A member of ASC AMIR S. CHINOY GROUP

INTERNATIONAL STEELS LIMITED

# Taking Shape

## Unaudited Financial Statements

**For the Three Months Ended September 30, 2026**



Unaudited Financial Statements

**For The Three Months Ended September 30, 2026**



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# Company Information

CHAIRMAN (NON-EXECUTIVE)
Mr. Kamal A. Chinoy

INDEPENDENT DIRECTORS
Ms. Nausheen Ahmad
Ms. Nazafreen Saigol Lakhani
Mr. Nihal Cassim

NON-EXECUTIVE DIRECTORS
Mr. Haroun Rashid
Mr. Kenichi Hotta
Mr. Mustapha A. Chinoy
Mr. Yousuf H. Mirza

CHIEF EXECUTIVE OFFICER
Mr. Samir M. Chinoy

CHIEF FINANCIAL OFFICER
Mr. Usman Ahmed

COMPANY SECRETARY & HEAD OF LEGAL AFFAIRS
Mr. Zohaib Raza Merchant

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 CENTRE
Plot # LE-73-79, 102-103, 112-118, 125-129
Survey # Nc. 98, Near Arabian Country Club,
National Industrial Park, Bin Qasim, Karachi.
Telephone No.: +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 Period Ended September 30, 2026

On behalf of the Board of Directors of International Steels Limited, we are pleased to present the unaudited condensed interim financial statements of the Company for the quarter ending September 30, 2026.

**Business Environment**

The first quarter of FY2026-27 was marked by geopolitical uncertainty and a competitive domestic operating environment. Conflict in the Middle East and disruptions to energy supplies and shipping routes contributed to volatility in international energy prices and freight costs. Pakistan remained exposed to these developments through its dependence on imported energy. Within this environment, the Company focused on strengthening its domestic market position, improving operating efficiency and managing working capital.

**Operational and Financial Performance**

Sales volumes increased by 7% compared to the corresponding period last year, driven by higher domestic sales. The Company further strengthened its market position, increasing market share to 27% from 20% in the same period last year, while maintaining the level achieved in the preceding quarter. This performance reflects continued success in expanding market presence despite sustained competitive pressures.

Net sales for the quarter were approximately PKR 24 billion. Gross profit margin increased to 14.34% from 11.25% in the corresponding period last year, reflecting improved core margins. Profit after tax increased to PKR 2,207 million from PKR 620 million, translating into earnings per share of PKR 5.07. Reported profit includes a one-off pre-tax gain of approximately PKR 2,008 million arising from the remeasurement of Sindh Infrastructure Development Cess (SIDC) liability. The improvement in underlying profitability reflects stronger domestic sales and gross margins.

**Operational Priorities**

Management maintained its focus on production planning, energy efficiency, yield improvement and cost control. Power sourcing, solar generation and energy consumption remained key areas of attention in managing conversion costs.

Working-capital discipline and inventory optimization continued to be priorities, alongside health and safety, environmental responsibility and reliable customer service.

The Company also continued its engagement with regulatory authorities and industry stakeholders to promote fair competition and address trade-related challenges affecting domestic steel manufacturers.

**Outlook**

The outlook for the remainder of FY2026-27 remains cautiously optimistic. The Company will seek further domestic market opportunities while maintaining discipline in pricing, product mix and working capital.

Geopolitical uncertainty, energy and freight costs, international raw-material prices, exchange-rate movements and competition remain key risks to profitability and demand. Management will continue to evaluate these developments and adjust procurement, production and sales plans accordingly.

The Company's priorities remain strengthening its domestic market position, improving export profitability, developing value-added sales and enhancing operational efficiency.

**Governance and Appreciation**

The Board remains committed to the highest standards of corporate governance, effective internal controls and prudent risk management.

The Board thanks the Company's shareholders, customers, business partners and employees for their continued trust, support and commitment. The Board also expresses its gratitude to the Almighty for His continued guidance and blessings.

