



**CORPORATE BRIEFING FOR THE YEAR ENDED
30 JUNE 2021**

12 November 2021



HIGHLIGHTS FY 20-21

DECLINE IN EXCHANGE RATE

DECLINE & STABILTY IN KIBOR

DEFERMENT OF LOANS

INCREASE IN INTERNATIONAL SCRAP PRICES

INCREASE IN DEMAND OF CONSTRUCTION MATERIALS

CONSTRUCTION PACKAGE, HOUSING LOANS & TAX AMNESTY

CHANGE OF DEPRECIATION EST. AND ACCOUNTING POLICY FOR INVENTORY VALUATION

CUSTOM VALUATION CHANGED FROM 360 TO 301, LATER TO LMB

CA BALANCE, HEALTHY FX RESERVES, ROSHAN DIGITAL A/C etc.

INCENTIVE IN ELECTRICTY COST, FCA, DISCOUNT ON INCREMENTAL UNITS



FINANCIAL YEAR 2020-2021

**SALES
REVENUE**
Rs.39 Bn

Up by
48%

**GROSS
PROFIT**
Rs.4.5 Bn

Margin
Up by
4.7%

**OPR.
PROFIT**
Rs.3.0 Bn

Margin
Up by
6.3%

NET PROFIT
Rs.1.3 Bn

Margin
Up by
8.1%

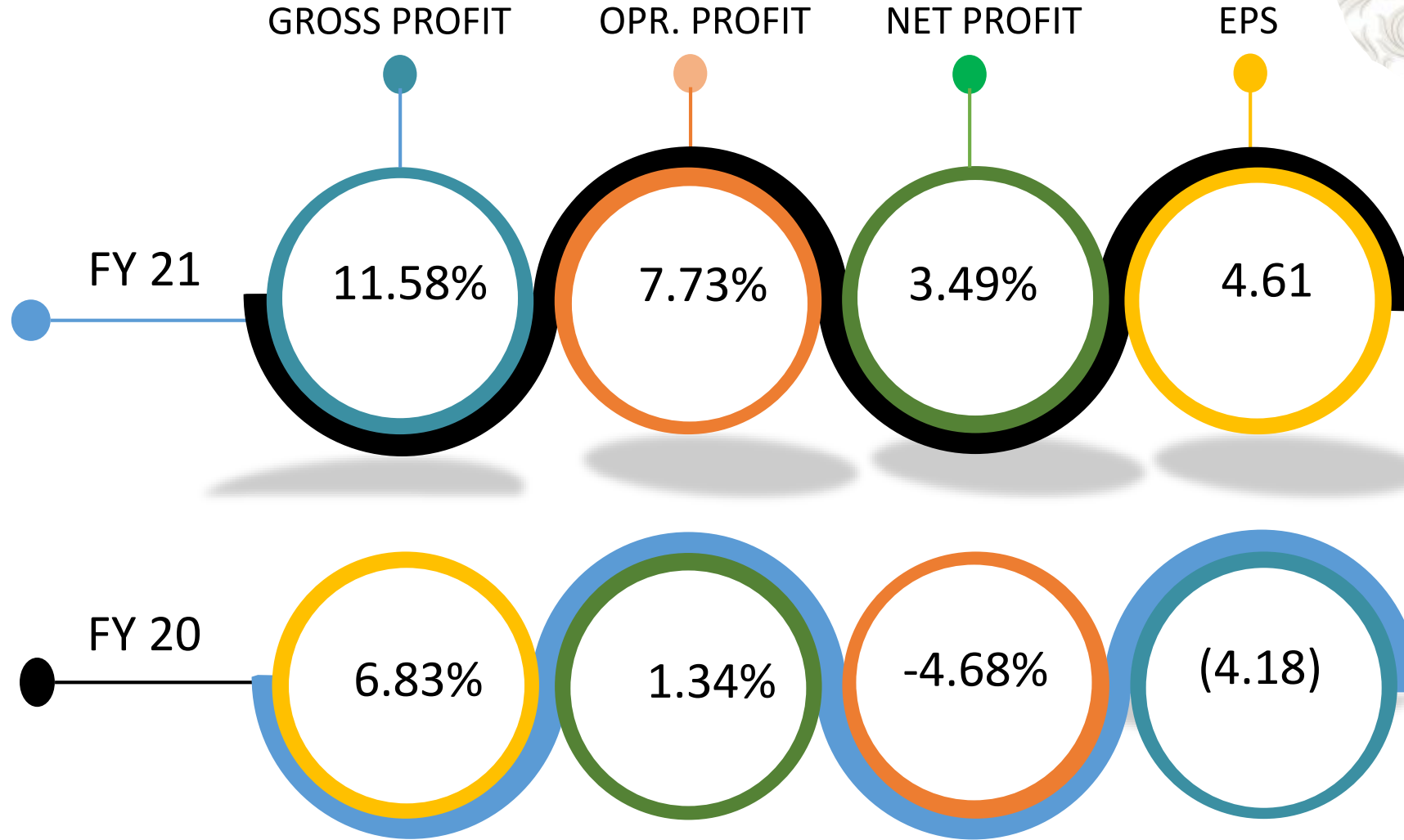
EPS
Rs. 4.61

Times
Up by
2.0

QTY SOLD
362,949 MT

Up by
33%

MARGINS & EPS



PROFIT OR LOSS STATEMENT

	Year ended 30 Jun. 2021	%	Year ended 30 Jun. 2020	%	Qtr. Ended 30 June. 2021	%	Qtr. Ended 31 Mar. 2021	%
	Rs.000		(Restated) Rs.000		Rs.000		Rs.000	
Sales	39,218,453	100	26,532,144	100	11,990,544	100	9,775,650	100
Cost Of Sales	(34,676,315)	88.42	(24,718,958)	93.17	(10,699,276)	89.23	(8,415,523)	86.09
Gross Profit	4,542,138	11.58	1,813,186	6.83	1,291,269	10.77	1,360,127	13.91
Distribution Cost	(945,620)	2.41	(682,078)	2.57	(285,201)	2.38	(215,618)	2.21
Administrative Cost	(554,616)	1.41	(503,389)	1.90	(163,761)	1.37	(132,800)	1.36
Expected Credit Loss	69,598	0.18	(185,243)	0.70	42,809	0.36	2,253	0.02
Other Charges	(123,789)	0.32	(94,388)	0.36	(34,898)	0.29	(51,846)	0.53
Other Opr. Income	45,724	0.12	8,167	0.03	24,357	0.20	7,327	0.07
Operating Profit	3,033,435	7.73	356,256	1.34	874,576	7.29	969,443	9.92
Finance Cost	(1,649,484)	4.21	(2,299,271)	8.67	(418,095)	3.49	(394,644)	4.04
Profit / (Loss) Before Tax	1,383,951	3.53	(1,943,015)	7.32	456,480	3.81	574,799	5.88
Taxation	(15,692)	-0.04	700,986	2.64	(13,955)	0.12	(72,070)	0.74
Profit / (Loss) After Tax	1,368,259	3.49	(1,242,029)	4.68	442,526	3.69	502,729	5.14

QUARTERLY PROFIT OR LOSS STATEMENT

	Qtr. ended 30 Sep. 2021	%	Qtr. ended 31 Dec. 2020	%	Qtr. Ended 31 Mar. 2021	%	Qtr. Ended 30 June. 2021	%
	Rs.000		(Rs.000		Rs.000		Rs.000	
Sales	7,914,003	100	9,538,256	100	9,775,650	100	11,990,544	100
