



**INTERNATIONAL
STEELS LIMITED**

The background of the cover is a high-resolution aerial photograph of the Earth. The sun is positioned in the upper left quadrant, creating a bright, golden flare that illuminates the western coast of North and South America. The landmasses are shown in shades of green, brown, and grey, while the oceans are a deep blue. The overall composition is dynamic and emphasizes global reach.

CREATING VALUE

**UNAUDITED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020**



UNAUDITED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER
ENDED SEPTEMBER 30, 2020

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

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International Steels Limited

COMPANY INFORMATION

Chairman (Non-Executive)

Mr. Towfiq H. Chinoy

Independent Directors

Dr. Amjad Waheed

Ms. Nausheen Ahmad

Mr. Nihal Cassim

Mr. Zakauallah Khan

Non-Executive Directors

Mr. Fuad Azim Hashimi

Mr. Kamal A. Chinoy

Mr. Koji Fukushima

Mr. Mustapha A. Chinoy

Director & Chief Executive Officer

Mr. Yousuf H. Mirza

Director & Chief Operating Officer

Mr. Samir M. Chinoy

Chief Financial Officer

Mr. Mujtaba Hussain

Company Secretary

Mr. Mohammad Irfan Bhatti

Chief Internal Auditor

Mrs. Asema Tapal

External Auditors

A.F. Ferguson & Co.

Legal Advisor(s)

Mrs. Sana Shaikh Fikree

Investor Relations Contact

Shares Registrar

THK Associates (Pvt.) Ltd

40-C, Block-6, P.E.C.H.S,

Off: Shahrah-e-Faisal, Karachi

Phone: +9221-111-000-322

Fax: +9221-34168271

Email: info@thk.com.pk

Registered Office

101, Beaumont Plaza, 10, Beaumont Road, Karachi – 75530

Telephone Nos: +9221-35680045-54, UAN: 021-111-019-019

Fax: +9221-35680373, E-mail: irfan.bhatti@isl.com.pk

Lahore Office

Chinoy House, 6 Bank Square, Lahore - 54000

Telephone Nos:+9242-37229752-55, UAN:+9242-111-019-019

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Islamabad Office

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Telephone Nos: +9251-2823041-2, Fax: +9251-28230413

Multan Office

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Abdali Road, Multan

Telephone Nos: +9261-4570571

Factory

399 - 404, Rehri Road, Landhi, Karachi.

Telephone Nos: +9221-35013104 - 5

Fax: +9221-35013108, 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

Website

www.isl.com.pk

Bankers

Allied Bank Limited

Bank Al Habib Limited

Bank Alfalah 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

Samba Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

International Steels Limited

DIRECTORS' REPORT

For the period ended 30 September 2020

Directors of your company are pleased to present the financial statements of the quarter ended 30 September 2020.

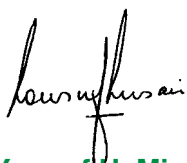
The economy showed signs of recovery in the quarter, following the end of lockdown enforced as a result of COVID-19. Almost all major sectors in the industry including cement, automobiles and steel reflected strong growth over the preceding quarter. This coupled with improved macroeconomic stability led by lower interest rates and current account deficit provided much needed fiscal space. The international steel prices remained volatile due to increased demand in China and subdued economic activity in the rest of the market.

Pakistan's economy, after witnessing a contraction of -0.4% in the last fiscal year, is projected to grow by 1% in FY2020-21. The growth may also rebound to 2% considering the economic activity in the first quarter. Inflation could remain at 10.2%, whereas, the unemployment is also feared to jump to 5.1%. However, the State Bank of Pakistan has kept the interest rate unchanged at 7% upto November 2020 indicating that the priority has appropriately shifted towards supporting growth and employment during these challenging times. Strong remittances from abroad in the first quarter have given some stability to the exchange rate which has appreciated by 1.4%.

The company registered net sales of Rs. 15.67 bn compared to Rs. 11.545 bn reflecting a growth of 36% over last year. The sales growth was robust in domestic and export markets at 38% and 29% respectively. Similarly, the PAT and earnings per share registered a growth of 60% at Rs.559 million and Rs. 1.29 over same period last year. The company also received the export award at the Federation of Pakistan Chamber of Commerce & Industry for 2019 in the flat steel segment.

In the light of improved market conditions, we expect to sustain the performance in the rest of the year. We also thank the management and staff for their untiring efforts in spite of COVID pandemic.

We pray to almighty Allah for the continued success of your company.



Yousuf H. Mirza
Chief Executive Officer



Towfiq H. Chinoy
Chairman

Karachi: 19 October 2020

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والی سہ ماہی کے مالی بیانات پیش کرنے پر خوش ہیں۔

کوویڈ 19 کے نتیجے میں لاک ڈاؤن کے خاتمے کے بعد سہ ماہی میں معیشت کی بحالی کے آثار دکھائی دیئے۔ سیمنٹ، آٹو موٹائل اور اسٹیل سمیت صنعت کے تقریباً تمام بڑے شعبوں نے پچھلی سہ ماہی کے دوران مضبوط نمو کی عکاسی کی ہے۔ اس کے ساتھ کم شرح سود اور کرنٹ اکاؤنٹ خسارے کی وجہ سے معاشی استحکام میں بہتری آئی، جس سے کافی حد تک درکار مالی گنجائش دستیاب ہوئی۔ چین میں طلب میں اضافے کی وجہ سے اسٹیل کی بین الاقوامی قیمتیں غیر مستحکم رہی اور بقیہ مارکیٹ میں معاشی سرگرمیاں مغلوب رہیں۔

