debts	2,196,381	(5,284,984)
	Advances, trade deposits and prepayments	(8,660,562)	1,667,902
	Other receivables	54,821	(4,370)
	Sale tax receivable	1,212,042	390,296
		<u>12,743,963</u>	<u>(6,484,809)</u>
	(Decrease) / increase in current liabilities:		
	Trade and other payables	5,468,801	1,026,207
	Contract liabilities	2,263	2,275,763
		<u>18,215,027</u>	<u>(3,182,839)</u>

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

----- (Un-audited) -----
Nine months ended
March 31, March 31,
2023 2022
 ----- (Rupees in '000) -----

17. CASH AND CASH EQUIVALENTS

Cash and bank balances	1,082,722	981,379
Running finance under mark-up arrangement from banks	(3,903,473)	(900,032)
Short-term borrowing under Money Market scheme maturing within three months	-	(7,880,000)
Short-term borrowing under Running Musharakah maturing within three months	(2,250,036)	(569,468)
	<u>(5,070,787)</u>	<u>(8,368,121)</u>

18. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the associated undertakings, directors of the group entities, key management employees and staff retirement funds. The group entities continue to follow a policy whereby all transactions with related parties are entered into at commercial terms and conditions. The contributions to the defined contribution plan (Provident Fund) of the group entities, wherever applicable, are made as per the terms of employment and contributions to the group entities defined benefit plan (Gratuity Fund), wherever applicable, are in accordance with the latest actuarial advice. Remuneration to key management personnel is in accordance with their terms of employment and the policies of respective group entities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group entities. The Group entities consider their Chief Executive Officer, Chief Financial Officer, Company Secretary, non-executive directors and departmental heads to be their key management personnel. There are no transaction with key management personnel other than their terms of employment / entitlement.

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

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

	----- (Un-audited) -----			
	Nine months ended		Three months ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- (Rupees in '000) -----			
Associated companies				
Sales	<u>1,658,788</u>	1,783,278	<u>449,826</u>	904,011
Purchases	<u>20,367,283</u>	41,461,268	<u>6,851,383</u>	9,682,452
Reimbursement of expenses	<u>12,164</u>	1,239	<u>4,742</u>	910
Insurance premium	<u>3,206</u>	23,302	<u>1,045</u>	1,388
Insurance claim	<u>207</u>	1,158	<u>54</u>	51
Rent income	<u>2,172</u>	2,055	<u>724</u>	668
Dividend received	<u>39,601</u>	63,971	-	15,231
Dividend paid	<u>181,451</u>	364,533	-	80,222
Registration and training	<u>130</u>	2,523	-	-
Subscription	<u>2,500</u>	2,000	-	-
Services	<u>7,010</u>	24,107	<u>614</u>	12,243
Key management personnel				
Remuneration and allowances	<u>517,773</u>	522,891	<u>163,199</u>	148,272
Staff retirement funds				
Contribution paid	<u>143,437</u>	162,341	<u>80,390</u>	82,931
Non-executive directors				
Directors' fee	<u>11,725</u>	9,575	<u>3,700</u>	4,050
Reimbursement of Chairman's expenses	<u>1,650</u>	3,366	-	1,177

19. SEGMENT REPORTING

Performance is measured based on respective segment's results. Information regarding the reportable segments is presented below:

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

	Steel coils & sheets	Steel pipes	Polymer pipes	Investment	Total
	----- (Rupees in '000) -----				
19.1 Segment revenue and results					
For the period ended					
March 31, 2023					
Revenue from contracts with customers					
Local	46,465,576	13,650,643	2,635,005	-	62,751,224
Exports	6,877,841	7,267,599	-	-	14,145,440
	<u>53,343,417</u>	<u>20,918,242</u>	<u>2,635,005</u>	<u>-</u>	<u>76,896,664</u>
Cost of sales	(47,093,684)	(18,329,147)	(2,144,037)	-	(67,566,868)
Gross profit	6,249,733	2,589,095	490,968	-	9,329,796
Selling and distribution expenses	(427,509)	(1,232,957)	(74,043)	-	(1,734,509)
Administrative expenses	(257,766)	(288,779)	(20,650)	-	(567,195)
Charge of loss allowance on trade debts	-	(51,701)	24,555	-	(27,146)
	<u>(685,275)</u>	<u>(1,573,437)</u>	<u>(70,138)</u>	<u>-</u>	<u>(2,328,850)</u>
Finance cost	(2,043,774)	(1,144,770)	(169,657)	-	(3,358,201)
Other operating charges	(1,443,711)	(40,592)	(17,582)	-	(1,501,885)
	<u>(3,487,485)</u>	<u>(1,185,362)</u>	<u>(187,239)</u>	<u>-</u>	<u>(4,860,086)</u>
Other income	116,769	966,031	-	-	1,082,800
Share of profit in equity accounted investee	-	-	-	69,332	69,332
Profit before income tax	2,193,742	796,328	233,590	69,332	3,292,992
Income tax expense					(1,269,181)
Profit after tax for the period					2,023,811
For the period ended					
March 31, 2022					
Revenue from contracts with customers					
Local	48,926,501	18,088,569	2,107,734	-	69,122,804
Exports	15,523,951	7,700,470	-	-	23,224,421
	<u>64,450,452</u>	<u>25,789,039</u>	<u>2,107,734</u>	<u>-</u>	<u>92,347,225</u>
Cost of sales	(55,072,777)	(23,158,869)	(2,006,757)	-	(80,238,403)
Gross profit	9,377,675	2,630,170	100,977	-	12,108,822
Selling and distribution expenses	(733,761)	(1,968,395)	(67,956)	-	(2,770,112)
Administrative expenses	(239,569)	(234,260)	(10,722)	-	(484,551)
Reversal / (Charge) of loss allowance on trade debts	-	6,385	(16,923)	-	(10,538)
	<u>(973,330)</u>	<u>(2,196,270)</u>	<u>(95,601)</u>	<u>-</u>	<u>(3,265,201)</u>
Finance cost	(905,125)	(732,005)	(58,838)	-	(1,695,968)
Other operating charges	(755,231)	(73,113)	-	-	(828,344)
	<u>(1,660,356)</u>	<u>(805,118)</u>	<u>(58,838)</u>	<u>-</u>	<u>(2,524,312)</u>
Other income	174,774	720,208	-	-	894,982
Share of profit in equity accounted investee	-	-	-	119,071	119,071
Profit before income tax	6,918,763	348,990	(53,462)	119,071	7,333,362
Income tax expense					(2,302,427)
Profit after tax for the period					5,030,935

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

	Steel coils & sheets	Steel pipes	Polymer pipes	Investments	Total
	----- (Rupees in '000) -----				
19.2 Segment assets and liabilities					
As at March 31, 2023 - Un-audited					
Segment assets	<u>48,551,312</u>	<u>23,009,173</u>	<u>1,966,390</u>	<u>1,818,018</u>	<u>75,344,893</u>
Segment liabilities	<u>27,388,885</u>	<u>11,863,432</u>	<u>607,418</u>	<u>-</u>	<u>39,859,735</u>
As at June 30, 2022 - Audited					
Segment assets	<u>55,565,427</u>	<u>28,756,037</u>	<u>2,755,839</u>	<u>1,238,598</u>	<u>88,315,901</u>
Segment liabilities	<u>34,091,155</u>	<u>16,674,831</u>	<u>1,151,798</u>	<u>-</u>	<u>51,917,784</u>

Reconciliation of segment assets and liabilities with total assets and liabilities in the Consolidated Condensed Interim Statement of Financial Position is as follows :

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
	----- (Rupees in '000) -----	
Total for reportable segments assets	75,344,893	88,315,901
Unallocated assets	2,755,448	943,754
Total assets as per Consolidated Condensed Interim Statement of Financial Position	<u>78,100,341</u>	<u>89,259,655</u>
Total for reportable segments liabilities	39,859,735	51,917,784
Unallocated liabilities	4,012,553	3,942,316
Total liabilities as per Consolidated Condensed Interim Statement of Financial Position	<u>43,872,288</u>	<u>55,860,100</u>

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended March 31, 2023

20. CORRESPONDING FIGURES

The comparative information has been reclassified or re-arranged in these consolidated condensed interim financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

21. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorised for issue on April 28, 2023 by the Board of Directors of the Holding Company.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer



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