Cost Of Sales	(7,051,171)	89.10	(8,510,346)	89.22	(8,415,523)	86.09	(10,699,276)	89.23
Gross Profit	862,832	10.90	1,027,910	10.78	1,360,127	13.91	1,291,269	10.77
Distribution Cost	(201,486)	2.55	(243,315)	2.55	(215,618)	2.21	(285,201)	2.38
Administrative Cost	(115,672)	1.46	(142,383)	1.49	(132,800)	1.36	(163,761)	1.37
Expected Credit Loss	(33,917)	0.43	58,453	0.61	2,253	0.02	42,809	0.36
Other Charges	(10,732)	0.14	(26,313)	0.28	(51,846)	0.53	(34,898)	0.29
Other Opr. Income	5,603	0.07	8,437	0.09	7,327	0.07	24,357	0.20
Operating Profit	506,628	6.40	682,789	7.16	969,443	9.92	874,576	7.29
Finance Cost	(456,176)	5.76	(380,569)	3.99	(394,644)	4.04	(418,095)	3.49
Profit Before Tax	50,452	0.64	302,220	3.17	574,799	5.88	456,480	3.81
Taxation	60,173	0.76	10,159	0.11	(72,070)	0.74	(13,955)	0.12
Profit After Tax	110,625	1.40	312,379	3.28	502,729	5.14	442,526	3.69

QUANTITY AND PRICE VARIANCE – FY21 Vs. FY20

	FY 21	FY 20	VARIANCE		AMOUNT '000'
SALES					
QUANTITY	376,685	282,982	93,702	93.76	8,785,430
PRICE (IN THOUSANDS)	104.11	93.76	10.36	376,685	3,900,879
NET SALES VARIANCE					12,686,309
COST OF SALES					
QUANTITY	376,685	282,982	93,702	(87.35)	(8,185,041)
PRICE (IN THOUSANDS)	(92.06)	(87.35)	(4.71)	376,685	(1,772,317)
NET SALES VARIANCE					(9,957,358)
NET CHANGE IN GROSS PROFIT					2,728,951
GROSS PROFIT					
QUANTITY	376,685	282,982	93,702	6.41	600,389
PRICE (IN THOUSANDS)	12.06	6.41	5.65	376,685	2,128,562
NET GROSS PROFIT VARIANCE					2,728,951

STATEMENT OF FINANCIAL POSITION

ASSETS	30 JUNE 2021	%	30 JUNE 2020	%
<u>Non-current assets</u>	-----Rs. '000'-----		-----Rs. '000'-----	
Property, Plant & Equipment	20,146,267	55.40	17,650,951	50.08
Intangibles	18,624	0.05	24,266	0.07
Long-term Investment	15,289	0.04	15,289	0.04
Long term deposits	152,349	0.42	134,962	0.38
Right of use assets	100,334	0.28	72,455	0.21
	20,432,863	56.19	17,897,924	50.78
<u>Current assets</u>				
Stores and spares	1,455,826	4.00	1,683,505	4.78
Stock in-trade	5,992,162	16.48	7,813,594	22.17
Trade debts	6,320,346	17.38	4,900,333	13.90
Loans and advances	34,044	0.09	28,916	0.08
Trade deposits and prepayments	21,072	0.06	642,890	1.82
Other receivables	275,213	0.76	527,960	1.50
Taxation - net	1,456,362	4.00	1,238,228	3.51
Cash and bank balances	378,573	1.04	509,360	1.45
	15,933,598	43.81	17,344,786	49.22
TOTAL ASSETS	36,366,461	100	35,242,710	100