گذشتہ مالی سال میں 0.4- فیصد کمی کے بعد، پاکستان کی معیشت میں مالی سال 2020-21 میں 1 فیصد نمو کا امکان ہے۔ پہلی سہ ماہی میں اقتصادی سرگرمی کو مد نظر رکھتے ہوئے یہ شرح نمو 2 فیصد تک ہو سکتی ہے۔ افراط زر 10.2 فیصد پر ہی رہ سکتا ہے، جبکہ بے روزگاری میں 5.1 فیصد کے اضافے کا خدشہ ہے۔ تاہم، اسٹیٹ بینک آف پاکستان نے نومبر 2020 تک 7 فیصد شرح سود میں کوئی تبدیلی نہیں کی ہے جس سے یہ ظاہر ہوتا ہے کہ اس مشکل وقت کے دوران حکومتی ترجیح واضح طور پر معاون نمو اور روزگار کی طرف گامزن ہو چکی ہے۔ پہلی سہ ماہی میں بیرون ملک سے آنے والی مضبوط ترسیلات زرمبادلہ کی شرح کو کچھ استحکام ملا ہے، جس کی وجہ سے روپے کی قدر میں 1.4 فیصد بہتری آئی۔

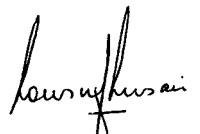
کمپنی نے گزشتہ سال کی 11.545 بلین روپے کی سیلز کے مقابلے میں اس سال 15.67 بلین روپے کی خالص سیلز رجسٹر کی جو سیلز میں 36 فیصد اضافے کی عکاسی کرتی ہے۔ ڈومیسٹک اور برآمدی منڈیوں میں سیلز کی نمونہ ترتیب 38 فیصد اور 29 فیصد تھی۔ اسی طرح پی اے ٹی اور آمدنی فی حصص میں 60 فیصد اضافے سے 559 ملین روپے اور گزشتہ سال اسی مدت کے مقابلے میں 1.29 روپے رہا۔ کمپنی کو فلیٹ اسٹیل سیگمنٹ میں 2019 کیلئے فیڈریشن آف پاکستان چیمبرز اینڈ کامرس اینڈ انڈسٹری کی جانب سے ایکسپورٹ ایوارڈ بھی ملا۔

بہتر مارکیٹ کی صورتحال کی روشنی میں، ہم سال کے باقی حصوں میں بھی مثبت کارکردگی کو برقرار رکھنے کی توقع کرتے ہیں۔ ہم COVID جیسے وبائی مرض کے باوجود انتظامیہ اور عملے کی کوششوں پر ان کا شکریہ بھی ادا کرتے ہیں۔

ہم اللہ تعالیٰ سے آپ کی کمپنی کی مسلسل کامیابی کے لئے دعا گو ہیں۔



توفیق انجم چنوائے
چیرمین

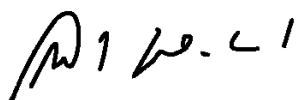


یوسف حسین مرزا
چیف ایگزیکٹو آفیسر

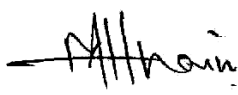
کراچی: 19 اکتوبر 2020

	Note	30 September 2020 (Un-audited)	30 June 2020 (Audited)
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	20,294,319	20,638,354
Right-of-use assets	6.1	32,649	49,377
Intangible assets		1,120	1,197
Long term deposit with Central Depository Company of Pakistan Limited		100	100
		20,328,188	20,689,028
Current assets			
Stores and spares		782,457	668,960
Stock-in-trade	7	7,242,582	15,132,206
Trade debts - considered goods	8	575,050	1,015,744
Receivable from K-Electric Limited (KE) - unsecured, considered goods		45,629	39,393
Advances, trade deposits and prepayments	9	70,595	135,604
Staff retirement benefits		2,981	7,238
Sales tax receivable		2,691,971	4,033,659
Taxation-net		946,232	1,033,184
Cash and bank balances		165,982	106,196
		12,523,479	22,172,184
Total assets		32,851,667	42,861,212
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 500,000,000 (2020: 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		7,690,548	7,121,607
Capital reserve Revaluation surplus on property, plant and equipment		1,244,379	1,254,208
Total shareholders' equity		13,284,927	12,725,815
LIABILITIES			
Non-current liabilities			
Long term finance-secured	10	5,030,135	5,042,182
Deferred taxation - net		1,573,800	1,499,446
Lease liabilities	6.3	17,716	38,098
		6,621,651	6,579,726
Current liabilities			
Trade and other payables	11	4,396,166	8,921,279
Contract liabilities	12	2,240,279	1,377,396
Short term borrowings-secured	13	4,754,255	11,520,404
Unclaimed dividend		8,042	8,433
Current portion of long term finance	10	1,338,602	1,487,634
Current portion of lease liabilities	6.3	18,301	16,755
Accrued mark-up		189,444	223,770
		12,945,089	23,555,671
Total liabilities		19,566,740	30,135,397
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		32,851,667	42,861,212


The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.