**Samir M. Chinoy**
**Chief Executive Officer**

**Kamal A. Chinoy**
**Chairman**

Karachi : October 20, 2026

# ڈائریکٹرز رپورٹ

## 30 ستمبر 2026 کو ختم ہونے والی مدت کے لیئے

انٹرنیشنل اسٹیلز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہمیں 30 ستمبر 2026 کو اختتام پذیر ہونے والی سہ ماہی کے لیے کمپنی کے غیر آڈٹ شدہ مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

### کاروباری ماحول

مالی سال 2026-27 کی پہلی سہ ماہی میں جغرافیائی و سیاسی غیر یقینی صورتحال اور مقامی سطح پر مسابقتی کاروباری ماحول نمایاں رہے۔ مشرقِ وسطیٰ میں تنازعات اور توانائی کی فراہمی اور بحری ترسیلی راستوں میں رکاوٹوں کے باعث توانائی کی بین الاقوامی قیمتوں اور کرایوں میں عدم استحکام کا رجحان دیکھا گیا۔ درآمدی توانائی پر انحصار کے سبب پاکستان بھی ان حالات کے اثرات سے متاثر رہا۔ ایسے ماحول میں کمپنی نے مقامی مارکیٹ میں اپنی پوزیشن مستحکم بنانے، آپریشنل کارکردگی بہتر کرنے اور سرمائے کے مؤثر انتظام پر توجہ مرکوز رکھی۔

### آپریشنل اور مالیاتی کارکردگی

گزشتہ سال کی اسی مدت کے مقابلے میں فروخت کے حجم میں 7 فی صد اضافہ ہوا، جس کی بنیادی وجہ مقامی فروخت میں اضافہ تھا۔ کمپنی نے مارکیٹ میں اپنی پوزیشن مزید مضبوط کرتے ہوئے اپنا حصہ گزشتہ سال کی اسی مدت کے 20 فی صد سے بڑھا کر 27 فی صد کر لیا، جبکہ گزشتہ سہ ماہی میں حاصل کردہ سطح بھی برقرار رکھی۔ یہ کارکردگی مسلسل مسابقتی دباؤ کے باوجود مارکیٹ میں اپنی موجودگی کو وسعت دینے میں کمپنی کی مسلسل کامیابی کی عکاسی کرتی ہے۔

سہ ماہی کے دوران خالص فروخت تقریباً 24 ارب روپے رہی۔ مجموعی منافع کا مارجن گزشتہ سال کی اسی مدت کے 11.25 فی صد سے بڑھ کر 14.34 فی صد ہو گیا، جو بنیادی مارجن میں بہتری کی عکاسی کرتا ہے۔ بعد از ٹیکس منافع 620 ملین روپے سے بڑھ کر 2,207 ملین روپے ہو گیا، جبکہ فی حصص آمدنی 5.07 روپے رہی۔ رپورٹ کردہ منافع میں سندھ انفراسٹرکچر ڈیولپمنٹ سیس کی واجب الادا رقم کی از سرِ نو تخمینہ کاری کے نتیجے میں تقریباً 2,008 ملین روپے کا ایک مرتبہ حاصل ہونے والا قبل از ٹیکس نفع بھی شامل ہے۔ بنیادی منافع بخشی میں بہتری مضبوط مقامی فروخت اور مجموعی منافع کے بہتر مارجن کی عکاسی کرتی ہے۔

### آپریشنل ترجیحات

انتظامیہ نے پیداواری منصوبہ بندی، توانائی کے مؤثر استعمال، پیداواری کارکردگی میں بہتری اور لاگت پر قابو پانے پر اپنی توجہ مرکوز رکھی۔ پیداواری عمل سے متعلق لاگت کو مؤثر انداز میں منظم کرنے کے لیے بجلی کے حصول کے ذرائع، شمسی توانائی سے بجلی کی پیداوار اور توانائی کی کھپت اہم ترجیحات میں شامل رہیں۔

سرمائے کے مؤثر اور منظم انتظام اور اسٹاک کو بہتر بنانے کو بدستور ترجیح دی گئی، جبکہ صحت و حفاظت، ماحولیاتی ذمہ داریوں کی ادائیگی اور صارفین کو قابلِ اعتماد خدمات کی فراہمی پر بھی خصوصی توجہ برقرار رکھی گئی۔

کمپنی نے منصفانہ مسابقت کے فروغ اور مقامی اسٹیل بنانے والے اداروں کو درپیش تجارت سے متعلق چیلنجز کے حل کے لیے ضابطہ جاتی حکام اور صنعتی متعلقہ فریقوں کے ساتھ رابطے کا سلسلہ بھی جاری رکھا۔

### مستقبل کا منظر نامہ

مالی سال 2026-27 کی بقیہ مدت کے امکانات کے حوالے سے کمپنی محتاط طور پر پُرامید ہے۔ کمپنی قیمتوں کے تعین، مصنوعات کے امتزاج اور سرمائے میں نظم و ضبط برقرار رکھتے ہوئے مقامی مارکیٹ میں مزید مواقع سے فائدہ اٹھانے کی کوشش کرے گی۔