EQUITIES AND LIABILITIES	30 JUNE 2021	%	30 JUNE 2020	%
	-----Rs. '000'-----		-----Rs. '000'----- Restated	
Share capital & reserves	13,940,630	38.33	10,950,519	31.07
<u>Non-current liabilities</u>				
Long-term finances	4,820,910	13.26	5,429,984	15.41
Lease liabilities	84,963	0.23	63,600	0.18
Long-term provision	166,963	0.46	-	-
Loan from related party	341,333	0.94	341,333	0.97
Deferred taxation	213,003	0.59	179,804	0.51
Government grant	925	0.00	7,627	0.02
Deferred liability	309,193	0.85	254,748	0.72
	5,937,290	16.33	6,277,096	17.81
<u>Current liabilities</u>				
Trade and other payables	5,077,126	13.96	3,731,308	10.52
Contract liabilities	499,708	1.37	962,783	2.71
Accrued Interest	267,271	0.73	577,719	1.63
Short term finance - secured	9,474,081	26.05	11,912,828	33.59
Current portion of long term finance	1,129,289	3.11	811,503	2.29
Current portion of lease liabilities	22,854	0.06	8,748	0.02
Current portion of government grant	12,494	0.03	4,215	0.01
Unclaimed dividend	5,718	0.02	5,990	0.02
	16,488,541	45.34	18,015,094	51.12
TOTAL EQUITY AND LIABILITIES	36,366,461	100	35,242,709	100

EQUITIES AND LIABILITIES	30 JUNE 2021	%	30 JUNE 2020	%
	-----Rs. '000'-----		-----Rs. '000'----- Restated	
Share capital	2,970,114	8.17	2,970,114	8.43
Capital reserve	2,788,742	7.67	2,788,742	7.91
Revenue reserves - accumulated profit	4,471,374	12.30	2,963,238	8.41
Actuarial loss on gratuity fund	(64,168)	-0.18	(60,186)	-0.17
Revaluation surplus on property, plant and equipment	3,774,568	10.38	2,288,611	6.49
Share capital & reserves	13,940,630	38.33	10,950,519	31.07

CASH FLOW STATEMENT

Cash flow from operations		30 JUNE 2021	30 JUNE 2020
		'000'	'000' (Restated)
Profit / (loss) before taxation		1,383,951	(1,943,015)
Adjustments for:			
Depreciation – operating fixed assets		528,806	859,352
Depreciation – right-of-use-asset		23,012	10,816
Amortization		8,681	12,903
Un-realized exchange loss		-	7,677
(Reversal of) / allowance for expected credit loss		(69,598)	185,243
Provision for gratuity		85,073	60,288
Gain on disposal of operating fixed assets		(17,036)	(1,002)
Gain on leases terminated during the year		(416)	-
Finance costs		1,637,845	2,292,903
Interest expenses on leases		11,639	6,368
		2,208,006	3,434,548
Operating profit before working capital changes		3,591,957	1,491,533
Decrease / (increase) in current assets:			
Stores and spares		227,678	(345,595)
Stock-in-trade		1,821,432	(1,291,181)
Trade debts		(1,350,415)	(1,682,854)
Loans and advances		(5,128)	(10,118)
Trade deposits and short-term prepayments		621,818	(610,240)
Other receivables		252,747	(400,558)
		1,568,132	(4,340,546)
(Decrease) / increase in current liabilities:			
Trade and other payables		182,316	680,865
Contract liabilities		(463,075)	682,000
		(280,759)	1,362,865
Cash generated from / (used in) operations		4,879,330	(1,486,148)

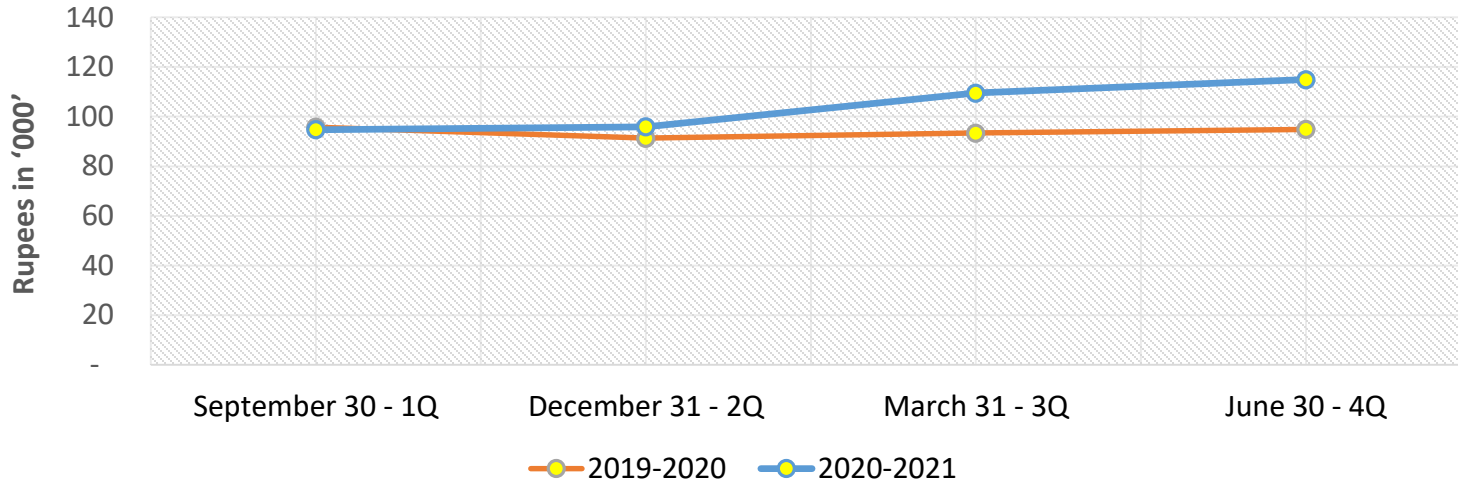
CASH FLOW STATEMENT

	30 JUNE 2021	30 JUNE 2020
Cash generated from operations	4,879,330	(1,486,148)
Gratuity Paid	(36,236)	(16,284)
Long term deposits paid	(17,387)	2,784
Income tax paid	(437,141)	(435,303)
Finance cost paid	(1,948,293)	(2,067,971)
Net cash generated from / (used in) operating activities	2,440,273	(4,002,922)
Fixed capital expenditure	(1,273,141)	(1,369,105)
Purchase of intangible assets	(3,039)	(5,243)
Proceeds from sale of operating assets	130,028	13,407
Net cash used in investing activities	(1,146,152)	(1,360,941)
Short term borrowings – net	(1,678,960)	2,406,822
Long-term financing – net	(289,711)	3,559,860
Loan from related party	-	(126,667)
Rentals paid	(26,644)	(14,002)
Dividends paid	(272)	(590)
Net cash (used in) / generated from financing activities	(1,995,587)	5,825,423
Net (decrease) / increase in cash and cash equivalents	(701,466)	461,560
Cash and cash equivalent at the beginning of the year	(1,144,217)	(1,605,777)
Cash and cash equivalents at the end of period	(1,845,683)	(1,144,217)

