

2023

**CONDENSED INTERIM FINANCIAL
STATEMENTS QUARTER ENDED 31 MARCH
2023 (UN-AUDITED)**

BECO STEEL LIMITED
WE STRENGTHEN YOUR DREAMS

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COMPANY INFORMATION

BOARD OF DIRECTORS

- | | |
|---------------------------------------|------------------------------------|
| 1. Mr. Muhammad Zain-ul-Afaq | Chairperson/Non-Executive Director |
| 2. Mr. Muhammad Ali Shafique Chaudhry | Chief Executive Officer |
| 3. Ms. Afifa Shafique | Executive Director |
| 4. Mr. Muhammad Hashim Tareen | Independent Director |
| 5. Mr. Mahmood Aslam | Independent Director |
| 6. Mrs. Shabana Shafique | Non-Executive Director |
| 7. Miss. Eman Shafique | Non-Executive Director |

AUDIT COMMITTEE

- | | |
|-------------------------------|-------------------------------|
| 1. Mr. Muhammad Hashim Tareen | Chairman/Independent Director |
| 2. Mrs. Shabana Shafique | Member |
| 3. Miss Eman Shafique | Member |

HR & REMUNERATION COMMITTEE

- | | |
|---------------------------------------|-------------------------------|
| 1. Mr. Muhammad Hashim Tareen | Chairman/Independent Director |
| 2. Mr. Muhammad Ali Shafique Chaudhry | CEO/Member |
| 3. Miss Eman Shafique | Member |
| 4. Mrs. Shabana Shafique | Member |

CHIEF FINANCIAL OFFICER

Ms. Afifa Shafique

COMPANY

SECRETARY

Mr. Abdul Shakoor

EXTERNAL AUDITORS

M/s. Sheikh and Chaudhri
Chartered Accountants

REGISTERED OFFICE

79-Peco Road Badami Bagh Lahore
Pakistan.

SHARE REGISTRAR

Hameed Majeed Associates (Private)
Limited

COMPANY'S BANKER

Soneri Bank Limited
JS Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
Samba Bank Limited
Bank Al-Falah

DIRECTORS' REVIEW REPORT

Dear Members

The directors of the company are pleased to present the unaudited financial statements for the period ended 31 March 2023.

A brief summary of the financial results as on 31 March 2023 is as follow:

Financial highlights	Nine months period ended March 31,		Variance
	2023	2022	
Net Sales	3,377,539,277	3,700,088,851	-8.71%
Gross Profit	(148,501,701)	222,822,144	-166.6%
Profit before taxation	(224,579,638)	186,466,646	-220%
Taxation	(42,219,240)	(46,251,110)	-8.72%
Profit for the period	(266,798,878)	140,215,536	290.3%
Earnings per share- Basic & diluted	(5.93)	4.77	

Business, Financial & Operational review

Throughout the period, the Company's overall performance was affected by political tensions, flooding, heavy rainfall, a current account deficit, currency depreciation, challenges with foreign exchange reserves, increasing inflation, elevated discount rates, a substantial rise in energy costs, and a decline in sale prices.


Future Outlook

Looking ahead, the Company's performance will still be influenced by import reductions and a higher base discount rate. Anticipated growth in construction activities following the floods is expected to boost demand for long-rolled products, contingent upon raw material imports.

Acknowledgment

We would like to appreciate our customers, suppliers, shareholders, employees and executives for their support and cooperation to the company. Interim financial statements along with auditors' review report thereon are attached herewith for members' kind perusal and record.

