

Striving Today for a
Sustainable Tomorrow



**INTERNATIONAL
INDUSTRIES LTD.**

Promising Reliability, For Now and Tomorrow

Unaudited Financial Statements
for the six months ended 31st December 2020

فرد تـم ربطِ ملت سے ہے تنہا کچھ نہیں
موج ہے دریا میں اور بیرون دریا کچھ نہیں
(اقبال)

Without the nation's coherence, an individual firm is nothing
like a wave is nothing without the ocean.
(Iqbal)



TRIBUTE TO THE PEOPLE OF
PAKISTAN

Paying tribute to the people of this resilient nation, Pakistan.
Who stay united with their steely strength and determination
to face enemies across all the battlefields, whether it be
defending the territories, navigating through economic
turbulence or fighting a pandemic.

Unity | Strength | Resilience

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A lifetime of leaks...

is in your control!



PPRC
PIPES & FITTINGS

With over 50 years of pipe-manufacturing experience, IIL introduces IIL PPRC Pipes & Fittings. Created in our state-of-the-art facility, IIL PPRC Pipes & Fittings guarantee the perfect fit for strong, leak-free plumbing solutions for up to 50 years.

No Leaks, No Problem!



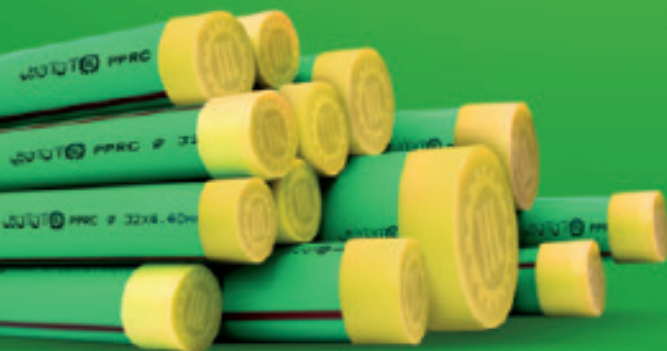
Residential, Commercial
& Industrial Applications



Suitable for Hot & Cold
Water Transmission



Food-grade
Pipes & Fittings





Coronavirus COVID-19

The global pandemic caused by the COVID 19 coronavirus is a highly contagious and virulent infection. It has engulfed Pakistan too. IIL values the health and well being of all its stakeholders and hopes that all families and communities remain safe and healthy. In this vein, we have closed business at all our locations, national and international, in the hope that we neither cause transmission of the disease nor expose our stakeholders to it.

The infection generally affects the respiratory system and amongst its symptoms, the common ones are cough, fever, bodyache, tiredness, and difficulty in breathing.

The disease has no cure as yet, and the best course of action is prevention. Hence

- Stringently practice social distancing.
- Remain home and do not socialize.
- Maintain strict personal hygiene including washing hands well and often, cover your mouth and nose with a tissue or sleeve when coughing or sneezing and discard used tissue
- Avoid touching eyes, nose, or mouth with unwashed hands
- Clean and disinfect frequently touched objects and surfaces

PREVENTION



Wash

your hands well and often to avoid contamination



Cover

your mouth and nose with a tissue or sleeve when coughing or sneezing and discard used tissue



Avoid

touching eyes, nose, or mouth with unwashed hands



Clean

and disinfect frequently touched objects and surfaces

SYMPTOMS

Cough | Fever | Tiredness | Difficulty Breathing (severe cases)



Promising Reliability, For Now and Tomorrow

PAKISTAN'S ONLY

UL LISTED FIRE FIGHTING PIPES

IDEAL FOR FIRE PROTECTION SERVICE & METALLIC SPRINKLERS

Keeping its legacy of innovation, IIL has introduced **UL Listed Fire Fighting Pipes** for the first time in Pakistan.

IIL UL Listed Fire Fighting Pipes are made from prime quality steel coils and are manufactured as per ASTM A53 as well as A795. Available in Sch 10, Sch 30 and Sch 40, and in material Grade A & B these pipes are NDT TESTED & individually HYDRO TESTED to ensure leak free product that can sustain high pressure ratings as defined in the respective standards.

Designed especially for fire protection services **IIL UL Listed Fire Fighting Pipes** are available in nominal diameter ranging from 15mm (½") to 300mm (12"). IIL offers these pipes in bare, red oxide and hot dipped galvanized (lead free) surface finish.



Based on customers specifications, ends of these pipes can also be threaded or roll grooved.

APPLICATIONS:

- Firefighting (Conformance as per NFPA 13)
- Water Distribution Lines
- High Pressure Lines (Pumping Stations)
- Gas and Fluid Transmission
- HVAC Distribution Lines



THE LARGEST EXPORTER
OF PIPES & TUBES
FROM PAKISTAN



UL 852 STANDARD

**Underwriters
Laboratories**



PAKISTAN'S NO.1 PIPE COMPANY

111-019-019

inquiries@iil.com.pk | www.iil.com.pk

COMPANY INFORMATION

Chairman (Non-Executive)

Mr. Mustapha A. Chinoy

Independent Directors

Mr. Adnan Afridi
Mr. Jehangir Shah
Mr. Mansur Khan

Non-Executive Directors

Mr. Azam Faruque
Mr. Kamal A. Chinoy (appointed as CEO w.e.f. February 10, 2021)
Mrs. Saadia S. Rashid

Chief Executive Officer

Mr. Riyaz T. Chinoy (resigned w.e.f. February 9, 2021)

Chief Financial Officer

Mr. Muhammad Akhtar

Company Secretary

Mr. Mohammad Irfan Bhatti

Group Chief Internal Auditor

Ms. Asema Tapal

External Auditors

M/s. A. F. Ferguson & Co.

Bankers

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

Legal Advisor

Mr. Haider Waheed

Registered Office

101, Beaumont Plaza,
10 Beaumont Road,
Karachi – 75530, Pakistan
Telephone: +9221-35680045-54
UAN: +9221-111-019-019
Fax: +9221-35680373
E-mail: irfan.bhatti@iil.com.pk

National Tax Number

0710735-8

Sales Tax Registration Number

02-04-7306-001-82

Lahore Office

Chinoy House, 6 Bank Square,
Lahore - 54000, Pakistan
Telephone: +9242-37229752-55
UAN: +9242-111-019-019, Fax: +9242-37220384
E-Mail: lahore@iil.com.pk

Islamabad Office

3rd Floor, Evacuee Trust, Plot No. 4,
Agha Khan Road F-5/1, Islamabad, Pakistan
Telephone: +9251-2524650, +9251-4864601-2

Multan Office

1592, 2nd Floor, Quaid-e-Azam
Shopping Centre No.1 Multan Cantt., Multan, Pakistan
Telephone: +9261-4583332

Faisalabad Office

Office No.1/1, Wahab Centre,
Electrocity Plaza Susan Road, Faisalabad, Pakistan
Telephone: +9241-8720037

Peshawar Office

Office No.1 & 2, First Floor, Hurmaz Plaza, Opp. Airport Main
University Road, Peshawar, Pakistan
Telephone: +9291-5845068

IIL Australia Pty Limited

Registered Office: 103, Abbot Road, Hallam,
Victoria 3803, Australia
Website: www.iilaustralia.com

IIL Americas Inc.

Registered Office: 36, Gerigs Street, Scarborough,
Toronto, ON M1L 0B9, Canada
Website: www.iilamericas.com

Factories**Factory 1**

LX 15-16, Landhi Industrial Area,
Karachi – 75120, Pakistan
Telephone: +9221-35080451-55
Fax: +9221-35082403, E-mail: factory@iil.com.pk

Factory 2

Survey # 405 & 406, Rehri Road,
Landhi, Karachi – 75160, Pakistan
Telephone: +9221-35017026-28, 35017030
Fax: +9221-35013108

Factory 3

22 KM, Sheikhpura Road, Lahore, Pakistan
Telephone: +9242-37190491-3

Investor Relations Contact**Shares Registrar**

CDC Share Registrar Services Limited
CDC House, 99-B, Block “B”, S.M.C.H.S
Shahrah-e-Faisal, Karachi, Pakistan
Telephone: +92-0800-23275
Fax: +92-21-34326053
E-mail: info@cdcsrsl.com
Website: www.cdcsrsl.com

Corporate Website

www.iil.com.pk

Directors' Report

For the period ended December 31st, 2020

The directors of your Company are pleased to present the Financial Statements for the Half Year ended 31st December, 2020.

The economic recovery in Pakistan gained further momentum during Oct-Dec quarter (Q2), driven mainly by the incentives for the construction sector, growth in automobile sales and higher demand from small and medium size industries.

Gross turnover for the period was Rs. 15.9 Bn; 24% higher than SPLY. Domestic sales were 18% higher than SPLY, driven mainly by increased demand for CR Tube, Black Pipe and Hollow Structural Section (HSS) by the industrial and construction sectors (volume increased by 24% over SPLY). Our capacity utilization will be tested in the rest of the year as we endeavor to deliver the large API gas pipe, and Army GI fencing orders in hand. Exports for the period were Rs. 2.3 Bn; 79% higher than SPLY, driven mainly by GI Pipe sales to Australia which witnesses a 96% increase in volumes vs SPLY. Export demand continues to rise with lockdowns easing in most countries, record high global commodity and steel prices and tight allocation for raw materials. Export demand is expected to remain strong for Q3 as our capacity is fully booked.

Polymer segment did well with sales volumes and turnover up 53% and 57% over SPLY. The segment reported a PBT of Rs. 161Mn for the period as compared to Rs. 15Mn SPLY. Water and gas segments were the primary contributors towards the increase in sales. We have a good order book of Institutional orders for large diameter water distribution pipe which will Insh'Allah be executed in the coming quarters. Sales of our line of PPRC pipes and fittings grew 41% in volume over SPLY as this product has now been recognized in the market as the leader.

The net sales turnover for the period was Rs. 13.3Bn compared to Rs. 10.5Bn during SPLY. The Unconsolidated Profit after Tax (PAT) Rs. 1.1 billion (EPS 8.44) was an all time high, compared to a loss of Rs. 122 Mn during SPLY.

Our subsidiary, International Steels Limited (ISL) reported Net Sales Revenue of Rs. 33.5Bn; up 40% from SPLY. Profit after Tax (PAT) of Rs. 2.77 Bn (EPS 6.38) was also an all time high, up 495% from SPLY (Rs. 466 Mn (EPS 1.07)). They announced a cash dividend of 30%.

The Group P&L for the 6 months is a record high PAT of Rs. 3.86 Bn, compared to PAT of Rs. 170 million for SPLY.

Steel prices reached a 10 year high during the half year. Recovering demand in China, USD weakness, tight allocations, and record increase in freight due to port congestion in SE Asia have all contributed towards the increase. Expected reduction in rebate on export of HRC by the Chinese government will provide support to prices in the short term. The outlook for the next quarter remains optimistic.

Mr. Riyaz T. Chinoy resigned w.e.f. February 9, 2021. The Board of Directors wishes to record its appreciation for services rendered by Riyaz Towfiq Chinoy in his over 28 years with the Company and in particular his service over the past 10 years as the Chief Executive Officer of the Company. The Board recognizes & applauds Mr. Riyaz T. Chinoy's contribution to your Company.

The Board appointed Mr. Kamal A. Chinoy, a Director of the Company, as an interim Chief Executive Officer with effect from February 10, 2021. Mr. Kamal A. Chinoy is a consummate professional with over 45 years business experience and many corporate laurels to his name.

We extend our gratitude to all our stakeholders for their continued support and look forward to a productive second half of the year.

For and on behalf of
International Industries Limited



Mustapha A. Chinoy
Chairman

Karachi.
February 1, 2021



Riyaz T. Chinoy
Chief Executive Officer
(resigned w.e.f. February 9, 2021)

آپ کی کمپنی کے ڈائریکٹر نہایت مسرت کے ساتھ مالیاتی گوشوارے برائے ششماہی تختہ 31 دسمبر 2020 پیش کرتے ہیں۔

اکتوبر۔ دسمبر کی دوسری سہ ماہی (Q2) کے دوران میں پاکستان کی معاشی بحالی کی رفتار میں مزید تیزی آئی جو تعمیراتی شعبہ کیلئے ترغیبی سہولتوں کی فراہمی، آٹوموبائل کی فروخت میں اضافہ اور چھوٹی اور اوسط سائز کی صنعتوں کی جانب سے طلب میں مزید اضافے کے سبب ہوئی۔

اس مدت کی مجموعی فروخت 15.9 ملین روپے ہے جو گزشتہ سال کی اسی مدت کے مقابلے میں 24% زیادہ ہے۔ ملکی فروخت بھی SPLY سے 18% زیادہ ہوئی جس کی بڑی وجہ صنعتی اور تعمیراتی شعبوں کی جانب سے CR ٹیوب، بلیک پائپ اور ہالواسٹر کچرل سیکشن (HSS) میں طلب میں اضافہ تھی۔ (مقدار میں SPLY سے 24% زیادہ)۔ ہمارے استعمال کی گنجائش کا اندازہ سال کے بقیہ عرصے میں ہوگا جس کیلئے ہم اپنے موجودہ بڑے API گیس پائپ اور آرمی GI فینڈنگ آرڈرز کی تکمیل کیلئے کوشاں ہیں۔ اس مدت میں 2.3 ملین روپے کی برآمدات ہوئیں جو SPLY سے 79% زیادہ ہیں، اس کا بڑا سبب آسٹریلیا کو GI پائپ کی فروخت میں نمایاں اضافہ تھی جس کی مقدار SPLY کے مقابلے میں 96% زیادہ تھی۔ دنیا کے بیشتر ممالک میں لاک ڈاؤن میں نرمی کے سبب برآمدات کی طلب میں بھی مسلسل اضافہ جاری ہے جب کہ عالمی سطح پر اشیاء اور اسٹیل کی قیمتوں میں ریکارڈ اضافہ اور خام مال کیلئے توفیق میں سختی تھی۔ توقع ہے کہ تیسری سہ ماہی میں برآمدات بھرپور ہوں گی کیونکہ ہماری پوری گنجائش کیلئے آرڈر بک ہیں۔

پولیمیر کے شعبہ کی فروخت کے حجم اور آمدنی کے لحاظ سے فروخت میں غیر معمولی کارکردگی دیکھنے میں آئی جو گزشتہ سال کے مقابلے میں بالترتیب 53% اور 57% زیادہ تھا۔ شعبہ نے مذکورہ مدت کے دوران میں 161 ملین روپے کا قبل از ٹیکس منافع حاصل کیا۔ (2019 میں 15 ملین روپے)۔ پانی اور گیس کی تقسیم / ترسیل کے شعبہ جات میں بنیادی کاروباری اداروں کی جانب سے فروخت میں ریکارڈ اضافہ ہوا۔ ہمیں بڑے قطر کی تقسیم کاری کی پائپ لائن کیلئے اداروں کے ٹینڈر اور آرڈر موصول ہوئے ہیں جو ان شاء اللہ آنے والی سہ ماہیوں میں پورے کر دیئے جائیں گے۔ PPRC پائپ لائن اور فٹنگز کی لائن کو مارکیٹ لیڈر تسلیم کئے جانے کے سبب اس کی فروخت میں گزشتہ سال کے مقابلے میں 41% اضافہ ہوا۔

مذکورہ مدت میں خالص فروخت 13.3 ملین روپے حاصل ہوئی جو کہ گزشتہ سال کی اسی مدت کے دوران میں 10.5 ملین روپے تھی۔ غیر منظم منافع بعد از ٹیکس (PAT): 1.1 ملین روپے (فی شیئر آمدنی 8.44) رہی جو کہ اس وقت تک کا سب سے زیادہ منافع ہے جو کہ گزشتہ سال اسی مدت میں 122 ملین روپے کا نقصان تھا۔

ہمارے ذیلی ادارے، انٹرنیشنل اسٹیل لمیٹڈ (ISL) کی خالص فروخت 33.5 ملین روپے رہی جو گزشتہ سال کی اسی مدت میں 25.4 ملین روپے سے 40% زیادہ ہے۔ بعد از ٹیکس منافع (PAT): 2.77 ملین روپے (فی شیئر آمدنی 6.38) حاصل ہوا جو کہ SPLY کے 466 ملین روپے (فی شیئر آمدنی 1.07) سے 495% زیادہ اور اب تک کا سب سے زیادہ منافع ہے۔ ISL کی جانب سے اعلان کردہ 30% منافع منقسمہ III کی تیسری سہ ماہی میں ظاہر کیا جائے گا۔

گروپ P&L کوچہ ماہ میں 3.86 ملین روپے کا ریکارڈ بلند ترین بعد از ٹیکس منافع حاصل ہوا جبکہ اس کے مقابلے میں گزشتہ سال کی اسی مدت 170 ملین روپے کے بعد از ٹیکس منافع حاصل ہوا تھا۔ اسٹیل کی قیمتیں نصف سال کے دوران میں 10 سال کی قیمتوں سے زیادہ بڑھ گئیں۔ چین میں طلب کی بحالی، یو ایس ڈالر کی کمزوری، توفیق میں سختی اور جنوب مشرقی ایشیاء میں ہندوستان پر پابندی کے باعث مال برداری کے اخراجات میں ریکارڈ اضافہ، ان سب کی بناء پر قیمتوں میں اتنا زیادہ اضافہ ہوا۔ توقع ہے کہ چینی حکومت کی جانب سے HRC کی برآمد میں دی گئی چھوٹ میں کمی قیمتوں میں کمی میں معاون ثابت ہوگی۔ اگلی سہ ماہی کے منظر نامہ کیلئے ہم پر امید ہیں۔

جناب ریاض توفیق چنئے نے 9 فروری 2021 کو استعفیٰ دے دیا ہے۔ بورڈ آف ڈائریکٹر کمپنی میں جناب ریاض توفیق چنئے کی 28 سال سے زیادہ عرصے کی خدمات اور خاص طور پر گزشتہ 10 سال کے دوران میں کمپنی کے چیف ایگزیکٹو آفیسر کی حیثیت سے خدمات کی انجام دہی پر خراج تحسین پیش کرتا ہے۔ بورڈ آف ڈائریکٹر آپ کی کمپنی کیلئے جناب ریاض توفیق چنئے کی قابل قدر خدمات کا شکریہ ادا کرتا ہے اور سراہتا ہے۔

بورڈ نے 10 فروری 2021 کو کمپنی کے ڈائریکٹر جناب کمال اے چنئے کو عبوری چیف ایگزیکٹو مقرر کیا ہے۔ جناب کمال اے چنئے ماہر پروفیشنل ہیں جو 45 سال سے زائد مدت کا بزنس کا تجربہ رکھتے ہیں اور کئی اعزازات حاصل کر چکے ہیں۔

ہم اپنے تمام اسٹیک ہولڈرز کے مسلسل تعاون پر ان کے شکر گزار ہیں اور سال کے دوسرے نصف عرصے میں مزید بہتری کے منتظر ہیں۔

برائے اور منجانب

انٹرنیشنل اسٹیل لمیٹڈ

مصطفیٰ اے چنئے

چیئر مین

ریاض ٹی چنئے

(9 فروری 2021 کو استعفیٰ ہوئے)

چیف ایگزیکٹو آفیسر

کراچی

1 فروری 2021

Independent Auditors' Review Report

To the members of International Industries Limited

Report on review of Interim Financial Statements



A.F.FERGUSON & Co.

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of International Industries Limited as at December 31, 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss, and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The unconsolidated financial statements of the Company for the year ended June 30, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on September 6, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.

Chartered Accountants
Karachi

Date: February 8, 2021

UNCONSOLIDATED **FINANCIAL STATEMENTS**

Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2020

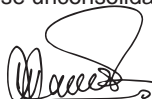
	Note	(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	5	6,873,855	7,081,385
Intangible assets		1,599	1,710
Investments	6	3,295,242	3,295,242
Long term deposits		1,043	3,519
Deferred taxation	7	117,740	-
		10,289,479	10,381,856
Current assets			
Stores and spares		213,823	213,371
Stock-in-trade	8	7,565,257	8,405,807
Trade debts - considered good		5,541,669	3,558,719
Advances, trade deposits and short-term prepayments	9	600,487	28,526
Receivable from K-Electric Limited (KE) - unsecured, considered good		24,848	19,006
Other receivables		8,566	15,000
Sales tax receivable		-	217,762
Cash and bank balances		353,783	299,469
		14,308,433	12,757,660
Total assets		24,597,912	23,139,516
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (2020: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Share capital			
Issued, subscribed and paid-up capital		1,318,819	1,318,819
Revenue reserves			
General reserves		2,700,036	2,700,036
Un-appropriated profit		3,692,164	2,554,370
Capital reserve			
Revaluation surplus on property, plant and equipment		2,340,039	2,372,304
Total Shareholders' equity		10,051,058	8,945,529
LIABILITIES			
Non-current liabilities			
Long term financing - secured	10	2,527,399	1,577,275
Gas Infrastructure Development Cess Payable	11	238,764	-
Staff retirement benefits		38,946	89,552
Deferred taxation	7	-	304,615
		2,805,109	1,971,442
Current liabilities			
Trade and other payables	12	1,955,028	1,846,134
Contract liabilities		252,333	184,462
Short-term borrowings - secured	13	8,126,954	9,394,457
Unpaid dividend		-	2,438
Unclaimed dividend		30,604	39,044
Current portion of long term financing - secured	10	629,080	410,863
Sales tax payable		147,187	-
Taxation - net		487,164	269,317
Accrued mark-up		113,395	75,830
		11,741,745	12,222,545
Total liabilities		14,546,854	14,193,987
Contingencies and commitments			
Total equity and liabilities	14	24,597,912	23,139,516

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Jehangir Shah

Director
Chairman Board Audit Committee



Muhammad Akhtar
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer
(resigned w.e.f. February 9, 2021)

Unconsolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For the six months ended December 31, 2020

		Six months ended		Three months ended	
	Note	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- (Rupees in '000) -----					
Net sales	15	13,274,380	10,496,396	7,880,490	5,068,754
Cost of sales		(11,473,992)	(9,703,350)	(6,553,253)	(4,586,792)
Gross profit		1,800,388	793,046	1,327,237	481,962
Selling and distribution expenses		(580,312)	(430,210)	(370,106)	(198,212)
Administrative expenses		(126,359)	(151,743)	(65,191)	(73,694)
Reversal of loss allowance on trade debts		31,339	14,072	31,339	14,072
		(675,332)	(567,881)	(403,958)	(257,834)
Finance cost		(347,988)	(585,531)	(184,354)	(256,227)
Other operating expenses		(99,347)	(15,112)	(85,868)	(9,880)
		(447,335)	(600,643)	(270,222)	(266,107)
Other income		286,535	393,518	163,892	58,947
Profit before taxation		964,256	18,040	816,949	16,968
Taxation	16	148,906	(140,295)	225,368	(19,795)
Profit / (loss) after taxation		1,113,162	(122,255)	1,042,317	(2,827)
Earnings / (loss) per share					
- basic and diluted (Rupees)		8.44	(0.93)	7.90	(0.02)

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Riyaz T. Chinoy
 Chief Executive Officer
 (resigned w.e.f. February 9, 2021)

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months ended December 31, 2020

	Six months ended		Three months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000)			
Profit / (loss) for the period	1,113,162	(122,255)	1,042,317	(2,827)
Other comprehensive income				
Items that will not be subsequently reclassified to statement of profit or loss				
Loss on remeasurement of net defined benefit liability				
- Adjustment related to opening deferred tax balance	(576)	-	(576)	-
- Related deferred tax charge for the year	(12,138)	-	(12,138)	-
	(12,714)	-	(12,714)	-
Gain on surplus on revaluation				
- Adjustment related to opening deferred tax balance	5,081	-	5,081	-
Other comprehensive loss for the period - net of tax	(7,633)	-	(7,633)	-
Total comprehensive income / (loss) for the period	1,105,529	(122,255)	1,034,684	(2,827)

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Jehangir Shah
Director
Chairman Board Audit Committee



Muhammad Akhtar
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer
(resigned w.e.f. February 9, 2021)


Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the six months ended December 31, 2020

		Six months ended		
Note		December 31, 2020	December 31, 2019	
		(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES				
	Cash generated from operations	17	629,124	2,197,268
	Decrease in long term deposits		2,476	-
	Finance cost paid		(297,298)	(610,699)
	Income on bank deposits received		510	595
	Employee defined benefits paid		(69,800)	(12,400)
	Payment for compensated absences		-	(4,801)
	Income tax paid		(63,235)	(156,291)
	Net cash generated from operating activities		201,777	1,413,672
CASH FLOWS FROM INVESTING ACTIVITIES				
	Payment for acquisition of property, plant and equipment	5	(67,445)	(153,244)
	Proceeds from disposal of property, plant and equipment		30,022	66,618
	Dividend income received		-	376,351
	Net cash (used in) / generated from investing activities		(37,423)	289,725
CASH FLOWS FROM FINANCING ACTIVITIES				
	Proceeds from long term financing		1,352,886	77,115
	Repayment of long term financing		(184,545)	(106,368)
	Repayments of / (proceeds from) short-term borrowing - net		1,933,854	(200,978)
	Dividends paid		(10,878)	(358,019)
	Net cash generated from / (used in) financing activities		3,091,317	(588,250)
	Net increase in cash and cash equivalents		3,255,671	1,115,147
	Cash and cash equivalents at beginning of the period		(6,479,988)	(5,190,430)
	Cash and cash equivalents at end of the period	18	(3,224,317)	(4,075,283)

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Riyaz T. Chinoy
 Chief Executive Officer
 (resigned w.e.f. February 9, 2021)


Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months ended December 31, 2020

	Issued, subscribed and paid-up capital	Revenue Reserves General reserves	Reserves Un-appropriated profit	Capital Reserve Revaluation surplus on property, plant and equipment	Total
	(Rupees in '000)				
Balance as at July 1, 2019	1,198,926	2,700,036	3,599,089	2,450,893	9,948,944
Total comprehensive loss for the period					
Loss for the period	-	-	(122,255)	-	(122,255)
Other comprehensive income for the period	-	-	-	-	-
	-	-	(122,255)	-	(122,255)
Transaction with owners recorded directly in equity - distributions					
Dividend:					
- Final dividend @ 30% (Rs. 3.00 per share) for the year ended June 30, 2019	-	-	(359,678)	-	(359,678)
- Bonus shares @ 10% for the year ended June 30, 2019	119,893	-	(119,893)	-	-
	119,893	-	(479,571)	-	(359,678)
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	45,016	(45,016)	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	4,258	(4,258)	-
Balance as at December 31, 2019	1,318,819	2,700,036	3,046,537	2,401,619	9,467,011
Balance as at July 1, 2020	1,318,819	2,700,036	2,554,370	2,372,304	8,945,529
Total comprehensive income for the period					
Profit for the period	-	-	1,113,162	-	1,113,162
Other comprehensive loss for the period	-	-	(7,633)	-	(7,633)
	-	-	1,105,529	-	1,105,529
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	31,938	(31,938)	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	327	(327)	-
Balance as at December 31, 2020	1,318,819	2,700,036	3,692,164	2,340,039	10,051,058

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Riyaz T. Chinoy
 Chief Executive Officer
 (resigned w.e.f. February 9, 2021)

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

1. STATUS AND NATURE OF BUSINESS

International Industries Limited ("the Company") was incorporated in Pakistan in 1948 and is quoted on the Pakistan Stock Exchange. The Company is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes, polymer pipes & fittings. The registered office of the Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Company are situated as follows:

- a) LX 15-16, Landhi Industrial Area, Karachi
- b) Survey no. 402, 405-406, Dehshirabi Landhi Town, Karachi
- c) 22 KM, Sheikhpura Road, Lahore

Sales offices are located at Lahore, Islamabad, Faisalabad, Peshawar and Multan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These unconsolidated 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 comprises of:

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

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

2.1.2 These unconsolidated condensed interim financial statements does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2020.

2.1.3 The comparative unconsolidated condensed interim statement of financial position presented in these unconsolidated condensed interim financial statements have been extracted from the audited annual unconsolidated financial statements of the Company for the year ended June 30, 2020, whereas the comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity are extracted from the un-audited unconsolidated condensed interim financial statements for the period ended December 31, 2019.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of audited annual separate financial statements of the Company as at and for the year ended June 30, 2020.

3.2 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting and reporting 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 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2021. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1** The preparation of unconsolidated condensed interim financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, 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 judgments 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 the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual unconsolidated financial statements as at and for the year ended June 30, 2020.
- 4.3** The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2020.

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work- in-progress (including capital stores and spares)	Total
	(Rupees in '000)		
Cost / revalued amount			
Opening balance	10,203,129	28,401	10,231,530
Additions	-	67,445	67,445
Transfers	25,841	(25,841)	-
Disposal	(63,116)	-	(63,116)
	<u>10,165,854</u>	<u>70,005</u>	<u>10,235,859</u>
Accumulated depreciation			
Opening balance	(3,150,145)	-	(3,150,145)
Charge for the period	(263,910)	-	(263,910)
Disposal	52,051	-	52,051
	<u>(3,362,004)</u>	<u>-</u>	<u>(3,362,004)</u>
Written down value			
as at December 31, 2020 (Un-audited)	<u><u>6,803,850</u></u>	<u><u>70,005</u></u>	<u><u>6,873,855</u></u>
Written down value as at June 30, 2020 (Audited)	<u>7,052,984</u>	<u>28,401</u>	<u>7,081,385</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

6. INVESTMENTS

(Un-audited) December 31, 2020 (Number of shares)	(Audited) June 30, 2020		(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
Quoted companies				
245,055,543	245,055,543	International Steels Limited (ISL) - subsidiary company at cost	2,450,555	2,450,555
6,092,470	6,092,470	Pakistan Cables Limited (PCL) - associate company at cost	817,553	817,553
Un-quoted company				
-	-	III Americas Inc. (III Americas) - associate company at cost	17,966	17,966
100,000	100,000	III Australia Pty Limited (III Australia) - subsidiary company at cost	9,168	9,168
			3,295,242	3,295,242

7. DEFERRED TAXATION

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	Note	(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
Taxable temporary differences			
Accelerated tax depreciation		(286,024)	(307,662)
Surplus on revaluation of buildings		(179,467)	(194,626)
Gas Infrastructure Development Cess Payable		(12,601)	-
Deductible temporary differences			
Provision for infrastructure cess		140,294	133,153
Provision for impairment on trade receivables		33,377	42,465
Provision for compensated absences		540	-
Staff retirement benefits		9,341	22,055
Minimum tax	7.1	243,145	-
Tax loss	7.1	169,135	-
		117,740	(304,615)

- 7.1** The deferred tax asset on minimum tax and tax loss has been recognised based on the recent estimate of future taxable income.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

	Note	(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
8. STOCK-IN-TRADE			
Raw materials- in hand			
- in hand	8.1	2,820,357	4,433,572
- in transit		1,469,468	120,327
		<u>4,289,825</u>	<u>4,553,899</u>
Work-in-process		1,249,873	1,648,287
Finished goods		<u>1,975,604</u>	<u>2,123,945</u>
By-product		7,631	32,295
Scrap material		<u>42,324</u>	<u>47,381</u>
		<u>2,025,559</u>	<u>2,203,621</u>
		<u>7,565,257</u>	<u>8,405,807</u>

- 8.1 Raw materials amounting to Rs. 3.6 million as at December 31, 2020 (June 30, 2020: Rs. 2.3 million) was held at vendor premises for the production of pipe caps.

9. ADVANCES, TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

This includes unsecured advances to suppliers amounting to Rs. 572.5 million (June 30, 2020: Rs. 14.4 million).

	Note	(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
10. LONG-TERM FINANCING - secured			
Conventional			
Long term finance facility	10.1	2,611,538	1,396,118
Deferred Income - Government Grant	10.1	39,711	18,608
Islamic			
Diminishing Musharakah	10.2	<u>505,230</u>	<u>573,412</u>
		<u>3,156,479</u>	<u>1,988,138</u>
Current portion of long term financing shown under current liabilities			
Conventional			
Long term finance facility		<u>(463,174)</u>	<u>(262,764)</u>
Deferred Income - Government Grant		<u>(29,542)</u>	<u>(11,735)</u>
Islamic			
Diminishing Musharakah		<u>(136,364)</u>	<u>(136,364)</u>
		<u>(629,080)</u>	<u>(410,863)</u>
		<u>2,527,399</u>	<u>1,577,275</u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

- 10.1** As at December 31, 2020 the Company has withdrawn Rs. 2,651.2 million (June 30, 2020: Rs. 1,414.7 million) against these facilities. These facilities are secured by way of charge on all present and future land and buildings, plant and machinery located at plot number LX-15 & 16 and HX-7/4, Landhi Industrial Estate Karachi and Survey No.402, 405-406, Dehsharabi Landhi Town Karachi.

These also include long term loans obtained by the Company amounting to Rs. 520 million (June 30, 2020: Rs. 167 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. The rate of markup on these loans are at 0.75% per annum. These loans are for two and half years and are repayable in eight quarterly instalments of around Rs. 65 million each commencing from March 31, 2021. The Company has recognised government grant income amounting to Rs. 13.1 million (December 31, 2019: Nil) during the period.

- 10.2** As at December 31, 2020 the Company has withdrawn Rs. 505.2 million (June 30, 2020: Rs. 573.4 million) against these facilities. These facilities are secured by way of charge on all present and future land and buildings, plant and machinery located at plot number LX-15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi, and Survey No. 402, 405-406, Dehsharabi, Landhi Town, Karachi.

- 10.3** In relation to above borrowings the Company needs to observe certain financial covenants (such as debt servicing ratio, current ratio, debt equity ratio etc.) and other non-financial covenants as specified in the agreement with respective lenders which are complied with as of the reporting date.

11. GAS INFRASTRUCTURE DEVELOPMENT CESS PAYABLE

During the period, Supreme Court of Pakistan has decided the Appeal against consumers upholding the vires of GIDC Act, 2015 through its judgement dated August 13, 2020. The Review Petition was filed against the Judgement, wherein the Honourable Court has provided some relief by increasing the time period for recovery of GIDC from 24 installments to 48 installments. However, the review application has been dismissed.

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

The Company has recorded the payable at its present value by discounting the future cash flows at using three year PKRV rate and has booked income of Rs. 52.5 million, which has been recorded as other income.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

	Note	(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
12. TRADE AND OTHER PAYABLES			
Trade creditors		350,259	152,325
Bills payable		352,679	1,278
Accrued expenses	12.1	474,706	998,138
Provision for Infrastructure Cess	12.2	584,918	540,653
Short-term compensated absences		2,250	-
Workers' Profit Participation Fund		52,975	855
Workers' Welfare Fund	12.3	107,270	123,457
Others		29,971	29,428
		1,955,028	1,846,134

12.1 This includes current portion of Gas Infrastructure Development Cess payable amounting to Rs. 67.7 million and also includes provision against the revision of gas tariff by Oil and Gas Regulatory Authority.

12.2 The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court, passed an interim order directing that every company subsequent to December 27, 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. 704 million (June 30, 2020: Rs. 655 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. 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.

12.3 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.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
		(Rupees in '000)	
13. SHORT-TERM BORROWINGS - secured			
Conventional			
Running finance under mark-up arrangement from banks	13.1	1,155,300	2,019,425
Short-term borrowing under Money Market scheme			
- Maturing after three months		2,565,000	800,000
- Maturing within three months		921,339	3,900,000
	13.2	3,486,339	4,700,000
Short-term borrowing under Export Refinance scheme	13.3	1,426,785	1,315,000
Running finance under FE-25 Export Scheme	13.4	57,069	-
Islamic			
Short-term borrowing under Running Musharakah	13.5	1,501,461	860,032
Short-term borrowing under Export Refinance scheme	13.6	500,000	500,000
		<u>8,126,954</u>	<u>9,394,457</u>

13.1 This represents running finance facilities available from various commercial banks amounting to Rs. 2,805 million (June 30, 2020: Rs. 2,625 million). The rates of mark-up on these facilities range from 7.25% to 8.17% per annum (June 30, 2020: 8.73% to 11.76% per annum). Unavailed facility as at the period end amounted to Rs. 1,649.7 million (June 30, 2020: Rs. 605.6 million).

13.2 The facilities for short-term borrowing under Money Market Scheme available from various commercial banks under mark-up arrangement amounted to Rs. 8,060 million (June 30, 2020: Rs. 7,875 million). The rates of mark-up on these finances range from 7.39% to 7.70% (June 30, 2020: 7.51% to 8.76%) per annum. Unavailed facility as at the period end amounted to Rs. 4,573.7 million (June 30, 2020: Rs. 3,175 million).

13.3 This represents short-term finance under the Export Refinance Scheme of the State Bank of Pakistan. The rate of mark-up on this facility was 3.00% per annum (June 30, 2020: 3.00% per annum). The facility availed is for an amount of Rs. 1,426.79 million (June 30, 2020: Rs. 1,315 million).

13.4 This represents short-term finance under Foreign Exchange Circular No. 25 dated June 20, 1998 of the SBP for the purpose of meeting export requirements. The rates of mark-up on these finance ranged from 2.25% to 2.5% per annum (June 30, 2020: Nil). The facilities availed is for amounts aggregating USD 0.358 million equivalent to Rs. 57.07 million (June 30, 2020: Nil).

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

- 13.5** The facilities for running musharakah available from various banks amounted to Rs. 3,175 million (June 30, 2020: Rs. 2,850 million). The rates of mark-up on these finances range from 7.4% to 8.43% per annum (June 30, 2020: 8.90% to 9.33% per annum). Unavailed facility as at the period end amounted to Rs. 1,673.5 million (June 30, 2020: Rs. 1,989.9 million).
- 13.6** This represents short-term finance obtained under Islamic Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The rate of mark-up on this facility was 3.00% per annum (June 30, 2020: 3.00% per annum).
- 13.7** All running finance and short-term borrowing facilities are secured by way of hypothecation of all present and future current and moveable assets.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

	Description of the factual basis of the proceeding and relief sought	Name of the court / institution	Principal parties	Date Instituted
14.1.1	Customs duties amounting to Rs. 40.5 million (June 30, 2020: Rs. 40.5 million) as at December 31, 2020 on import of raw material shall be payable by the Company in case of non-fulfilment of certain conditions imposed by the customs authorities under SRO 565(1) / 2006. The Company has provided post-dated cheques in favour of the Collector of Customs which are, in the normal course of business, to be returned to the Company after fulfilment of stipulated conditions. The Company has fulfilled the conditions for the aforementioned amounts and is making efforts to retrieve the associated post-dated cheques from the customs authorities.	Customs	Collector of Customs / Federation of Pakistan	2005
14.1.2	An amount of Rs. 375 million was claimed by the customs authorities as duty rate differential on imports made during 2005-10 due to an anomaly in SRO 565(1) / 2006 Serial 88. Since then, the anomaly has been rectified. The Company filed a petition with the Honourable Sindh High Court (SHC) in 2010 for an injunction and is awaiting the final judgement. The management is confident that the decision will be given in favour of the Company.	Sindh High Court	Collector of Customs / Federation of Pakistan	January 15, 2010

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

	Description of the factual basis of the proceeding and relief sought	Name of the court / institution	Principal parties	Date Instituted
14.1.3	<p>The customs authorities have charged a redemption fine of Rs. 83 million on clearance of imported raw material consignments in 2006. The Company has filed an appeal before the SHC, which has set aside the examination reports including subsequent order produced by the custom authorities, and ordered the authorities to re-examine the matter afresh. However, the custom authorities had filed an application for leave to appeal against the order of the Honourable High Court. The management anticipates that the chances of admission of such appeal are remote.</p>	Sindh High Court	Collector of Customs / Federation of Pakistan	August 30, 2007
14.1.4	<p>As per section 95 of the Custom Act read with Customs Rules, 2001, the Company sold zinc wastages generated from imports under manufacturing bond at 0% duty for export during 2012-13, 2013-14 and 2014-15. All these sales were subject to sales tax payments in term of Custom Rules.</p> <p>However, on August 31, 2020, the Collector of Customs (Adjudication - II) has passed ONO no. 473, 474 and 475 against the Company and ordered for recovery of customs duty amounting to Rs. 402.72 million on zinc wastages without considering the custom rules.</p> <p>The Company filed appeals against these orders in the Customs Tribunal. However, due to non-functioning of Tribunal and considering the importance, Company preferred to file an appeal with the SHC. SHC granted stay order against the order of the Collector of Customs and issued notices for the hearing.</p>	Sindh High Court	Collector of Customs	October 10, 2020

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

	Description of the factual basis of the proceeding and relief sought	Name of the court / institution	Principal parties	Date Instituted
14.1.5	The Company filed the suit before SHC challenging the chargeability of tax on inter corporate dividend in respect of dividend declared by its subsidiary, International Steels Limited. On October 21, 2016 SHC granted stay against which 500,000 shares of subsidiary company were pledged as a security with Nazir of the Court. In one of the litigation to which Company is not a party, Supreme Court of Pakistan (SCP) issued an order on February 21, 2018 whereby continuity of suits was made subject to depositing minimum 50% of the tax calculated by the tax authorities. A review petition has been filed against such order of SCP in which Company is not a party and the decision is awaited. In view of such developments the suit has been withdrawn and a petition has been filed before SHC, which is pending hearing. Application for release of pledged shares is in process.	Sindh High Court	FBR / Commissioner Inland Revenue / Federation of Pakistan	November 1, 2016

On a separate application challenging the chargeability of tax on inter corporate dividend, stay is granted by the SHC in respect of dividends declared by the subsidiary company on June 2, 2017, September 26, 2017 and January 23, 2018 against bank guarantees amounting to Rs. 76.6 million, Rs. 36.8 million and Rs. 55.1 million respectively submitted to the Nazir of the Court.

14.2 Commitments

- 14.2.1** Capital expenditure commitments outstanding as at December 31, 2020 amounted to Rs. 36.5 million (June 30, 2020: Rs. 8.8 million).
- 14.2.2** Commitments under letters of credit for raw materials and stores and spares as at December 31, 2020 amounted to Rs. 4,894 million (June 30, 2020: Rs. 873.8 million).
- 14.2.3** Commitments under purchase contracts as at December 31, 2020 amounted to Rs. 914.7 million (June 30, 2020: Rs. 875.4 million).
- 14.2.4** The facilities for opening letters of credit and guarantees from banks as at December 31, 2020 amounted to Rs. 9,700 million (June 30, 2020: Rs. 8,700 million) and Rs. 2,550 million (June 30, 2020: Rs. 2,550 million) respectively of which unutilised balance at period end amounted to Rs. 571 million (June 30, 2020: Rs. 7,817 million) and Rs. 1,044 million (June 30, 2020: Rs. 832 million) respectively.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

- 14.2.5** Postdated cheques issued in favour of Collector of Customs amounted to Rs. 2,703.43 million (June 30, 2020: Rs. 2,593.53 million).

	(Un-audited)			
	Six months ended		Three months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
15. NET SALES	(Rupees in '000)			
Local	13,567,943	11,512,392	8,125,917	5,522,364
Export	2,325,176	1,297,253	1,329,907	669,562
	<u>15,893,119</u>	<u>12,809,645</u>	<u>9,455,824</u>	<u>6,191,926</u>
Sales Tax	(1,975,621)	(1,697,534)	(1,182,626)	(805,293)
Domestic trade discounts	(624,181)	(603,164)	(382,792)	(311,144)
Export commission and discounts	(18,937)	(12,551)	(9,916)	(6,735)
	<u>(2,618,739)</u>	<u>(2,313,249)</u>	<u>(1,575,334)</u>	<u>(1,123,172)</u>
	<u><u>13,274,380</u></u>	<u><u>10,496,396</u></u>	<u><u>7,880,490</u></u>	<u><u>5,068,754</u></u>
16. TAXATION				
Current				
- for the year	281,082	164,241	201,134	27,741
- for prior years	-	(16,000)	-	-
	<u>281,082</u>	<u>148,241</u>	<u>201,134</u>	<u>27,741</u>
- Deferred	(429,988)	(7,946)	(426,502)	(7,946)
	<u><u>(148,906)</u></u>	<u><u>140,295</u></u>	<u><u>(225,368)</u></u>	<u><u>19,795</u></u>

	Note	(Un-audited)	
		Six months ended	
		December 31, 2020	December 31, 2019
17. CASH GENERATED FROM OPERATIONS		(Rupees in '000)	
Profit before taxation		964,256	18,040
Add / (less): Adjustment for non-cash charges and other items			
Depreciation of property, plant and equipment		263,910	267,209
Amortisation of intangible assets		111	1,677
Reversal of loss allowance on trade debts		(31,339)	(14,072)
Provision for staff gratuity		19,194	24,804
Provision for compensated absences		2,250	-
Income on bank deposits		(510)	(595)
Gain on disposal of property, plant and equipment		(18,957)	(38,679)
Gain on discounting of Gas Infrastructure Development Cess payable		(52,535)	-
Dividend income		-	(376,351)
Government grant income		(13,125)	-
Finance cost		347,988	585,531
Working capital changes	17.1	(852,119)	1,729,704
		<u><u>629,124</u></u>	<u><u>2,197,268</u></u>

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

		(Un-audited)	
		Six months ended	
		December 31, 2020	December 31, 2019
		(Rupees in '000)	
17.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Store and spares	(452)	(17,813)
	Stock-in-trade	840,550	2,741,254
	Trade debts	(1,951,611)	(393,048)
	Advances, trade deposits and short term-prepayments	(571,961)	8,781
	Receivable from K-Electric Limited (KE)	(5,842)	1,968
	Other receivables	6,434	(14,469)
	Sales tax receivable	-	167,130
		(1,682,882)	2,493,803
	Increase / (decrease) in current liabilities:		
	Trade and other payables	397,943	(732,695)
	Sales tax payable	364,949	-
	Contract liabilities	67,871	(31,404)
		(852,119)	1,729,704
18.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	353,783	289,445
	Running finance under mark-up arrangement from banks	13 (1,155,300)	(1,268,190)
	Short-term borrowing under Money Market scheme maturing within three months	13 (921,339)	(3,007,416)
	Short-term borrowing under running Musharakah	13 (1,501,461)	(89,122)
		(3,224,317)	(4,075,283)
19.	TRANSACTIONS WITH RELATED PARTIES		

The related parties comprise the subsidiary companies, associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract / arrangement / agreement. The contributions to defined contribution plan (provident fund) are made as per the terms of employment and contributions 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 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.

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

19.1 Transactions with related parties

	Un-audited			
	Six months ended		Three months ended	
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
	(Rupees in '000)			
Subsidiaries				
Sales	1,041,356	660,145	622,648	295,166
Purchases	471	1,572,505	13	639,389
Cost of shared resources	36,609	30,270	22,094	15,485
Partial manufacturing - purchases (inclusive of sales tax)	-	6,053	-	6,053
Reimbursement of expenses incurred on behalf of the Company	9,610	13,052	8,668	7,046
Rental income	108,701	11,925	2,741	2,550
Dividend received	-	370,259	-	2,676
Associated companies				
Sales	287,183	4,627	219,818	3,593
Purchases	378	9,349	75	6,448
Purchase of vehicle	11,970	2,530	11,970	-
Reimbursement of expenses	302	205	150	46
Insurance premium	23,947	1,935	10,413	1,078
Insurance claim	29,061	606	4,051	606
Dividend received	-	6,092	-	-
Dividend paid	-	1,728	-	-
Donation	6,200	-	6,200	-
Bonus shares issued	-	576	-	-
Subscription	2,163	2,177	5	77
Registration and training	21	273	21	273
Key management personnel				
Remuneration	133,640	136,704	66,820	69,963
Staff retirement funds				
Contribution paid	128,960	33,351	84,569	12,412
Non-executive directors				
Directors' fee	3,600	3,675	2,700	1,275
Reimbursement of Chairman's expenses	-	4,635	-	2,689

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

20. SEGMENT REPORTING

The Company has identified Steel, Polymer and Investments as reportable segments. Performance is measured based on respective segments results. Information regarding the Company's reportable segments are presented below.

20.1 Segment Revenue and Results

	Steel segment	Polymer segment	Investments segment	Total
	(Rupees in '000)			
For the six months ended December 31, 2020				
Sales	11,801,230	1,473,150	-	13,274,380
Cost of sales	(10,246,028)	(1,227,964)	-	(11,473,992)
Gross Profit	1,555,202	245,186	-	1,800,388
Selling and distribution expenses	(545,989)	(34,323)	-	(580,312)
Administrative expenses	(119,004)	(7,355)	-	(126,359)
Net Impairment loss on trade debts	37,752	(6,413)	-	31,339
	(627,241)	(48,091)	-	(675,332)
Finance cost	(324,028)	(23,960)	-	(347,988)
Other operating charges	(87,227)	(12,120)	-	(99,347)
	(411,255)	(36,080)	-	(447,335)
Other income	286,535	-	-	286,535
Profit before taxation	803,241	161,015	-	964,256
Taxation				148,906
Profit after taxation				1,113,162
For the six months ended December 31, 2019				
Sales	9,555,998	940,398	-	10,496,396
Cost of sales	(8,844,002)	(859,348)	-	(9,703,350)
Gross Profit	711,996	81,050	-	793,046
Selling and distribution expenses	(399,469)	(30,741)	-	(430,210)
Administrative expenses	(140,148)	(11,595)	-	(151,743)
Net Impairment loss on trade debts	3,360	10,712	-	14,072
	(536,257)	(31,624)	-	(567,881)
Finance cost	(551,295)	(34,236)	-	(585,531)
Other operating charges	(14,930)	(182)	-	(15,112)
	(566,225)	(34,418)	-	(600,643)
Other income	17,167	-	376,351	393,518
(Loss) / profit before taxation	(373,319)	15,008	376,351	18,040
Taxation				(140,295)
Loss after taxation				(122,255)

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

20.2 SEGMENT ASSETS AND LIABILITIES

	Steel segment	Polymer segment	Investments segment	Total
	----- (Rupees in '000) -----			
As at December 31, 2020 - Un-audited				
Segment assets	<u>17,568,839</u>	<u>2,035,168</u>	<u>3,295,242</u>	<u>22,899,249</u>
Segment liabilities	<u>11,286,074</u>	<u>1,066,025</u>	<u>-</u>	<u>12,352,099</u>
As at June 30, 2020 - Audited				
Segment assets	<u>16,753,164</u>	<u>1,904,264</u>	<u>3,295,242</u>	<u>21,952,670</u>
Segment liabilities	<u>10,396,496</u>	<u>1,114,031</u>	<u>-</u>	<u>11,510,527</u>

Reconciliation of segment assets and liabilities with total assets and liabilities in the Statement of financial position is as follows :

	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	(Rupees in '000)	
Total reportable segments assets	22,899,249	21,952,670
Unallocated assets	1,698,663	1,186,846
Total assets as per Statement of financial position	<u>24,597,912</u>	<u>23,139,516</u>
Total reportable segments liabilities	12,352,099	11,510,527
Unallocated liabilities	2,194,755	2,683,460
Total liabilities as per Statement of financial position	<u>14,546,854</u>	<u>14,193,987</u>

21. GENERAL


21.1 Non-adjusting event after balance sheet

The Board of Directors of the Company in their meeting held on February 1, 2021 have declared an interim cash dividend of Rs. 3.50 per share for the year ending June 30, 2021 amounting to Rs. 461.59 million (2020: Nil). The unconsolidated condensed interim financial statements do not include the effect of above interim dividend which will be accounted for in the subsequent period.

21.2 Date of authorisation for issue

These unconsolidated condensed interim financial statements were approved and authorised for issue on February 1, 2021 by the Board of Directors of the Company.


Jehangir Shah
Director
Chairman Board Audit Committee

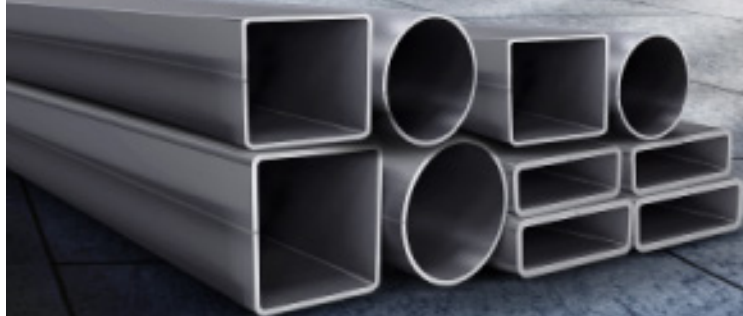

Muhammad Akhtar
Chief Financial Officer


Riyaz T. Chinoy
Chief Executive Officer
(resigned w.e.f. February 9, 2021)

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CONSOLIDATED **FINANCIAL STATEMENTS**

Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2020

ASSETS

Non-current assets

Property, plant and equipment	6	26,848,443	27,719,526
Right-of-use assets		4,285	14,093
Intangible assets		2,641	2,907
Investment in equity accounted investee	7	1,090,651	1,113,256
Long-term deposits		1,143	3,619
Deferred taxation		117,740	-

(Un-audited)
December 31,
2020

(Audited)
June 30,
2020

(Rupees in '000)

Current assets

Stores and spares		1,019,667	882,331
Stock-in-trade	8	16,624,494	23,999,119
Trade debts - considered good		5,296,140	4,085,937
Advances, trade deposits and short-term prepayments	9	3,934,184	164,411
Receivable from K-Electric Limited (KE) - unsecured, considered good		62,273	58,399
Other receivables		17,378	23,271
Sales tax receivable		1,713,849	4,246,047
Taxation - net		609,254	1,073,966
Cash and bank balances		758,698	581,074

Total assets

EQUITY AND LIABILITIES

Share capital and reserves

Authorized capital

200,000,000 (2020: 200,000,000) ordinary shares of Rs. 10 each

Share capital

Issued, subscribed and paid-up capital

Revenue reserve

General reserve

Unappropriated profit

Exchange translation reserve

Capital reserve

Revaluation surplus on property, plant and equipment

Total shareholders' equity

Non-controlling interest

LIABILITIES

Non-current liabilities

Long-term financing - secured

Gas Infrastructure Development Cess Payable

Staff retirement benefits

Deferred taxation

Lease liabilities

Current liabilities

Trade and other payables

Contract liabilities

Short-term borrowings - secured

Unpaid dividend

Unclaimed dividend

Unclaimed dividend attributable to non-controlling interest

Current portion of long term finances - secured

Current portion of lease liabilities

Accrued markup

Total liabilities

Contingencies and commitments

Total equity and liabilities

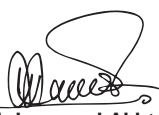
The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.



Jehangir Shah

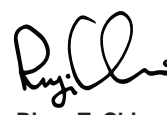
Director

Chairman Board Audit Committee



Muhammad Akhtar

Chief Financial Officer



Riyaz T. Chinoy

Chief Executive Officer

(resigned w.e.f. February 9, 2021)


Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For the six months ended December 31, 2020

		Six months ended		Three months ended	
	Note	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- (Rupees in '000) -----					
Net sales	15	46,727,640	34,557,442	25,568,480	18,414,362
Cost of sales		(39,896,019)	(31,312,004)	(20,627,489)	(16,838,689)
Gross profit		6,831,621	3,245,438	4,940,991	1,575,673
Selling and distribution expenses		(861,486)	(886,245)	(541,386)	(400,618)
Administrative expenses		(288,741)	(299,794)	(162,121)	(152,371)
Reversal of loss allowance on trade debts		27,559	21,649	27,559	21,649
		(1,122,668)	(1,164,390)	(675,947)	(531,340)
Finance cost		(786,917)	(1,922,033)	(362,710)	(926,852)
Other operating expenses		(455,515)	(13,927)	(373,218)	15,674
		(1,242,432)	(1,935,960)	(735,928)	(911,178)
Other income		479,331	100,544	405,579	84,154
Share of (loss) in equity-accounted investee		(23,234)	(3,485)	(7,454)	2,628
Profit before taxation		4,922,618	242,147	3,927,241	219,937
Taxation	16	(1,056,424)	(71,863)	(673,543)	2,973
Profit after taxation		3,866,194	170,284	3,253,698	222,910
Profit / (loss) attributable to:					
- Owners of Holding Company		2,655,236	(122,656)	2,286,459	139,317
- Non-controlling interest		1,210,958	292,940	967,239	83,593
		3,866,194	170,284	3,253,698	222,910
----- (Rupees) -----					
Earnings / (loss) per share - basic and diluted		20.13	(0.93)	17.34	1.06

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Riyaz T. Chinoy
 Chief Executive Officer
 (resigned w.e.f. February 9, 2021)

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months ended December 31, 2020

	Six months ended		Three months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000)			
Profit for the period	3,866,194	170,284	3,253,698	222,910
Other comprehensive income				
<i>Item that will never be reclassified to profit and loss account</i>				
Gain or (Loss) on Remeasurement of Net Defined Benefit Liability				
- Adjustment related to opening deferred tax balance	(576)	-	(576)	-
- related deferred tax charge for the year	-	-	-	-
	(576)	-	(576)	-
Gain or (Loss) on Surplus on Revaluation				
- Adjustment related to opening deferred tax balance	5,081	-	5,081	-
- related deferred tax charge for the year	(12,138)	-	(12,138)	-
	(7,057)	-	(7,057)	-
Items that will be classified to profit or loss				
Foreign operations - foreign currency translation difference	1,506	(1,252)	1,162	454
Proportionate share of other comprehensive income of equity accounted investee	4,072	2,052	630	569
Other comprehensive (loss) / income for the period	(2,055)	800	(5,841)	1,023
Total comprehensive income for the period	3,864,139	171,084	3,247,857	223,933
Total comprehensive income / (loss) attributable to:				
- Owners of the Holding Company	2,653,181	(121,856)	2,280,618	140,340
- Non-controlling interest	1,210,958	292,940	967,239	83,593
	3,864,139	171,084	3,247,857	223,933

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Riyaz T. Chinoy
 Chief Executive Officer
 (resigned w.e.f. February 9, 2021)


Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the six months ended December 31, 2020

		Six months ended	
		December 31,	December 31,
Note		2020	2019
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	17	8,959,817	3,002,843
Cash generated from operations			
Decrease in long-term deposits		2,476	-
Translation reserve		1,784	(1,605)
Finance cost paid		(855,701)	(1,859,799)
Income on bank deposits received		9,197	2,708
Employee defined benefits paid		(74,750)	(24,209)
Compensated absences paid		(6,482)	(12,980)
Income tax paid		(430,210)	(648,682)
Net cash generated from operating activities		7,606,131	458,276
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property, plant and equipment		(192,273)	(1,502,119)
Right-of-use assets		9,808	-
Dividend income received		-	6,091
Proceeds from disposal of property, plant and equipment		38,408	83,646
Net cash used in investing activities		(144,057)	(1,412,382)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		1,528,439	551,872
Repayment of long-term financing		(1,008,435)	(594,169)
Proceed from / (repayments of) short term borrowing - net		3,308,227	(1,319,699)
Lease liabilities		(10,414)	-
Dividends paid to non controlling interest		-	(280,342)
Dividends paid to shareholders of the Holding Company		(12,294)	(358,019)
Net cash generated / (used in) financing activities		3,805,523	(2,000,356)
Net increase / (decrease) in cash and cash equivalents		11,267,597	(2,954,462)
Cash and cash equivalents at beginning of the period		(14,873,303)	(11,316,541)
Cash and cash equivalents at end of the period	17.2	(3,605,706)	(14,271,003)

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Riyaz T. Chinoy
 Chief Executive Officer
 (resigned w.e.f. February 9, 2021)


Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months ended December 31, 2020

	Attributable to owners of the Holding Company						Total	Non-controlling interest	Total
	Issued, subscribed and paid-up capital	Revenue Reserves		Total reserves	Capital Reserve				
		General reserves	Un-appropriated profit / (loss)		Exchange translation reserve	Revaluation surplus on property, plant & machinery			
	(Rupees in '000)								
Balance as at July 01, 2019	1,198,926	2,991,258	7,343,772	4,658	10,339,688	3,624,344	15,162,958	5,462,651	20,625,609
Total comprehensive income for the period									
Loss for the period	-	-	(122,656)	-	(122,656)	-	(122,656)	292,940	170,284
Other comprehensive income	-	-	2,052	(1,252)	800	-	800	-	800
	-	-	(120,604)	(1,252)	(121,856)	-	(121,856)	292,940	171,084
Transactions with owners recorded directly in equity									
Distribution to owners of the Holding Company:									
-Final dividend @ 30% (Rs. 3.00 per share) for the year ended 30 June 2019	-	-	(359,678)	-	(359,678)	-	(359,678)	-	(359,678)
-Bonus share @ 10% (i.e 1 share for every 10 shares) for the year ended 30 June 2019	119,893	-	(119,893)	-	(119,893)	-	-	-	-
Total transactions with owners of the Holding Company - distribution	119,893	-	(479,571)	-	(479,571)	-	(359,678)	-	(359,678)
Dividend to non-controlling interest	-	-	-	-	-	-	-	(284,917)	(284,917)
Transfer from surplus on revaluation on disposal of fixed assets - net of deferred tax	-	-	4,258	-	4,258	(4,258)	-	-	-
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	56,088	-	56,088	(64,671)	(8,583)	8,583	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL	-	-	-	-	-	90,504	90,504	-	90,504
Proportionate share / reclassification of surplus on revaluation of property, plant and equipment - NCI	-	-	-	-	-	8,583	8,583	(8,583)	-
Balance as at December 31, 2019	1,318,819	2,991,258	6,803,943	3,406	9,798,607	3,654,502	14,771,928	5,470,674	20,242,602
Balance as at July 01, 2020	1,318,819	2,991,258	6,411,432	4,565	9,407,255	3,616,039	14,342,113	5,466,668	19,808,781
Total comprehensive income for the period									
Profit for the period	-	-	2,655,236	-	2,655,236	-	2,655,236	1,210,958	3,866,194
Other comprehensive income	-	-	(3,561)	1,506	(2,055)	-	(2,055)	-	(2,055)
	-	-	2,651,675	1,506	2,653,181	-	2,653,181	1,210,958	3,864,139
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	41,492	-	41,492	(48,898)	(7,406)	7,406	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	327	-	327	(327)	-	-	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL	-	-	-	-	-	(1,161)	(1,161)	-	(1,161)
Proportionate share / reclassification of surplus on revaluation of property, plant and equipment - NCI	-	-	-	-	-	7,406	7,406	(7,406)	-
Balance as at December 31, 2020	1,318,819	2,991,258	9,104,927	6,071	12,102,256	3,573,058	16,994,133	6,677,626	23,671,759

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Riyaz T. Chinoy
 Chief Executive Officer
 (resigned w.e.f. February 9, 2021)

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

1. THE GROUP AND ITS OPERATIONS

- 1.1 The Group consists of International Industries Limited, (the Holding Company) and its 56.33% owned subsidiary International Steels Limited and its wholly owned foreign subsidiary IIL Australia PTY Limited [together referred to as "the Group" and individually as "Group entities"] and the Holding Company's 17.124% interest in equity accounted investee namely Pakistan Cables Limited (PCL).
- 1.2 International Industries Limited ("the Holding Company") was incorporated in Pakistan in 1948 and is quoted on the Pakistan Stock Exchange. The Holding Company is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes, polymer pipes and fittings. The registered office of the Holding Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Holding Company are situated as follows:

- a) LX 15-16, Landhi Industrial Area, Karachi
- b) Survey # 402,405-406, Dehshirabi Landhi Town, Karachi
- c) 22 KM, Sheikhpura Road, Lahore

Sales office are located at Lahore, Islamabad, Faisalabad, Peshawar and Multan.

- 1.3 International Steels Limited ("the Subsidiary Company") was incorporated on 03 September 2007 as a public unlisted company limited by shares under the repealed Companies Ordinance, 1984 and is domiciled in the province of Sindh. Subsequent to the sale of shares by the Holding Company to general public under Initial Public Offer, the Subsidiary Company was listed on the Pakistan Stock Exchange on 1 June 2011. The primary activities of the Subsidiary Company are business of manufacturing of cold rolled steel coils and galvanized sheets. The Subsidiary Company commenced commercial operations on 1 January 2011. The registered office of the Subsidiary Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530. The Holding Company has 56.33% ownership in International Steels Limited.

The manufacturing facilities of the Subsidiary Company is situated at 399-405, Rehri Road, Landhi Industrial Area, Karachi and having sales offices located at Lahore, Islamabad and Multan.

- 1.4 IIL Australia PTY Limited ("the foreign Subsidiary") was incorporated in Australia on 02 May 2014. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes and pre-galvanized pipes. The registered office and sales office of the foreign Subsidiary Company is situated at 101-103, Abbot Road, Hallam, Victoria 3803, Australia. IIL Australia PTY Limited is a wholly owned foreign subsidiary of the Holding Company.
- 1.5 IIL Americas Inc., ("the foreign Subsidiary") was incorporated in Canada on 08 October 2019. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes and pre-galvanized pipes. The registered office and sales office of the foreign Subsidiary Company is situated at 36 Gerigs St. Scarborough Ontario, Canada M1L 0B9. IIL Americas Inc., is a wholly owned foreign subsidiary of the Holding Company.

- 1.6 Details of equity accounted investee is given in note 7 to these condensed interim consolidated financial statements.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared from the information available in the condensed un-audited separate financial statements of the Holding Company, the Subsidiary Company and foreign Subsidiary Company for the period ended December 31, 2020. Detail regarding the financial information of equity accounted investee used in the preparation of these condensed interim consolidated financial statements are given in note 7 to these condensed interim consolidated financial statements.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

2.1 Statement of Compliance

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

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

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

- 2.1.1** These condensed interim consolidated financial statement does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements as at and for the year ended June 30, 2020.
- 2.1.2** The comparative Balance Sheet presented in this condensed interim consolidated financial statements have been extracted from the audited annual consolidated financial statements for the year ended June 30, 2020, whereas the comparative condensed interim Profit and Loss Account, condensed interim Statement of Comprehensive Income, condensed interim Cash Flow Statement and condensed interim Statement of Changes in Equity are extracted from the unaudited condensed interim consolidated financial statements for the period ended December 31, 2019.
- 2.1.3** These condensed interim consolidated financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of the Pakistan Stock Exchange and Section 237 of the Companies Act 2017.

2.2 Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention except for the liabilities under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligations less fair value of plan assets, land & buildings thereon that are stated at fair value determined by an independent valuer and derivative financial instruments which are stated at fair value.

2.3 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Pakistani Rupees which is the Holding Company's functional and presentation currency and have been rounded to the nearest thousand rupee, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1.** The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of audited annual financial statements as at and for the year ended 30 June 2020.

Certain amendment and interpretation to approved accounting standards became effective during the period were not relevant to the Group's operation and do not have any impact on the accounting policies of the Group.

3.2. Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting and reporting 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 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2021. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of consensed interim consolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, 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 judgments 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 the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statement as at and for the year ended June 30, 2020.
- 4.3 The Group's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended June 30, 2020.

5 Basis of consolidation

5.1 Investment in subsidiaries

Subsidiaries are entities controlled by the Group. Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than fifty percent of the voting rights. The financial statements of subsidiaries are included in the consolidated financial information from the date that control commences until the date that controls ceases.

The financial information of subsidiaries is prepared for the same reporting period as the Holding Company, using consistent accounting policies and changes are made where necessary to align them with the policies adopted by Holding Company.

The assets and liabilities of subsidiaries are consolidated on a line by line basis. The carrying value of the investments held by the Holding Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements. All material intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Holding Company. Non-controlling interests are presented as a separate item in the condensed interim consolidated financial information.

5.2 Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for by using the equity method (equity-accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of an associate's post-acquisition profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Where there has been a change recognized directly in the equity of an associate, the Group recognizes its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity.

The financial statements of associates used for equity-accounting are prepared with a difference of three months.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

6. PROPERTY, PLANT AND EQUIPMENT	Operating assets	Capital work-in-progress (Incl., capital spares) (Rupees in '000)	Total
Cost / revalued amount			
Opening balance	36,941,328	135,739	37,077,067
Additions	31,865	238,245	270,110
Translate reserve	133	-	133
Transfers	(19,703)	(58,134)	(77,837)
Disposal	(73,523)	-	(73,523)
	<u>36,880,100</u>	<u>315,850</u>	<u>37,195,950</u>
Accumulated depreciation			
Opening balance	(9,357,541)	-	(9,357,541)
Charge for the period	(1,047,957)	-	(1,047,957)
Disposal	57,991	-	57,991
	<u>(10,347,507)</u>	<u>-</u>	<u>(10,347,507)</u>
Written down value as at December 31, 2020 (Un-audited)	<u>26,532,593</u>	<u>315,850</u>	<u>26,848,443</u>
Written down value as at June 30, 2020 (Audited)	<u>27,583,787</u>	<u>135,739</u>	<u>27,719,526</u>

7. INVESTMENT IN EQUITY - ACCOUNTED INVESTEE		(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
Pakistan Cables Limited (PCL) - associated company	7.1	1,072,685	1,095,290
IIL Americas Inc., Foreign associated company	7.2	17,966	17,966
		<u>1,090,651</u>	<u>1,113,256</u>

7.1 This represents investment in PCL, an Associated Company, on account of cross directorship. The Holding Company holds 17.124% of effective share of interest in PCL due to crossholding.

The Chief Executive Officer of PCL is Mr. Fahd K. Chinoy. The market value as at 31 December 2020 was Rs. 818.645 million (30 June 2020: Rs. 651.224 million) and is categorized as level 1 under the fair value hierarchy. The share of profit after acquisition is recognised based on un-audited financial statements as at 30 September 2020 as the latest financial statements as at 31 December 2020 are not presently available.

7.2 This represents advance against shares paid by International Industries limited for issuance of 100 % ownership interest (150,000 shares) in IIL Americas Inc. The Chief Executive Officer of IIL Americas Inc, is Mr. Mohsin Safdar.

8. STOCK-IN-TRADE	(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
Raw material - in hand	4,667,247	11,089,377
- in transit	3,959,833	552,374
	<u>8,627,080</u>	<u>11,641,751</u>
Work-in-process	2,964,221	4,180,318
Finished goods	4,874,727	7,875,199
By-products	36,038	42,961
Scrap material	122,429	258,890
	<u>16,624,494</u>	<u>23,999,119</u>

8.1 Raw material of Holding Company amounting to Rs.3.6 million as at December 31, 2020 (June 30, 2020: Rs.2.3 million) was held at vendor's premises for the production of pipe caps.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

9. ADVANCES, TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

These include unsecured advances to suppliers amounting to Rs. 3,849.6 million (June 30, 2020: Rs. 93.7 million).

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
10. LONG-TERM FINANCING - secured			
CONVENTIONAL			
Long Term Finance Facility	10.1	3,692,469	3,147,966
Deferred income - Government Grant	10.1	64,179	36,978
ISLAMIC			
Diminishing Musharakah	10.2	5,281,310	5,333,010
		9,037,958	8,517,954
Current portion of long term finances shown under current liabilities			
CONVENTIONAL			
Long Term Finance Facility		(713,197)	(512,788)
Deferred income - Government Grant		(48,512)	(22,810)
ISLAMIC			
Diminishing Musharakah		(1,284,275)	(1,362,899)
		(2,045,984)	(1,898,497)
		6,991,974	6,619,457

Conventional

- 10.1** As at December 31, 2020 amounts withdrawn against approved financing facilities amounted to Rs.3,756.6 million (June 30, 2020 Rs. 3,147.9 million). These facilities are secured by way of a mortgage on all present and future land and buildings of Holding Company located at plot number LX-15 &16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey No.402, 405-406, Dehsharabi, Landhi Town, Karachi and pari passu charge over fixed assets of the Subsidiary Company.

These also include long term loans obtained by the Holding Company and Subsidiary Company amounting to Rs.863.5 million (June 30, 2020 Rs.335.1 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. The rate of markup for Holding Company on these loans are at 0.75% per annum and for Subsidiary Company are 0.75% to 1% per annum. These loans are for two and half years and are repayables in eight quarterly instalments of around Rs.107 million each commencing from March 31, 2021. The Holding Company and Subsidiary Company have recognised government grant amounting to Rs.14.2 million (December 31, 2019 Nil) during the period.

Islamic

- 10.2** As at December 31, 2020 the Group have withdrawn Rs.5,281.3 million (June 30,2020: Rs. 5,333.0 million) against these facilities. These facilities are secured by way of mortgage on all present and future land and buildings of Holding Company located at plot no. LX-15&16 and H/X-7/4, Landhi Industrial Estate, Karachi and Survey no.402, 405-406, Dehsharabi, Landhi Town, Karachi and pari passu charge over fixed assets of the Subsidiary Company.

In relation to above borrowings, the Group need to observe certain financial covenants (such as debt servicing ratio, current ratio, debt equity ratio etc.) and other non financial covenants as specified in the agreement with respective lenders which are complied with as of the reporting date.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

11. Gas Infrastructure Development Cess Payable

During the period, the Supreme Court of Pakistan has decided the Appeal against consumers upholding the vires of GIDC Act, 2015 through its judgement dated August 13, 2020. The Review Petition was filed against the Judgment, wherein the Honourable Court has provided some relief by increasing the time period for recovery of GIDC from 24 installments to 48 installments. However, the review application has been dismissed.

The Holding Company and the Subsidiary Company have also filed a civil suit before the Honourable High Court of Sindh 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 Holding Company and the Subsidiary Company have recorded the payable at its present value by discounting the future cash flows using three year PKRV rate and have booked income of Rs. 236.1 million, which has been recorded as other income

Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
	(Rupees in '000)	

12. TRADE AND OTHER PAYABLES

Trade creditors		1,411,697	5,449,018
Bills payable		352,679	1,278
Provision for Government Levies		1,031	2,047
Accrued expenses	12.1	1,851,756	3,237,184
Provision for Infrastructure Cess	12.2	2,005,509	1,860,728
Short-term compensated absences		12,742	11,485
Workers' Profit Participation Fund		266,584	2,145
Workers' Welfare Fund	12.3	333,166	272,735
Others		83,807	50,788
		6,318,971	10,887,408

12.1 These includes current portion of Gas Infrastructure Development Cess payable amounting to Rs. 368.3 million and also includes provision against the revision of gas tariff by Oil and Gas Regulatory Authority.

12.2 The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court, passed an interim order directing that every company subsequent to December 27, 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 of 2,151.5 million (June 30, 2020 Rs.655 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 Holding Company and Subsidiary Company on prudent basis. Subsequently through Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh Infrastructure Cess. The Holding Company has obtained stay order against these and ultimate dispute has been linked with the previous infrastructure cess case.

12.3 The Holding Company and the Subsidiary Company filed a constitutional petition in the Sindh High Court against notice to the Holding Company and the Subsidiary 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.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

	Note	(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
13. SHORT-TERM BORROWINGS - secured			
CONVENTIONAL			
Running finance under mark-up arrangement from banks	13.1	1,760,130	2,183,647
Short-term borrowing under Money Market Scheme			
- maturing after 3 months		2,565,000	1,550,000
- maturing within 3 months		921,339	10,000,000
	13.2	3,486,339	11,550,000
Short-term borrowing under Export Refinance Scheme	13.3	4,226,785	2,490,628
Running finance under FE-25 Export Scheme	13.4	57,069	-
ISLAMIC			
Short term borrowing under running Musharakah	13.5	1,682,935	3,270,730
Short-term borrowing under Export Refinance Scheme	13.6	1,919,857	1,419,856
		13,133,115	20,914,861

- 13.1** The facilities for running finance available from various commercial banks amounted to Rs. 17,605 million (June 30,2020: Rs.9,149 million). The rate of mark-up on these finances obtained by the Holding Company ranges from 7.25% to 8.17% per annum. (June 30,2020: 8.73% to 11.76% per annum). The rate of mark-up on these finance obtained by the Subsidiary Company ranges 7.40% to 8.53% (June 30,2020: 7.87% to 11.72%). Unavailed facilities as at December 31, 2020 amounted to Rs.15,845 million (June 30, 2020: Rs.6,965 million).
- 13.2** The facilities for short-term borrowing under Money Market Scheme financing available to the Holding Company from various commercial banks under mark-up arrangements amounted to Rs. 8,060 million (June 30,2020: Rs. 7,875 million). Unavailed facilities as at December 31, 2020 amounted to Rs.4,573.7 million (June 30,2020: 3,175 million). The rate of markup on these finances range from 7.39% to 7.70% per annum (June 30,2020: 7.51% to 8.76%) per annum.
- 13.3** The Holding Company and the Subsidiary Company have obtained short term finance under the Export Refinance Scheme of the State Bank of Pakistan. The facility availed is for an amount of Rs. 4,226.7 million (June 30,2020: Rs.2,490.6 million). The rates of mark-up on these facilities range from 2.75% to 3.00 % per annum (June 30,2020: 3.0% per annum).
- 13.4** The facilities for short-term running finance under Foreign Exchange Circular No.25 dated June 20, 1998 of the SBP for the purpose of meeting export requirements. The facilities availed are for an amount aggregating to USD 0.358 million equivalent to Rs.57.07 million (June 30,2020: nil). The rate of markup on these finances range from 2.25% to 2.31 % .
- 13.5** The facilities for Running Musharakah available from various banks amounted to Rs 4,561 million (June 30,2020: 6,030 million). The rate of profit on these finances availed range from 7.43% to 8.43% per annum (June 30,2020: 8.9 to 9.33%) per annum Unavailed facilities as at December 31, 2020 amounted to Rs.3,678 million (June 30,2020: Rs.2,759 million).
- 13.6** The Holding Company and the Subsidiary Company have obtained short term running finance under Islamic Export Refinance Scheme of the State Bank of Pakistan from commercial bank. The facility availed is for an amount of Rs. 1919.9 million. (June 30,2020: Rs,1,419.8 million). The rate of mark-up on these facilities were 3% per annum.
- 13.7** All running finances and short-term borrowing facilities are secured by way of hypothecation of all present and future current and moveable assets.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

14.	CONTINGENCIES AND COMMITMENTS	Name of the court / institution	Principal parties	Date instituted
14.1	Contingencies			
	Holding Company			
14.1.1	Customs duties amounting to Rs. 40.5 million as at 31 December 2020 (June 30, 2020: Rs. 40.5 million) on import of raw material shall be payable by the Company in case of non-fulfilment of certain conditions imposed by the customs authorities under SRO 565(1) / 2006. The Company has provided post-dated cheques in favour of the Collector of Customs which are, in the normal course of business, to be returned to the Company after fulfilment of stipulated conditions. The Company has fulfilled the conditions for the aforementioned amounts and is making efforts to retrieve the associated post-dated cheques from the customs authorities.	Customs	Collector of Customs / Federation of Pakistan	2005
14.1.2	An amount of Rs. 375 million was claimed by the customs authorities as duty rate differential on imports made during 2005-10 due to an anomaly in SRO 565(1) / 2006 Serial 88. Since then, the anomaly has been rectified. The Company filed a petition with the Honourable Sindh High Court in 2010 for an injunction and is awaiting the final judgement. The management is confident that the decision will be given in favour of the Company.	Sindh High Court	Collector of Customs / Federation of Pakistan	15-Jan-2010
14.1.3	The customs authorities have charged a redemption fine of Rs. 83 million on clearance of imported raw material consignments in 2006. The Company has filed an appeal before the Honourable Sindh High Court, which has set aside the examination reports including subsequent order produced by the custom authorities, and ordered the authorities to re-examine the matter afresh. However, the custom authorities had filed an application for leave to appeal against the order of the Honourable High Court. The management anticipates that the chances of admission of such appeal are remote.	Sindh High Court	Collector of Customs / Federation of Pakistan	30-Aug-2007
14.1.4	As per section 95 of the Custom Act read with Customs Rules, 2001, the Company sold zinc wastages generated from imports under manufacturing bond at 0% duty for export during 2012-13, 2013-14 and 2014-15. All these sales were subject to sales tax payments in term of Custom Rules. However, on August 31, 2020, the Collector of Customs (Adjudication - II) has passed ONO no. 473, 474 and 475 against the Company and ordered for recovery of customs duty amounting to Rs. 402.72 million on zinc wastages without considering the custom rules. The Company filed appeals against these orders in the Customs Tribunal. However, due to non-functioning of Tribunal and considering the importance, Company preferred to file an appeal with the SHC. SHC granted stay order against the order of the Collector of Customs and issued notices for the hearing.	Sindh High Court	Collector of Customs	10-Oct-2020
14.1.5	The Company filed the suit before the Sindh High Court (Court) challenging the chargeability of tax on inter corporate dividend in respect of dividend declared by its subsidiary, International Steels Limited. On 21 October 2016 Court granted stay order against which 500,000 shares of subsidiary company were pledged as a security with Nazir of the Court. In one of the litigation to which the Holding Company is not a party, SCP issued an order on 21 February 2018 whereby continuity of suits was made subject to depositing minimum 50% of the tax calculated by the tax authorities. A review petition has been filed against such order of the SCP in which Company is not a party and the decision is awaited. In view of such developments the suit has been withdrawn and a petition has been filed before the Court, which is pending hearing Application for release of pledged shares is in process.	Sindh High Court	FBR / Commissioner Inland Revenue / Federation of Pakistan	01-Nov-2016

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

		Name of the court / institution	Principal parties	Date instituted
	On a separate application challenging the chargeability of tax on inter corporate dividend, stay order is granted by the Court in respect of dividends declared by the subsidiary company on 02 June 2017, 26 September 2017 and 23 January 2018 against bank guarantees amounting to Rs.76.6 million, Rs.36.8 million and Rs.55.1 million respectively submitted to the Nazir of the Court.			
	Subsidiary Company			
	Description of factual basis and relief sought			
14.1.20	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 Coefficient Organisation (IOCO) is issuing quota equivalent to ordered / shipped quantity of raw material on case to case basis.	Sindh High Court	Federation of Pakistan / Director IOCO / The Chief Collector (South)	04-Nov-19
14.2	Commitments			
	Holding Company and the Subsidiary Company			
14.2.1	Capital expenditure commitments outstanding as at December 31, 2020 amounted to Rs. 37 million (June 30, 2020: Rs. 87 million)			
14.2.2	Commitments under letters of credit for raw materials and stores and spares as at December 31, 2020 amounted to Rs. 15,809 million (June 30, 2020: Rs. 9,293 million).			
14.2.3	The facilities for opening letters of credit and guarantees from banks as at December 31, 2020 amounted to Rs. 35,700 million (June 30, 2020 : Rs. 34,172 million) and Rs. 7,266 million (June 30, 2020 : Rs.6,611 million) respectively of which unutilised balance at period end amounted to Rs.15,655 million (June 30, 2020 Rs.24,870 million and Rs.1,759 million (June 30, 2020 Rs.1,061 million)			
	Holding Company			
14.2.4	Commitments under purchase contracts as at December 31, 2020 amounted to Rs. 917.4 million (June 30, 2020: Rs.875.4 million).			
14.2.5	Posdated cheques issued in favour of Collector of Customs amounted Rs.2,703.43 million (June 30, 2020 Rs.2,593.53 million).			

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

15. NET SALES

	Six months ended		Three months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000)		(Rupees in '000)	
Local	47,353,876	34,944,417	26,270,163	18,616,164
Export	7,407,080	5,761,556	3,752,965	3,098,827
	54,760,956	40,705,973	30,023,128	21,714,991
Sales Tax	(6,928,615)	(4,948,669)	(3,839,517)	(2,615,860)
Trade discounts	(1,085,764)	(1,187,311)	(605,215)	(678,034)
Export commission & discounts	(18,937)	(12,551)	(9,916)	(6,735)
	(8,033,316)	(6,148,531)	(4,454,648)	(3,300,629)
	46,727,640	34,557,442	25,568,480	18,414,362

16. TAXATION

Current				
- for the year	894,511	349,074	585,916	95,680
- for prior years	-	(16,000)	-	-
Deferred	161,913	(261,211)	87,627	(98,653)
	1,056,424	71,863	673,543	(2,973)

17. CASH GENERATED FROM OPERATIONS

Profit before taxation	4,922,618	242,147
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Add / (less) :Adjustments for non-cash charges & other items

Depreciation of property, plant and equipment	1,047,428	949,881
Amortisation of intangible assets	266	2,502
Reversal of impairment loss on trade debts	(27,559)	(21,649)
Provision for store and spares	35,734	15,419
Provision for staff gratuity	31,382	36,613
Provision for compensated absences	7,739	2,927
Income on bank deposits	(9,197)	(2,708)
Gain on disposal of property, plant and equipment	(22,876)	(40,318)
Gain on discounting of Gas Infrastructure Development Cess Payable	(236,172)	-
Share of loss from associated company	23,234	3,485
Government grant income	(14,276)	-
Finance cost	778,545	1,922,033
	1,614,248	2,868,185
Changes in working capital	17.1 2,422,951	(107,489)
	8,959,817	3,002,843

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

		Six months ended	
		December 31, 2020	December 31, 2019
		(Rupees in '000)	
17.1. CHANGES IN WORKING CAPITAL			
Increase / (decrease) in current assets:			
Stores and spares		(173,071)	(128,220)
Stock-in-trade		7,374,625	5,024,857
Trade debts		(1,183,727)	(1,055,359)
Advances, trade deposit and short term prepayments		(3,769,773)	(39,844)
Receivable from K-Electric Limited (KE)		(3,874)	(19,013)
Other receivables		(5,893)	(15,793)
Sale tax receivables		2,532,199	(1,104,268)
		<u>4,770,486</u>	<u>2,662,360</u>
Increase /(decrease) in current liabilities:			
Trade and other payables		(3,307,348)	(2,736,049)
Contract liabilities		959,813	(33,800)
		<u>2,422,951</u>	<u>(107,489)</u>
17.2. CASH AND CASH EQUIVALENTS			
Cash and bank balances		758,698	768,456
Running finance under mark-up arrangement from banks	13	(1,760,130)	(11,441,844)
Short-term borrowing under Money Market scheme maturing within three months	13	(921,339)	(3,007,416)
Short-term borrowing under Running Musharakah	13	(1,682,935)	(590,199)
		<u>(3,605,706)</u>	<u>(14,271,003)</u>

18. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, directors of the group entities, key management employees and staff retirement funds. The group entities continue to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Contributions to Provident Fund of the group entities, wherever applicable, are made as per the terms of employment and contribution to the group entities defined benefit plan (Gratuity Fund), wherever applicable are in accordance with actuarial advice. Remuneration to key management personnel are in accordance with their terms of employment and policy of respective group entities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group entities. The Group entities consider their Chief Executive Officer, Chief Financial Officer, Company Secretary, Non Executive Director and departmental heads to be their key management personnel. There are no transaction with key management personnel other than their terms of employment / entitlement.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

18.1 Transaction with related parties

	(Un-audited)			
	Six months ended		Three months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000)			
Associated companies				
Sales	474,823	449,973	357,866	327,280
Purchases	10,873,509	9,760,551	8,481,060	657,200
Purchase of vehicle	11,970	2,530	11,970	-
Reimbursement of expenses	1,472	1,382	150	924
Insurance premium expenses	23,947	1,935	10,413	1,078
Insurance claim	29,061	606	4,051	606
Rent income	1,507	2,195	900	830
Donations	6,200	-	6,200	-
Dividend paid	-	120,161	-	-
Bonus shares issued 57,600 shares	-	576	-	-
Dividend received	-	6,092	-	-
Registration and training	21	273	21	-
Subscription	2,163	2,177	5	77
Services	23,267	53,925	18,646	38,634
Key management personnel				
Remuneration	246,220	254,437	122,641	124,993
Staff retirement funds				
Contribution paid	148,294	59,999	96,535	30,460
Non-executive directors				
Directors' fees	7,200	6,900	4,400	2,575
Reimbursement of Chairman's expenses	3,196	6,235	2,550	3,882

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

19 SEGMENT REPORTING

The Group has identified steel coils & sheets, steel pipes, polymer and investments as reportable segments.

19.1 SEGMENT REVENUE AND RESULTS

SEGMENTS	Steel Coils & Sheets	Steel Pipes	Polymer	Investment	Total
----- (Rupees in '000) -----					
For the six months ended December 31, 2020					
Sales	33,501,711	11,752,779	1,473,150	-	46,727,640
Cost of sales	(28,547,749)	(10,120,306)	(1,227,964)	-	(39,896,019)
Gross Profit	4,953,962	1,632,473	245,186	-	6,831,621
Selling and distribution expenses	(251,769)	(575,394)	(34,323)	-	(861,486)
Administrative expenses	(143,422)	(137,964)	(7,355)	-	(288,741)
Reversal of impairment on trade debts		33,972	(6,413)	-	27,559
	(395,191)	(679,386)	(48,091)	-	(1,122,668)
Finance cost	(438,882)	(324,075)	(23,960)	-	(786,917)
Other operating charges	(356,168)	(87,227)	(12,120)	-	(455,515)
	(795,050)	(411,302)	(36,080)	-	(1,242,432)
Other income	309,564	169,767	-	-	479,331
Share of loss in equity accounted investee - net of tax	-	-	-	(23,234)	(23,234)
Profit before taxation	4,073,285	711,552	161,015	(23,234)	4,922,618
Taxation					(1,056,424)
Profit after taxation					3,866,194
For the six months ended December 31, 2019					
Sales	24,015,354	9,601,690	940,398	-	34,557,442
Cost of sales	(21,957,997)	(8,494,659)	(859,348)	-	(31,312,004)
Gross Profit	2,057,357	1,107,031	81,050	-	3,245,438
Selling and distribution expenses	(215,559)	(639,945)	(30,741)	-	(886,245)
Administrative expenses	(134,195)	(154,004)	(11,595)	-	(299,794)
Impairment reversal on trade debts	-	10,937	10,712	-	21,649
	(349,754)	(783,012)	(31,624)	-	(1,164,390)
Finance cost	(1,336,464)	(551,333)	(34,236)	-	(1,922,033)
Other operating charges	1,611	(15,356)	(182)	-	(13,927)
	(1,334,853)	(566,689)	(34,418)	-	(1,935,960)
Other income	94,471	6,073	-	-	100,544
Share of loss in equity accounted investee - net of tax	-	-	-	(3,485)	(3,485)
Loss before taxation	467,221	(236,597)	15,008	(3,485)	242,147
Taxation					(71,863)
Loss after taxation					170,284

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2020

19.2 SEGMENT ASSETS & LIABILITIES

SEGMENTS	Steel Coils & Sheets	Steel Pipes	Polymer	Investments	Total
	(Rupees in '000)				
As at December 31, 2020 - Un-audited					
Segment assets	35,707,518	17,568,839	2,035,168	1,090,651	56,402,176
Segment liabilities	18,482,744	11,286,074	1,066,025	-	30,834,843
As at June 30, 2020 - Audited					
Segment assets	36,758,671	-	1,904,264	1,113,256	56,529,355
Segment liabilities	29,161,321	10,396,496	1,114,031	-	40,671,848

Reconciliation of segment assets and liabilities with total assets and liabilities in the Balance Sheet is as follows :

	(Un-audited) December 31, 2020 (Rupees in '000)	(Audited) June 30, 2020
Total for reportable segments assets	56,402,176	56,529,355
Unallocated assets	<u>1,698,663</u>	<u>7,438,601</u>
Total assets as per Balance Sheet	<u>58,100,839</u>	<u>63,967,956</u>
Total for reportable segments liabilities	30,834,843	40,671,848
Unallocated liabilities	<u>3,594,236</u>	<u>3,487,327</u>
Total liabilities as per Balance Sheet	<u>34,429,079</u>	<u>44,159,175</u>

20 GENERAL

20.1 NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on February 1, 2021 have declared an interim cash dividend of Rs. 3.50 per share for the year ending June 30, 2021 amounting to Rs. 461.59 million (2020: Nil). The consolidated condensed interim financial statements do not include the effect of above interim dividend which will be accounted for in the subsequent period.

The Board of Directors of the Subsidiary Company (International Steels Limited) in their meeting held on January 29, 2021 have declared an interim cash dividend of Rs.3.00 per share for the year ending June 30, 2021 amounting to Rs. 1,305 million (2020: Nil). The consolidated condensed interim financial statements do not include the effect of above interim dividend which will be accounted for in the subsequent period.

20.2 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements were approved and authorised for issue on February 01, 2021 by the Board of Directors of the Company.


Jehangir Shah
Director
Chairman Board Audit Committee


Muhammad Akhtar
Chief Financial Officer


Riyaz T. Chinoy
Chief Executive Officer
(resigned w.e.f. February 9, 2021)

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