RATIO ANALYSIS			
	UoM	FY 21	FY 20 (Restated)
PROFITABILITY RATIOS			
Gross Profit ratio	Percentage	11.58	6.83
Net profit / (loss) to sales ratio	Percentage	3.49	(4.68)
Return on Equity	Percentage	9.8	(11.30)
INVESTMENT/ MARKET RATIOS			
Earning / (Loss) per Share	Times	4.61	(4.18)
Interest Cover	Times	1.86	0.16
TURNOVER RATIOS			
Total Asset Turnover	Times	1.08	0.42
Fixed Asset Turnover	Times	1.95	0.79
LIQUIDITY RATIOS			
Current Ratio	Times	0.97:1	0.96:1
Quick / Acid test Ratio	Times	0.60:1	0.53:1
Debtor turnover	Days	50	57
Break value per share	Rupees	46.94	36.87
CAPITAL STRUCTURE RATIOS			
Long-term Debt / Equity Ratio	Times	0.43:1	0.57:1
Financial Leverage Ratio	Times	1.34:1	1.83:1

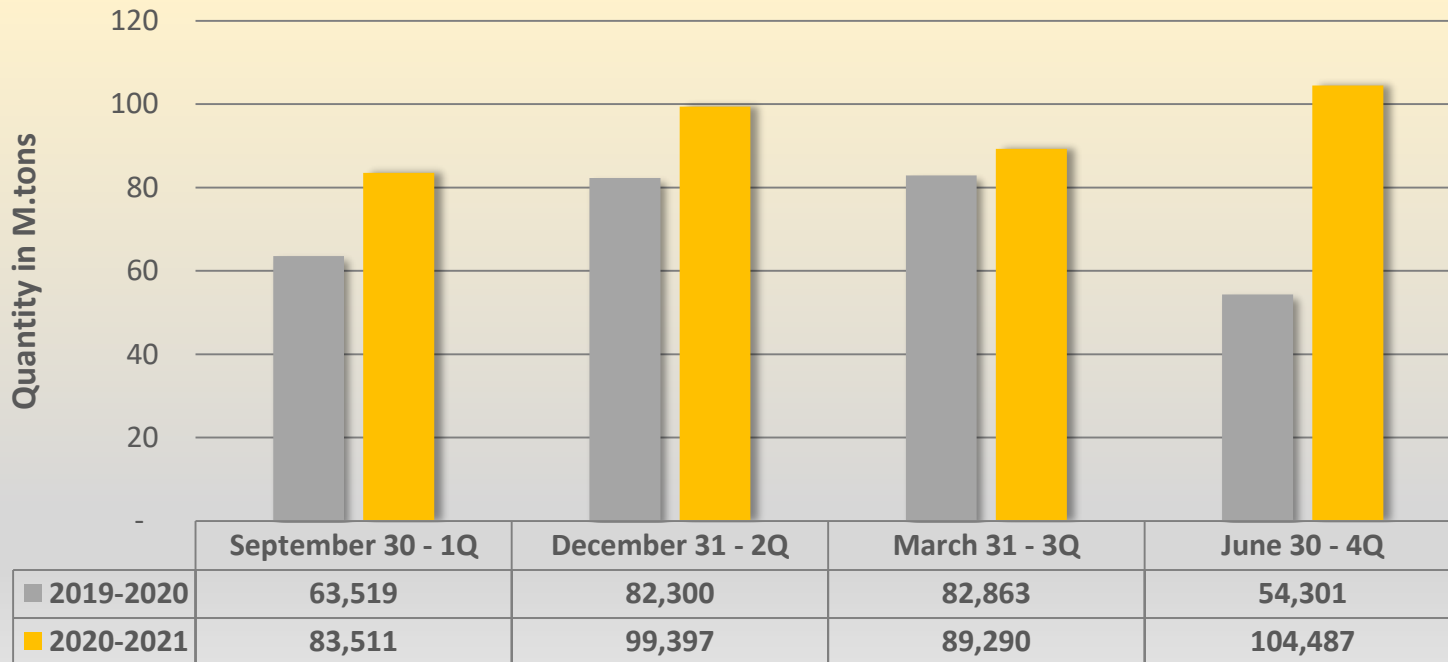
SALES ANALYSIS

SALE PRICE PER TON



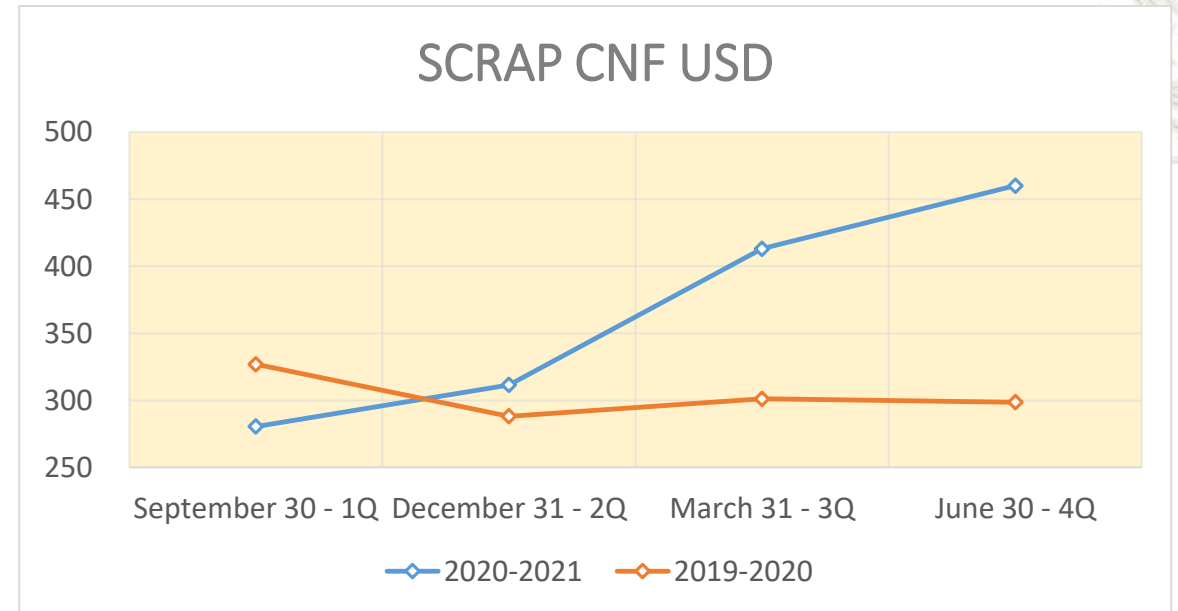
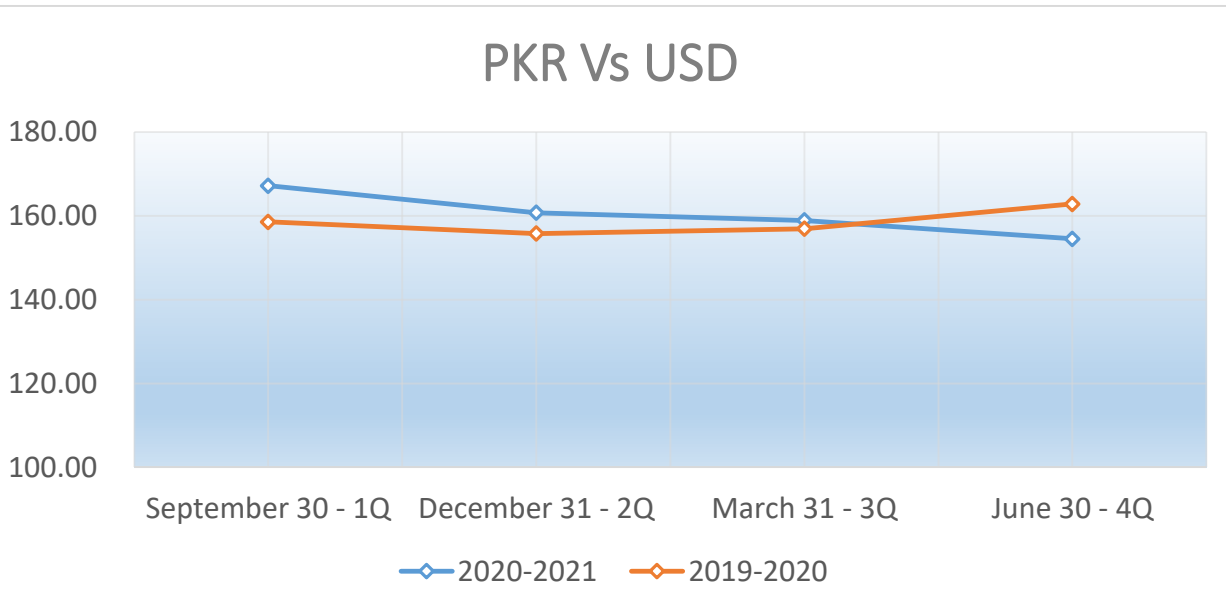
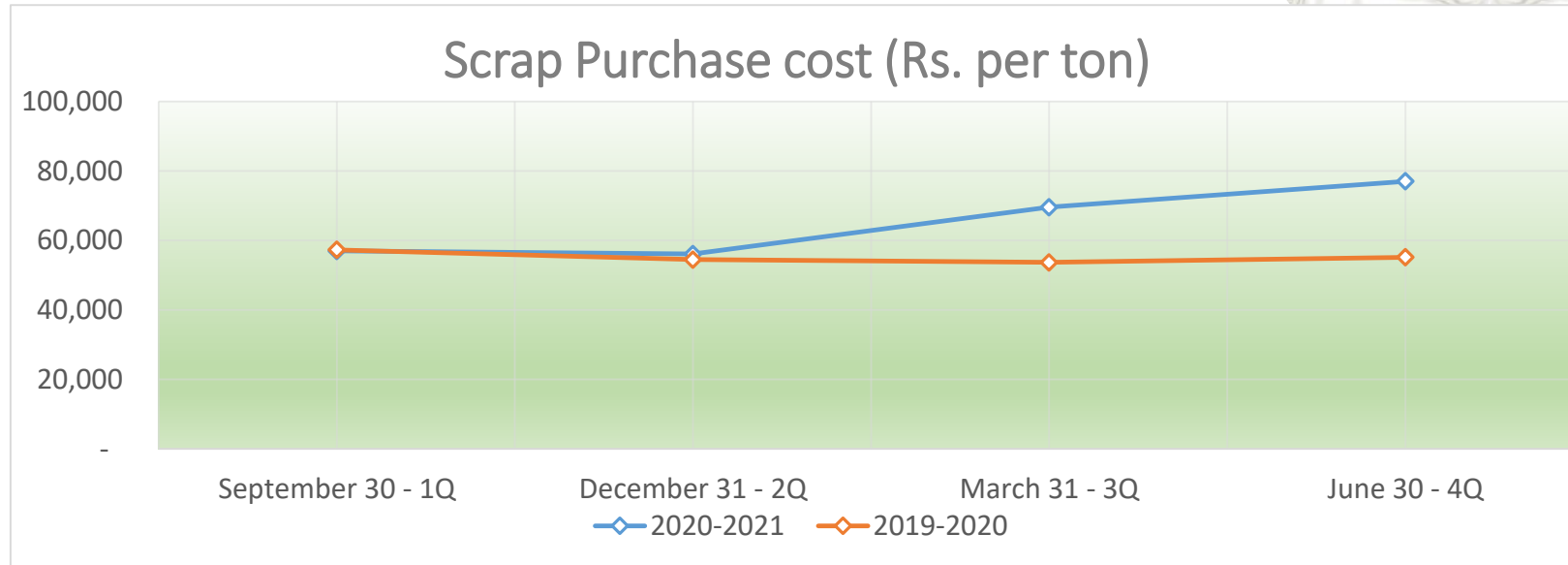
REASON FOR VARIANCE - YoY