For and on behalf of the Board



Muhammad Ali Shafique Chaudhry
Chief Executive Officer



Muhammad Zain ul Afaq
Director

Lahore
September 18, 2023

BECO STEEL LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 31 MARCH 2023

EQUITY AND LIABILITIES	Note	31-Mar-2023 Rupees	30-June-2022 Rupees
Share capital and reserves			
Authorised share capital: 150,000,000 (30 June 2021: 150,000,000) ordinary shares of Rs.10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital 25,000,000 (30 June 2021: 25,000,000) ordinary shares of Rs.10 each		1,249,625,100	1,249,625,100
Share Premium		1,999,250,200	1,999,250,200
Loan from directors	5	182,330,200	217,072,420
Revenue reserve		9,000,000	9,000,000
Accumulated(losses)/profit		(380,607,018)	(113,808,140)
		3,059,598,482	3,361,139,580
Non current liabilities			
Current liabilities			
Trade and other payable		1,689,209,864	1,105,942,115
Accrued mark up		850,000	850,000
Unclaimed dividend		1,073,917	1,034,090
Provision for taxation		(42,219,240)	79,297,005
		1,648,914,541	1,187,123,210
Contingencies and commitments	6	-	-
		4,708,513,023	4,548,262,790
ASSETS			
Non current assets			
Property, plant and equipment		2,959,830,076	3,014,759,336
Long term deposits		450,000	450,000
Deferred tax asset		49,119,289	49,119,289
		49,569,289	49,569,289
		3,009,399,365	3,064,328,625
Current assets			
Stock in Trade		538,763,682	458,151,183
Stores, spares and loose tools		136,338	819,832
Trade debts		1,006,476,366	901,779,197
Loan and advances		-	-
Income tax due from Government		54,792,133	86,587,437
Trade deposits and short term prepayments		38,104,715	160,000
Short term investment	7	1,103,997	1,103,997
Cash and bank balances		59,736,427	35,332,519
		1,699,113,658	1,483,934,165
		4,708,513,023	4,548,262,790

The annexed notes from 01 to 12 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR




CHIEF FINANCIAL OFFICER

BECO STEEL LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2023

	Note	Nine Month ended		Quarter ended	
		31-Mar-2023	31-Mar-2022	31-Mar-2023	31-Mar-2022
		Rupees	Rupees	Rupees	Rupees
Sales		3,377,539,277	3,700,088,851	149,899,026	1,416,506,265
Cost of Sales	8	(3,526,040,978)	(3,477,266,707)	(375,825,637)	(1,321,971,275)
Gross profit		(148,501,701)	222,822,144	(225,926,611)	94,534,990
Distribution and selling expenses		-	(14,385,616)	-	(5,295,835)
Administrative and general expenses		(72,179,197)	(19,768,193)	(6,701,570)	(8,966,942)
Other operating expenses		-	(2,217,846)	-	(987,321)
		(72,179,197)	(36,371,655)	(6,701,570)	(15,250,098)
Operating profit /(loss)		(220,680,898)	186,450,489	(232,628,181)	79,284,892
Other income		-	23,727	-	-
Profit from operations		(220,680,898)	186,474,216	(232,628,181)	79,284,892
Finance cost		(3,898,740)	(7,570)	(16,325)	-
Profit before taxation		(224,579,638)	186,466,646	(232,644,506)	79,284,892
Taxation		(42,219,240)	(46,251,110)	(1,873,737)	(17,706,328)
Profit after taxation		(266,798,878)	140,215,536	(234,518,243)	61,578,564
Earning per share- basic and diluted		(5.93)	4.77	(9.38)	2.10

The annexed notes from 01 to 12 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

BECO STEEL LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTH ENDED 31 MARCH 2023

	(Rupees)					
	Share capital	Share premium	Loan from directors	Revenue reserve General reserve	Accumulated Loss / profit	Total equity
Balance as at 30 June 2021	250,000,000	-	40,742,220	9,000,000	(304,329,379)	(4,587,159)
Profit for the nine month ended 31 March 2022	-	-	-	-	140,215,536	140,215,536
Loan from director	-	-	86,942,700	-	-	86,942,700
Increase in share capital	999,625,100	-	-	-	-	999,625,100
Share premium on issuance of shares	-	1,999,250,200	-	-	-	1,999,250,200
Other comprehensive income for the nine month ended 31 March 2022	-	-	-	-	-	-
Total comprehensive income for the nine month ended 31 March 2022	-	-	-	-	140,215,536	3,226,033,536
Balance as at 31 March 2022	1,249,625,100	1,999,250,200	127,684,920	9,000,000	(164,113,843)	3,221,446,377
Profit for the quarter ended 30 June 2021	-	-	-	-	50,305,703	50,305,703
Loan from directors repaid	-	-	-	-	-	-
Loan from directors	-	-	89,387,500	-	-	89,387,500
Other comprehensive income for the nine month ended 30 June 2022	-	-	-	-	-	-
Total comprehensive income for the nine month ended 30 June 2022	-	-	89,387,500	-	50,305,703	139,693,203
Balance as at 30 June 2022	1,249,625,100	1,999,250,200	217,072,420	9,000,000	(113,808,140)	3,361,139,580
Profit for the nine month ended 31 March 2023	-	-	-	-	(266,798,878)	(266,798,878)
Loan from directors	-	-	-	-	-	-
Loan paid to directors	-	-	(34,742,220)	-	-	(34,742,220)
Other comprehensive income for the nine month ended 31 March 2023	-	-	-	-	-	-
Total comprehensive profit for the nine month ended 31 March 2023	-	-	(34,742,220)	-	(266,798,878)	(301,541,098)
Balance as at 31 March 2023	1,249,625,100	1,999,250,200	182,330,200	9,000,000	(380,607,018)	3,059,598,482