جغرافیائی و سیاسی غیر یقینی صورتحال، توانائی اور مال برداری کے اخراجات، خام مال کی بین الاقوامی قیمتیں، شرحِ مبادلہ میں تبدیلیاں اور مسابقت، منافع اور طلب کے لیے اہم خطرات بدستور موجود ہیں۔ انتظامیہ ان حالات کا مسلسل جائزہ لیتی رہے گی اور اس کے مطابق خریداری، پیداوار اور فروخت کے منصوبوں میں ضروری تبدیلیاں کرے گی۔ کمپنی کی ترجیحات میں مقامی مارکیٹ میں اپنی پوزیشن کو مزید مضبوط بنانا، برآمدات کے منافع میں بہتری لانا، قدر افزا مصنوعات کی فروخت کو فروغ دینا اور آپریشنل کارکردگی میں اضافہ کرنا شامل ہیں۔

## کارپوریٹ گورننس اور اظہارِ تشکر

بورڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات، مؤثر داخلی کنٹرولز اور خطرات کے محتاط انتظام کے لیے پر عزم ہے۔

بورڈ کمپنی کے حصص یافتگان، صارفین، کاروباری شراکت داروں اور ملازمین کے مسلسل اعتماد، تعاون اور وابستگی پر ان کا شکریہ ادا کرتا ہے۔ بورڈ اللہ تعالیٰ کی مسلسل رہنمائی اور برکتوں پر بھی شکر گزار ہے۔

کمال اے چنائے
چیئرمین

سمیر ایم چنائے
چیف ایگزیکٹیو آفیسر

کراچی: اکتوبر ۲۰، ۲۰۲۶

INTERNATIONAL STEELS LIMITED

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2026

| | Note | (Un-audited) September 30 2026 | (Audited) June 30 2026 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 5 | **19,878,734** | 19,904,352 |
| Right-of-use assets | | **141,395** | 158,873 |
| Intangible assets | | **283,749** | 292,400 |
| | | **20,303,878** | 20,355,625 |
| **CURRENT ASSETS** | | | |
| Stores and spares | | **1,151,231** | 938,829 |
| Stock-in-trade | 6 | **42,154,892** | 26,793,356 |
| Trade debts | | **1,190,823** | 3,115,083 |
| Advances, trade deposits and prepayments | | **228,481** | 215,534 |
| Staff retirement benefits | | **28,508** | 41,866 |
| Sales tax receivable | | **2,051,204** | 207,921 |
| Taxation - net | | **1,300,153** | 987,694 |
| Cash and bank balances | | **2,685,017** | 2,587,840 |
| | | **50,790,309** | 34,888,123 |
| Asset classified as held for sale | | **350,000** | 350,000 |
| **TOTAL ASSETS** | | **71,444,187** | 55,593,748 |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Share capital | | | |
| Issued, subscribed and paid-up capital | | **4,350,000** | 4,350,000 |
| Revenue reserve | | | |
| Unappropriated profit | | **21,196,746** | 18,945,904 |
| Capital reserve | | | |
| Revaluation surplus on property, plant and equipment | | **3,471,001** | 3,514,892 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **29,017,747** | 26,810,796 |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Long term finance - secured | 7 | **483,119** | 514,506 |
| Deferred income - Government grant | | **45,553** | 46,100 |
| Long term obligation - SIDC | 8.3 | **1,498,963** | - |
| Deferred taxation - net | | **1,994,575** | 1,163,698 |
| Lease liabilities | | **73,246** | 99,958 |
| | | **4,093,455** | 1,824,262 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 8 | **14,361,866** | 13,778,775 |
| Contract liabilities | | **1,853,254** | 2,092,213 |
| Short term borrowings - secured | 9 | **21,584,793** | 10,666,075 |
| Unclaimed dividend | | **910** | 910 |
| Current portion of long term finance - secured | 7 | **184,636** | 184,571 |
| Current portion of lease liabilities | | **81,802** | 70,128 |
| Accrued mark-up | | **265,724** | 166,018 |
| | | **38,332,984** | 26,958,690 |
| **TOTAL LIABILITIES** | | **42,426,440** | 28,782.952 |
| **CONTINGENCY AND COMMITMENTS** | 10 | | |
| **TOTAL EQUITY AND LIABILITIES** | | **71,444,187** | 55,593,748 |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**Nihal Cassim**
Director & Chairman
Board Audit Committee

**Usman Ahmed**
Chief Financial
Officer

**Samir M. Chinoy**
Chief Executive
Officer

INTERNATIONAL STEELS LIMITED

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

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026

| | Note | Three months ended | |
|---|---|---|---|
| | | **September 30 2026** | September 30 2025 |
| | | (Rupees in '000) | |
| Revenue from contracts with customers | 11 | **23,763,312** | 20,919,340 |
| Cost of sales | | **(20,354,792)** | (18,566,006) |
| **Gross profit** | | **3,408,520** | 2,353,334 |
| Selling and distribution expenses | | **(906,908)** | (802,057) |
| Administrative expenses | | **(149,601)** | (129,853) |
| | | **(1,056,509)** | (931,910) |
| Operating Profit | | **2,352,011** | 1,421,424 |
| Finance cost | | **(490,200)** | ( 274,443) |
| Other expenses | | **(472,611)** | (180,758) |
| | | **(962,811)** | (455,201) |
| Other income | 12 | **2,072,568** | 17,621 |
| **Profit before taxation** | | **3,461,768** | 983,844 |
| Income tax expense | | **(1,254,817)** | (363,502) |
| **Profit after taxation** | | **2,206,951** | 620,342 |
| | | (Rupees) | |
| **Earnings per share - basic and diluted** | | **5.07** | 1.43 |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**Nihal Cassim**
Director & Chairman
Board Audit Committee

**Usman Ahmed**
Chief Financial
Officer

**Samir M. Chinoy**
Chief Executive
Officer

INTERNATIONAL STEELS LIMITED

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026

| | Three months ended | |
|---|---|---|
| | **September 30 2026** | September 30 **2025** |
| | (Rupees in '000) | |
| **Profit after taxation** | **2,206,951** | 620,342 |
| Other comprehensive income | **-** | - |
| **Total comprehensive income** | **2,206,951** | 620,342 |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**Nihal Cassim**
Director & Chairman
Board Audit Committee

**Usman Ahmed**
Chief Financial
Officer

**Samir M. Chinoy**
Chief Executive
Officer

INTERNATIONAL STEELS LIMITED

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

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026

| | 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, 2025 (Audited)** | **4,350,000** | **17,115,900** | **3,644,722** | **25,110,622** |
| Profit for the period | - | 620,342 | - | 620,342 |
| Total comprehensive income | - | 620,342 | - | 620,342 |
| **Transactions with owners recorded directly in equity - distributions** | | | | |
| - Final dividend @ 25% (Rs. 2.50 per share) for the year ended June 30, 2025 | - | (1,087,500) | - | (1,087,500) |
| Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax | - | 18,849 | (18,849) | - |
| **Balance as at September 30, 2025** | **4,350,000** | **16,667,591** | **3,625,873** | **24,643,464** |
| Total comprehensive income for the nine months ended June 2026 | - | 3,037,332 | - | 3,037,332 |
| - Interim Dividend @ 20% (Rs. 2.00 per share) for the year ended June 30, 2026 | - | (870,000) | - | (870,000) |
| Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax | - | 110,981 | (110,981) | |
| **Balance as at July 01, 2026 (Audited)** | **4,350,000** | **18,945,904** | **3,514,892** | **26,810,796** |
| Profit for the period | - | 2,206,951 | - | 2,206,951 |
| Total comprehensive income | - | 2,206,951 | - | 2,206,951 |
| Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax | - | 43,891 | (43,891) | - |
| **Balances as at September 30, 2026** | **4,350,000** | **21,196,746** | **3,471,001** | **29,017,747** |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**Nihal Cassim**
Director & Chairman
Board Audit Committee

**Usman Ahmed**
Chief Financial
Officer

**Samir M. Chinoy**
Chief Executive
Officer

INTERNATIONAL STEELS LIMITED

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2026

| | Note | Three months ended | |
|---|---|---|---|
| | | September 30 2026 | September 30 2025 |
| | | (Rupees in '000) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Cash used in operations** | 13 | **(9,074,248)** | (8,243,692) |
| Finance cost paid | | **(380,218)** | (119,465) |
| Income on bank deposits received | | **25,709** | 22,751 |
| Staff retirement benefits paid | | **(1,238)** | (1,280) |
| Payment on account of compensated absences | | **(14,430)** | (7,451) |
| Income tax paid | | **(736,399)** | (748,013) |
| **Net cash used in operating activities** | | **(10,180,824)** | (9,097,150) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for acquisition of property, plant and equipment | 5 | **(638,269)** | (248,037) |
| Proceeds from disposal of property, plant and equipment | | **50,941** | 4,771 |
| Redemption of Term Deposit Receipt | | **-** | 450,000 |
| **Net cash (used in) / generated from investing activities** | | **(587,328)** | 206,734 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of long term financing | | **(33,870)** | (43,053) |
| Proceeds from Short term borrowings - net | | **10,918,718** | 8,191,064 |
| Lease rentals paid | | **(19,520)** | (7,223) |
| Dividend paid | | **-** | (1,254) |
| **Net cash generated from financing activities** | | **10,865,328** | 8,139,534 |
| Net increase / (decrease) in cash and cash equivalents | | **97,177** | (750,882) |
| Cash and cash equivalents at beginning of the period | | **1,503,840** | 2,402,737 |
| Cash and cash equivalents at end of the period | 14 | **1,601,017** | 1,651,855 |

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**Nihal Cassim**
Director & Chairman
Board Audit Committee

**Usman Ahmed**
Chief Financial
Officer

**Samir M. Chinoy**
Chief Executive
Officer

## 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 (the Holding Company) which holds 245,055,543 (June 30, 2026: 245,055,543 shares) shares of the Company as at September 30, 2026 representing 56.3% (June 30, 2026: 56.3%) of the shareholding of the 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 geographical location and addresses of business units are as under:

| Location | Address |
|---|---|
| Head Office | 101, Beaumont Plaza, 10 Beaumont Road, Civil Lines, Karachi - 75530. |
| Manufacturing facilities | 399-405, Rehri Road, Landhi Industrial Area; and |
| | Plot No. LE-73-79,102-103, 112-118, 125-129, Survey No. NC.98, near Arabian Country Club, National Industrial Parks (NIP), Bin Qasim Industrial Park, Karachi. |
| Sales Offices | 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, 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 Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- 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 IFRS, 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, 2026.

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, 2026, 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 September 30, 2025.

**2.2 Basis of measurement**

These condensed 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 and buildings thereon that are stated at fair values determined by an independent valuer.

**2.3 Functional and presentation currency**

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

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 The summary of material accounting policies and methods of computations adopted in the preparation of these financial statements are same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2026.

**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, 2026. The management is in process of assessing the impact of changes.

**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, 2026. 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.

**IFRS 18 'Presentation and Disclosure in Financial Statements' (IFRS 18) (effective January 1, 2027):**

A new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss is being introduced. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;

- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and

- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Other than above, there are standards and certain amendments to accounting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on July 01, 2026. Such standards and amendments are not expected to have any significant impact in the Company's financial reporting and, therefore, have not been presented in these 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, 2026.

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, 2026.

## 5. PROPERTY, PLANT AND EQUIPMENT

| | Operating assets | Capital work in progress | Total |
|---|---|---|---|
| | (Rupees in '000) | | |
| **Cost / revalued amount** | | | |
| Opening balance as at July 01, 2026 | 34,497,672 | 500,238 | 34,997,910 |
| Additions | 153,589 | 600,296 | 753,885 |
| Adjustments / transfers - net | 37,973 | (153,589) | (115,616) |
| Disposals | (107,008) | - | (107,008) |
| | 34,582,226 | 946,945 | 35,529,171 |
| **Accumulated depreciation** | | | |
| Opening balance as at July 01, 2026 | (15,093,559) | - | (15,093,559) |
| Charge for the period | (642,259) | - | (642,259) |
| Disposals | 85,381 | - | 85,381 |
| | (15,650,437) | - | (15,650,437) |
| **Written down value as at September 30, 2026 (Un-audited)** | **18,931,789** | **946,945** | **19,878,734** |
| Written down value as at June 30, 2026 (Audited) | 19,404,114 | 500,238 | 19,904,352 |

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

| | (Un-audited) | | | |
|---|---|---|---|---|
| | September 30, 2026 | | September 30, 2025 | |
| | Additions | Disposal (Written down value) | Additions | Disposal (Written down value) |
| | (Rupees in '000) | | | |
| Building on freehold land | - | - | - | - |
| Plant and machinery | **37,762** | **(2,600)** | 2,143 | - |
| Furniture and fixtures | - | - | - | - |
| Office equipment | **18,567** | **(81)** | 2,567 | - |
| Vehicles | **97,260** | **(18,946)** | 32,151 | (2,970) |
| | **153,589** | **(21,627)** | 36,862 | (2,970) |

## 6. STOCK-IN-TRADE

| | (Un-audited) September 30 2026 | (Audited) June 30 2026 |
|---|---|---|
| | (Rupees in '000) | |
| Raw material | | |
| - in hand | **8,956,114** | 8,880,486 |
| - in transit | **14,951,217** | 5,794,630 |
| | **23,907,331** | 14,675,116 |
| Work-in-process | **5,586,471** | 4,735,006 |
| Finished goods | **12,608,950** | 7,268,312 |
| By-products | **13,297** | 18,147 |
| Scrap material | **38,843** | 96,775 |
| | **42,154,892** | 26,793,356 |

## 7. LONG TERM FINANCE - secured

| | Note | (Un-audited) September 30 2026 | (Audited) June 30 2026 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Conventional** | | | |
| Long Term Finance Facility (LTFF) | 7.1 | **134,317** | 146,895 |
| Temporary Economic Refinance Facility (TERF) | 7.2 | **308,127** | 308,127 |
| Renewable Energy Financing Facility (REFF) | 7.3 | **103,125** | 112,500 |
| | | **545,569** | 567,522 |
| **Islamic** | | | |
| Islamic Long Term Finance Facility (ILTFF) | 7.4 | **189,613** | 204,778 |
| | | **735,182** | 772,300 |
| Less: Deferred Income | | | |
| - Government grant | 7.5 | **(67,427)** | (73,223) |
| **Less: Current portion of long term loans:** | | | |
| **Conventional** | | | |
| Long Term Finance Facility (LTFF) | | **(24,421)** | (24,789) |
| Temporary Economic Refinance Facility (TERF) | | **(61,625)** | (61,625) |
| Renewable Energy Financing Facility (REFF) | | **(37,500)** | (37,500) |
| | | **(123,546)** | **(123,914)** |
| **Islamic** | | | |
| Islamic Long Term Finance Facility (ILTFF) | | **(61,090)** | (60,657) |
| | | **(184,636)** | (184,571) |
| | | **483,119** | 514,506 |

7.1 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, 2026: SBP Refinance rate at 0.50% to 1.00%).

7.2 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, 2026: SBP Refinance rate + 1.25%) for setting up of new industrial units.

7.3 This represents finance facility loan obtained from different banks under the SBP's Renewable Energy Financing Facility available to the Company at SBP Refinance rate + 3.00% (June 30, 2026: SBP Refinance rate + 3.00%) for setting up of Solar power project.

7.4 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, 2026: SBP refinance rate at 3.00%).

7.5 Government grant amounting to Rs. 67.42 million (June 30, 2026: Rs. 73.22 million) has been recorded up to the period ended September 30, 2026 and Rs. 5.80 million (September 30, 2025: Rs. 6.52 million) has been amortised during the period.

7.6 The above loans are secured against joint pari passu charge over fixed assets of the Company (such as land, building, plant and machinery etc.).

## 8. TRADE AND OTHER PAYABLES

| | Note | (Un-audited) September 30 2026 | (Audited) June 30 2026 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Trade creditors | 8.1 | **9,235,466** | 4,351,190 |
| Accrued expenses | 8.2 | **2,619,882** | 2,867,974 |
| Payable to SIDC | 8.3 | **1,889,366** | 6,070,196 |
| Workers' Welfare Fund | | **327,422** | 252,975 |
| Workers' Profit Partcipation Fund | | **186,117** | 162,065 |
| Deferred income - Government grant | | **23,875** | 27,123 |
| Others | | **79,736** | 47,252 |
| | | **14,361,866** | 13,778,775 |

8.1 Theses includes payable to Sumitomo Corporation, related party of the Company, amounting to Rs. 2,382.12 million (2026: Nil).

8.2 This include provision for Gas Infrastructure Development Cess amounting to Rs. 1,255.02 million (2026: Rs. 1,255.02 million) and provision against revision of gas tariff by Oil and Gas Regulation Authority amounting to Rs. 544.96 million (2026: Rs. 544.96 million).

In a prior period, 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 not recognized GIDC amounting to Rs. 769 million (2026: 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.

8.3 During the year, pursuant to the Sindh Development and Maintenance of Infrastructure Cess (Amendment) Act, 2026, the Company entered into Settlement Agreement with the Government of Sindh for settlement of the outstanding SIDC obligations. Under the Settlement Agreement, the Company opted to settle the outstanding liability through installments in accordance with the agreed payment plan and issued post-dated cheques as required thereunder. Accordingly, the liability has been measured at the present value of future payments, discounted using an effective rate of 12.13% per annum. The present value of the liability as per their respective agreement date aggregated PKR 4,066 million. The resulting gain arising on initial recognition of the discounted liability amounted to PKR 2,008 million has been recognised in other income.