Sales revenue observed an inclining trajectory during the ended of FY 21. The sales revenue increased by 48% and sales quantity increased by 33% when compared to same period of last year. Prices also increased by 11% YoY due to uptick in demand and increase in international scrap prices. The overall increase in revenue was resulted from various incentives taken by GoP and SBP in shape of reduce rate housing loans, tax amnesty, construction packages, increased PSDP spent, start of various high rise projects and controlled macro-economic factors i.e. inflation, exchange rate, interest rate which increases business community confidence and generated liquidity in the economy. Retail sector witnessed a growth of 32% which also resulted in increase of Retail's share in pie from 59% to 64% due to increased in dealers (Direct) network from 113 to 157.



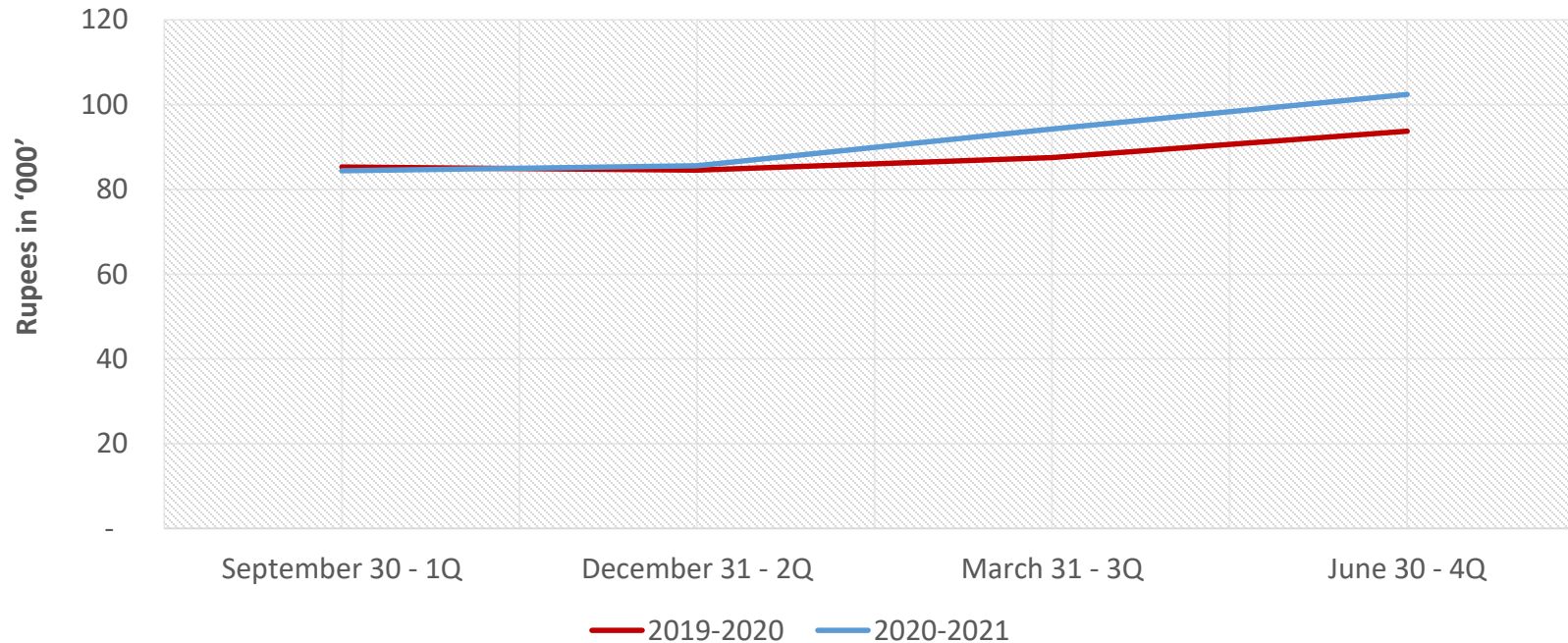
4TH Vs 3RD QUARTER: The Company achieved revenue growth of 27% including volume grew by 17% due to robust demand and prices increased by 9% due to continuous increase in international scrap prices. Further, the Company has made record-breaking re-bar sales of 42,911 tons in the month of June-21 only.