Dr. Amjad Waheed
Director & Chairman
Board Audit Committee



Mujtaba Hussain
Chief Financial
Officer



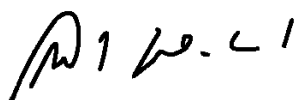
Yousuf H. Mirza
Chief Executive
Officer

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

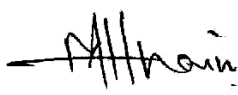
For the three months period ended 30 September 2020

		Three months period ended	
		30 September 2020	30 September 2019
		(Rupees in '000)	
Net sales	15	15,666,487	11,545,349
Cost of sales	16	(14,274,689)	(10,311,143)
Gross profit		1,391,798	1,234,206
Selling and distribution expenses	17	(201,487)	(244,151)
Administrative expenses	18	(56,310)	(61,760)
		(257,797)	(305,911)
Finance cost	19	(258,924)	(667,214)
Other operating charges	20	(68,818)	(24,369)
		(327,742)	(691,583)
Other income	21	51,132	64,533
Profit before taxation		857,391	301,245
Taxation	22	(298,281)	46,681
Profit after taxation		559,110	347,926
		(Rupees)	
Earnings per share - basic and diluted		1.29	0.80


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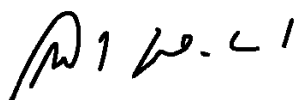
Yousuf H. Mirza
Chief Executive
Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

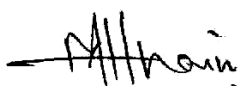
For the three months period ended 30 September 2020

	Three months period ended	
	30 September 2020	30 September 2019
	(Rupees in '000)	
Profit after taxation	559,110	347,926
Other comprehensive income	-	-
Total comprehensive income	559,110	347,926

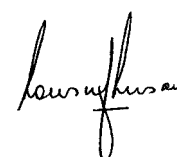
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Dr. Amjad Waheed
Director & Chairman
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Mujtaba Hussain
Chief Financial
Officer



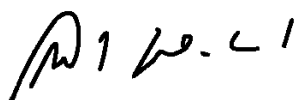
Yousuf H. Mirza
Chief Executive
Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

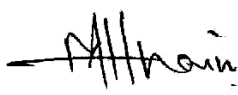
For the three months period ended 30 September 2020

		Three months period ended	
		30 September 2020	30 September 2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		857,391	301,245
Adjustments for:			
Depreciation and amortisation	5 & 6.2	392,209	349,074
(Loss) / Gain on disposal of property, plant and equipment	21	(1,913)	3,428
Provision for obsolescence against spares	16	19,374	8,512
Provision for staff gratuity		6,225	5,905
Provision for compensated absences		2,836	1,411
Income on bank deposits	21	(145)	(663)
Finance cost	19	258,924	667,214
Government grant	21	(884)	-
		676,626	1,034,881
Changes in working capital	23	5,938,747	(8,853,733)
Cash generated from / (used) in operations		7,472,764	(7,517,607)
Finance cost paid		(292,366)	(594,291)
Payment for staff gratuity		(1,968)	(5,905)
Compensated absences paid		(5,905)	(6,663)
Income tax paid		(136,974)	(66,807)
		(437,213)	(673,666)
Net cash generated from / (used) in operating activities		7,035,551	(8,191,273)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	5	(48,428)	(1,024,957)
Right-of-use assets	6.1	12,996	-
Proceeds from disposal of property, plant and equipment		5,977	3,202
Income on bank deposits received		145	663
Net cash used in investing activities		(29,310)	(1,021,092)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayments) of long term financing - net		(161,079)	32,835
Proceeds from / (repayments) of short term borrowing - net		1,374,330	(42,256)
Lease liabilities		(18,836)	136,240
Dividend paid		(391)	(1)
Net cash generated from financing activities		1,194,024	126,818
Net decrease in cash and cash equivalents		8,200,265	(9,085,547)
Cash and cash equivalents at beginning of the period		(8,568,724)	(6,232,042)
Cash and cash equivalents at end of the period	23.1	(368,459)	(15,317,589)
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances	23.1	165,982	50,058
Short term borrowings - secured	23.1	(534,441)	(15,367,647)
		(368,459)	(15,317,589)

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.



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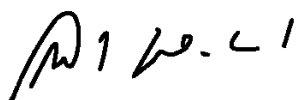
International Steels Limited

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

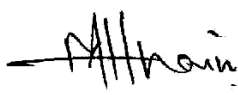
For the three months period ended 30 September 2020

	Issued, subscribed & paid-up capital	Revenue reserve - unappropriated profit / (loss)	Capital reserve - revaluation surplus on property, plant and equipment	Total
----- (Rupees in '000) -----				
Balance as at 01 July 2019	4,350,000	7,240,143	1,288,130	12,878,273
Changes in equity for the period ended 30 September 2019				
Total comprehensive income for the period				
Profit after taxation	-	347,926	-	347,926
Other comprehensive	-	-	-	-
Total comprehensive	-	347,926	-	347,926
Transactions with owners recorded directly in equity - distributions				
Dividend:				
- Final dividend @ 15% (Rs. 1.50 per share) for the year ended 30 June 2019	-	(652,500)	-	(625,500)
Total transactions with owners of the Company - distributions	-	(652,500)	-	(625,500)
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax		9,829	(9,829)	-
Balance as at 30 September 2019	4,350,000	6,945,398	1,278,301	12,573,699
Balance as at 01 July 2020	4,350,000	7,121,609	1,254,208	12,725,817
Changes in equity for the period ended 30 September 2020				
Total comprehensive income for the period				
Profit after taxation	-	559,110	-	559,110
Other comprehensive income	-	-	-	-
Total comprehensive income	-	559,110	-	559,110
Transactions with owners recorded directly in equity - distributions				
Dividend:				
- Final dividend Rs. Nil per share for the year ended 30 June 2020	-	-	-	-
Total transactions with owners of the Company - distributions	-	-	-	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax		9,829	(9,829)	-
Balance as at 30 September 2020	4,350,000	7,690,548	1,244,379	13,284,927

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.