## 9. SHORT TERM BORROWINGS - secured

| | Note | (Un-audited) September 30 2026 | (Audited) June 30 2026 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Conventional** | | | |
| Short term under mark-up arrangement | 9.1 | **8,161,478** | - |
| Running finance under Export Finance Scheme (Rupee Based Discounting) | 9.2 | **249,507** | 249,507 |
| Short term finance under FE25 | 9.3 | **277,891** | - |
| Running finance under Export Refinance Scheme | 9.4 | **5,884,000** | 4,510,000 |
| Running finance under Markup arrangement | | - | 1,576,785 |
| **Islamic** | | | |
| Short term finance under Running Musharakah | 9.5 | **5,607,850** | 4,029,783 |
| Short term finance FE25 | 9.6 | **1,104,068** | - |
| Running finance under Export Refinance Scheme | 9.7 | **300,000** | 300,000 |
| | | **21,584,793** | 10,666,075 |

9.1 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 11.68% to 12.41% per annum.

9.2 The Company has availed short term running finance facility under Export Finance Scheme (Rupee Based Discounting) of the State Bank of Pakistan from a conventional bank. The rate of mark-up on this facility is 2.00% (2026: 2.00%) per annum.

9.3 The Company has short term running finance facility under Foreign Exchange (FE-25) from a commercial bank.The rate of mark-up on this facility ranges from 4.25% to 4.45% per annum. This facility matures within three months and is renewable.

9.4 The Company has short term running 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 4.50% to 5.50% (June 30, 2026: 4.50%) per annum. This facility matures within six months and is renewable.

9.5 This represents short term finance facility obtained under Running Musharakah. The rate of mark-up ranges from 11.65% to 12.32% (June 30, 2026: 11.49% to 11.59%) per annum. This facility matures within twelve months and is renewable.

9.6 The Company has short term running finance facility under Foreign Exchange (FE-25) from a Islamic bank.The rate of mark-up on this facility is 3.75% per annum. This facility matures within three months and is renewable.

9.7 The Company has availed this year short term running finance facility under Islamic Export Refinance Scheme of the State Bank of Pakistan from a Islamic bank. The rate of mark-up on this facility is 5.50% (Jun 30, 2026: 4.50%) per annum. This facility matures within six months and is renewable.

9.8 As at September 30, 2026, the unavailed facilities from the above borrowings amounted to Rs.9,765 million (June 30, 2026: Rs. 21,093.93 million).

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

## 10. CONTINGENCY AND COMMITMENTS

### 10.1 Contingency

During FY 2025-26, the Competition Commission of Pakistan (CCP) passed an adverse order against the Company, concluding that certain practices were inconsistent with the Competition Act, 2010 and levied a penalty amounting to Rs. 914 million.

The Company, being aggrieved by the order, has preferred an appeal under Section 42 of the Competition Act, 2010 before the Competition Appellate Tribunal (CAT). The Tribunal has admitted the appeal and granted interim relief by suspending the implementation of the penalty through a stay order.

Based on the legal advisor's opinion, Management is confident that outcome of the case would be in the Company's favour. Accordingly, no provision has been recognised in these financial statements in respect of the said matter.

## 10.2 Commitments

Commitments under Letters of Credit for raw materials and spares as at September 30, 2026 amounted to Rs. 17,317 million (June 30, 2026: Rs. 18,669 million).

The facilities for opening letters of credit and guarantees from banks as at September 30, 2026 amounted to Rs. 38,500 million (June 30, 2026: Rs. 38,500 million) and Rs. 11,754 million (June 30, 2026: Rs. 11,974 million) respectively of which unutilised balance at period end amounted to Rs. 21,182 million (June 30, 2026: Rs. 19,831 million) and Rs. 4,666 million (June 30, 2026: Rs. 1,208 million) respectively.

## 11. REVENUE FROM CONTRACTS WITH CUSTOMERS

| | Un-audited | |
|---|---|---|
| | **September 30 2026** | September 30 2025 |
| | (Rupees in '000) | |
| Sale of goods less returns: | | |
| Local | **25,886,089** | 16,960,010 |
| Export | **2,524,457** | 6,956,862 |
| | **28,410,546** | 23,916,872 |
| Sales tax | **(3,619,118)** | (2,372,990) |
| Trade discounts | **(820,821)** | (479,384) |
| Sales commission | **(207,295)** | (145,158) |
| | **(4,647,234)** | (2,997,532) |
| | **23,763,312** | 20,919,340 |

## 12. OTHER INCOME

| | | |
|---|---|---|
| **(Loss) / Income from non-financial assets** | | |
| Loss from power generation | **(7,436)** | (19,399) |
| Gain on discounting - SIDC | **2,007,567** | - |
| Gain on sale of property, plant and equipment | **29,314** | 1,801 |
| Rental income | **947** | 868 |
| Others | **10,673** | 5,087 |
| | **2,041,065** | (11,643) |
| **Income from financial assets** | | |
| Income on bank deposits - conventional | **23,678** | 18,493 |
| Income on bank deposits - Islamic | **2,031** | 4,258 |
| Government grant | **5,794** | 6,513 |
| | **31,503** | 29,264 |
| | **2,072,568** | 17,621 |

## 13. CASH USED IN OPERATIONS

| | Notes | Un-audited September 30 2026 | Un-audited September 30 2025 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Profit before taxation | | **3,461,768** | 983,844 |
| **Adjustments for:** | | | |
| Depreciation and amortisation | | **668,388** | 517,697 |
| Gain on disposal of property, plant and equipment | | **(29,314)** | (1,801) |
| Provision for staff gratuity | | **14,596** | 8,857 |
| Gain of SIDC | | **(2,007,567)** | - |
| Provision for compensated absences | | **2,736** | 2,356 |
| Income on bank deposits | | **(25,709)** | (22,751) |
| Finance cost | | **490,200** | 274,443 |
| Deferred income - Government grant | | **(5,794)** | (6,513) |
| | | **(892,464)** | 772,288 |
| Changes in working capital | 13.1 | **(11,643,552)** | (9,999,823) |
| | | **(9,074,248)** | (8,243,692) |

## 13.1 CHANGES IN WORKING CAPITAL

| | | |
|---|---|---|
| **Decrease / (increase) in current assets:** | | |
| Stores and spares | **(212,402)** | (702) |
| Stock-in-trade | **(15,361,536)** | (4,470,821) |
| Trade debts | **1,924,260** | (2,607,088) |
| Advances, trade deposits and short-term prepayments | **(12,947)** | (114,309) |
| Sales tax receivable | **(1,843,283)** | (1,209,116) |
| | **(15,505,908)** | (8,402,036) |
| **Increase / (decrease) in current liabilities:** | | |
| Trade and other payables | **4,101,316** | (1,652,646) |
| Contract liabilities | **(238,959)** | 54,859 |
| | **(11,643,552)** | (9,999,823) |

## 14. CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| Cash and bank balances | **2,685,017** | 2,235,855 |
| Less: Term Deposit Receipts (TDRs) | **(1,084,000)** | (584,000) |
| | **1,601,017** | 1,651,855 |

## 15. TRANSACTIONS WITH RELATED PARTIES

The 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 rate 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 contractual engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than 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:

| | Un-audited | |
|---|---|---|
| | Three months ended | |
| | **September 30 2026** | September 30 2025 |
| | (Rupees in '000) | |
| **Holding Company** | | |
| Sales | **2,346,757** | 423,071 |
| Purchases | **150** | 162 |
| Rent / Lease payments | **5,448** | 4,789 |
| Shared resources cost | **3,896** | 515 |
| Reimbursement of expenses | **1,525** | 713 |
| Dividend paid | **-** | 612,639 |
| **Associated Undertakings** | | |
| Sales | **973,331** | 1,352,475 |
| Purchases | **17,829,745** | 13,218,126 |
| Dividend | **-** | 98,694 |
| Rental Income | **972** | 890 |
| Reimbursement of Expenses | **341** | 1,786 |
| Services | **3,893** | 3,316 |
| **Key Management Personnel** | | |
| Remuneration | **132,732** | 111,373 |
| **Staff Retirement Funds** | | |
| Contribution paid | **25,655** | 18,987 |
| **Non-executive Directors** | | |
| Directors' fee | **1,400** | 1,600 |

## 16. OPERATING SEGMENTS

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

16.2 Revenue from sales of steel products represents 100% (June 30, 2026: 100%) 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.

16.3 91.11% (September 30, 2025: 70.91%) of gross sales are domestic sales whereas 8.89% (September 30, 2025: 29.09%) of sales are export sales.

## 19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors on 20 October 2026.

**Nihal Cassim**
Director & Chairman
Board Audit Committee

**Usman Ahmed**
Chief Financial
Officer

**Samir M. Chinoy**
Chief Executive
Officer