SCRAP COST



COST OF SALES ANALYSIS

Cost of sale – Per ton

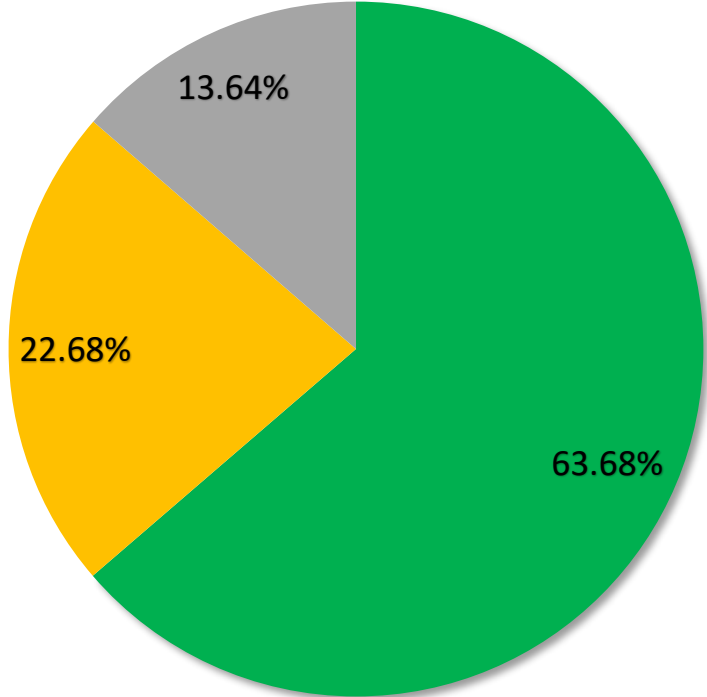


4TH QUARTER: Cost when compared with 3rd quarter increased due to increased scrap prices (4th: 460 \$ Vs 3rd: 413 \$). The cost was also increased due to charge of FCA from Feb-21 till May-21 amounting to Rs. 21 million. Further, the increase was set-off by Rs. 43 million due to change of valuation method of scrap from FIFO To moving average.

Cost of sale on YoY basis increased by 5% on per ton basis . The increase pertains to provision for FCA (July-19 to May-21), significant increase in scrap prices, increase in electricity tariff by Rs. 2.89 per kwh and Rs. 1.95/kwh in September-20 and February-21 respectively. However this tariff increase was later off-set in by discounted power rate later in 2nd quarter. The positive impact in cost were change in custom valuation ruling from 360 \$ to 301 \$ for the first six months of FY-21 and later changed to LMB prices in the month of March-21, improved yield, increased hot charging of billets to DRM approx. 98% (FY20: 64%), change of depreciation estimates, saving in Ferro alloys unit consumption, reduction in RLNG prices from Rs. 1600 MMBTU to Rs. 1200 MMBTU and increased capacity utilization resulting in economies of scale.