The annexed notes from 01 to 12 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

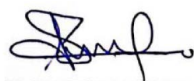


CHIEF FINANCIAL OFFICER

BECO STEEL LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 MARCH 2023

	Half year ended		Quarter ended	
	31-Mar-2023	31-Mar-2022	31-Mar-2023	31-Mar-2022
Note	Rupees	Rupees	Rupees	Rupees
Profit for the period	(266,798,878)	140,215,536	(234,518,243)	61,578,564
Other comprehensive income:				
Item that will not be reclassified to statement of profit or loss:	-	-	-	-
Items that may be reclassified to statement of profit or loss:	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>(266,798,878)</u>	<u>140,215,536</u>	<u>(234,518,243)</u>	<u>61,578,564</u>

The annexed notes from 01 to 12 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

BECO STEEL LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTH ENDED 31 MARCH 2023

	Note	Nine month ended	
		31-Mar-2023	31-Mar-2022
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		(224,579,638)	186,466,646
Adjustments for following items:			
Depreciation		54,929,260	6,152,643
Profit on term deposit receipt		-	-
Credit balances written back		-	-
Staff retirement benefits		-	-
Finance cost		3,898,740	7,570
		<u>58,828,000</u>	<u>6,160,213</u>
Operating profit before working capital changes		(165,751,638)	192,626,859
(Increase) / decrease in current assets			
Trade debts - unsecured but considered good		(104,697,169)	(441,474,643)
Loan and advances		-	(36,083,794)
Stock-in-trade		(80,612,499)	(458,300,547)
Stores, spares and loose tools		683,494	-
Trade deposit and prepayment		(37,944,715)	-
Short term investments		-	(23,727)
Other receivable		-	-
		<u>(222,570,889)</u>	<u>(935,882,711)</u>
(Increase) / decrease in current liabilities			
Unclaimed dividend		39,827	-
Trade and other payables		583,267,749	724,115,526
		<u>194,985,049</u>	<u>(211,767,185)</u>
Cash generated from operations		(193,337,478)	(19,140,326)
Finance cost paid		(3,898,740)	(7,570)
Income tax paid		(131,940,181)	(43,845,625)
		<u>(135,838,921)</u>	<u>(43,853,195)</u>
Net cash used in operating activities		59,146,128	(62,993,521)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		-	(8,541,000)
Security deposit		-	-
Net cash (used in) / generating from investing activities		-	(8,541,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from directors		-	86,942,700
Repayment of loan from directors		(34,742,220)	-
Net cash flows generated from / (used in) financing activities		(34,742,220)	86,942,700
Net increase / (decrease) in cash and cash equivalents		24,403,908	15,408,179
Cash and cash equivalents at the beginning of the period		35,332,519	1,374,715
Cash and cash equivalents at the end of the period		<u>59,736,427</u>	<u>16,782,894</u>

The annexed notes from 01 to 12 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



BECO STEEL LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH ENDED 31 MARCH 2023 (UN-AUDITED)

1 LEGAL STATUS AND NATURE OF BUSINESS

1.01 M/s Beco Steel Limited (Formerly; Ravi Textile Mills Limited) (“the Company”) is a public limited company incorporated in Pakistan on 21 April 1987 vide incorporation No: 0015977 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The name of the company was changed from Ravi Textile Mills Limited to Beco Steel Limited. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company shall be to carrying out the business of manufacturing of steel and allied products, along with ancillary activities thereto.

1.02 Pursuant to the special resolutions passed by the shareholders of M/s Beco Steel Limited (formerly: Ravi Textile Mills Limited) (the “Company”) at the extraordinary general meeting held on 11 May 2021, and the approvals thereby granted, for, inter alia, the issuance of shares of the Company other than by way of right offer, and for consideration other than cash, in accordance with the provisions of Section 83(1)(b) of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020, the Company filed an application with the Securities and Exchange Commission of Pakistan (“SECP”) seeking approval for issuance of shares.