Dr. Amjad Waheed
Director & Chairman
Board Audit Committee



Mujtaba Hussain
Chief Financial
Officer



Yousuf H. Mirza
Chief Executive
Officer

1. STATUS AND NATURE OF BUSINESS

International Steels Limited (the Company) was incorporated on 03 September 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 01 June 2011. The Company is subsidiary of International Industries Limited (the Holding Company) which holds 245,055,543 (2019: 245,055,543) shares of the Company as at 30 September 2020 representing 56.3% (2019: 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. 4,177.167 million determined as at 23 August 2010 (day immediately preceding the completion date) in accordance with the Scheme of Arrangement, were transferred to the Company on 24 August 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 01 January 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.
- Office no. 303-A 3rd Floor Evacuee Trust Complex Sector F-5/1 Agha Khan Road, Islamabad.
- Office no. 708-A, United Mall, Abdali Road, Multan.

2. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

As in the rest of the world, COVID-19 adversely affected lifestyles and business operations in Pakistan. The Company complied with the Standard Operating Procedures (SOPs) prescribed by Federal and Provincial Governments. Sales and production activities were affected during lockdowns, however, the factory reopened after necessary permissions to produce orders for exports and essential services. The Company remained up to date in all its financial commitments. The Management believes that the going concern assumption of the Company remains valid.

The Company availed refinance facility for payment of salaries and wages under SBP's Infrastructure, Housing & SME Finance Department (IH&SMEFD) Circular No. 7 of 2020 dated 10 April 2020 at concessional rates of mark-up which has been separately disclosed in Note 10. Except for the refinance facility, there is no other impact of COVID-19 on the carrying amounts of assets and liabilities or items of incomes and expenses presented in these financial statements.

Considering the financial results of the first quarter ended 30 September 2020, the Management maintains that there have been no material implications of COVID-19 on Company's operations and hence, no specific disclosures are required in this regard.

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 from IFRS Standards, 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 30 June 2020.

2.1.3 The comparative condensed interim statement of financial position presented in these condensed interim financial statements have been extracted from the audited annual financial statements of the Company for the year ended 30 June 2020, 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 30 September 2019.

2.1.4 These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligation less fair value of plan assets, freehold land & buildings thereon that are stated at fair values determined by an independent valuer and derivative financial instruments 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 30 June 2020.

3.2 Certain new and amended standards and interpretations to approved accounting standards became effective during the period. However, these are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended 30 September 2020

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1** The preparation of condensed interim financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. 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 30 June 2020.
- 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 30 June 2020.

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work in progress	Total
	------(Rupees in '000)-----		
Cost / revalued amount			
Opening balance	26,735,121	107,338	26,842,459
Additions	7,185	92,181	99,366
Transfers	(43,753)	(7,185)	(50,938)
Disposals	(6,848)	-	(6,848)
	<u>26,691,705</u>	<u>192,334</u>	<u>26,884,039</u>
Accumulated depreciation			
Opening balance	(6,204,105)	-	(6,204,105)
Charge for the period	(388,399)	-	(388,399)
Transfers	-	-	-
Disposals	2,784	-	2,784
	<u>(6,589,720)</u>	<u>-</u>	<u>(6,589,720)</u>
Written down value as at 30 September 2020 (Un-audited)	<u>20,101,985</u>	<u>192,334</u>	<u>20,294,319</u>
Written down value as at 30 June 2020 (Audited)	<u>20,531,016</u>	<u>107,338</u>	<u>20,638,354</u>

Note **30 September 2020**
(Rupees in '000)

6. LEASES

6.1 Right-of-use assets

As at 01 July 2020		49,377
Additions		-
Disposals		(12,996)
Depreciation expense	6.2	(3,732)
As at 30 September 2020		<u>32,649</u>

- 6.2** The depreciation charge on right-of-use assets for the year has been allocated as follows:

Cost of sales		-
Selling and distribution expense		4,854
Administrative expense		(1,122)
		<u>3,732</u>

6.3 Lease liabilities

Rental contracts are made for a fixed period subject to renewal upon mutual consent of Company and lessor. Wherever practicable, the Company seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The future lease payments have been discounted using average borrowing rate as at 01 July 2020.

Set out below the carrying amount of lease liabilities and the movements during the year:

As at 01 July 2020	49,377
Additions	-
Disposals	(12,996)
Interest expense	(3,130)
Payments	2,766
As at 30 September 2020	36,017
Current	18,301
Non - current	17,716
	36,017

7. STOCK-IN-TRADE

30 September 2020 (Un-audited)	30 June 2020 (Audited)
--------------------------------------	------------------------------

(Rupees in '000)

Raw material - in hand	2,346,905	6,655,805
- in transit	313,367	432,047
Work-in-process	2,274,169	2,532,031
Finished goods	2,173,045	5,290,148
By-products	12,457	10,666
Scrap material	122,639	211,509
	7,242,582	15,132,206

8. TRADE DEBTS - considered good

- Secured		248,378	385,099
- Unsecured	8.1	326,672	630,645
		575,050	1,015,744

8.1 Related party from whom debts is due is as under:

- Sumitomo Corporation		-	95
- IIL Australia PTY Limited		26	30

9. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS

30 September 2020 (Un-audited)	30 June 2020 (Audited)
--------------------------------------	------------------------------

(Rupees in '000)

Advances to suppliers- considered good	34,521	79,246
Trade deposits	11,275	15,036
Margin against shipping guarantee	8,986	6,807
Prepayments	15,813	34,515
	70,595	135,604

10. LONG TERM FINANCE - secured

Conventional

Long Term Finance Facility (LTFF) 10.1

Islamic

Long Term Finance Facility (LTFF) 10.2

Long term finance 10.3 & 10.4

Deferred Income - Government Grant 10.5

1,161,566	1,205,940
509,294	545,908
4,668,032	4,759,598
29,845	18,370
6,368,737	6,529,816

Current portion of long term finances shown under current liabilities

Conventional

Long Term Finance Facility (LTFF)

Islamic

Long Term Finance Facility (LTFF)

Long term finance

Deferred Income - Government Grant

(250,019)	(250,024)
(36,614)	(36,614)
(1,033,464)	(1,189,921)
(18,505)	(11,075)
(1,338,602)	(1,487,634)
5,030,135	5,042,182

Conventional

10.1 This finance has been obtained from commercial banks and is secured by way of pari passu charge over fixed assets of the Company.

Islamic

10.2 This finance has been obtained from an Islamic bank and is secured by way of pari passu charge over fixed assets of the Company.

10.3 Long term finance amounting to Rs. Nil (30 June 2020: 200 million) has been obtained from Islamic window of a commercial bank and is secured by way of pari passu charge over fixed assets of the Company.

10.4 Long term finance amounting to Rs. 4,410 million (30 June 2020: 4,410 million) has been obtained from Islamic window of a commercial bank and is secured by way of pari passu charge over fixed assets of the Company.

10.5 The Company has also obtained long term loans of Rs. 287.877 million for financing its salaries and wages under SBP Refinance Scheme for payment of wages and salaries, earmarked from running finance limit, which is secured against first Joint Pari Passu Hypothecation charge over stock and book debts. These loans are at concessional rate of mark-up ranging from 0.75% to 1% per annum.

Government grant amounting to Rs. 29.845 million has been recorded upto the period ended 30 September 2020 and Rs. 0.884 million has been amortised during the period. In accordance with the terms of the grant, the company is prohibited to lay-off the employees atleast for six months from the period April 2020 to September 2020 of the grant.

11. TRADE AND OTHER PAYABLES

30 September 2020 (Un-audited)	30 June 2020 (Audited)
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(Rupees in '000)

Trade creditors		530,802	5,183,883
Accrued expenses		2,261,984	2,231,861
Provision for infrastructure cess	11.1	1,351,218	1,320,075
Provision for government levies		2,420	2,047
Short term compensated absences		8,416	11,485
Workers' Profit Participation Fund		46,097	1,290
Workers' Welfare Fund		167,716	149,278
Others		27,513	21,360
		<u>4,396,166</u>	<u>8,921,279</u>

11.1 Provision for infrastructure cess

Opening balance		1,320,075	1,058,166
Provided during the period		31,143	261,909
Closing balance		<u>1,351,218</u>	<u>1,320,075</u>

12. CONTRACT LIABILITIES

Sales commission payable		9,035	5,865
Advances from customers		2,231,244	1,371,531
		<u>2,240,279</u>	<u>1,377,396</u>

13. SHORT TERM BORROWINGS - secured

Conventional

Short term finance under mark-up arrangement from banks	13.1	534,441	164,222
Short term finance under Money Market Scheme			
Maturing after three months		-	750,000
Maturing within three months		-	6,100,000
		-	6,850,000

Short term finance under Export Refinance Scheme	13.2	2,799,957	1,175,628
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Islamic

Short term finance under Running Musharakah		-	2,410,698
Short term finance under Islamic Export Refinance Scheme	13.3	1,419,857	919,856

		<u>4,754,255</u>	<u>11,520,404</u>
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13.1 The facilities for short term finance available from various commercial banks are for the purpose of meeting working capital requirements. The rate of mark-up on these finances ranges from 7.46% to 8.53% (30 June 2020: 7.87% to 11.72%) per annum.

13.2 The Company has short term finance facility under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The rate of mark-up on this facility ranges from 2.75% to 3% (30 June 2020: 3%) per annum.

13.3 The Company has short term finance facility under Islamic Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The rate of mark-up on this facility is 3% (30 June 2020: 3%) per annum.

13.4 As at 30 September 2020, the unavailed facilities from the above borrowings amounted to Rs. 15,871 million (30 June 2020: Rs. 7,879.59 million).

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

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

	Details	Name of the court	Principle parties	Date instituted
14.1.1	<p>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 on petition filed by the petitioner, passed an interim order directing that every company subsequent to 27 December 2006 is required to clear the goods on paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Bank guarantees issued as per the above mentioned interim order amount to Rs.1,397.5 million (30 June 2020: Rs. 1,330.5 million), have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Company on prudent basis (Note 11.1). Subsequently through Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh infrastructure cess. The Company has obtained stay against these and the ultimate dispute has been linked with the previous infrastructure cess case.</p>	Sindh High Court	I.S.L. v/s Secretary Excise and Taxation / Federation of Pakistan	15-May-12
14.1.2	<p>The Federal Government issued Gas Infrastructure Development Cess (GIDC) Acts in the years 2011, 2014 and 2015. All GIDC Acts have been subject of thorough debate and consideration at honorable High Courts of the Country as well as the Supreme Court of Pakistan.</p> <p>On 13 August 2020, the Supreme Court of Pakistan issued its verdict and held that “the levy imposed under Gas Infrastructure Development Cess Act, 2015 is in accordance with the provisions of the Constitution”. The Supreme Court has also held that “the provisions of Section 8 of the Act, which give retrospective effect to the charge and recovery of ‘Cess’ levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament.</p> <p>The Management has reviewed adequacy of the provisions made in financial statements and recorded the entire liability under the GIDC Act 2015 upto 31 July 2020. However, a review petition has been filed in the Supreme Court against the above order on the grounds of limitation, retrospective effect of the Cess collection, discrimination amongst the consumers and on the fact that ISL did not pass on the burden to its Customers.</p> <p>Further, the Sindh High Court has granted stay orders against the collection of GIDC by SSGC from the Company.</p> <p>Further, the Company has not recognized GIDC amounting to Rs. 745 million (30 June 2020: Rs. 737 million) pertaining to period from 01 July 2011 to 31 July 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).</p>	Sindh High Court / Supreme Court of Pakistan	I.S.L. v/s OGRA / SSGC / Federation of Pakistan	14-Sep-20

14.1.3	Oil and Gas Regulatory Authority (OGRA) revised the gas tariff to Rs. 600 Per MMBTU vide its notification dated 30 December 2016, increasing the rate by Rs. 112 per MMBTU disregarding the protocol laid down in OGRA Ordinance, 2002. The Company filed a suit before the Sindh High Court (the Court) challenging the increase in gas tariff. The Court granted a stay, subject to submission of security for the differential amount with the Nazir of the court. The Company has issued cheques amounting to Rs. 424.8 million (30 June 2020: Rs. 424.8 million) in favour of the Nazir of the Court upto September 2018. The Company, on prudent basis, has also accrued this amount in these financial statements. OGRA has further revised the gas tariff to Rs. 780 per MMBTU vide its notification dated 04 October 2018, further increasing the rate by Rs. 180 per MMBTU. The Company has filed a petition before the court challenging such further revision and the matter is partially heard. Pending the decision on the matter, the Company is settling the bills at the revised rate which has further been revised to Rs. 1,021 from 01 July 2019.	Sindh High Court	I.S.L. v/s OGRA / SSGC / Federation of Pakistan	19-Jan-17
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14.1.4	The Company filed a constitutional petition in the Sindh High Court 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.	Sindh High Court	I.S.L vs Sindh Revenue Board / Government of Sindh/ Federation of Pakistan / Governing body of the Workers Welfare Fund / Federal Board of Revenue	6-Sep-17
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14.1.5	A petition was filed before the Sindh High Court seeking order for the issuance of quota for concessionary import under SRO 565; release of 85,000 tons of HRC arrived at the Port in November 2019 and for future shipments. SHC granted release of 85,000 tons of HRC against submission of bank guarantee for the differential amount of duty & taxes amounting to Rs. 1,651 million. In a separate order SHC instructed the authorities to allow provisional quota subject to submission of bank guarantee for the difference of duty & taxes. As ordered, the Input-Output Co-efficient Organisation (IOCO) is issuing quota equivalent to ordered/shipped quantity of raw material on case to case basis.	Sindh High Court	I.S.L vs Federation of Pakistan/ Director IOCO / The Chief Collector (South)	4-Nov-19
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- 14.1.6** Guarantees issued in favour of Sui Southern Gas Company Limited by the bank amounted to Rs. 490.12 million (30 June 2020: Rs. 404.67 million) as a security for supply of gas.
- 14.1.7** Guarantees issued in favour of Pakistan State Oil Company Limited issued by bank on behalf of the Company amounted to Rs. 24 million (30 June 2020: Rs. 24 million).
- 14.1.8** Guarantees issued in favour of K-Electric Limited issued by bank on behalf of the Company amounted to Rs. 8.67 million (30 June 2020: Rs. 8.67 million).
- 14.1.9** Guarantees issued in favour of Wah Industries issued by bank on behalf of the Company amounted to Rs. 43.80 million (30 June 2020: Rs. Nil).
- 14.1.10** Guarantees issued in favour of Collector of Customs issued by bank on behalf of the Company amounted to Rs. 3,394.41 million (30 June 2020: Rs. 3,394.41 million).

14.2 Commitments

- 14.2.1** Capital expenditure commitments outstanding as at 30 September 2020 amounted to Rs.7.47 million (30 June 2020: Rs. 78.46 million).
- 14.2.2** Commitments under Letters of Credit for raw materials and spares as at 30 September 2020 amounted to Rs. 9,043.32 million (30 June 2020: Rs. 8,418.94 million).
- 14.2.3** The unavailed facilities for opening Letters of Credit and Guarantees from banks as at 30 September 2020 amounted to Rs. 16,699.20 million (30 June 2020: Rs. 17,052.60 million) and Rs. 332.86 million (30 June 2020: Rs. 229.14 million) respectively.

