

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

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Corporate and Management Directory

Board of Directors

Chairman	Mr. Kemal Shoaib	Independent Chairman
Managing Director & CEO	Mr. Towfiq H. Chinoy	Executive Director
Directors	Mr. Mustapha A. Chinoy Mr. Kamal A. Chinoy Mr. Tariq Iqbal Khan Mr. Kamran Y. Mirza Syed Salim Raza Syed Hyder Ali Mr. Otomichi Yano	Non-Executive Director Non-Executive Director Independent Director Independent Director Independent Director Independent Director Non-Executive Director
Chief Financial Officer:	Mr. Aleee Arsalan	
Company Secretary:	Ms. Neelofar Hameed	
External Auditors:	M/s KPMG Taseer Hadi & Co.	
Bankers:	Allied Bank Ltd. Bank Al Habib Ltd. Bank Alfalah Ltd. Barclays Bank PLC Dubai Islamic Bank (Pak) Ltd. Faysal Bank Ltd. Habib Bank Ltd. Habib Metropolitan Bank Ltd. HSBC Bank Middle East Ltd. MCB Bank Ltd Meezan Bank Ltd. NIB Bank Ltd. Standard Chartered Bank (Pakistan) Ltd. United Bank Ltd.	
Legal Advisor:	Mrs. Sana Shaikh Fikree	
Registered Office:	101 Beaumont Plaza 10 Beaumont Road, Karachi-75530 Phone: +9221-35680045-54 UAN: 021-111-019-019 Fax: +9221-35680373 E-mail: inquiries@isl.com.pk	
Branch Offices:	Lahore: Chinoy House, 6 Bank Square Lahore-54000 Phone: +9242-37229752-55 UAN: 042-111-019-019 Fax: +9242-37220384 E-mail: lahore@isl.com.pk	Islamabad: Office # 2, First Floor Ahmed Centre, I-8 Markaz Islamabad. Phone: (9251) 2524650, 4864601 - 2
Website:	www.isl.com.pk	
Share Registrar:	THK Associates (Pvt.) Ltd. Ground Floor, State Life Building 3 Dr. Ziauddin Ahmed Road Karachi-75530 Phone: +9221-111-000-322 Fax: +9221-35655595 E-mail: info@thk.com.pk	

DIRECTORS' REPORT

The directors of the company are pleased to present the interim financial statements of your Company for the nine months ended March 31, 2013.

Sales for the nine months ended March 31, 2013 amounted to Rs. 12,170 million which was 26% higher than the same period last year. Sales for the third quarter amounted to Rs. 5,114 million on account of over 60,000 tons of galvanized and cold rolled flat sheet.

Both production and sales in the third quarter were at a record high with the Reversing Mill exceeding name plate capacity by 20% and the galvanizing plant exceeding its rated capacity by close to 50% in the month of March.

Gross margin for the nine months ended March 31, 2013 was better than same period last year on the back of higher sales coupled with a reduction in the average cost of imported steel. The pre-tax profit for the quarter ended March 31, 2013 was Rs. 266.786 million. The company's after tax profit for the nine months was Rs. 109.364 million compared to a loss of Rs. 283.052 million in same period last year.

Your company continues to adhere to strict product quality control which has resulted in the ISL brand being recognized as a product leader in the field of galvanized coil and cold rolled sheets locally.

We are geared to continue our growth momentum given product acceptance, and strong customer service. We shall continue to leverage our high end manufacturing facilities to maximize output and profitability. The outlook for the coming quarter seems very encouraging in terms of the market demand and supply position. However, the uncertainty in the country as a result of election activities and the law and order situation may affect the company's operations.

We thank Almighty Allah for his benevolence to your company and pray to him for our continued success.

Our sincere thanks to all our stakeholders for their continued support and in particular to the management and staff for their hard work.

Karachi:
Dated: April 22, 2013

For & behalf of
International Steels Limited



Kemal Shoaib
Chairman

Condensed Interim Balance Sheet

As at 31 March 2013

	Notes	31 March 2013 (Unaudited)	30 June 2012 (Audited)
----- (Rupees in `000) -----			
ASSETS			
Non - Current Assets			
Property, plant and equipment	4	9,155,877	8,898,047
Intangible assets		9,419	13,414
Long term deposit		100	100
		9,165,396	8,911,561
Current Assets			
Stores and spares		357,413	372,982
Stock in trade	5	2,464,143	5,273,767
Receivable from Karachi Electric Supply Company Limited unsecured, considered good		40,484	228,705
Trade debts	6	538,857	287,498
Advances	7	63,326	18,692
Trade deposits, short term prepayments and other receivable	8	8,304	11,334
Sales tax receivable		-	279,248
Taxation - net		479,674	446,036
Cash and bank balances		16,201	3,957
		3,968,402	6,922,219
Total Assets		13,133,798	15,833,780
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 500,000,000 (30 June 2012: 500,000,000) ordinary shares of Rs. 10 each		5,000,000	5,000,000
Issued, subscribed and paid up capital		4,350,000	4,350,000
Accumulated losses		(87,293)	(196,657)
Total Shareholders' Equity		4,262,707	4,153,343
LIABILITIES			
Non - Current Liabilities			
Long term financings - secured	9	3,556,829	3,846,883
Deferred taxation - net	10	116,731	67,867
		3,673,560	3,914,750
Current Liabilities			
Trade and other payables	11	332,984	468,130
Short-term borrowings	12	3,925,432	6,447,822
Current portion of long term financing	9	701,655	638,775
Sales tax payable		75,400	-
Accrued markup		162,060	210,960
		5,197,531	7,765,687
Contingency and Commitments	13		
Total Equity and Liabilities		13,133,798	15,833,780

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.



Tariq Iqbal Khan
Director & Chairman
Board Audit Committee



Alee Arsalan
Chief Financial Officer



Towfiq H. Chinoy
Managing Director & Chief Executive

For the nine and three months ended 31 March 2013

		Nine months ended		Three months ended	
	Notes	31 March 2013	31 March 2012	31 March 2013	31 March 2012
----- (Rupees in `000) -----					
Net sales	14	12,170,250	9,628,870	5,113,908	3,652,809
Cost of sales	15	(11,102,217)	(8,889,039)	(4,579,784)	(3,251,371)
Gross profit		1,068,033	739,831	534,124	401,438
Administrative expenses	16	(81,281)	(52,873)	(26,775)	(20,994)
Selling and distribution expenses	17	(56,396)	(54,324)	(17,123)	(23,212)
		(137,677)	(107,197)	(43,898)	(44,206)
Financial charges	18	(780,910)	(879,786)	(225,071)	(300,547)
Other operating charges	19	(32,531)	(58,439)	(18,970)	(18,979)
		(813,441)	(938,225)	(244,041)	(319,526)
Other operating income	20	52,820	73,246	20,601	25,239
Profit / (loss) before taxation		169,735	(232,344)	266,786	62,945
Taxation	21				
- Current		(11,507)	(100,779)	(6,514)	(38,822)
- Deferred		(48,864)	50,071	(82,004)	(37,009)
		(60,371)	(50,708)	(88,518)	(75,831)
Profit / (loss) for the period		109,364	(283,052)	178,268	(12,886)
----- (Rupees) -----					
Earnings / (loss) per share - basic and diluted		0.25	(0.65)	0.41	(0.03)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.


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 Director & Chairman
 Board Audit Committee


Alee Arsalan
 Chief Financial Officer


Towfiq H. Chinoy
 Managing Director & Chief Executive

For the nine and three months ended 31 March 2013

	Nine months ended		Three months ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	----- (Rupees in ` 000) -----			
Profit / (loss) for the period	109,364	(283,052)	178,268	(12,886)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	109,364	(283,052)	178,268	(12,886)

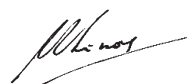
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Director & Chairman
Board Audit Committee



Alee Arsalan
Chief Financial Officer



Towfiq H. Chinoy
Managing Director & Chief Executive

For the nine months ended 31 March 2013

	Note	Nine months ended	
		31 March 2013	31 March 2012
		----- (Rupees in `000) -----	
Cash Flows From Operating Activities			
Profit / (loss) before taxation		169,735	(232,344)
Adjustments for:			
Depreciation and amortization		319,353	261,307
Gain on disposal of property, plant and equipment		(4,075)	(377)
Provision for staff gratuity		5,007	-
Provision for compensated absences		-	1,800
Financial charges		780,910	879,786
		1,101,195	1,142,516
Movement in working capital	22	2,949,208	381,075
Net cash from operations		4,220,138	1,291,247
Financial charges paid		(829,810)	(837,482)
Gratuity paid		(5,257)	-
Compensated absences paid / reversed		(9,005)	(571)
Tax paid / adjusted		(45,145)	(309,954)
		(889,217)	(1,148,007)
Net cash from operating activities		3,330,921	143,240
Cash Flows From Investing Activities			
Capital expenditure incurred		(579,762)	(243,449)
Proceeds from sale of property, plant and equipment		10,649	662
Net cash (used in) investing activities		(569,113)	(242,787)
Cash Flows From Financing Activities			
(Repayment) of long term financing net off proceeds		(227,174)	(34,389)
Net increase / (decrease) in cash and cash equivalents		2,534,634	(133,936)
Cash and cash equivalents at beginning of the period		(6,443,865)	(4,795,804)
Cash and cash equivalents at end of the period		(3,909,231)	(4,929,740)
Cash and cash equivalents comprises:			
Cash and bank balances		16,201	8,020
Short-term borrowings		(3,925,432)	(4,937,760)
		(3,909,231)	(4,929,740)

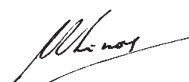
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Managing Director & Chief Executive

For the nine months ended 31 March 2013

	Issued, subscribed & paid up capital	Accumulated (Losses)	Total
	----- (Rupees in `000) -----		
Balance as at 01 July 2011	4,350,000	(92,186)	4,257,814
Total comprehensive (loss) for the period	-	(283,052)	(283,052)
Balance as at 31 March 2012	<u>4,350,000</u>	<u>(375,238)</u>	<u>3,974,762</u>
Balance as at 01 July 2012	4,350,000	(196,657)	4,153,343
Total comprehensive income for the period	-	109,364	109,364
Balance as at 31 March 2013	<u>4,350,000</u>	<u>(87,293)</u>	<u>4,262,707</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.



Tariq Iqbal Khan
Director & Chairman
Board Audit Committee



Alee Arsalan
Chief Financial Officer



Towfiq H. Chinoy
Managing Director & Chief Executive

For the nine and three months ended 31 March 2013

1 STATUS AND NATURE OF BUSINESS

International Steels Limited ("the Company") was incorporated on 3 September 2007 as a public unlisted company limited by shares under the Companies Ordinance, 1984 and is domiciled in the province of Sindh. The net assets of the Steel Project Undertaking amounted to Rs. 4,177.167 million were determined as at 23 August 2010 (day immediately preceding the completion date) in accordance with the Scheme of Arrangement and net assets of the Steel Project Undertaking were transferred to the Company on 24 August 2010 and 417,716,700 shares of Rs. 10 each of the Company there against were issued to International Industries Limited (IIL) (refer note 1.1 to the annual financial statements for the year ended 30 June 2012). The Company was listed on the Karachi Stock Exchange on 01 June 2011. As at 31 March 2013, IIL held 245,055,543 shares (30 June 2012: 245,055,543 shares) of the Company.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These condensed interim financial information of the Company for the nine month ended 31 March 2013 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provision of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directive issued under the Companies Ordinance, 1984 have been followed.

2.1.2 These condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand except otherwise stated.

2.2 Estimates, judgements and financial risk management

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual result may differ from these estimates.

In preparing these condensed interim financial information, significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 30 June 2012.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the preparation of these condensed interim financial information are the same as those applied in the preparation of annual financial statements of the Company as at and for the year ended 30 June 2012. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any significant impact on the accounting policies of the Company.

For the nine and three months ended 31 March 2013**4. PROPERTY, PLANT AND EQUIPMENT**

	Operating Assets	Capital work in progress	Total
	----- (Rupees in `000) -----		
Cost			
Opening balance	9,191,284	365,371	9,556,655
Addition / (disposal) - net	219,794	345,786	565,580
	<u>9,411,078</u>	<u>711,157</u>	<u>10,122,235</u>
Accumulated depreciation			
Opening balance	658,608	-	658,608
For the period - net of disposal	307,750	-	307,750
	<u>966,358</u>	<u>-</u>	<u>966,358</u>
Written down value as at 31 March 2013 (Unaudited)	<u>8,444,720</u>	<u>711,157</u>	<u>9,155,877</u>
Written down value as at 30 June 2012 (Audited)	<u>8,532,676</u>	<u>365,371</u>	<u>8,898,047</u>

		31 March 2013 (Unaudited)	30 June 2012 (Audited)
		----- (Rupees in `000) -----	
5 STOCK IN TRADE			
Raw material	5.1	875,669	4,152,301
Work-in-process		559,641	306,185
Finished goods		1,018,599	752,307
Scrap material		10,234	62,974
		<u>2,464,143</u>	<u>5,273,767</u>
5.1	This includes stock in transit amounting to Rs. 95.65 million (30 June 2012: Rs. 1,656 million).		
6 TRADE DEBTS - Secured, unsecured and considered good			
Secured	6.1	536,931	267,119
Unsecured		1,926	20,379
		<u>538,857</u>	<u>287,498</u>
6.1	This represents trade debts arising on account of export sales of Rs. 507.95 million which are secured by way of documents of Acceptance and export Letters of credit and Rs. 28.98 million arising on account of domestic sales which are secured by way of inland Letters of credit.		
7 ADVANCES - Considered good			
Advances to:			
Considered good			
- suppliers	7.1	57,526	15,260
- service providers		4,411	3,172
- to employees against expenses		1,389	260
		<u>63,326</u>	<u>18,692</u>

For the nine and three months ended 31 March 2013

7.1 This includes Rs. 51.46 million (30 June 2012: Rs. 8.32 million) on account of payment of import incidental and import purchases.

8 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES		31 March 2013 (Unaudited)	30 June 2012 (Audited)
		----- (Rupees in '000) -----	
Trade deposits		2,020	2,987
Short term prepayments		5,963	8,347
Others receivables		321	-
		8,304	11,334
9 LONG TERM FINANCINGS - secured			
Syndicated LTFF term finance	9.1	3,442,163	3,768,391
Term finance	9.2	816,321	717,267
		4,258,484	4,485,658
Current maturity of long term financing		(701,655)	(638,775)
		3,556,829	3,846,883
9.1		The syndicated LTFF term finance facility having a limit of Rs. 4,000 million is obtained for plant and machinery of Cold Rolling Mill and Galvanizing Plant and is secured by way of mortgage of land located at Survey No. 399-404, Landhi Town, Karachi, and joint hypothecation of all present and future fixed assets (excluding land and building), as per the terms of syndicated term financing agreement. It is repayable in sixteen half yearly installments commencing from March 2011. The rate of markup on these finance is 1.5% over SBP refinance rate (30 June 2012: 1.5% over SBP refinance rate).	
9.2		The term finance facility having a limit of Rs. 900 million is obtained for plant and machinery and is secured by way of mortgage of land located at Survey No. 399-404, Landhi Town, Karachi and other fixed assets of the Company against ranking charge. It is repayable in eight half yearly installments commencing from December 2012. The rate of markup is 1.8% over 6 months KIBOR (30 June 2012: 1.8% over 6 months KIBOR).	
10 DEFERRED TAXATION - NET			
Taxable temporary difference			
Accelerated tax depreciation		1,668,192	1,647,432
Deductible temporary differences			
Provision for unavailed leaves		(211)	(3,384)
Unrealized exchange losses		(1,404)	(1,903)
Pre-commencement expenditure		(12,391)	(18,161)
Tax loss		(1,537,455)	(1,556,117)
		116,731	67,867
11 TRADE AND OTHER PAYABLES			
Trade creditors		38,607	71,716
Bills payable		-	207,840
Accrued expenses	11.1	31,416	-
Provision for infrastructure cess	11.2	95,000	55,000
Provision for government levies		947	811
Due to staff		-	19,651
Short term compensated absences		663	9,668
Utilities		48,585	54,087
Sales commission		11,931	10,000
Advance from customers		90,685	38,752
Others		15,150	605
		332,984	468,130

For the nine and three months ended 31 March 2013

11.1 This include Rs. 0.99 million (30 June 2012: Rs. Nil) payable to ILL in respect of Corporate, Legal and Payroll services rendered by ILL.

11.2 This represents provision against fifty percent amount guaranteed to Excise and Taxation Officer.

12 SHORT TERM BORROWINGS - Secured

		31 March 2013 (Unaudited)	30 June 2012 (Audited)
		----- (Rupees in `000) -----	
Running finance under mark-up arrangement	12.1	2,711,334	4,507,805
Running finance under FE-25 Import Scheme	12.2	-	1,371,262
Running finance under Export Refinance Scheme	12.3	410,000	108,755
Short term finance under Murabaha and Istisna	12.4	804,098	460,000
		<u>3,925,432</u>	<u>6,447,822</u>

12.1 The facilities for running 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 KIBOR+ 0.55 % to KIBOR + 2.00 % per annum (30 June 2012: KIBOR + 0.50% to KIBOR + 1.75 % per annum). These facilities mature within twelve months and are renewable.

12.2 The facilities for short term running finance under Foreign Exchange Circular No.25 dated 20 June 1998 available from various commercial banks are for the purpose of meeting import requirements. The facilities availed are for an amount of USD NIL (30 June 2012: USD 14.47 million equivalent to Rs. 1,371.26 million). The rates of mark-up on these finances range from NIL % (30 June 2012: 2.05% to 2.65%) per annum. The facilities mature within six months and are renewable.

12.3 The Company had borrowed short term running finance under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. This facility is available as a sub limit of short term finance facility. The facility availed is for an amount of Rs. 410.00 million (30 June 2012: Rs. 108.75 million). The rate of markup on this facility is 8.80% per annum (30 June 2012: 10.65% per annum). This facility matures within six months and is renewable.

12.4 The Company has obtained facilities for short term finance under Murabaha and Istisna from Islamic banks. The rate of profit is KIBOR + 0.35% to KIBOR + 0.80% (30 June 2012: KIBOR + 1.00%). These facilities matures within six months and are renewable.

12.5 As at 31 March 2013, the unavailed facilities from the above borrowings amounted to Rs. 5,074.57 million (30 June 2012: Rs. 1,927.18 million).

12.6 The above facilities are secured by way of joint and first pari passu ranking charges over the assets of the Company.

13 CONTINGENCY AND COMMITMENTS**13.1 Contingency**

13.1.1 Bank guarantees have been issued to Sui Southern Gas Company Limited and Excise and Taxation Officer aggregating Rs. 304.70 million (30 June 2012: Rs. 211.70 million).

13.2 Commitments

13.2.1 Capital expenditure commitments outstanding as at 31 March 2013 amounted to Rs. 141.83 million (30 June 2012: Rs.307.63 million).

13.2.2 Commitments under letter of credit for raw materials and spares as at 31 March 2013 amounted to Rs. 3,484.80 million (30 June 2012: Rs.2,721.35 million).

13.2.3 The unavailed facilities for opening letters of credit and guarantees from banks as at 31 March 2013 amounted to Rs. 4,030.37 million (30 June 2012: Rs. 3,845.56 million) and Rs. 245.30 million (30 June 2012: Rs. 338.30 million) respectively.

For the nine and three months ended 31 March 2013

14 NET SALES	Nine months ended		Three months ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in `000)			
Local	12,941,480	10,545,558	5,188,351	4,018,436
Export	1,140,654	858,899	682,562	310,341
	14,082,134	11,404,457	5,870,913	4,328,777
Sales tax	1,784,792	1,730,149	716,095	660,000
Sales discount and commission	127,092	45,438	40,910	15,968
	1,911,884	1,775,587	757,005	675,968
	12,170,250	9,628,870	5,113,908	3,652,809
15 COST OF SALES				
Opening stock of raw material and work-in-process	2,802,092	3,101,741	3,005,336	2,770,924
Purchases	9,108,941	8,416,677	2,087,972	2,548,395
Salaries, wages and benefits	151,294	155,919	50,374	55,312
Electricity, gas and water	231,069	209,675	77,637	74,670
Insurance	16,055	15,905	5,328	5,459
Security and janitorial	8,640	5,873	3,075	2,136
Depreciation	267,123	233,134	90,658	86,862
Rent, rates and taxes	-	2,776	-	926
Stores and spares consumed	80,255	39,243	41,591	17,051
Repairs and maintenance	35,265	19,779	16,731	2,133
Postage, telephone and stationery	2,874	2,379	889	742
Vehicle, travel and conveyance	8,901	8,813	3,585	3,345
Internal material handling	2,852	2,321	396	1,580
Environment controlling expense	1,000	1,012	427	248
Computer stationery and software	4,157	1,967	1,418	443
Sundries	3,884	8,602	379	2,013
Recovery from sale of scrap	(16,233)	(508,270)	(12,227)	(195,843)
	12,708,169	11,717,547	5,373,569	5,376,396
Closing stock of raw material and work-in-process	(1,339,660)	(2,297,984)	(1,339,660)	(2,297,984)
Cost of goods manufactured	11,368,509	9,419,563	4,033,909	3,078,412
Finished goods:				
Opening stock	752,307	632,880	1,564,474	1,336,363
Closing stock	(1,018,599)	(1,163,404)	(1,018,599)	(1,163,404)
	(266,292)	(530,524)	545,875	172,959
	11,102,217	8,889,039	4,579,784	3,251,371

For the nine and three months ended 31 March 2013

16 ADMINISTRATIVE EXPENSES	Nine months ended		Three months ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in `000)			
Salaries, wages and benefits	60,122	37,400	20,353	14,095
Rent, rates and taxes	3,095	2,728	986	907
Electricity, gas and water	1,178	1,278	285	187
Insurance	430	399	107	172
Depreciation	3,181	2,464	1,086	2,217
Security and janitorial expenses	33	28	5	-
Printing and stationery	527	739	57	236
Office supplies	1	16	-	-
Postage and communication	345	337	117	161
Vehicle, travel and conveyance	5,166	2,405	2,347	774
Legal and professional charges	5,018	2,813	694	1,390
Registration, stamps and licence fee	181	537	36	332
Others	2,004	1,728	702	522
	81,281	52,873	26,775	20,994
17 SELLING AND DISTRIBUTION EXPENSES				
Salaries, wages and benefits	23,352	29,230	8,120	10,174
Rent, rates and taxes	3,449	2,891	1,123	1,057
Electricity, gas and water	536	624	145	77
Insurance	308	267	87	93
Depreciation	1,714	1,358	545	1,299
Computer and office supplies	23	60	5	7
Postage and communication	395	387	142	153
Vehicle, travel and conveyance	24,003	16,760	6,016	9,296
Advertising and sales promotion	1,743	2,425	544	980
Printing and stationery	68	-	16	-
Others	805	322	380	76
	56,396	54,324	17,123	23,212

For the nine and three months ended 31 March 2013

18 FINANCIAL CHARGES	Nine months ended		Three months ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in `000)			
Mark-up on:				
- Long term financing	318,843	336,837	98,932	109,985
- Short term borrowings	421,755	421,972	125,348	177,169
	740,598	758,809	224,280	287,154
Exchange loss on FE financing	36,865	118,082	-	12,778
Bank charges	3,447	2,895	791	615
	780,910	879,786	225,071	300,547
19 OTHER OPERATING CHARGES				
Auditors' remuneration	1,227	1,885	377	1,165
Donations	-	60	-	-
Provision for government levies	315	504	-	54
Workers' Profit Participation Fund	9,126	-	9,126	-
Workers' Welfare Fund	3,650	-	3,650	-
Exchange loss - net	18,213	55,990	5,817	17,760
	32,531	58,439	18,970	18,979
20 OTHER OPERATING INCOME				
Income from financial assets				
Interest on bank deposit	236	3,930	19	113
Income from non-financial assets				
Income from power generation	20.1 36,237	40,305	12,778	14,977
Gain on disposal of property, plant and equipment	4,075	377	1,006	233
Rent income	1,306	1,185	435	394
Toll manufacturing income	137	5,274	137	-
Income on supply of utilities	7,507	18,300	5,357	9,000
Others	3,322	3,875	869	522
	52,820	73,246	20,601	25,239
20.1 Income from power generation				
Net sales	345,140	395,958	104,168	131,926
Cost of electricity produced	(308,903)	(355,653)	(91,390)	(116,949)
Net income from power generation	36,237	40,305	12,778	14,977

For the nine and three months ended 31 March 2013**21 TAXATION**

Minimum tax liability of Rs. 57.49 million has not been recognized in view of expectation of availability of sufficient future taxable profits resulting in tax liability under normal tax regime in next five years against which such liability would be adjusted.

22 MOVEMENT IN WORKING CAPITAL

	31 March 2013 (Unaudited)	31 March 2012 (Unaudited)
	----- (Rupees in `000) -----	
(Increase) / decrease in current assets:		
Stores and spares	15,569	(218,349)
Stock in trade	2,809,624	(857,318)
Receivable from Karachi Electric Supply Company Limited	188,221	(53,366)
Trade debts	(251,359)	(244,299)
Advances	(44,634)	230,400
Trade deposits, short term prepayments and other receivable	3,280	(3,864)
Sales tax refundable	279,248	266,938
	2,999,949	(879,859)
(Decrease) / Increase in current liabilities:		
Trade and other payables	(126,141)	1,260,934
Sales tax payable	75,400	-
	(50,741)	1,260,934
	2,949,208	381,075

23 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise IIL (the Holding Company), associated undertakings, directors of the Company, key management employees and staff retirement funds. The Company continues to have a policy whereby transactions with related parties undertakings are entered into at commercial / agreed terms and conditions. Contribution to defined contribution plan (provident fund) are made as per the terms of employment and contributions to the defined benefit plan (gratuity scheme) are made on the basis of latest actuarial advice. Remuneration of key management personnel are in accordance with their terms of entitlements. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial information are as follows:

	Nine months ended		Three months ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	----- (Rupees in `000) -----			
Holding Company				
Sale of coils	1,153,061	1,442,785	576,353	139,702
Purchases	2,993	4,406	1,667	3,341
Office rent	5,979	5,443	1,993	1,814
Purchase of cars	-	1,640	-	-
Toll manufacturing	-	6,118	-	-
Sale of stores and spares	-	5,950	-	2,060
Income on supply of utilities	7,507	19,788	5,357	9,000
Corporate & legal services	2,379	-	792	-
Payroll services	633	-	198	-
IT services	3,375	-	1,125	-
Sales of fixed assets	1,423	-	-	-
Sale of store items	123	-	-	-
Purchase of fixed assets	157	-	85	-

For the nine and three months ended 31 March 2013

	Nine months ended		Three months ended	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees in ` 000)			
Associated Companies				
Purchases	6,399,920	6,360,948	3,391,491	1,742,356
Insurance premium expense	38,474	38,268	6,694	5,329
Insurance claim received	1,223	430	136	-
Rent Income	1,306	1,185	436	394
Key Management Personnel				
Purchase of car	-	9,000	-	-
Remuneration and benefits	94,235	73,997	31,784	27,466
Staff retirement benefits	1,480	1,650	465	560
Staff Retirement Fund				
Contribution paid - Provident Fund	4,686	4,130	1,656	1,448
Contribution paid - Gratuity Fund	5,257	4,002	1,619	1,334

24 OPERATING SEGMENT

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

24.1 Revenue from sales of steel products represents 97.24% (30 June 2012: 97%) of total revenue whereas remaining represent revenue from sale of surplus electricity to KESC. The Company does not consider sale of electricity to KESC as separate reportable segment as the power plant of the Company is installed primarily to supply power to its Galvanizing Plant and Cold Rolling Plant and currently any excess electricity is sold to KESC.

24.2 All non current assets of the Company as at 31 March 2013 are located in Pakistan.

24.3 9.37% of the sales are export sales that are made to customers outside Pakistan.

25 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors on 22 April 2013.


Tariq Iqbal Khan
 Director & Chairman
 Board Audit Committee


Alee Arsalan
 Chief Financial Officer


Towfiq H. Chinoy
 Managing Director & Chief Executive