SECP vide its letter No. EMD/CI/80/2008/58 dated 31 January 2022, approved the issuance of 99,962,510 ordinary shares of the Company, having par value of PKR 10/- each, at a premium of PKR 20/- per share, in aggregate amounting to the equivalent of PKR 2,998,875,300/-, by way of other than right offer against consideration of non-cash assets, including land, building, and plant & machinery, subject to the fulfilment of the conditions prescribed by the SECP, transfer of the non-cash assets to the Company by the subscribers/allotees of such shares, and carrying out other formalities / steps in accordance with applicable laws. The company is currently in process of completing legal formalities for the transfer of non-cash assets, including land, building, and plant & machinery, and for the issuance of shares.

2 BASIS OF PREPARATION

2.01 Statement of Compliance

(a) These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards 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 Companies Act, 2017; and
- Provisions of and directives issued under Companies Act, 2017

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

- (b) These condensed interim financial statements comprise the condensed interim statement of financial position of the company as at 31 December 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with notes forming part thereof.
- (c) These condensed interim statements are un-audited but subject to limited scope review by the external auditors and being submitted to the shareholders as required by the Listing Regulation of Pakistan Stock Exchange Limited and Section 237 of the Company Act, 2017.
- (d) These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended 30 June 2021. Comparative condensed interim statement of financial position has been extracted from annual financial statements for the year ended 30 June 2021, whereas comparatives for condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and related notes for the Nine month ended 31 December 2020 have been subjected to review but not audited.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this un condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended 30 June 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2021.

	Note	Un-Audited 31-Mar-23 Rupees	Audited 30-Jun-22 Rupees
5 DIRECTOR'S LOAN	5.01	182,330,200	217,072,420

5.01 These are interest free loans from directors of the Company payable at the discretion of the entity. They do not pass the liability test and thus recorded as equity at face value. They will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be direct debit to equity as per TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan.

6 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments as disclosed in the audited financial statements as at 30 June 2022.

	31-Mar-2023 Rupees	30-Jun-2022 Rupees
7 SHORT TERM INVESTMENT		
Debt instrument - at amortized cost		
Term deposit receipt	925,942	925,942
Add: Profit accrued thereon	128,980	83,146
	1,054,922	1,009,088

7.01 This term deposit receipt issued by banking company has maturity period of one year and carries profit at the rate 9.90% per annum.

	Note	Nine month ended		Quarter ended	
		31-Mar. 23 Rupees	31-Mar. 22 Rupees	31-Mar. 23 Rupees	31-Mar. 22 Rupees
8 COST OF SALES					
Raw material consumed		3,014,851,947	3,208,667,460	302,043,115	1,324,549,233
Salaries, wages and others benefits		97,391,155	37,722,656	5,483,900	14,816,591
Stores and spares		1,027,113	6,014,232	92,183	215,489
Fuel and power		419,842,040	384,450,699	147,656,876	126,988,115
Repair and maintenance		18,748,300	63,315,434	1,298,400	59,082,253
Depreciation		54,929,260	6,152,643	-	6,152,643
Other factory overheads		-	29,244,130	-	14,259,765
		3,606,789,815	3,735,567,254	456,574,474	1,546,064,089
Work in process					
Opening inventory		296,106,902	-	296,106,902	5,109,890
Closing inventory		-	(68,460,116)	-	(68,460,116)
		296,106,902	(68,460,116)	296,106,902	(63,350,226)
Cost of goods manufactured		3,902,896,717	3,667,107,138	752,681,376	1,482,713,863
Finished goods					
Opening inventory		162,044,281	-	162,044,281	29,097,843
Closing inventory		(538,900,020)	(189,840,431)	(538,900,020)	(189,840,431)
		(376,855,739)	(189,840,431)	(376,855,739)	(160,742,588)
Cost of sales		3,526,040,978	3,477,266,707	375,825,637	1,321,971,275

9 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of associated undertaking, directors and key management personnel. The Company in the normal course of business carried out transaction with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim financial statements are as follows:

Related Party Transaction	Nine month ended		Quarter ended	
	31-Mar. 23 Rupees	31-Mar. 22 Rupees	31-Mar. 23 Rupees	31-Mar. 22 Rupees
Loan from director	-	-	-	-

10 FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 June 2021.

11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 28 February 2022.

12 GENERAL

Figures have been rounded off to nearest of Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICE