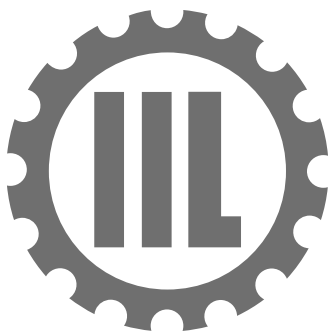


Striving Today for a
Sustainable Tomorrow



Unaudited Financial Statements
for the nine months ended 31st March 2021



International Industries Limited

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Promising Reliability, For Now and Tomorrow

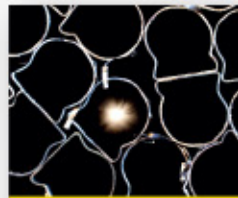
PAKISTAN'S NO.1 PIPE COMPANY



**IIL GALVANIZED
IRON PIPES**



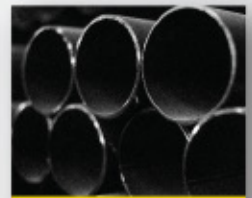
**IIL COLD ROLLED
STEEL TUBES**



**IIL LTZD
PROFILES**



**IIL FIREFIGHTING
PIPES**



**IIL MS & BLACK
PIPES**



**IIL HOLLOW
STRUCTURAL SECTIONS**



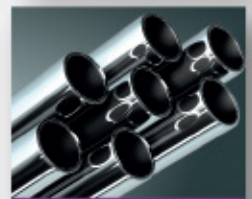
**IIL API LINE
PIPES**



**IIL SCAFFOLDING
PIPES**



**IIL PRE-GALVANIZED
TUBES**



**IIL COSMO
SS GRADE 304**



**IIL ECO
SS GRADE 201**



**IIL FORZA
SS GRADE 409**



**IIL PPRC
PIPES & FITTINGS**



**IIL HDPE
WATER PIPES**



**IIL HDPE DUCT
PIPES**



**IIL MDPE/HDPE
GAS PIPES & FITTINGS**



**IIL TUBE & CLAMP
SYSTEMS**



**IIL RINGLOCK (MODULAR)
SYSTEMS**



**IIL FRAMES &
BRACE SYSTEMS**



**IIL EXTENDABLE
SHORING PROPS**



STEEL PIPES & TUBES | STAINLESS STEEL TUBES | POLYMER PIPES & FITTINGS | SCAFFOLDING SYSTEMS

As Pakistan's premium producer of pipes & tubes, we at International Industries Limited (IIL) cater to thousands of customers from a variety of sectors. From Oil & Gas, Residential and Commercial Construction, to the Government sector and Automotive Industry, our products are trusted for their trademarked quality and outstanding reliability.

As we grow, we stay committed to our promise of reliability, for now & tomorrow.

111-019-019 | www.iil.com.pk | inquiries@iil.com.pk



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. Asif Jooma
Mr. Jehangir Shah
Mr. Mansur Khan

Non-Executive Directors

Mr. Azam Faruque
Mr. Riyaz T. Chinoy
Mrs. Saadia S. Rashid

Chief Executive Officer

Mr. Kamal A. Chinoy

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
BankIslami Pakistan 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 March 31st, 2021

The directors of your Company are pleased to present the financial statements for the period ended 31st March, 2021.

Mr. Riyaz T. Chinoy, stepped down on 9th February 2021 as the Chief Executive Officer. The Board was pleased to appoint Mr. Kamal A. Chinoy, the senior most Director of the Company as the Chief Executive Officer with effect from 10th February 2021, while a search for a replacement is being undertaken.

The economic recovery in Pakistan continued to gain momentum during the third quarter, with large scale manufacturing (LSM) expanding by 7.9% during the first seven months of FY 2020-21, compared to a contraction of 3.2% during the same period last year (SPLY). Improving macroeconomic indicators, successful rollout of vaccines and adequate policy support measures bode well for the economy in the short to medium term.

The net sales revenue for the period stood at Rs. 21.7 Bn, compared to Rs. 15 Bn during SPLY. Domestic sales revenue increased 34%, whereas sales volumes were 16% higher than the SPLY. Growth was witnessed in all major product lines, reflecting recovery in large scale manufacturing and broader economic gains post-lockdown. Export sales revenue was up 110%, whereas volumetric growth was up by 93% compared to the SPLY; the Company was able to capitalize on tight global allocation of raw material in order to achieve record growth numbers.

The Unconsolidated Profit after Tax (PAT) for the period under review was Rs. 2.1 Bn (EPS 15.87), compared to a loss of Rs. 461 million (EPS -3.49) for SPLY.

Our subsidiary, International Steels Limited (ISL) reported Net Sales Revenue of Rs. 50.9 Bn which was up 32% from Rs. 38.5 Bn over SPLY. Profit after Tax (PAT) of Rs. 5.15 Bn (EPS 11.84) was up 687% from Rs. 655 Mn (EPS 1.51) during SPLY.

The Group P&L for the period reported PAT of Rs. 6.56 Bn (EPS 32.69), compared to PAT of Rs. 71.64 Mn (EPS -2.44) for the same period last year.

Prices of steel in the international market exceeded the highs achieved in Q2 FY 2020-21, and continue to remain elevated. Strong demand in China, Europe and North America, USD weakness, tight supply from major steel exporters, and record increase in sea freight all contributed towards the further increase in prices. Furthermore, the expected reduction of rebate on export of steel products in China continued to create temporary tightness in supply from China and support prices. The company will continue to closely monitor the situation.

We extend our gratitude to all stakeholders for their continued support and look forward to a productive final quarter.

For and on behalf of
International Industries Limited



Kamal A. Chinoy
Chief Executive Officer



Mustapha A. Chinoy
Chairman

Karachi.
April 23, 2021

آپ کی کمپنی کے ڈائریکٹر زمرست کے ساتھ مالیاتی اسٹیٹمنٹس برائے مدت مختتمہ 31 مارچ 2021 پیش کرتے ہیں۔

جناب ریاض ٹی چنائے 9 فروری 2021 کو بطور چیف ایگزیکٹو آفیسر، اپنے عہدے سے سبکدوش ہو گئے۔ بورڈ نے کمپنی کے سینئر ترین ڈائریکٹر جناب کمال اے چنائے کو مورخہ 10 فروری 2021 سے چیف ایگزیکٹو آفیسر مقرر کر دیا جب کہ متبادل شخصیت کی تلاش جاری رہی۔

پاکستان میں تیسری سہ ماہی کے دوران معاشی بحالی کی رفتار میں کچھ تیزی آئی اور مالی سال 2020-2021 کے پہلے سات ماہ میں بڑے پیمانے کی مینوفیکچرنگ (LSM) میں گزشتہ سال کی اسی مدت (SPLY) میں 3.2% کمی کے مقابلے میں 7.9% توسیع ہوئی۔ میکرو اکنامک اشاریوں میں بہتری، ویکسین کے کامیابی کے ساتھ آغاز اور مناسب پالیسی کے اقدامات سے مختصر سے درمیانی مدت میں معیشت کے اچھے آثار نمایاں ہوئے ہیں۔

اس مدت میں سیلز کی خالص آمدنی 21.7 بلین روپے ہوئی جب کہ SPLY میں 15 بلین روپے تھی۔ ملکی سیلز کی آمدنی میں 34% اضافہ ہوا جب کہ سیلز کے حجم میں SPLY کے مقابلے میں 16% اضافہ ہوا۔ تمام بڑی پروڈکٹ لائنز میں نمو دیکھی گئی، بڑے پیمانے کی مینوفیکچرنگ میں بحالی اور لاک ڈاؤن کے بعد زیادہ وسیع مالی فوائد دیکھنے میں آئے۔ برآمدات میں 110% اضافہ ہوا جب کہ حجم میں SPLY کے مقابلے میں 93% نمو آئی۔ کمپنی نے ریکارڈ نمو کی تعداد حاصل کرنے کیلئے خام مال کی سخت عالمی تقویض پر سرمایہ کاری کی۔

زیر جائزہ مدت کیلئے غیر مجموعی منافع بعد از ٹیکس (PAT)، 2.1 بلین روپے (آمدنی فی شیئر 15.87) حاصل ہوا جو SPLY کے دوران میں 461 بلین روپے نقصان ہوا تھا۔ (آمدنی فی شیئر -3.49)

ہمارے ذیلی ادارے، انٹرنیشنل اسٹیلز لمیٹڈ (ISL) کو خالص سیلز کی آمدنی 50.9 بلین روپے حاصل ہوئی جو SPLY کے 38.5 بلین روپے سے 32% زیادہ ہے۔ بعد از ٹیکس منافع 5.15 بلین روپے حاصل ہوا (فی شیئر آمدنی 11.84) جو SPLY کے 655 بلین روپے (فی شیئر آمدنی 1.51) سے 687% زیادہ ہے۔

اجتماعی P&L کو مذکورہ مدت میں بعد از ٹیکس 6.56 بلین روپے منافع حاصل ہوا (فی شیئر آمدنی 32.69) جب کہ اس کے مقابلے میں گزشتہ سال کی اسی مدت میں بعد از ٹیکس منافع 71.64 بلین روپے ہوا تھا (فی شیئر آمدنی -2.44)۔

مالی سال 2020-21 کی دوسری سہ ماہی میں بین الاقوامی مارکیٹ میں اسٹیل کی قیمتیں بلند ترین سطح تک پہنچ گئیں اور مزید بڑھتی رہیں۔ چین، یورپ اور شمالی امریکہ سے بھاری طلب، پوائس ڈالر کی کمزوری، اسٹیل کے بڑے برآمد کنندگان کی طرف سے فراہمی میں سختی اور سمندری کرایوں میں ریکارڈ اضافہ، سب نے مل کر قیمتوں میں مزید اضافہ کر دیا۔ اس کے علاوہ چین میں اسٹیل پروڈکٹس پر رعایت میں متوقع کمی سے چین کی جانب سے سپلائی اور معاون قیمتوں میں عارضی سختی جاری رہی۔ کمپنی صورتحال کا گہرائی سے جائزہ لیتی رہے گی۔

ہم اپنے اسٹیک ہولڈرز کے مستقل تعاون پر شکر گزار ہیں اور آخری سہ ماہی کے فائدہ مند ہونے کے منتظر ہیں۔

برائے اور منجانب
انٹرنیشنل انڈسٹریز لمیٹڈ

مصطفیٰ اے چنائے
چیئر مین

کمال اے چنائے
چیف ایگزیکٹو آفیسر

کراچی

23 اپریل 2021

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!



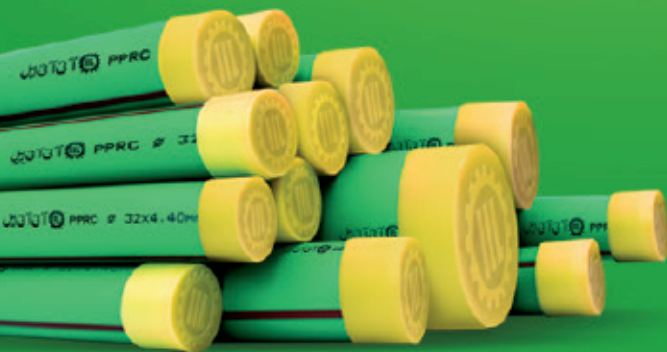
Residential, Commercial
& Industrial Applications



Suitable for Hot & Cold
Water Transmission



Food-grade
Pipes & Fittings



UNCONSOLIDATED **FINANCIAL STATEMENTS**

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2021

	Note	(Un-audited) March 31, 2021	(Audited) June 30, 2020
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	6,763,841	7,081,385
Intangible assets		1,453	1,710
Investments	6	3,295,242	3,295,242
Long term deposits		1,653	3,519
Deferred taxation		144,074	-
		10,206,263	10,381,856
Current assets			
Stores and spares		231,312	213,371
Stock-in-trade	7	9,102,735	8,405,807
Trade debts - considered good		5,796,545	3,558,719
Advances, trade deposits and short-term prepayments	8	78,120	28,526
Receivable from K-Electric Limited (KE) - unsecured, considered good		22,798	19,006
Other receivables		7,083	15,000
Sales tax receivable		142,882	217,762
Cash and bank balances		196,556	299,469
		15,578,031	12,757,660
Total assets		25,784,294	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		4,234,268	2,554,370
Capital reserve			
Revaluation surplus on property, plant and equipment		2,319,399	2,372,304
Total Shareholders' equity		10,572,522	8,945,529
LIABILITIES			
Non-current liabilities			
Long term financing - secured	9	2,466,672	1,577,275
Gas Infrastructure Development Cess Payable	10	220,971	-
Staff retirement benefits		40,543	89,552
Deferred taxation		-	304,615
		2,728,186	1,971,442
Current liabilities			
Trade and other payables	11	2,052,425	1,846,134
Contract liabilities		187,302	184,462
Short-term borrowings - secured	12	8,828,091	9,394,457
Unpaid dividend		7,045	2,438
Unclaimed dividend		30,604	39,044
Current portion of long-term financing - secured	9	633,899	410,863
Taxation - net		613,387	269,317
Accrued mark-up		130,833	75,830
		12,483,586	12,222,545
Total liabilities		15,211,772	14,193,987
Contingencies and commitments			
	13	-	-
Total equity and liabilities		25,784,294	23,139,516

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



Jehangir Shah
Director
Chairman Board Audit Committee



Muhammad Akhtar
Chief Financial Officer



Kamal A. Chinoy
Chief Executive Officer

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

For the nine months ended March 31, 2021

		Nine months ended		Three months ended	
	Note	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
----- (Rupees in '000) -----					
Net sales	14	21,661,433	14,976,607	8,387,053	4,480,211
Cost of sales		(18,406,742)	(13,802,337)	(6,932,750)	(4,098,987)
Gross profit		3,254,691	1,174,270	1,454,303	381,224
Selling and distribution expenses		(1,020,168)	(628,583)	(439,856)	(198,373)
Administrative expenses		(289,564)	(222,722)	(163,205)	(70,979)
Reversal of impairment loss on trade debts		31,339	14,072	-	-
		(1,278,393)	(837,233)	(603,061)	(269,352)
Finance cost		(534,458)	(1,001,892)	(186,470)	(416,361)
Other operating expenses		(167,570)	(24,362)	(68,223)	(9,250)
		(702,028)	(1,026,254)	(254,693)	(425,611)
Other income		923,159	435,001	636,624	41,483
Profit / (loss) before taxation		2,197,429	(254,216)	1,233,173	(272,256)
Taxation	15	(104,343)	(206,641)	(253,249)	(66,346)
Profit / (loss) after taxation		2,093,086	(460,857)	979,924	(338,602)
----- (Rupees) -----					
Earnings / (loss) per share					
- basic and diluted		15.87	(3.49)	7.43	(2.57)

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


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Kamal A. Chinoy
 Chief Executive Officer

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

For the nine months ended March 31, 2021

	Nine months ended		Three months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees in '000)			
Profit / (loss) for the period	2,093,086	(460,857)	979,924	(338,602)
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	(903)	-	(327)	-
- Related deferred tax charge for the year	(11,576)	-	562	-
	(12,479)	-	235	-
Gain on surplus on revaluation				
- Adjustment related to opening deferred tax balance	7,973	-	2,892	-
Other comprehensive income / (loss) for the period - net of tax	(4,506)	-	3,127	-
Total comprehensive income / (loss) for the period	2,088,580	(460,857)	983,051	(338,602)

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


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Kamal A. Chinoy
 Chief Executive Officer

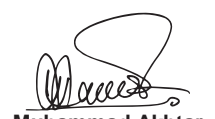
Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the nine months ended March 31, 2021

		Nine months ended	
	Note	March 31, 2021 (Rupees in '000)	March 31, 2020
Cash flows from operating activities			
Cash generated from operations	16	(125,590)	2,780,165
Decrease in long term deposits		1,866	-
Finance cost paid		(457,480)	(1,020,108)
Income on bank deposits received		735	907
Employee defined benefits paid		(77,800)	(16,900)
Payment for compensated absences		-	(4,801)
Income tax paid		(213,468)	(269,711)
Net cash (used in) / generated from operating activities		(871,737)	1,469,552
Cash flows from investing activities			
Payment for acquisition of property, plant and equipment	5	(90,916)	(207,391)
Proceeds from disposal of property, plant and equipment		43,926	97,144
Dividend income received		735,167	376,351
Net cash generated from investing activities		688,177	266,104
Cash flows from financing activities			
Proceeds from long term financing		1,352,886	77,115
Repayment of long term financing		(240,453)	(128,186)
Proceeds from / (repayments of) short-term borrowing - net		(635,341)	(2,077,408)
Dividends paid		(465,420)	(358,383)
Net cash generated from / (used in) financing activities		11,672	(2,486,862)
Net decrease in cash and cash equivalents		(171,888)	(751,206)
Cash and cash equivalents at beginning of the period		(6,479,988)	(5,190,430)
Cash and cash equivalents at end of the period	17	(6,651,876)	(5,941,636)

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


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Kamal A. Chinoy
 Chief Executive Officer

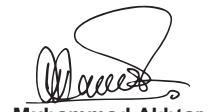
Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months ended March 31, 2021

	Issued, subscribed and paid-up capital	Revenue Reserves General 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	-	-	(460,857)	-	(460,857)
Other comprehensive income for the period	-	-	-	-	-
	-	-	(460,857)	-	(460,857)
Transaction with owners recorded directly in equity - distribution					
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	-	-	66,448	(66,448)	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	11,638	(11,638)	-
Balance as at March 31, 2020	1,318,819	2,700,036	2,736,747	2,372,807	9,128,409
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	-	-	2,093,086	-	2,093,086
Other comprehensive loss for the period	-	-	(4,506)	-	(4,506)
	-	-	2,088,580	-	2,088,580
Transaction with owners recorded directly in equity - distribution					
Dividend:					
- Interim dividend 35% (Rs.3.50 per share) for the year ended June 30, 2021	-	-	(461,587)	-	(461,587)
	-	-	(461,587)	-	(461,587)
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	52,499	(52,499)	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	406	(406)	-
Balance as at March 31, 2021	1,318,819	2,700,036	4,234,268	2,319,399	10,572,522

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


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Kamal A. Chinoy
 Chief Executive Officer

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

For the nine months ended March 31, 2021

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 March 31, 2020.

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

For the nine months ended March 31, 2021

- 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 nine months ended March 31, 2021

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	-	90,916	90,916
Transfers	58,361	(58,361)	-
Disposal	(97,178)	-	(97,178)
	<u>10,164,312</u>	<u>60,956</u>	<u>10,225,268</u>
Accumulated depreciation			
Opening balance	(3,150,145)	-	(3,150,145)
Charge for the period	(394,971)	-	(394,971)
Disposal	83,689	-	83,689
	<u>(3,461,427)</u>	<u>-</u>	<u>(3,461,427)</u>
Written down value			
as at March 31, 2021 (Un-audited)	<u><u>6,702,885</u></u>	<u><u>60,956</u></u>	<u><u>6,763,841</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 nine months ended March 31, 2021

6. INVESTMENTS

(Un-audited) March 31, 2021	(Audited) June 30, 2020		(Un-audited) March 31, 2021	(Audited) June 30, 2020
(Number of shares)			(Rupees in '000)	
Quoted companies				
245,055,543	245,055,543	International Steels Limited - subsidiary company at cost	2,450,555	2,450,555
6,092,470	6,092,470	Pakistan Cables Limited - associate company at cost	817,553	817,553
Un-quoted company				
150,000	-	ILL Americas Inc. - subsidiary company at cost	17,966	17,966
100,000	100,000	ILL Australia Pty Limited - subsidiary company at cost	9,168	9,168
			3,295,242	3,295,242

7. STOCK-IN-TRADE

	Note	(Un-audited) March 31, 2021	(Audited) June 30, 2020
(Rupees in '000)			
Raw materials- in hand			
- in hand	7.1	2,817,796	4,433,572
- in transit		2,372,458	120,327
		5,190,254	4,553,899
Work-in-process		1,236,602	1,648,287
Finished goods		2,597,723	2,123,945
By-product		37,580	32,295
Scrap material		40,576	47,381
		2,675,879	2,203,621
		9,102,735	8,405,807

- 7.1** Raw materials amounting to Rs. 3.7 million as at March 31, 2021 (June 30, 2020: Rs. 2.3 million) was held at vendor premises for the production of pipe caps.

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

For the nine months ended March 31, 2021

8. ADVANCES, TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

This includes unsecured advances to suppliers amounting to Rs. 56.0 million (June 30, 2020: Rs. 14.4 million).

	Note	(Un-audited) March 31, 2021	(Audited) June 30, 2020
9. LONG-TERM FINANCING - secured			
(Rupees in '000)			
Conventional			
Long term finance facility	9.1	2,598,572	1,396,118
Deferred Income - Government Grant	9.1	30,860	18,608
Islamic			
Diminishing Musharakah	9.2	471,139	573,412
		3,100,571	1,988,138
Current portion of long term financing shown under current liabilities			
Conventional			
Long term finance facility		(467,639)	(262,764)
Deferred Income - Government Grant		(25,077)	(11,735)
Islamic			
Diminishing Musharakah		(141,183)	(136,364)
		(633,899)	(410,863)
		2,466,672	1,577,275

9.1 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. The Company has recognised government grant income amounting to Rs. 21.9 million (March 31, 2020: Nil) during the period.

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

For the nine months ended March 31, 2021

9.2 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.

9.3 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.

10. 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 provision 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 is charged to other income.

	Note	(Un-audited) March 31, 2021	(Audited) June 30, 2020
11. TRADE AND OTHER PAYABLES		(Rupees in '000)	
Trade creditors		253,040	152,325
Bills payable		366,737	1,278
Accrued expenses	11.1	579,783	998,138
Provision for Infrastructure Cess	11.2	623,497	540,653
Short-term compensated absences		4,500	-
Workers' Profit Participation Fund		78,305	855
Workers' Welfare Fund	11.3	117,960	123,457
Others		28,603	29,428
		2,052,425	1,846,134

11.1 This includes current portion of Gas Infrastructure Development Cess payable amounting to Rs. 85.5 million and also includes provision against the revision of gas tariff by Oil and Gas Regulatory Authority.

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

For the nine months ended March 31, 2021

- 11.2** 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. 743 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.
- 11.3** 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.

	Note	(Un-audited) March 31, 2021	(Audited) June 30, 2020
(Rupees in '000)			
12. SHORT-TERM BORROWINGS - secured			
Conventional			
Running finance under mark-up arrangement from banks	12.1	2,520,365	2,019,425
Short-term borrowing under Money Market scheme			
- Maturing after three months		44,489	800,000
- Maturing within three months		420,000	3,900,000
	12.2	464,489	4,700,000
Short-term borrowing under Export Refinance scheme	12.3	1,435,170	1,315,000
Islamic			
Short-term borrowing under Running Musharakah	12.4	3,908,067	860,032
Short-term borrowing under Export Refinance scheme	12.5	500,000	500,000
		8,828,091	9,394,457

- 12.1** This represents running finance facilities available from various commercial banks amounting to Rs. 4,115 million (June 30, 2020: Rs. 2,625 million). The rates of mark-up on these facilities range from 7.29% to 8.21% per annum (June 30, 2020: 8.73% to 11.76% per annum). Unavailed facility as at the period end amounted to Rs. 1,594.6 million (June 30, 2020: Rs. 605.6 million).

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

For the nine months ended March 31, 2021

- 12.2** The facilities for short-term borrowing under Money Market Scheme available from various commercial banks under mark-up arrangement amounted to Rs. 5,150 million (June 30, 2020: Rs. 7,875 million). The rates of mark-up on these finances range from 7.45% to 7.81% (June 30, 2020: 7.51% to 8.76%) per annum. Unavailed facility as at the period end amounted to Rs. 4,685.5 million (June 30, 2020: Rs. 3,175 million).
- 12.3** 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. 1,455 million (June 30, 2020: Rs. 1,315 million).
- 12.4** The facilities for running musharakah available from various banks amounted to Rs. 4,775 million (June 30, 2020: Rs. 2,850 million). The rates of mark-up on these finances range from 7.39% to 7.80% per annum (June 30, 2020: 8.90% to 9.33% per annum). Unavailed facility as at the period end amounted to Rs. 866.9 million (June 30, 2020: Rs. 1,989.9 million).
- 12.5** 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).
- 12.6** All running finance and short-term borrowing facilities are secured by way of hypothecation of all present and future current and moveable assets.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

	Description of the factual basis of the proceeding and relief sought	Name of the court / institution	Principal parties	Date Instituted
13.1.1	Customs duties amounting to Rs. 40.5 million (June 30, 2020: Rs. 40.5 million) as at March 31, 2021 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

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

For the nine months ended March 31, 2021

	Description of the factual basis of the proceeding and relief sought	Name of the court / institution	Principal parties	Date Instituted
13.1.2	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.	Sindh High Court	Collector of Customs / Federation of Pakistan	30 August 2007

13.1.3	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.	Sindh High Court	Collector of Customs	10 October 2020
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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.

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

For the nine months ended March 31, 2021

	Description of the factual basis of the proceeding and relief sought	Name of the court / institution	Principal parties	Date Instituted
13.1.4	<p>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.</p> <p>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.</p>	Sindh High Court	FBR / Commissioner Inland Revenue / Federation of Pakistan	1 November 2016
13.2	Commitments			
13.2.1	Capital expenditure commitments outstanding as at March 31, 2021 amounted to Rs. 203.9 million (June 30, 2020: Rs. 8.8 million).			
13.2.2	Commitments under letters of credit for raw materials and stores and spares as at March 31, 2021 amounted to Rs. 3,763.6 million (June 30, 2020: Rs. 873.8 million).			
13.2.3	Commitments under purchase contracts as at March 31, 2021 amounted to Rs. 574.4 million (June 30, 2020: Rs. 875.4 million).			
13.2.4	The facilities for opening letters of credit and guarantees from banks as at March 31, 2021 amounted to Rs. 10,825 million (June 30, 2020: Rs. 8,700 million) and Rs. 2,550 million (June 30, 2020: Rs. 2,250 million) respectively of which unutilised balance at period end amounted to Rs. 6,858 million (June 30, 2020: Rs. 7,817 million) and Rs. 943 million (June 30, 2020: Rs. 832 million) respectively.			
13.2.5	Postdated cheques issued in favour of Collector of Customs for various purposes amounted to Rs. 2,284.20 million (June 30, 2020: 2,593.53 million).			

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

For the nine months ended March 31, 2021

	Nine months ended		Three months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-audited)			
	(Rupees in '000)			
14. NET SALES				
Local	21,782,842	16,305,710	8,214,899	4,793,318
Export	4,068,839	1,939,301	1,743,663	642,048
	25,851,681	18,245,011	9,958,562	5,435,366
Sales Tax	(3,176,314)	(2,394,758)	(1,200,693)	(697,224)
Domestic trade discounts	(979,715)	(848,968)	(355,534)	(245,804)
Export commission and discounts	(34,219)	(24,678)	(15,282)	(12,127)
	(4,190,248)	(3,268,404)	(1,571,509)	(955,155)
	21,661,433	14,976,607	8,387,053	4,480,211
15. TAXATION				
Current				
- for the year	557,538	248,662	276,456	84,421
- for prior years	-	(16,000)	-	-
	557,538	232,662	276,456	84,421
- Deferred	(453,195)	(26,021)	(23,207)	(18,075)
	104,343	206,641	253,249	66,346

	Note	(Un-audited)	
		Nine months ended	
		March 31, 2021	March 31, 2020
		(Rupees in '000)	
16. CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		2,197,429	(254,216)
Add / (less): Adjustment for non-cash charges and other items			
Depreciation of property, plant and equipment		394,971	397,216
Amortisation of intangible assets		258	1,677
Reversal of impairment loss on trade debts		(31,339)	(14,072)
Provision for staff gratuity		28,791	37,206
Provision for compensated absences		4,500	-
Income on bank deposits		(735)	(907)
Gain on disposal of property, plant and equipment		(30,438)	(57,072)
Gain on discounting of Gas Infrastructure Development Cess payable		(52,535)	-
Dividend income		(735,167)	(376,351)
Government grant income		(21,975)	-
Finance cost		534,458	1,001,892
Working capital changes	16.1	(2,413,808)	2,044,792
		(125,590)	2,780,165

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

For the nine months ended March 31, 2021

		(Un-audited)	
		Nine months ended	
		March 31, 2021	March 31, 2020
		(Rupees in '000)	
16.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Store and spares	(17,941)	(8,316)
	Stock-in-trade	(696,928)	1,294,758
	Trade debts	(2,206,487)	(197,857)
	Advances, trade deposits and short term-prepayments	(49,594)	3,695
	Receivable from K-Electric Limited (KE)	(3,792)	7,721
	Other receivables	7,917	(7,686)
	Sales tax receivables	74,880	(54,314)
		<u>(2,891,945)</u>	<u>1,038,001</u>
	(Decrease) / increase in current liabilities:		
	Trade and other payables	475,297	1,076,416
	Contract liabilities	2,840	(69,625)
		<u>(2,413,808)</u>	<u>2,044,792</u>
17.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	196,556	275,290
	Running finance under mark-up arrangement from banks	12 (2,520,365)	(1,447,194)
	Short-term borrowing under Money Market scheme maturing within three months	12 (420,000)	(3,970,700)
	Short-term borrowing under running Musharakah	12 (3,908,067)	(799,032)
		<u>(6,651,876)</u>	<u>(5,941,636)</u>

18. 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 nine months ended March 31, 2021

18.1 Transactions with related parties

	-----Un-audited-----			
	Nine months ended		Three months ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	----- (Rupees in '000) -----			
	----- Un-audited -----			
Subsidiaries				
Sales	<u>2,328,447</u>	<u>770,525</u>	<u>1,044,859</u>	<u>113,234</u>
Purchases	<u>1,024</u>	<u>1,572,505</u>	<u>553</u>	<u>-</u>
Cost of shared resources	<u>56,442</u>	<u>47,118</u>	<u>19,833</u>	<u>16,848</u>
Partial manufacturing - purchases (inclusive of sales tax)	<u>-</u>	<u>6,431</u>	<u>-</u>	<u>378</u>
Reimbursement of expenses incurred on behalf of the Company	<u>10,959</u>	<u>18,897</u>	<u>1,349</u>	<u>5,845</u>
Rental income	<u>111,443</u>	<u>34,635</u>	<u>2,741</u>	<u>22,710</u>
Dividend received	<u>735,167</u>	<u>370,259</u>	<u>735,167</u>	<u>-</u>
Associated companies				
Sales	<u>170,484</u>	<u>85,182</u>	<u>125,533</u>	<u>77,701</u>
Purchases	<u>4,356</u>	<u>9,349</u>	<u>3,978</u>	<u>-</u>
Purchase of vehicle	<u>18,196</u>	<u>2,530</u>	<u>6,226</u>	<u>-</u>
Reimbursement of expenses	<u>490</u>	<u>539</u>	<u>188</u>	<u>334</u>
Insurance premium	<u>30,753</u>	<u>1,935</u>	<u>6,806</u>	<u>-</u>
Insurance claim	<u>30,912</u>	<u>606</u>	<u>1,850</u>	<u>-</u>
Dividend received	<u>-</u>	<u>6,092</u>	<u>-</u>	<u>-</u>
Dividend paid	<u>5,193</u>	<u>1,728</u>	<u>5,193</u>	<u>-</u>
Donation	<u>24,800</u>	<u>-</u>	<u>18,600</u>	<u>-</u>
Bonus shares issued	<u>-</u>	<u>576</u>	<u>-</u>	<u>-</u>
Subscription	<u>2,213</u>	<u>2,177</u>	<u>50</u>	<u>-</u>
Registration and training	<u>21</u>	<u>273</u>	<u>-</u>	<u>-</u>
Key management personnel				
Remuneration	<u>288,897</u>	<u>206,667</u>	<u>155,257</u>	<u>69,963</u>
Staff retirement funds				
Contribution paid	<u>114,036</u>	<u>50,017</u>	<u>19,076</u>	<u>16,666</u>
Non-executive directors				
Directors' fee	<u>4,500</u>	<u>4,800</u>	<u>900</u>	<u>1,125</u>
Reimbursement of Chairman's expenses	<u>607</u>	<u>7,402</u>	<u>607</u>	<u>2,767</u>

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

For the nine months ended March 31, 2021

19. 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.

19.1 Segment Revenue and Results

Segment Revenue and Results	Steel segment	Polymer segment	Investments segment	Total
	(Rupees in '000)			
	Un-audited			
For the nine months ended March 31, 2021				
Sales	18,874,648	2,786,785	-	21,661,433
Cost of sales	(16,145,944)	(2,260,798)	-	(18,406,742)
Gross Profit	2,728,704	525,987	-	3,254,691
Selling and distribution expenses	(959,159)	(61,009)	-	(1,020,168)
Administrative expenses	(269,956)	(19,608)	-	(289,564)
Net Impairment loss on trade debts	37,752	(6,413)	-	31,339
	(1,191,363)	(87,030)	-	(1,278,393)
Finance cost	(488,385)	(46,073)	-	(534,458)
Other operating charges	(140,068)	(27,502)	-	(167,570)
	(628,453)	(73,575)	-	(702,028)
Other income	187,992	-	735,167	923,159
Profit before taxation	1,096,880	365,382	735,167	2,197,429
Taxation				(104,343)
Profit after taxation				2,093,086

For the nine months ended March 31, 2020

Sales	13,323,485	1,653,122	-	14,976,607
Cost of sales	(12,347,249)	(1,455,088)	-	(13,802,337)
Gross Profit	976,236	198,034	-	1,174,270
Selling and distribution expenses	(572,252)	(56,331)	-	(628,583)
Administrative expenses	(210,006)	(12,716)	-	(222,722)
Net Impairment loss on trade debts	3,360	10,712	-	14,072
	(778,898)	(58,335)	-	(837,233)
Finance cost	(913,849)	(88,043)	-	(1,001,892)
Other operating charges	(20,577)	(3,785)	-	(24,362)
	(934,426)	(91,828)	-	(1,026,254)
Other income	58,650	-	376,351	435,001
(Loss) / profit before taxation	(678,438)	47,871	376,351	(254,216)
Taxation				(206,641)
Loss after taxation				(460,857)

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

For the nine months ended March 31, 2021

19.2 SEGMENT ASSETS AND LIABILITIES

	Steel segment	Polymer segment	Investments segment	Total
	(Rupees in '000)			
As at March 31, 2021 - Un-audited				
Segment assets	<u>19,758,445</u>	<u>1,529,554</u>	<u>3,295,242</u>	<u>24,583,241</u>
Segment liabilities	<u>12,183,169</u>	<u>683,405</u>	<u>-</u>	<u>12,866,574</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) March 31, 2021 (Rupees in '000)	(Audited) June 30, 2020
Total reportable segments assets	24,583,241	21,952,670
Unallocated assets	1,201,053	1,186,846
Total assets as per Statement of financial position	<u>25,784,294</u>	<u>23,139,516</u>
Total reportable segments liabilities	12,866,574	11,510,527
Unallocated liabilities	2,345,198	2,683,460
Total liabilities as per Statement of financial position	<u>15,211,772</u>	<u>14,193,987</u>

20. General

20.1 Corresponding Figures

Corresponding figures have been reclassified for the purposes of comparison and better presentation. These reclassifications have no impact on previously reported profit or equity.

20.2 Date of authorization for issue

These unconsolidated condensed interim financial statements were approved and authorised for issue on April 23, 2021 by the Board of Directors of the Company.


Jehangir Shah
Director
Chairman Board Audit Committee


Muhammad Akhtar
Chief Financial Officer


Kamal A. Chinoy
Chief Executive Officer



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CONSOLIDATED **FINANCIAL STATEMENTS**

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2021

	Note	(Un-audited) March 31, 2021 (Rupees in '000)	(Audited) June 30, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	26,483,185	27,719,526
Right-of-use assets		3,618	14,093
Intangible assets		2,417	2,907
Investment in equity accounted investee	7	1,092,886	1,113,256
Long-term deposits		1,832	3,619
Deferred taxation		144,074	-
		27,728,012	28,853,401
Current assets			
Stores and spares		1,164,075	882,331
Stock-in-trade	8	23,717,219	23,999,119
Trade debts - considered good		6,131,678	4,085,937
Advances, trade deposits and short-term prepayments	9	491,692	164,411
Receivable from K-Electric Limited (KE) - unsecured, considered good		88,864	58,399
Other receivables		15,396	23,271
Sales tax receivable		1,421,259	4,246,047
Taxation - net		-	1,073,966
Cash and bank balances		4,155,464	581,074
		37,185,646	35,114,555
Total assets		64,913,658	63,967,956
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized 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 reserve			
General reserve		2,991,258	2,991,258
Unappropriated profit		10,325,907	6,411,432
Exchange translation reserve		4,049	4,565
Capital reserve			
Revaluation surplus on property, plant and equipment		3,547,055	3,616,039
Total shareholders' equity		18,187,088	14,342,113
Non-controlling interest		7,146,152	5,466,668
		25,333,240	19,808,781
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	10	6,790,924	6,619,457
Gas Infrastructure Development Cess Payable	11	920,263	-
Staff retirement benefits		40,543	82,314
Deferred taxation		2,189,158	1,829,413
Lease liabilities		4,939	11,949
		9,945,827	8,543,133
Current liabilities			
Trade and other payables	12	10,521,180	10,887,408
Contract liabilities		3,334,366	1,561,899
Short-term borrowings - secured	13	13,339,539	20,914,861
Unpaid dividend		9,535	3,246
Unclaimed dividend		30,604	39,044
Unclaimed dividend attributable to non-controlling interest		7,017	7,625
Current portion of long term finances - secured	10	2,096,337	1,898,497
Current portion of lease liabilities		3,017	3,854
Taxation - net		33,055	-
Accrued markup		259,941	299,608
		29,634,590	35,616,042
Total liabilities		39,580,417	44,159,175
Contingencies and commitments			
	14	-	-
Total equity and liabilities		64,913,658	63,967,956

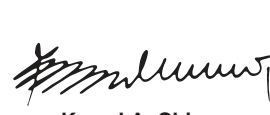
The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
Director
Chairman Board Audit Committee



Muhammad Akhtar
Chief Financial Officer



Kamal A. Chinoy
Chief Executive Officer

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

For the nine months ended March 31, 2021

		Nine months ended		Quarter ended	
	Note	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		----- (Rupees in '000) -----			
Net sales	15	72,367,129	52,253,041	25,639,489	17,695,599
Cost of sales		(59,997,657)	(47,393,334)	(20,101,638)	(16,081,330)
Gross profit		12,369,472	4,859,707	5,537,851	1,614,269
Selling and distribution expenses		(1,579,399)	(1,362,004)	(717,913)	(475,759)
Administrative expenses		(596,024)	(440,818)	(307,283)	(141,024)
Reversal of loss allowance on trade debts		27,559	21,649	-	-
		(2,147,864)	(1,781,173)	(1,025,196)	(616,783)
Finance cost		(1,131,048)	(2,742,271)	(344,131)	(820,238)
Other operating expenses		(776,956)	(51,146)	(321,441)	(37,219)
		(1,908,004)	(2,793,417)	(665,572)	(857,457)
Other income		425,054	(7,799)	(54,277)	(108,343)
Share of (loss) in equity-accounted investee		4,749	10,364	27,983	13,849
Profit before taxation		8,743,406	287,683	3,820,788	45,536
Taxation	16	(2,182,760)	(216,045)	(1,126,336)	(144,182)
Profit / (loss) after taxation		6,560,646	71,638	2,694,452	(98,646)
Profit / (loss) attributable to:					
- Owners of Holding Company		4,311,329	(322,257)	1,656,093	(199,600)
- Non-controlling interest		2,249,317	393,894	1,038,359	100,954
		6,560,646	71,638	2,694,452	(98,646)
----- (Rupees) -----					
Earnings / (loss) per share - basic and diluted		32.69	(2.44)	12.56	(1.51)

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


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Kamal A. Chinoy
 Chief Executive Officer

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

For the nine months ended March 31, 2021

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees in '000)			
Profit / (loss) for the period	6,560,646	71,638	2,694,452	(98,646)
Other comprehensive income				
Items that will not be subsequently reclassified to statement of profit or loss				
Gain or (Loss) on Remeasurement of Net Defined Benefit Liability				
- Adjustment related to opening deferred tax balance	(903)	-	(327)	-
- Related deferred tax charge for the year	-	-	-	-
	(903)		(327)	
Gain or (Loss) on surplus on revaluation				
- Adjustment related to opening deferred tax balance	7,973	-	2,892	-
- Related deferred tax charge for the year	(11,576)	-	562	-
	(3,603)	-	3,454	-
Items that will be classified to profit or loss				
Foreign operations - foreign currency translation difference	(516)	(1,743)	(2,022)	(491)
Proportionate share of other comprehensive income of equity accounted investee	2,923	2,618	(1,149)	566
Other comprehensive (loss) / income for the period	(2,099)	875	(44)	76
Total comprehensive income for the period	6,558,547	72,513	2,694,408	(98,570)
Total comprehensive income / (loss) attributable to:				
- Owners of the Holding Company	4,309,230	(321,380)	1,656,049	(199,524)
- Non-controlling interest	2,249,317	393,894	1,038,359	100,954
	6,558,547	72,513	2,694,408	(98,570)

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


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Kamal A. Chinoy
 Chief Executive Officer


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

For the nine months ended March 31, 2021

		Nine months ended	
		March 31,	March 31,
	Note	2021	2020
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	13,407,394	7,495,120
Decrease in long-term deposits		1,867	-
Translation reserve		(1,208)	(2,037)
Finance cost paid		(1,133,047)	(2,883,408)
Income on bank deposits received		(2,348)	3,894
Employee defined benefits paid		(88,975)	(34,614)
Compensated absences paid		(6,698)	(13,337)
Income tax paid		(854,180)	(802,867)
Net cash generated from operating activities		11,322,805	3,762,751
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property, plant and equipment		(357,841)	(1,884,700)
Right-of-use assets		10,475	-
Dividend income received		735,167	6,091
Proceeds from disposal of property, plant and equipment		65,270	121,065
Net cash used in investing activities		453,071	(1,757,544)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		1,528,439	578,741
Repayment of long-term financing		(1,159,132)	(920,483)
Proceed from / (repayments of) short term borrowing - net		739,032	(1,439,364)
Lease liabilities		(11,751)	58,346
Dividends paid to non controlling interest		(568,759)	(285,322)
Dividends paid to shareholders of the Holding Company		(465,420)	(358,383)
Net cash generated / (used in) financing activities		62,409	(2,366,465)
Net increase / (decrease) in cash and cash equivalents		11,838,285	(361,258)
Cash and cash equivalents at beginning of the period		(14,822,845)	(11,316,541)
Cash and cash equivalents at end of the period	17.2	(2,984,559)	(11,677,799)

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


Jehangir Shah
 Director
 Chairman Board Audit Committee


Muhammad Akhtar
 Chief Financial Officer


Kamal A. Chinoy
 Chief Executive Officer

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

For the nine months ended March 31, 2021

	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	-	-	(322,256)	-	(322,256)	-	(322,256)	393,894	71,638
Other comprehensive income for the period	-	-	2,618	(1,743)	875	-	875	-	875
	-	-	(319,638)	(1,743)	(321,380)	-	(321,380)	393,894	72,513
Transactions with owners recorded directly in equity- distribution									
Distribution to owners of the Holding Company:									
-Final dividend @ 30% (Rs. 3.00 per share) for the year ended June 30 2019	-	-	(359,678)	-	(359,678)	-	(359,678)	-	(359,678)
-Bonus share @ 10% for the year ended 30 June 2019	119,893	-	(119,893)	-	(119,893)	-	-	-	-
	119,893	-	(479,571)	-	(479,571)	-	(359,678)	-	(359,678)
Dividend to non-controlling interest	-	-	-	-	-	-	-	(284,917)	(284,917)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	83,058	-	83,058	(95,933)	(12,875)	12,875	-
Transfer from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	11,638	-	11,638	(11,638)	-	-	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL	-	-	-	-	-	89,981	89,981	-	89,981
Proportionate share / reclassification of surplus on revaluation of property, plant and equipment - NCI	-	-	-	-	-	12,875	12,875	(12,875)	-
Balance as at March 31, 2020	1,318,819	2,991,258	6,639,260	2,915	9,633,433	3,619,629	14,571,881	5,571,628	20,143,508
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
Loss for the prior period			(2,668)		(2,668)		(2,668)		(2,668)
Total comprehensive income for the period									
Profit for the period	-	-	4,311,329	-	4,311,329	-	4,311,329	2,249,317	6,560,646
Other comprehensive income	-	-	(1,583)	(516)	(2,099)	-	(2,099)	-	(2,099)
	-	-	4,309,746	(516)	4,309,230	-	4,309,230	2,249,317	6,558,547
Transactions with owners recorded directly in equity - distribution									
-Interim dividend @35% (Rs. 3.50 per share) for the year ending 30 June 2021	-	-	(461,587)	-	(461,587)	-	(461,587)	-	(461,587)
	-	-	(461,587)	-	(461,587)	-	(461,587)	-	(461,587)
Dividend to non-controlling interest	-	-	-	-	-	-	-	(569,833)	(569,833)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	66,831	-	66,831	(77,940)	(11,109)	11,109	-
Transfer from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	406	-	406	(406)	-	-	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL	-	-	1,747	-	1,747	(1,747)	-	-	-
Proportionate share / reclassification of surplus on revaluation of property, plant and equipment - NCI	-	-	-	-	-	11,109	11,109	(11,109)	-
Balance as at March 31, 2021	1,318,819	2,991,258	10,325,907	4,049	13,321,214	3,547,055	18,187,088	7,146,152	25,333,240

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



Jehangir Shah
Director
Chairman Board Audit Committee



Muhammad Akhtar
Chief Financial Officer



Kamal A. Chinoy
Chief Executive Officer

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

For the nine months ended March 31, 2021

1. THE GROUP AND ITS OPERATIONS

- 1.1 The Group consists of International Industries Limited, (the Holding Company), its 56.33% owned subsidiary International Steels Limited, its wholly owned foreign subsidiaries IIL Australia PTY Limited and IIL Americas Inc [together referred to as "the Group" and individually as "Group entities"] and its 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 consolidated condensed interim financial statements.

2. BASIS OF PREPARATION

These consolidated condensed interim 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 March 31, 2021. 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 consolidated condensed interim financial statements.

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

For the nine months ended March 31, 2021

2.1 Statement of Compliance

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

2.1.2 The comparative Statement of Financial Position presented in this consolidated condensed interim financial statements have been extracted from the audited annual consolidated financial statements for the year ended June 30, 2020, whereas the comparative condensed interim Statement of Profit or Loss Account, condensed interim Statement of Comprehensive Income, condensed interim Statement of Cash Flows and condensed interim Statement of Changes in Equity are extracted from the unaudited consolidated condensed interim financial statements for the period ended March 31, 2020.

2.1.3 These consolidated condensed interim 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 consolidated condensed interim 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 consolidated condensed interim 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 consolidated condensed interim 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.

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

For the nine months ended March 31, 2021

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.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of consolidated 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 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 consolidated condensed interim financial statements.

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

For the nine months ended March 31, 2021

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.

6. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work- in-progress (Incl., capital spares)	Total
	(Rupees in '000)		
Cost / revalued amount			
Opening balance	36,941,328	135,739	37,077,067
Additions	59,661	510,593	570,254
Translate reserve	46	-	46
Transfers	(19,778)	(192,635)	(212,413)
Disposal	(127,309)	-	(127,309)
	<u>36,853,948</u>	<u>453,697</u>	<u>37,307,645</u>
Accumulated depreciation			
Opening balance	(9,357,541)	-	(9,357,541)
Charge for the period	(1,571,406)	-	(1,571,406)
Disposal	104,487	-	104,487
	<u>(10,824,460)</u>	<u>-</u>	<u>(10,824,460)</u>
Written down value as at			
March 31, 2021 (Un-audited)	<u>26,029,488</u>	<u>453,697</u>	<u>26,483,185</u>
Written down value as at			
June 30, 2020 (Audited)	<u>27,583,787</u>	<u>135,739</u>	<u>27,719,526</u>

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

For the nine months ended March 31, 2021

7. INVESTMENT IN EQUITY - ACCOUNTED INVESTEE

(Un-audited)
March 31,
2021
(Rupees in '000)

(Audited)
June 30,
2020

Pakistan Cables Limited (PCL) - associated company	7.1	1,092,886	1,095,290
IIL Americas Inc., in a Foreign subsidiary company	7.2	-	17,966
		<u>1,092,886</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.

7.2 This represents advance issued to IIL Americas Inc, against issue of shares which was made during current period.

8. STOCK-IN-TRADE

(Un-audited)
March 31,
2021
(Rupees in '000)

(Audited)
June 30,
2020

Raw material - in hand	6,363,145	11,089,377
- in transit	8,311,313	552,374
	<u>14,674,458</u>	<u>11,641,751</u>
Work-in-process	2,796,180	4,180,318
Finished goods	6,075,313	7,875,199
By-products	44,952	42,961
Scrap material	126,316	258,890
	<u>23,717,219</u>	<u>23,999,119</u>

8.1 Raw material of Holding Company amounting to Rs.3.7 million as at March 31, 2021 (June 30,2020: Rs.2.3 million) was held at vendor's premises for the production of pipe caps.

9. ADVANCES, TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

These include unsecured advances to suppliers amounting to Rs. 360.6 million (June 30, 2020: Rs. 93.7 million).

10. LONG-TERM FINANCING - secured

(Un-audited)
March 31,
2021
(Rupees in '000)

(Audited)
June 30,
2020

CONVENTIONAL

Long Term Finance Facility
Deferred income - Government Grant

10.1 3,598,519 3,147,966
10.1 49,457 36,978

ISLAMIC

Diminishing Musharakah

10.2 5,239,285 5,333,010
8,887,261 8,517,954

Current portion of long term finances shown under current liabilities

CONVENTIONAL

Long Term Finance Facility
Deferred income - Government Grant

(717,662) (512,788)
(40,830) (22,810)

ISLAMIC

Diminishing Musharakah

(1,337,845) (1,362,899)
(2,096,337) (1,898,497)

6,790,924 6,619,457

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

For the nine months ended March 31, 2021

Conventional

- 10.1** 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. The Holding Company and Subsidiary Company have recognised government grant amounting to Rs.40.5 million (March 31, 2020 Nil) during the period.

Islamic

- 10.2** 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.

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) March 31, 2021	(Audited) June 30, 2020
(Rupees in '000)			
12. TRADE AND OTHER PAYABLES			
Trade creditors		5,011,811	5,449,018
Bills payable		366,737	1,278
Provision for Government Levies		1,931	2,047
Accrued expenses	12.1	2,044,800	3,237,184
Provision for Infrastructure Cess	12.2	2,124,909	1,860,728
Short-term compensated absences		17,242	11,485
Workers' Profit Participation Fund		472,153	2,145
Workers' Welfare Fund	12.3	415,951	272,735
Others		65,646	50,788
		10,521,180	10,887,408

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

For the nine months ended March 31, 2021

- 12.1** These includes current portion of Gas Infrastructure Development Cess payable amounting to Rs. 458.6 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 2,290.5 million (June 30, 2020 Rs.1,958.5 million), have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the 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.

	Note	(Un-audited) March 31, 2021	(Audited) June 30, 2020
13. SHORT-TERM BORROWINGS - secured			
CONVENTIONAL			
Running finance under mark-up arrangement from banks	13.1	2,739,926	2,183,647
Short-term borrowing under Money Market Scheme			
- maturing after 3 months		44,489	1,550,000
- maturing within 3 months		420,000	10,000,000
	13.2	464,489	11,550,000
Short-term borrowing under Export Refinance Scheme	13.3	4,235,170	2,490,628
Running finance under FE-25 Export Scheme	13.4	-	-
ISLAMIC			
Short term borrowing under running Musharakah	13.4	3,980,097	3,270,730
Short-term borrowing under Export Refinance Scheme	13.5	1,919,857	1,419,856
		13,339,539	20,914,861

- 13.1** The facilities for running finance available from various commercial banks amounted to Rs. 19,914 million (June 30,2020: Rs.9,149 million). The rate of mark-up on these finances obtained by the Holding Company ranges from 7.29% to 8.21% 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 7.49% to 8.56% per annum. (June 30,2020: 7.87% to 11.72% per annum). Unavailed facilities as at March 31, 2021 amounted to Rs.17,174 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. 5,150 million (June 30,2020: Rs. 7,875 million). Unavailed facilities as at March 31, 2021 amounted to Rs.4,686 million (June 30,2020: 3,175 million). The rate of markup on these finances range from 7.45% to 7.81% 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. 4,235.2 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 Running Musharakah available from various banks amounted to Rs 6,161 million (June 30,2020: 6,030 million). The rate of profit on these finances availed range from 7.39% to 7.80% per annum (June 30,2020: 8.9 to 9.33%) per annum Unavailed facilities as at March 31, 2021 amounted to Rs.2,181 million (June 30,2020: Rs.2,759 million).
- 13.5** 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.
- 13.6** 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 nine months ended March 31, 2021

14. CONTINGENCIES AND COMMITMENTS

14.1	Contingencies	Name of the court / institution	Principal parties	Date instituted
	Holding Company			
14.1.1	Customs duties amounting to Rs. 40.5 million as at March 31, 2021 (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	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
14.1.3	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

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

For the nine months ended March 31, 2021

	Name of the court / institution	Principal parties	Date instituted
<p>14.1.4 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.</p> <p>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.</p>	Sindh High Court	FBR / Commissioner Inland Revenue / Federation of Pakistan	01-Nov-2016

Subsidiary Company

Description of factual basis and relief sought

<p>14.1.5 A petition was filed before the Sindh High Court seeking order for the issuance of quota for concessionary import under SRO 565; release of 85,000 tons of HRC arrived at the Port in November 2019 and for future shipments.</p> <p>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 Organisaion (IOCO) is issuing quota equivalent to ordered/shipped quantity of raw material on case to case basis.</p>	Sindh High Court	Federation of Pakistan / Director IOCO / The Chief Collector (South)	04-Nov-19
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14.2 Commitments

Holding Company and the Subsidiary Company

- 14.2.1** Capital expenditure commitments outstanding as at March 31, 2021 amounted to Rs. 613 million (June 30, 2020: Rs. 87 million).
- 14.2.2** Commitments under letters of credit for raw materials and stores and spares as at March 31, 2021 amounted to Rs. 19,289 million (June 30, 2020: Rs. 9,293 million).
- 14.2.3** The facilities for opening letters of credit and guarantees from banks as at March 31, 2021 amounted to Rs. 36,825 million (June 30, 2020: Rs. 34,172 million) and Rs. 8,304 million (June 30, 2020: Rs. 6,611 million) respectively of which unutilised balance at period end amounted to Rs.21,942 million (June 30, 2020 Rs.24,870 million) and Rs.1,389 million (June 30, 2020 Rs.1,061 million) respectively.

Holding Company

- 14.2.4** Commitments under purchase contracts as at March 31, 2021 amounted to Rs. 574.4 million (June 30, 2020: Rs.875.4 million).
- 14.2.5** Postdated cheques issued in favour of Collector of Customs amounted Rs.2,284.20 million (June 30, 2020 Rs.2,593.53 million).

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

For the nine months ended March 31, 2021

15. NET SALES

	Nine months ended		Quarter ended	
	March 31, 2021 (Rupees in '000)	March 31, 2020	March 31, 2021 (Rupees in '000)	March 31, 2020 (Rupees in '000)
Local	72,433,719	52,332,221	25,079,843	17,387,804
Export	12,175,449	9,016,455	4,768,369	3,254,899
	84,609,168	61,348,676	29,848,212	20,642,703
Sales Tax	(10,586,295)	(7,496,471)	(3,657,680)	(2,547,802)
Trade discounts	(1,621,525)	(1,574,486)	(535,761)	(387,175)
Export commission & discounts	(34,219)	(24,678)	(15,282)	(12,127)
	(12,242,039)	(9,095,635)	(4,208,723)	(2,947,104)
	72,367,129	52,253,041	25,639,489	17,695,599

16. TAXATION

Current				
- for the year	1,961,517	533,765	1,067,006	184,691
- for prior years	-	(16,000)	-	-
Deferred	221,243	(301,720)	59,330	(40,509)
	2,182,760	216,045	1,126,336	144,182

17. CASH GENERATED FROM OPERATIONS

Profit before taxation	8,743,406	287,683
------------------------	-----------	---------

Add / (less) : Adjustments for non-cash charges & other items

Depreciation of property, plant and equipment	1,571,544	1,437,762
Amortisation of intangible assets	491	2,502
Reversal of impairment loss on trade debts	(27,559)	(21,649)
Provision for store and spares	59,500	26,256
Provision for staff gratuity	47,204	54,920
Provision for compensated absences	12,456	5,534
Income on bank deposits	2,348	(3,894)
Gain on disposal of property, plant and equipment	(42,449)	(58,091)
Dividend income	(735,167)	-
Gain on discounting of Gas Infrastructure Development Cess Payable	(52,535)	-
Share of profit from associated company	(4,748)	(10,364)
Government grant income	(37,369)	-
Finance cost	1,130,756	2,742,271
	1,924,471	4,175,247
Changes in working capital	17.1 2,739,516	3,032,190
	13,407,394	7,495,120

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

For the nine months ended March 31, 2021

	Nine months ended	
	March 31, 2021	March 31, 2020
	(Rupees in '000)	
17.1. CHANGES IN WORKING CAPITAL		
(Increase) / decrease in current assets:		
Stores and spares	(341,247)	(132,247)
Stock-in-trade	569,529	(607,262)
Trade debts	(2,011,464)	(2,942,520)
Advances, trade deposit and short term prepayments	(332,329)	11,103
Receivable from K-Electric Limited (KE)	(30,465)	(83,912)
Other receivables	13,723	(3,559)
Sale tax receivables	2,824,789	(481,399)
	<u>692,536</u>	<u>(4,239,796)</u>
Increase /(decrease) in current liabilities:		
Trade and other payables	528,807	7,622,849
Contract liabilities	1,772,508	(350,863)
	<u>2,993,851</u>	<u>3,032,190</u>

17.2. CASH AND CASH EQUIVALENTS

Cash and bank balances		4,155,464	487,539
Running finance under mark-up arrangement from banks	13	(2,739,926)	(1,656,784)
Short-term borrowing under Money Market scheme maturing within three months	13	(420,000)	(8,920,700)
Short-term borrowing under Running Musharakah	13	(3,980,097)	(1,587,854)
		<u>(2,984,559)</u>	<u>(11,677,799)</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 nine months ended March 31, 2021

18.1 Transaction with related parties

	(Un-audited)			
	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Rupees in '000)			
Associated companies				
Sales	743,363	892,186	510,772	442,213
Purchases	18,215,405	19,881,005	7,341,896	10,120,454
Purchase of vehicle	18,196	2,530	6,226	-
Reimbursement of expenses	1,660	2,301	188	919
Insurance premium expenses	30,753	3,870	6,806	1,935
Insurance claim	30,912	1,212	1,850	606
Rent income	1,822	2,796	608	601
Donations	24,800	-	18,600	-
Dividend paid	123,626	60,944	123,626	-
Bonus shares issued 57,600 shares	-	576	-	-
Dividend received	-	6,092	-	-
Registration and training	21	273	-	-
Subscription	2,213	2,177	50	-
Services	29,611	56,144	6,372	2,219
Key management personnel				
Remuneration	459,165	380,422	212,945	125,985
Staff retirement funds				
Contribution paid	147,626	89,349	33,332	29,350
Non-executive directors				
Directors' fees	11,100	10,125	3,900	3,225
Reimbursement of Chairman's expenses	4,212	7,809	1,015	1,574

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

For the nine months ended March 31, 2021

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 nine months ended March 31, 2021					
Sales	50,838,019	18,742,325	2,786,785	-	72,367,129
Cost of sales	(41,799,542)	(15,937,317)	(2,260,798)	-	(59,997,657)
Gross Profit	9,038,477	2,805,008	525,987	-	12,369,472
Selling and distribution expenses	(507,075)	(1,011,315)	(61,009)	-	(1,579,399)
Administrative expenses	(273,610)	(302,806)	(19,608)	-	(596,024)
Net Impairment loss on trade debts		33,972	(6,413)	-	27,559
	(780,685)	(1,280,149)	(87,030)	-	(2,147,864)
Finance cost	(596,365)	(488,610)	(46,073)	-	(1,131,048)
Other operating charges	(609,386)	(140,068)	(27,502)	-	(776,956)
	(1,205,751)	(628,678)	(73,575)	-	(1,908,004)
Interest on bank deposits	14,267	2,499	-	-	16,766
Exchange gain	126,922	(81,146)	-	-	45,776
(Loss) / income from power generation	194	(3,039)	-	-	(2,845)
Government grant	15,394	21,975	-	-	37,369
Rental income	1,822	-	-	-	1,822
Gain on disposal of property, plant and equipment	12,011	30,438	-	-	42,449
Others	193,726	89,991	-	-	283,717
Other income	364,336	60,718	-	-	425,054
Share of loss in equity accounted investee - net of tax	-	-	-	4,749	4,749
Profit / (loss) before taxation	7,416,377	956,898	365,382	4,749	8,743,406
Taxation					(2,182,760)
Profit / (loss) after taxation					6,560,646

For the nine months ended March 31, 2020

Sales	37,568,034	13,031,885	1,653,122	-	52,253,041
Cost of sales	(33,862,703)	(12,075,543)	(1,455,088)	-	(47,393,334)
Gross Profit	3,705,331	956,342	198,034	-	4,859,707
Selling and distribution expenses	(702,867)	(602,806)	(56,331)	-	(1,362,004)
Administrative expenses	(202,047)	(226,055)	(12,716)	-	(440,818)
Net Impairment loss on trade debts	-	10,937	10,712	-	21,649
	(904,914)	(817,924)	(58,335)	-	(1,781,173)
Finance cost	(1,740,280)	(913,948)	(88,043)	-	(2,742,271)
Other operating charges	(26,158)	(21,203)	(3,785)	-	(51,146)
	(1,766,438)	(935,151)	(91,828)	-	(2,793,417)
Other income	(32,479)	24,680	-	-	(7,799)
Share of profit in equity accounted investee - net of tax	-	-	-	10,364	10,364
Profit / (loss) before taxation	1,001,500	(772,053)	47,871	10,364	287,683
Taxation					(216,045)
Profit / (loss) after taxation					71,638

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

For the nine months ended March 31, 2021

19.2 SEGMENT ASSETS & LIABILITIES

SEGMENTS	Steel Coils & Sheets	Steel Pipes	Polymer	Investments	Total
(Rupees in '000)					
As at March 31, 2021 - Un-audited					
Segment assets	<u>41,331,720</u>	<u>19,758,445</u>	<u>1,529,554</u>	<u>1,092,886</u>	<u>63,712,605</u>
Segment liabilities	<u>24,368,645</u>	<u>12,183,169</u>	<u>683,405</u>	<u>-</u>	<u>37,235,219</u>
As at June 30, 2020 - Audited					
Segment assets	<u>36,758,671</u>	<u>16,753,164</u>	<u>1,904,264</u>	<u>1,113,256</u>	<u>56,529,355</u>
Segment liabilities	<u>29,161,321</u>	<u>10,396,496</u>	<u>1,114,031</u>	<u>-</u>	<u>40,671,848</u>

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

	(Un-audited) March 31, 2021 (Rupees in '000)	(Audited) June 30, 2020
Total for reportable segments assets	63,712,605	56,529,355
Unallocated assets	<u>1,201,053</u>	<u>7,438,601</u>
Total assets as per Balance Sheet	64,913,658	63,967,956
Total for reportable segments liabilities	37,235,219	40,671,848
Unallocated liabilities	<u>2,345,198</u>	<u>3,487,327</u>
Total liabilities as per Balance Sheet	39,580,417	44,159,175

20 GENERAL

20.1 CORRESPONDING FIGURES

Corresponding figures have been reclassified for the purposes of comparison and better presentation. These reclassifications have no impact on previously reported profit or equity.

20.2 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorised for issue on April 23, 2021 by the Board of Directors of the Company.


Jehangir Shah
Director
Chairman Board Audit Committee


Muhammad Akhtar
Chief Financial Officer


Kamal A. Chinoy
Chief Executive Officer

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