15. NET SALES

Three months period ended

	30 September 2020 (Un-audited)	30 September 2019 (Un-audited)
	(Rupees in '000)	
Local	15,643,333	11,365,579
Export	2,558,656	1,986,869
	18,201,989	13,352,448
Sales Tax	(2,296,342)	(1,589,842)
Trade discounts	(64,074)	(97,218)
Sales commission	(175,086)	(120,039)
	(2,535,502)	(1,807,099)
	15,666,487	11,545,349

15.1 DISAGGREGATION OF REVENUE

As required for the condensed interim financial statements, the Company disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In the following table, revenue is disaggregated by primary geographical markets and major product lines:

Primary geographical markets:

Local	13,107,831	9,558,480
Asia	1,990,761	882,487
Australia	10,873	13,628
Americas	198,330	787,093
Africa	358,692	303,661
	15,666,487	11,545,349

Major product lines:

Cold rolled	6,268,001	4,476,434
Galvanized product	8,763,389	6,618,961
By-product	635,097	449,954
	15,666,487	11,545,349

16. COST OF SALES

Three months period ended

30 September 2020 (Un-audited)	30 September 2019 (Un-audited)
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(Rupees in '000)

Raw material consumed

Opening stock of raw material
Purchases

6,655,805	1,919,579
5,552,517	15,678,530
12,208,322	17,598,109

Closing stock of raw material

(2,346,904)	(6,411,028)
9,861,418	11,187,081

Manufacturing overheads

Salaries, wages and benefits
Electricity, gas and water
Insurance
Security and janitorial
Depreciation and amortisation
Operating supplies and consumables
Provision for obsolescence against spares
Repairs and maintenance
Postage, telephone and stationery
Vehicle, travel and conveyance
Internal material handling
Environment controlling expense
Partial manufacturing expense
Computer stationery and software support fees
Sundries

146,987	155,976
343,197	400,120
8,260	6,695
8,502	7,667
356,051	306,612
29,187	29,609
19,374	8,512
18,878	21,136
1,844	1,305
7,219	8,275
1,475	3,646
950	517
200	-
4,067	2,638
5,037	2,114
951,228	954,822
10,812,646	12,141,903

Work-in-process

Opening stock
Closing stock

2,532,031	1,942,101
(2,274,170)	(1,899,713)
257,861	42,388

Cost of goods manufactured

11,070,507	12,184,291
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Finished goods, by-products and scrap

Opening stock
Closing stock

5,512,323	5,974,996
(2,308,141)	(7,848,144)
3,204,182	(1,873,148)
14,274,689	10,311,143

17. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and benefits
Rent, rates and taxes
Electricity, gas and water
Insurance
Depreciation and amortisation
Depreciation on right-of-use assets
Postage, telephone and stationery
Vehicle, travel and conveyance
Freight and forwarding charges
Sales promotion
Others

6.2

21,426	28,533
103,388	105
1,061	889
576	348
2,351	2,337
4,854	9,214
736	1,145
3,316	7,490
55,050	175,252
5,597	15,520
3,132	3,318
201,487	244,151

		Three months period ended	
		30 September 2020 (Un-audited)	30 September 2019 (Un-audited)
		(Rupees in '000)	
18. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		34,895	43,669
Rent, rates and taxes		2,505	16
Electricity, gas and water		795	705
Insurance		745	291
Depreciation and amortisation		2,209	2,259
Depreciation on right-of-use assets	6.2	(1,122)	1,045
Printing and stationery		209	848
Postage and communication		172	199
Vehicle, travel and conveyance		1,695	2,113
Legal and professional charges		7,096	5,925
Certification and registration charges		388	93
Directors' fee		1,900	1,925
Others		4,823	2,672
		<u>56,310</u>	<u>61,760</u>
19. FINANCE COST			
<i>Conventional</i>			
- Mark-up on long term finances		18,412	27,837
- Mark-up on short term borrowings		111,660	320,557
		<u>130,072</u>	<u>348,394</u>
<i>Islamic</i>			
- Profit on long term finances		99,637	172,550
- Profit on short term borrowings		14,278	136,962
		<u>113,915</u>	<u>309,512</u>
Bank charges		18,067	4,756
Interest on lease liabilities		(3,130)	4,552
		<u>258,924</u>	<u>667,214</u>
20. OTHER OPERATING CHARGES			
Auditors' remuneration		861	685
Donations		3,422	1,010
Workers' Welfare Fund		18,439	6,478
Workers' Profit Participation Fund		46,096	16,196
		<u>68,818</u>	<u>24,369</u>
21. OTHER INCOME			
Income from non-financial assets			
Income from power generation	21.1	(496)	3,680
Recovery of shared resources cost		-	-
(Loss) / Gain on sale of property, plant and equipment		1,913	(3,428)
Rental income		607	487
Exchange gain		45,221	58,975
Others		2,858	4,156
		<u>50,103</u>	<u>63,870</u>
Income from financial assets			
Income on bank deposits - conventional		145	663
Government grant		884	-
		<u>1029</u>	<u>663</u>
		<u>51,132</u>	<u>64,533</u>

		Three months period ended	
		30 September 2020 (Un-audited)	30 September 2019 (Un-audited)
		(Rupees in '000)	
21.1	Income from power generation		
	Net sales	166,395	140,501
	Cost of electricity produced	(166,891)	(136,821)
		(496)	3,680
22.	TAXATION		
	- Current	(223,924)	(115,877)
	- Deferred	(74,357)	162,558
		(298,281)	46,681
23.	CHANGES IN WORKING CAPITAL		
	<i>(Increase) / decrease in current assets:</i>		
	Stores and spares	(132,871)	(144,129)
	Stock-in-trade	7,889,624	(8,556,579)
	Receivable from K-Electric Limited	(6,236)	(3,027)
	Trade debts	440,694	(439,998)
	Advances, trade deposits and prepayments	65,009	27,158
	Sales tax receivable	1,341,688	(1,139,805)
		9,597,908	(10,256,380)
	<i>Increase / (decrease) in current liabilities:</i>		
	Trade and other payables	(3,659,161)	1,402,647
		5,938,747	(8,853,733)
23.1.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	165,982	50,058
	Running finance under mark-up arrangement from banks	(534,441)	(12,073,238)
	Short term borrowings under Running Musharakah	-	(3,294,409)
		(368,459)	(15,317,589)

24. 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.

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

Three months period ended

30 September 2020 (Un-audited)	30 September 2019 (Un-audited)
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(Rupees in '000)

Holding company

Sales	458	933,116
Purchases	1,188	94,238
Rent	105,960	9,375
Shared resources cost	14,515	20,505
Reimbursement of expenses	942	287

Other related parties

Sales	49,592	121,659
Purchases	2,392,146	9,100,450
Rental income	607	1,365
Reimbursement of expenses	1,170	299
Donations	3,100	-
Services	1,521	15,581

Key management personnel

Remuneration	56,759	62,703
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Staff retirement funds

Contribution paid	18,888	10,205
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Non-executive directors

Directors' fee	1,900	1,925
Reimbursement of Chairman's expenses	646	407

25. MEASUREMENT OF FAIR VALUES

Management engages an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building) and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the three months period ended 30 September 2020

30 September 2020 (Un-audited)						
Carrying amount			Fair value			
Amortised Cost	Liabilities at fair value through profit or loss	Other financial liabilities	Level 1	Level 2	Level 3	
(Rupees in '000)						
<i>Financial assets not measured at fair value</i>						
Trade debts	575,050	-	-	-	-	
Receivable from K-Electric Limited (KE)	45,629	-	-	-	-	
Trade deposits and Margin against shipping guarantee	20,261	-	-	-	-	
Cash and bank balances	165,982	-	-	-	-	
Total financial assets	806,922	-	-	-	-	
<i>Financial liabilities not measured at fair value</i>						
Long term finance	-	-	5,030,135	-	-	
Current maturity of long term finance	-	-	1,338,602	-	-	
Trade and other payables	-	-	558,315	-	-	
Short term borrowings	-	-	4,754,255	-	-	
Contract liabilities	-	-	9,035	-	-	
Unclaimed dividend	-	-	8,042	-	-	
Accrued mark-up	-	-	189,444	-	-	
Total financial liabilities	-	-	11,887,828	-	-	
30 June 2020 (Audited)						
Carrying amount			Fair value			
Amortised Cost	Liabilities at fair value through profit or loss	Other financial liabilities	Level 1	Level 2	Level 3	
(Rupees in '000)						
<i>Financial assets not measured at fair value</i>						
Trade debts	1,015,744	-	-	-	-	
Receivable from K-Electric Limited (KE)	39,393	-	-	-	-	
Trade deposits and Margin against shipping guarantee	21,843	-	-	-	-	
Cash and bank balances	106,196	-	-	-	-	
Total financial assets	1,183,176	-	-	-	-	
<i>Financial liabilities not measured at fair value</i>						
Long term finance	-	-	5,042,182	-	-	
Current maturity of long term finance	-	-	1,487,634	-	-	
Trade and other payables	-	-	5,205,243	-	-	
Short term borrowings	-	-	11,520,404	-	-	
Contract liabilities	-	-	5,865	-	-	
Unclaimed dividend	-	-	8,433	-	-	
Accrued mark-up	-	-	223,770	-	-	
Total financial liabilities	-	-	23,493,531	-	-	

The fair value of land and buildings on freehold land are determined by an independent valuer based on price per square meter and current replacement cost method adjusted for depreciation factor for existing assets in use. The resulting fair value is a level 3 fair value measurement.

The following table provides the fair value measurement hierarchy of the Company’s assets and liabilities measured at fair value:

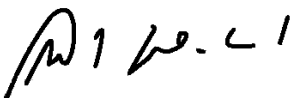
Assets measured at fair value	Date of Valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable inputs and fair value measurement
Revalued property, plant and equipment - Land and Building	30 June 2019	The valuation model is based on price per square meter and current replacement cost method adjusted for depreciation factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	The fair values are subject to change owing to changes in input. However, management does not expect material sensitivity to the fair values arising from the non-observable inputs.

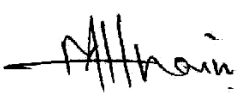
26. OPERATING SEGMENTS

- 26.1** These condensed interim financial statements have been prepared on the basis of a single reportable segment.
- 26.2** Revenue from sales of steel products represents 99% (30 June 2020: 99%) 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.
- 26.3** 85.94% (30 June 2020: 83.83%) of sales of steel sheets are domestic sales whereas 14.06% (30 June 2020: 16.17%) of sales are export/foreign sales.

27. GENERAL

- 27.1** Corresponding figures are rearranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. There have been no significant rearrangements and reclassifications in these condensed interim financial statements.
- 27.2** These condensed interim financial statements were authorised for issue by the Board of Directors on 19 October 2020.


Dr. Amjad Waheed
 Director & Chairman
 Board Audit Committee


Mujtaba Hussain
 Chief Financial
 Officer


Yousuf H. Mirza
 Chief Executive
 Officer