



Shaping Tomorrow

Inbuilt Excellence Unwavering Resilience

UNAUDITED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024



UNAUDITED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2024



Table of Contents

COMPANY INFORMATION	01
DIRECTORS' REPORT	02
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION	04
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)	05
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)	06
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)	07
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)	08
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)	09

Company Information

Chairman (Non-Executive)

Mr. Kamal A. Chinoy

Independent Directors

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

Non-Executive Directors

Mr. Haroun Rashid
Mr. Mustapha A. Chinoy
Mr. Norihiro Mizota

Director and Chief Operating Officer

Mr. Samir M. Chinoy

Chief Executive Officer

Mr. Yousuf H. Mirza

Chief Financial Officer

Mr. Mujtaba Hussain

Chief Internal Auditor

Syed Zaib Zaman Shah

External Auditors

A. F. Ferguson & Co., Chartered Accountants

Legal Advisor(s)

Mrs. Sana Shaikh Fikree

Investor Relations Contact

Shares Registrar
THK Associates (Pvt.) Ltd
Plot No. 32-C, Jami Commercial Street 2
D.H.A., Phase VII, Karachi - 75500.
Phone: +92 21-111-000-322, +92 21-37120628-29
Email: sfc@thk.com.pk

Registered Office

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

Lahore Office

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

Islamabad Office

Office No.303-A, 3rd Floor, Evacuee Trust Complex,
Sector F-5/1, Agha Khan Road, Islamabad.
Telephone Nos: +92 51-28230412-3

Multan Office

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

Factory

399 - 405, Rehri Road, Landhi, Karachi.
Telephone Nos: +92 21-35013104 - 5 Fax : 021-35013108
E-mail: info@isl.com.pk

Service Center

Plot# LE-73-79, 102-103, 112-118, 125-129
Survey # Nc.98, Near Arabian Country Club,
National Industrial Park, Bin Qasim, Karachi.
Telephone Nos: +92 21-34724184

Website

www.isl.com.pk

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited



Directors' Report

FOR THE NINE MONTHS ENDED MARCH 31, 2024

The Directors of your Company are pleased to present the Financial Statements for the quarter and nine months period ended March 31, 2024.

The domestic industry continues to face headwinds arising from the misuse of sales tax/advance income tax exemptions in the FATA/PATA regions. This anomaly, affecting various sectors, has resulted in revenue shortfall to the national exchequer of Rs.70 billion, supports undocumented economy and creates distortions in the competitive landscape of the domestic manufacturing industry. Your company remains actively engaged with Government to address this disparity and foster fair competition.

The economy after going through a severe turbulence during the past 18 months has started to stabilize following the general elections in February 2024. Political certainty, successful IMF review, reduction in inflation due to high base effect and stable currency emanating from higher export / foreign remittances have resulted in improved business confidence. However, managed imports and significant increase in gas and electricity tariffs has impacted the domestic manufacturing industry resulting in contraction in large scale manufacturing and GDP growth declining to 1.0% in Q2 from 2.5% in Q1.

The Chinese economy slowed down considerably driven by manufacturing and real estate sector have plunged rebar and HRC demand to their lowest level in last few years. In the absence of Government stimulus and weak iron ore and coking coal prices have resulted in significant volatility in steel prices.

Increase in gas and electricity tariff again in February by 10% resulted in significant increase in domestic manufacturing cost base which your company is unable to pass on to its customers. Further proposed tariff increases will have an impact on large-scale manufacturing and may result in its further contraction.

Despite challenging market conditions, your company continues to strive to maintain its domestic market share. In line with its vision to increase its global footprint, your company achieved significant growth in export sales across key markets like North America, Europe, and Asia against the same period last year.

Your company's ongoing cost management initiatives and improved productivity continues to yield positive results. Strong emphasis on effective working capital management resulted in the reduction of financial charges, down to Rs. 558 Mn from Rs. 2,047 Mn in the same period last year. PAT increased from Rs. 1,577 Mn to Rs. 3,058 Mn, and EPS increased to Rs. 7.03.

The installation of 6.4 MW solar power plant is in progress and is expected to be completed in the first quarter next financial year.

Your Company remains focused on optimizing working capital management, augmenting operational efficiencies, and responding to changing economic indicators. We are confident that our proactive strategies will enable us to maintain a robust financial position and seize emerging opportunities including domestic and export markets.

In conclusion, we extend our appreciation to all our employees and stakeholders for their continued support and confidence in your Company and express our gratitude to the Almighty for the continued success of your company.

Mr. Yousuf H. Mirza
Chief Executive Officer

Mr. Kamal A. Chinoy
Chairman

ڈائریکٹرز رپورٹ

31 مارچ، ۲۰۲۴ء کو ختم ہونے والی مدت کے لئے

آپ کی کمپنی کے ڈائریکٹرز ۳۱ مارچ، ۲۰۲۴ء کو ختم ہونے والی تیسری سہ ماہی اور 9 ماہ کی مدت کے مالیاتی گوشوارے پیش کرتے ہوئے پڑوسرت ہیں۔

فانا/ پانا کے علاقوں میں سیلز ٹیکس/ ایڈوانس اکم ٹیکس اسٹیٹی کے غلط استعمال کی وجہ سے مقامی صنعت کو مسلسل مشکلات کا سامنا ہے۔ یہ بے ضابطگی مختلف شعبوں پر منفی اثرات مرتب کر رہی ہے جس کے نتیجے میں قومی خزانے کی آمدنی میں 70 ارب روپے کی کمی ہوئی ہے، جو غیر دستاویزی معیشت کو سہارا دیتی ہے اور مقامی مینوفیکچرنگ انڈسٹری کے مسابقتی منظر نامے میں بگاڑ پیدا کرتی ہے۔ آپ کی کمپنی اس عدم مساوات کو دور کرنے اور منصفانہ مسابقت کو فروغ دینے کے لیے حکومت کے ساتھ مصروف عمل ہے۔

گزشتہ 18 ماہ کے دوران شدید دباؤ سے گزرنے کے بعد فروری ۲۰۲۴ء کے عام انتخابات کے بعد معیشت مستحکم ہونا شروع ہو گئی ہے۔ سیاسی یقینی صورت حال، آئی ایم ایف کا کامیاب جائزہ، زائد بنیادی اثرات کی وجہ سے افراط زر میں کمی اور زیادہ برآمدات/ غیر ملکی ترسیلات زر کے باعث مستحکم کرنسی کے نتیجے میں کاروباری اعتماد میں بہتری آئی ہے۔ تاہم، منظم درآمدات، گیس اور بجلی کے ٹیرف میں نمایاں اضافے نے مقامی پیداواری صنعت کو متاثر کیا ہے جس کے نتیجے میں بڑے پیمانے پر پیداوار میں کمی واقع ہوئی ہے اور دوسری سہ ماہی میں جی ڈی پی کی شرح نمو جو پہلی سہ ماہی میں 2.5 فیصد تھی، کم ہو کر 1.0 فیصد رہ گئی ہے۔

مینوفیکچرنگ اور ریل اسٹیٹ سیکٹرز کی وجہ سے چینی معیشت میں کافی سست روی نے ریل اور ایچ آر سی کی مانگ کو گزشتہ چند سالوں میں اپنی کم ترین سطح پر پہنچا دیا ہے۔ حکومتی محرک کی عدم موجودگی اور کمزور خام لوہے اور کوئنگ کونسلے کی قیمتوں کے باعث اسٹیل کی قیمتوں میں نمایاں اتار چڑھاؤ آیا ہے۔

فروری میں دوبارہ گیس اور بجلی کے نرخوں میں 10 فیصد اضافے کے نتیجے میں مقامی پیداواری لاگت میں نمایاں اضافہ ہوا ہے جسے آپ کی کمپنی اپنے صارفین تک پہنچانے سے قاصر ہے۔ مزید مجوزہ نرخوں میں اضافے کا اثر بڑے پیمانے پر پیداوار پر بھی ہوگا اور اس کے نتیجے میں اس میں مزید کمی واقع ہو سکتی ہے۔

مارکیٹ کے مشکل حالات کے باوجود، آپ کی کمپنی اپنے مقامی مارکیٹ شیئر کو برقرار رکھنے کی کوشش جاری رکھے ہوئے ہے۔ اپنے عالمی اثرات کو بڑھانے کے وژن کے مطابق، آپ کی کمپنی نے گزشتہ سال کی اسی مدت کے مقابلے میں شمالی امریکہ، یورپ اور ایشیا جیسی اہم مارکیٹس میں اپنی برآمدات میں نمایاں اضافہ حاصل کیا۔

موجودہ لاگت کے لئے آپ کی کمپنی کے انتظام اور بہتر پیداوار کے لئے اقدامات مسلسل جاری ہیں تاکہ مثبت نتائج سامنے آسکیں۔ بہتر ورکنگ کیمپینل مینجمنٹ پر خصوصی توجہ دینے کے نتیجے میں مالیاتی اخراجات میں کمی واقع ہوئی ہے، جو کم ہو کر 558 ملین روپے رہے جبکہ گزشتہ سال یہ اخراجات اسی مدت میں 2,047 ملین روپے تھے۔ منافع (بعد از ٹیکس) 1,577 ملین روپے سے بڑھ کر 3,058 ملین روپے ہوا، اور منافع فی حصص میں 7.03 روپے کا اضافہ ہوا۔

6.4 میگا واٹ سولر پاور پلانٹ کی تنصیب کا عمل جاری ہے جس کی تکمیل آئندہ مالی سال کی پہلی سہ ماہی میں متوقع ہے۔

آپ کی کمپنی بہتر ورکنگ کیمپینل مینجمنٹ، اضافی آپریشنل افادیت اور معاشی اشاریوں پر بھرپور توجہ دیتی ہے۔ ہم یقین رکھتے ہیں کہ ہماری مؤثر حکمت عملی ہمیں ایک مضبوط مالی پوزیشن برقرار رکھنے اور مقامی اور بین الاقوامی مارکیٹس میں ابھرتے ہوئے مواقعوں سے فائدہ اٹھانے کے قابل بنائے گی۔

آخر میں، ہم اپنے تمام ملازمین اور اسٹیک ہولڈرز کے کمپنی پر ان کے مسلسل اعتماد اور حمایت کے لئے تہہ دل سے مشکور ہیں اور آپ کی کمپنی کی مسلسل کامیابی کے لئے دعا گو ہیں۔

کمال اے چنائے
چیئرمین

یوسف علی مرزا
چیف ایگزیکٹو آفیسر

کراچی: اپریل ۲۳، ۲۰۲۴



INTERNATIONAL STEELS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

		(Un-audited) March 31	(Audited) June 30
	Note	2024	2023
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	19,840,967	20,304,569
Right-of-use assets		28,737	43,839
Intangible assets		399,165	309,580
Long term deposit with Central Depository Company of Pakistan Limited		100	100
		20,268,969	20,658,088
CURRENT ASSETS			
Stores and spares		954,285	1,004,646
Stock-in-trade	6	18,151,555	17,261,712
Trade debts		2,217,491	1,148,499
Receivable from K-Electric Limited (KE)		64,214	16,685
Advances, trade deposits and prepayments		100,428	55,862
Sales tax receivable		245,631	480,954
Cash and bank balances	7	3,354,425	1,765,136
		25,088,029	21,733,494
TOTAL ASSETS		45,356,998	42,391,582
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
500,000,000 (2023: 500,000,000) ordinary shares of Rs. 10 each		5,000,000	5,000,000
Share capital			
Issued, subscribed and paid-up capital		4,350,000	4,350,000
Revenue reserve			
Unappropriated profit		16,086,211	15,146,402
Capital reserve			
Revaluation surplus on property, plant and equipment		2,130,932	2,187,478
		22,567,143	21,683,880
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finance - secured	8	769,448	1,005,986
Deferred income - Government grant		90,772	126,738
Gas Infrastructure Development Cess	9	-	148,993
Deferred taxation - net		1,896,227	1,989,947
Lease liabilities		11,007	29,426
		2,767,454	3,301,090
CURRENT LIABILITIES			
Trade and other payables	10	13,957,405	10,712,974
Contract liabilities		1,578,998	1,816,607
Short term borrowings - secured	11	3,260,288	3,334,225
Unpaid dividend		430	1,527
Unclaimed dividend		9,049	8,497
Current portion of long term finance - secured	8	366,602	377,378
Current portion of lease liabilities		23,560	19,859
Taxation - net		713,843	920,894
Accrued mark-up		112,226	214,651
		20,022,401	17,406,612
TOTAL LIABILITIES		22,789,855	20,707,702
CONTINGENCY AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	12	45,356,998	42,391,582

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

Nihal Cassim
Director & Chairman
Board Audit Committee

Mujtaba Hussain
Chief Financial
Officer

Yousuf H. Mirza
Chief Executive
Officer



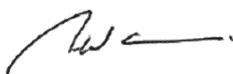
INTERNATIONAL STEELS LIMITED

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

FOR THE NINE MONTHS ENDED MARCH 31, 2024

	Note	Nine months ended		Three months ended	
		March 31	March 31	March 31	March 31
		2024	2023	2024	2023
		(Rupees in '000)		(Rupees in '000)	
Revenue from contracts with customers	13	56,015,069	57,824,271	16,276,004	23,898,389
Cost of sales		(48,789,519)	(51,675,090)	(14,363,928)	(20,724,495)
Gross Profit		7,225,550	6,149,181	1,912,076	3,173,894
Selling and distribution expenses		(1,714,065)	(435,126)	(766,991)	(286,648)
Administrative expenses		(341,925)	(257,766)	(105,963)	(104,920)
		(2,055,990)	(692,892)	(872,954)	(391,568)
Finance cost		(557,804)	(2,046,705)	(173,227)	(394,729)
Other operating charges		(453,989)	(1,443,711)	(48,871)	(328,196)
		(1,011,793)	(3,490,416)	(222,098)	(722,925)
Other income		198,503	116,923	28,157	54,912
Profit before taxation		4,356,270	2,082,796	845,181	2,114,313
Taxation	14	(1,298,007)	(505,999)	(139,483)	(598,379)
Profit after taxation		3,058,263	1,576,797	705,698	1,515,934
Earnings per share - basic and diluted (Rupees)		7.03	3.62	1.62	3.48

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


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Board Audit Committee


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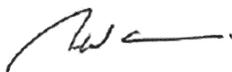
INTERNATIONAL STEELS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

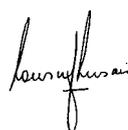
FOR THE NINE MONTHS ENDED MARCH 31, 2024

	Nine months ended		Three months ended	
	March 31	March 31	March 31	March 31
	2024	2023	2024	2023
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation	3,058,263	1,576,797	705,698	1,515,934
Other comprehensive income	-	-	-	-
Total comprehensive income	3,058,263	1,576,797	705,698	1,515,934

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


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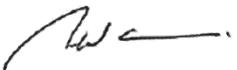
INTERNATIONAL STEELS LIMITED

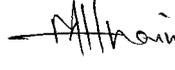
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2024

	Issued, subscribed & paid-up capital	Revenue reserve- unappropriated profit	Capital reserve- Revaluation surplus on property, plant and equipment	Total
(Rupees in '000)				
Balance as at July 01, 2022	4,350,000	14,835,313	2,410,776	21,596,089
Profit for the period	-	1,576,797	-	1,576,797
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	1,576,797	-	1,576,797
Transactions with owners in their capacity as owners recorded directly in equity - Distributions				
Dividend:				
- Final dividend @ 45% (Rs. 4.50) per share for the year ended June 30, 2022		(1,957,500)		(1,957,500)
	-	(1,957,500)	-	(1,957,500)
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	65,816	(65,816)	-
Balance as at March 31, 2023	4,350,000	14,520,426	2,344,960	21,215,386
Balance as at July 01, 2023	4,350,000	15,146,402	2,187,478	21,683,880
Profit for the period	-	3,058,263	-	3,058,263
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	3,058,263	-	3,058,263
Transactions with owners in their capacity as owners recorded directly in equity - Distributions				
Dividend:				
- Final dividend @ 25% (Rs. 2.50 per share) for the year ended June 30, 2023	-	(1,087,500)	-	(1,087,500)
- Interim dividend @ 25% (Rs. 2.50 per share) for the year ended June 30, 2024	-	(1,087,500)	-	(1,087,500)
	-	(2,175,000)	-	(2,175,000)
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation net of tax	-	56,546	(56,546)	-
Balances as at March 31, 2024	4,350,000	16,086,211	2,130,932	22,567,143

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


Nihal Cassim
Director & Chairman
Board Audit Committee


Mujtaba Hussain
Chief Financial
Officer


Yousuf H. Mirza
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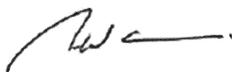
INTERNATIONAL STEELS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2024

		Nine months ended	
		March 31	March 31
Note		2024	2023
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations			
	15	7,212,573	18,683,987
		(634,157)	(2,074,756)
		261,791	47,376
		(28,842)	(24,856)
		(7,675)	(10,447)
		(1,598,786)	(1,592,052)
		(2,007,669)	(3,654,735)
		5,204,904	15,029,252
CASH FLOWS FROM INVESTING ACTIVITIES			
		(1,030,916)	(894,110)
		(90,738)	(88,189)
		57,756	43,012
		-	(384,000)
		(1,063,898)	(1,323,287)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	245,465
		(283,275)	(2,528,923)
		100,000	(3,882,781)
		(18,960)	(17,481)
		(2,175,545)	(1,957,361)
		(2,377,780)	(8,141,081)
		1,763,226	5,564,884
		1,096,911	(9,530,310)
	16	2,860,137	(3,965,426)

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


Nihal Cassim
Director & Chairman
Board Audit Committee


Mujtaba Hussain
Chief Financial
Officer


Yousuf H. Mirza
Chief Executive
Officer



INTERNATIONAL STEELS LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024

1. STATUS AND NATURE OF BUSINESS

International Steels Limited ('the Company') was incorporated on September 03, 2007 as a public unlisted Company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is domiciled in the province of Sindh. The Company was listed on the Pakistan Stock Exchange Limited on June 01, 2011. The Company is subsidiary of International Industries Limited (Holding Company) which holds 245,055,543 (June 30, 2023: 245,055,543 shares) shares of the Company as at March 31, 2024 representing 56.3% (June 30, 2023: 56.3%) of the shareholding of the Company.

The net assets of the Steel Project Undertaking of International Industries Limited (the Holding Company), amounting to Rs. 4,177.17 million determined as at August 23, 2010 (day immediately preceding the completion date) in accordance with the Scheme of Arrangement, were transferred to the Company on August 24, 2010. In consideration of transferring to and vesting the Steel Project Undertaking in the Company, 417,716,700 fully paid-up ordinary shares were issued at par value to the Holding Company.

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

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

- Chinoy House, 6-Bank Square, Lahore - 54000
- Office No. 303-A 3rd Floor Evacuee Trust Complex Sector F-5/1 Agha Khan Road, Islamabad; and
- Office No. 708-A, The United Mall, plot No. 74, Abdali Road, Multan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended June 30, 2023.

2.1.3 The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim



statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended March 31, 2023.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2023.

3.2 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 01, 2023. However, these do not have any significant impact on the Company's financial reporting.

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

There are standards and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2024. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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



- 4.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimating the uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended June 30, 2023.
- 4.3 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2023.

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work in progress	Total
	(Rupees in '000)		
Cost / revalued amount			
Opening balance as at July 01, 2023	29,545,649	703,715	30,249,364
Additions	886,529	892,877	1,779,406
Adjustments / transfers - net	138,042	(886,529)	(748,487)
Disposals	(128,833)	-	(128,833)
	30,441,387	710,063	31,151,450
Accumulated depreciation			
Opening balance as at July 01, 2023	(9,944,795)	-	(9,944,795)
Charge for the period	(1,441,490)	-	(1,441,490)
Disposals	75,802	-	75,802
	(11,310,483)	-	(11,310,483)
Written down value as at March 31, 2024 (Un-audited)	19,130,904	710,063	19,840,967
Written down value as at June 30, 2023 (Audited)	19,600,854	703,715	20,304,569

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

	(Un-audited) March 31		(Un-audited) March 31	
	2024	2023	2024	2023
	Additions / Transfer	Disposal / Transfer (Written down value)	Additions / Transfer	Disposal / Transfer (Written down value)
	(Rupees in '000)			
Freehold land	-	-	-	-
Building on freehold land	32,498	-	1,635	(84)
Plant and machinery	631,325	(31,514)	386,623	(1,522)
Furniture and Fixtures	812	(82)	4,917	(39)
Office Equipment	40,863	(108)	7,360	(129)
Vehicles	181,031	(21,327)	74,691	(13,866)
	886,529	(53,031)	475,226	(15,640)



6. STOCK-IN-TRADE

	(Un-audited) March 31	(Audited) June 30
	2024	2023
	(Rupees in '000)	
Raw material		
- in hand	3,884,277	5,862,618
- in transit	6,060,481	3,594,350
	9,944,758	9,456,968
Work-in-process	2,187,174	470,796
Finished goods	5,956,491	7,306,129
Scrap material	58,302	22,876
By products	4,830	4,943
	18,151,555	17,261,712

7. CASH AND BANK BALANCES

These include investment in Term Deposit Receipt (TDR) amounting to Rs. 384 million (June 30, 2023: Rs. 384 having mark-up of 19.85%) having mark-up of 19.55%. The TDR was placed against a bank guarantee submitted to the Nazir of Sindh High Court in relation to petition filed by the Company in the Court against chargeability of Super Tax. Permanent cash margin under lien amounting to Rs. 90 million having markup rate of 20.50% was placed against bank guarantee submitted to ETO (Excise & Taxation Department).

8. LONG TERM FINANCE - secured

	(Un-audited) March 31	(Audited) June 30
	2024	2023
	(Rupees in '000)	
	Note	
Conventional		
Long Term Finance Facility (LTFF)	8.1	655,706
Temporary Economic Refinance Facility (TERF)	8.2	493,003
Islamic		
Islamic Long Term Finance Facility (ILTFF)	8.3	390,027
		1,538,736
Less: Deferred Income		
- Government grant	8.4	(155,372)
Less: Current portion of long term loans:		
Conventional		
Long Term Finance Facility (LTFF)		(254,479)
Temporary Economic Refinance Facility (TERF)		(61,625)
Islamic		
Islamic Long Term Finance Facility (ILTFF)		(61,274)
		(377,378)
		769,448
		1,005,986

8.1 This represents finance facility loan obtained from different banks under the State Bank of Pakistan (SBP) Long Term Finance Facility for Plant and Machinery in respect of export-oriented projects at SBP Refinance rate + 0.50% to 1.00% (June 30, 2023: SBP Refinance rate at 0.50% to 1.00%).



- 8.2** This represents finance facility loan obtained from a commercial bank under the SBP's Temporary Economic Refinance Facility available to the Company at SBP Refinance rate + 1.25% (June 30, 2023: SBP Refinance rate + 1.25%) for setting up of new industrial units.
- 8.3** This represents finance facility loan obtained from different banks under the SBP's Islamic Long Term Finance Facility for Plant and Machinery in respect of export-oriented projects at SBP Refinance rate + 3.00% (June 30, 2023: SBP refinance rate at 3.00%)
- 8.4** Government grant amounting to Rs. 119.15 million (June 30, 2023: Rs. 155.37 million) has been recorded up to the period ended March 31, 2024 and Rs. 21.83 million (March 31, 2023: Rs. 21.28 million) has been amortised during the period.
- 8.5** The above loans are secured against joint pari passu charge over fixed assets of the Company (such as land, building, plant and machinery etc.).

9. GAS INFRASTRUCTURE DEVELOPMENT CESS

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

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

The Company has recognised GIDC payable with respect to its captive power plant used for self consumption. This payable has been revalued and recorded at its present value by discounting the future cash flows using three year PKRV rate and has booked (loss) / income of (Rs. 6.15 million) (March 31, 2023: Rs. 10.41 million), which has been recorded as other loss. The unwinding of the GIDC during the year amounts to Rs. 41.44 million (March 31, 2023: Rs. 58.42 million).

The Company has not recognized GIDC amounting to Rs. 769 million (June 30, 2023: Rs. 769 million) pertaining to period from 01 July 2011 to 31 Jul 2020 with respect to its captive power plant from which power generation is supplied to K-Electric Limited. Management considers that, in the event such levy is imposed, it shall recover GIDC from K-Electric Limited through fuel adjustments after getting requisite approval from National Electric Power Regulatory Authority (NEPRA).

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



10. TRADE AND OTHER PAYABLES

	Note	(Un-audited) March 31	(Audited) June 30
		2024	2023
		(Rupees in '000)	
Trade creditors		6,770,458	4,238,059
Accrued expenses	10.1	2,838,145	2,561,331
Provision for infrastructure cess	10.2	3,709,492	3,212,439
Workers' Welfare Fund	10.3	234,035	251,386
Workers' Profit Participation Fund		233,952	277,331
Deferred income - Government grant		28,386	28,634
Provision for government levies		4,339	3,094
Short term compensated absences		18,167	19,140
Others		120,431	121,560
		13,957,405	10,712,974

10.1 This includes current portion of provision for Gas Infrastructure Development Cess amounting to Rs. 1,242.01 million (June 30, 2023: Rs. 1,045.41 million) and provision against revision of gas tariff by Oil and Gas Regulation Authority amounting to Rs. 717.82 million (June 30, 2023: Rs. 717.82 million).

10.2 The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court (SHC), passed an interim order directing that every company subsequent to December 27, 2006 is required to clear the goods on paying 100% of the fee amount involved and furnishing a guarantee / security for the balance amount. Subsequently through Sindh Finance Act 2015 and 2016, the legislation has increased the rate to 1.25%.

The case was decided on June 04, 2021 by the SHC. The SHC declared first four versions of the law unconstitutional and the release of bank guarantees were ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order remained suspended till September 03, 2021. The Company was not satisfied with the above orders and filed an appeal with the Supreme Court of Pakistan.

On September 1, 2021, the Supreme Court granted a stay order against the operation of the order of SHC dated June 4, 2021, that the bank guarantees already submitted by the Company in pursuant to the order of High Court is valid and enforceable. The court further ordered that imports should be released on submission of fresh bank guarantees equivalent to 100% of the fee amount under the Act.

Bank guarantees issued as per the above mentioned orders amounting to Rs. 3,782.50 million (June 30, 2023: Rs. 3,222.50 million) have been provided to the Excise and Taxation Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Company on prudent basis.

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



11. SHORT TERM BORROWINGS - secured

	Note	(Un-audited) March 31	(Audited) June 30
		2024	2023
		(Rupees in '000)	
Conventional			
Short term under mark-up arrangement	11.1	-	10,521
Short term borrowing under Export Finance Scheme	11.2	110,288	-
Running finance under Export Refinance Scheme	11.3	3,150,000	3,050,000
Islamic			
Short term finance under Running Musharakah	11.4	-	273,704
		3,260,288	3,334,225

- 11.1** This represents short term finance obtained from various commercial banks for the purpose of meeting working capital requirements. The rate of mark-up on these finances ranges from 21.56% to 22.75% (June 30, 2023: 21.75% to 22.20%) per annum.
- 11.2** This represents short term finance facility obtained under Export Finance Scheme (PKR discounting) of the State Bank of Pakistan from commercial banks. The rate of mark-up on this facility is at 2.00% per annum.
- 11.3** This represents short term finance facility obtained under Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The rate of mark-up on this facility is at 19% (June 30, 2023: 16.50% to 17.75%) per annum.
- 11.4** This represents short term finance facility obtained under Running Musharakah. The rate of mark-up ranges from 21.46% to 22.36% (June 30, 2023: 22.18% to 22.48%) per annum. This facility matures within twelve months and is renewable.
- 11.5** As at March 31, 2024, the unavailed facilities from the above borrowings amounted to Rs. 23,589 million (June 30, 2023: Rs. 25,826 million).
- 11.6** The above facilities are secured by way of joint pari passu charge and ranking charge over current and future moveable assets of the Company.

12. CONTINGENCY AND COMMITMENTS

12.1 Contingency

There have been no significant changes during the period in the contingency reported in the annual audited financial statements for the year ended June 30, 2023.

12.2 Commitments

- 12.2.1** Commitments under Letters of Credit for raw materials and spares as at March 31, 2024 amounted to Rs. 11,279 million (June 30, 2023: Rs. 8,984 million) and for services as at Rs. 14 million and for solar plant as at Rs. 175 million.
- 12.2.2** The facilities for opening letters of credit and guarantees from banks as at March 31, 2024 amounted to Rs. 40,500 million (June 30, 2023: Rs. 38,300 million) and Rs. 8,800 million (June 30, 2023: Rs. 8,284 million) respectively of which unutilised balance at period end amounted to Rs. 29,032 million (June 30, 2023: Rs. 29,316 million) and Rs. 944 million (June 30, 2023: Rs. 7,795 million) respectively.



13. REVENUE FROM CONTRACTS WITH CUSTOMERS

(Un-audited)

	Nine months ended		Three months ended	
	March 31	March 31	March 31	March 31
	2024	2023	2024	2023
	(Rupees in '000)		(Rupees in '000)	
Local	50,909,067	59,713,173	14,101,823	24,777,487
Export	14,069,214	7,655,679	4,770,674	3,099,781
	64,978,281	67,368,852	18,872,497	27,877,268
Sales tax	(7,797,244)	(8,774,756)	(2,162,009)	(3,659,649)
Trade discounts	(659,258)	(235,655)	(270,397)	(82,462)
Sales commission	(506,710)	(534,169)	(164,087)	(236,767)
	(8,963,212)	(9,544,580)	(2,596,493)	(3,978,878)
	56,015,069	57,824,271	16,276,004	23,898,389

14. TAXATION

Tax credit / (expense) for the period				
- Current	(1,391,735)	(801,249)	(197,112)	(435,407)
- Prior	-	170,000	-	-
	(1,391,735)	(631,249)	(197,112)	(435,407)
Deferred tax	93,728	125,250	57,629	(162,972)
	(1,298,007)	(505,999)	(139,483)	(598,379)

15. CASH GENERATED FROM OPERATIONS

(Un-audited)

	Note	March 31	March 31
		2024	2023
		(Rupees in '000)	
Profit before taxation		4,356,270	2,082,796
Adjustments for:			
Depreciation and amortisation		1,457,745	1,197,877
Gain on disposal of property, plant and equipment		(4,725)	(27,372)
Provision / (reversal) for net realisable value written off stores and spares		60,934	(41,365)
Provision for staff gratuity		28,842	24,856
Loss / (gain) on discounting of Gas Infrastructure Development Cess		(6,158)	(10,412)
Unwinding of Gas Infrastructure Development Cess		41,452	58,443
Provision for compensated absences		6,702	10,095
Income on bank deposits		(261,791)	(47,376)
Finance cost		516,352	1,988,262
Deferred income - Government grant		(21,830)	(14,565)
		1,817,523	3,138,443
Changes in working capital	15.1	1,038,780	13,462,748
		7,212,573	18,683,987



15.1 CHANGES IN WORKING CAPITAL

	(Un-audited)	
	March 31	March 31
	2024	2023
(Rupees in '000)		
(Increase) / decrease in current assets:		
Stores and spares	(10,573)	(151,024)
Stock-in-trade	(889,843)	13,146,043
Receivable from K-Electric Limited	(47,529)	(38,228)
Trade debts	(1,068,992)	(474,121)
Advances, trade deposits and short-term prepayments	(44,566)	(6,768,542)
Sales tax receivable	235,323	1,009,370
	(1,826,180)	6,723,498
Increase in current liabilities:		
Trade and other payables	3,102,569	6,321,779
Contract liabilities	(237,609)	417,471
	1,038,780	13,462,748

16. CASH AND CASH EQUIVALENTS

	Note		
Cash and bank balances		2,970,425	412,170
Short-term finance under mark-up arrangement	11.1	-	(2,235,990)
Short-term borrowing under Export Finance Scheme	11.2	(110,288)	-
Short-term finance borrowing under Running Musharakah	11.4	-	(2,141,606)
		2,860,137	(3,965,426)

17. TRANSACTIONS WITH RELATED PARTIES

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement. Rental income is recognized on straight line basis over the term of the respective lease agreement.

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

	(Un-audited)			
	Nine months ended		Three months ended	
	March 31	March 31	March 31	March 31
	2024	2023	2024	2023
	(Rupees in '000)		(Rupees in '000)	
Holding company				
Sales	2,266,430	4,957,508	210,049	1,586,760
Purchases	15,434	10,737	4,490	4,977
Rent / Lease payments	9,573	8,905	3,191	2,968
Shared resources cost	138,576	19,715	35,793	3,555
Reimbursement of expenses	8,149	14,484	3,932	7,170
Dividend Paid	1,225,278	1,102,750	612,639	-
Associated undertakings				
Sales	4,753,411	1,456,874	1,605,700	308,447
Purchases	29,682,925	20,357,372	5,465,573	6,849,635
Dividend Paid	197,388	177,649	98,694	-
Rental Income	2,186	2,172	729	724
Reimbursement of expenses	12,774	2,411	3,248	443
Services / Donations	2,104	7,010	1,382	197
Key management personnel				
Remuneration	322,438	271,375	105,434	92,751
Staff retirement funds				
Contribution paid	60,444	53,486	20,210	17,851
Non-executive directors				
Directors' fee	5,300	6,300	1,500	1,800

18. OPERATING SEGMENTS

18.1 These condensed interim financial statements have been prepared on the basis of a single reportable segment.

18.2 Revenue from sales of steel products represents 99.54% (June 30, 2023: 99.55%) of total revenue whereas remaining represent revenue from sale of surplus electricity to K-Electric Limited (KE). The Company does not consider sale of electricity to KE as separate reportable segment as the power plant of the Company is installed primarily to supply power to its Cold Rolling, Galvanizing and Colour Coating Plants and currently any excess electricity is sold to KE.

18.3 78.35% (March 31, 2023: 88.64%) of gross sales of steel sheets are domestic sales whereas 21.65% (March 31, 2023: 11.36%) of sales are export / foreign sales.



19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors on April 23, 2024.

A handwritten signature in black ink, appearing to read 'Nihal Cassim'.

Nihal Cassim
Director & Chairman
Board Audit Committee

A handwritten signature in black ink, appearing to read 'Mujtaba Hussain'.

Mujtaba Hussain
Chief Financial
Officer

A handwritten signature in black ink, appearing to read 'Yousuf H. Mirza'.

Yousuf H. Mirza
Chief Executive
Officer

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