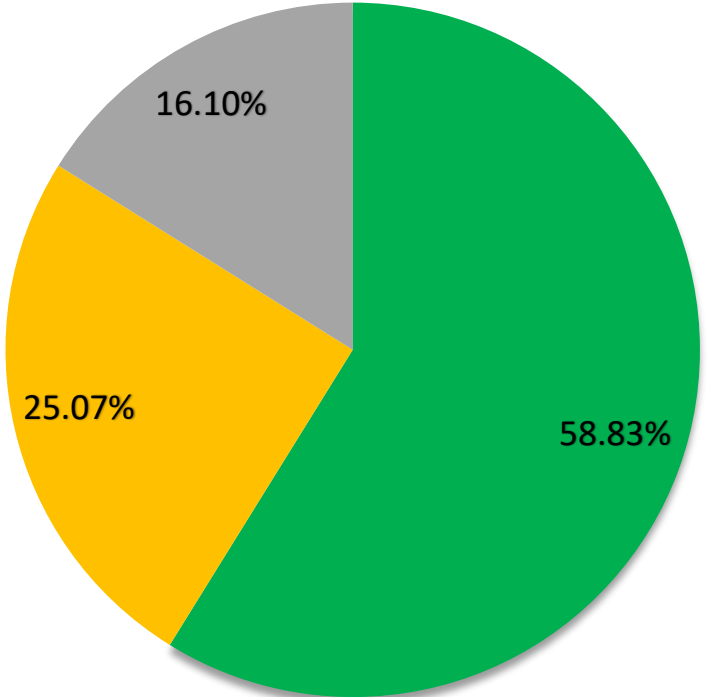
SEGMENT WISE SALES

FY 21



■ Retail ■ Corporate ■ Government & PFC

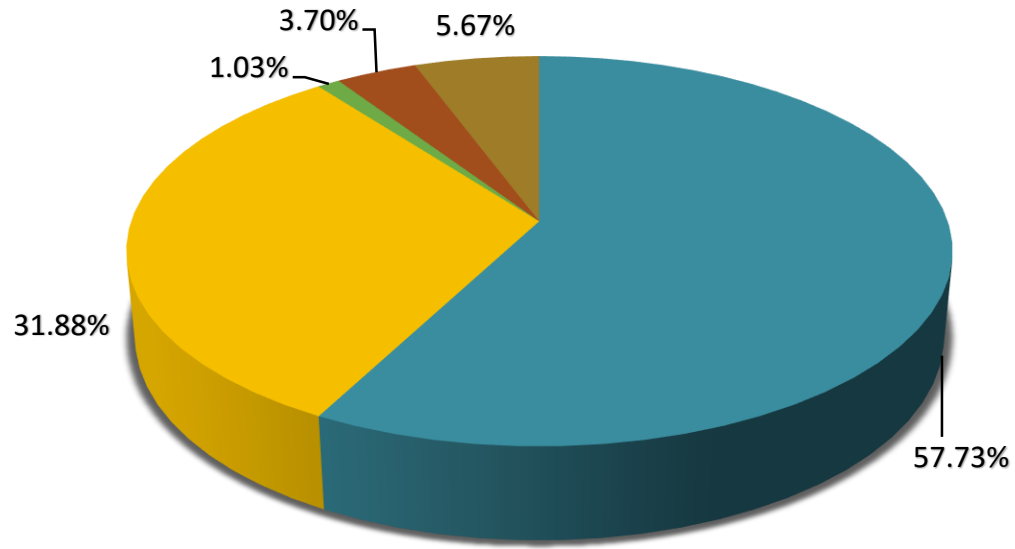
FY 20



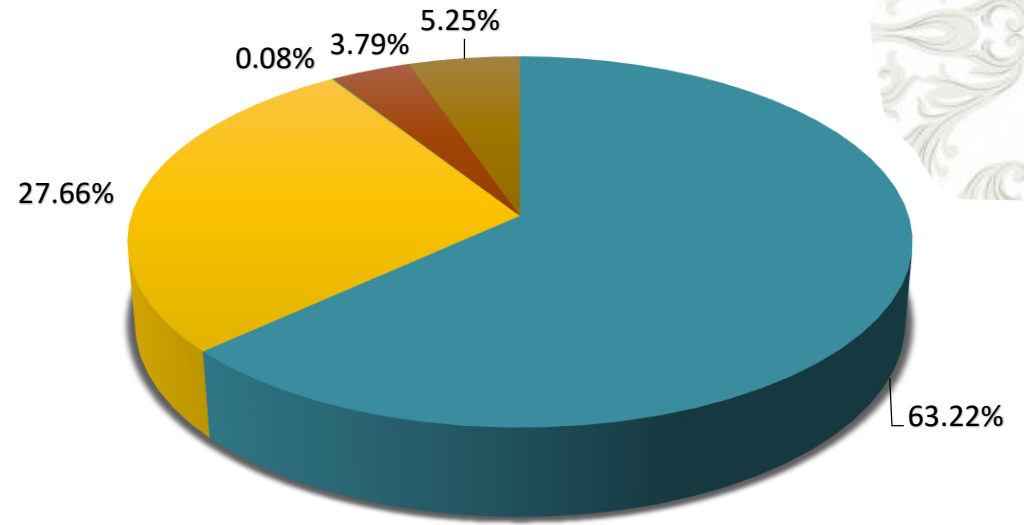
■ Retail ■ Corporate ■ Government & PFC

PROVINCE WISE SALES

FY 21



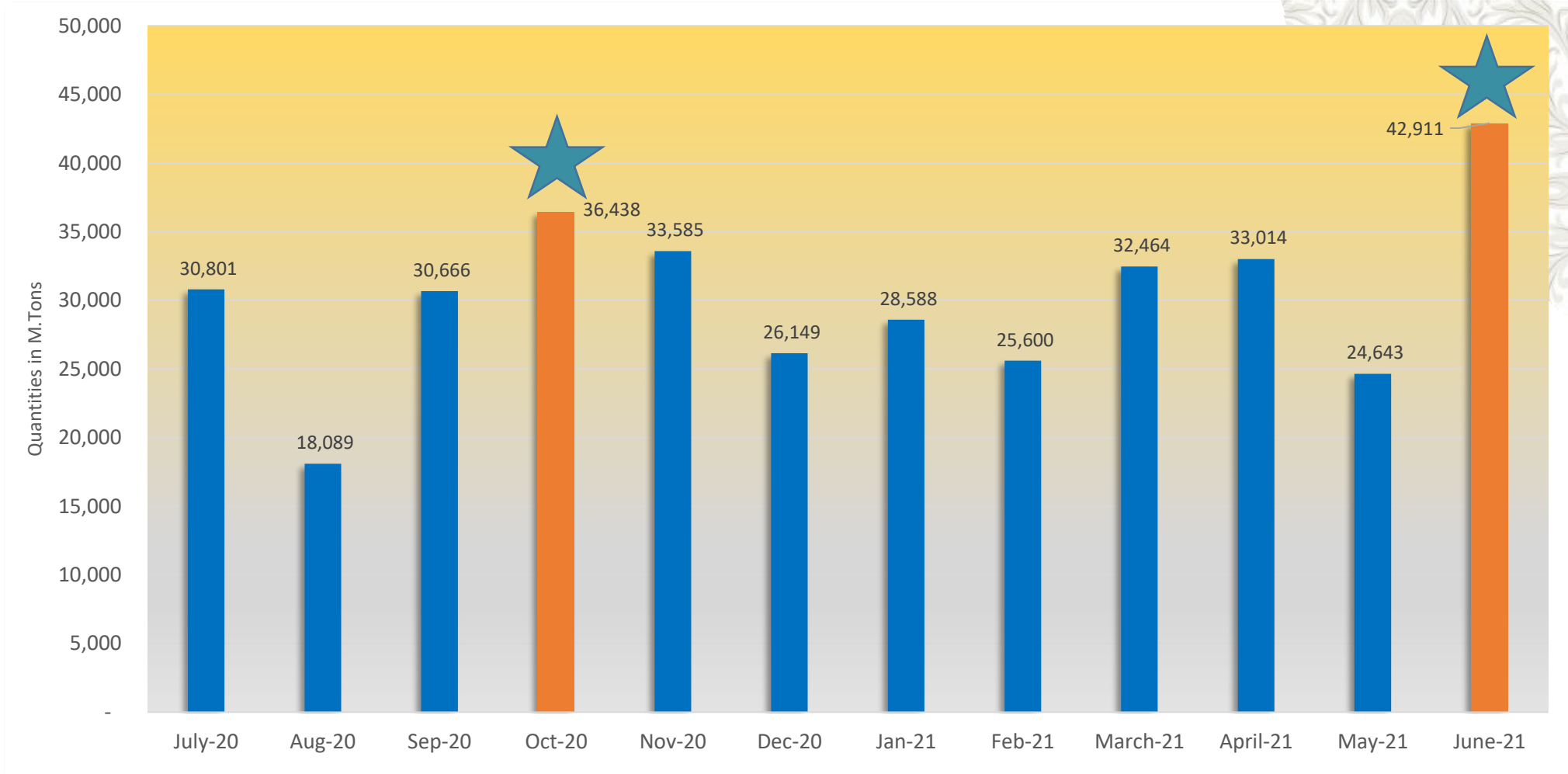
FY 20



■ Sindh ■ Punjab ■ Gilgit-Baltistan ■ KPK ■ Balochistan

■ Sindh ■ Punjab ■ Gilgit-Baltistan ■ KPK ■ Balochistan

SALES QUANTITIES

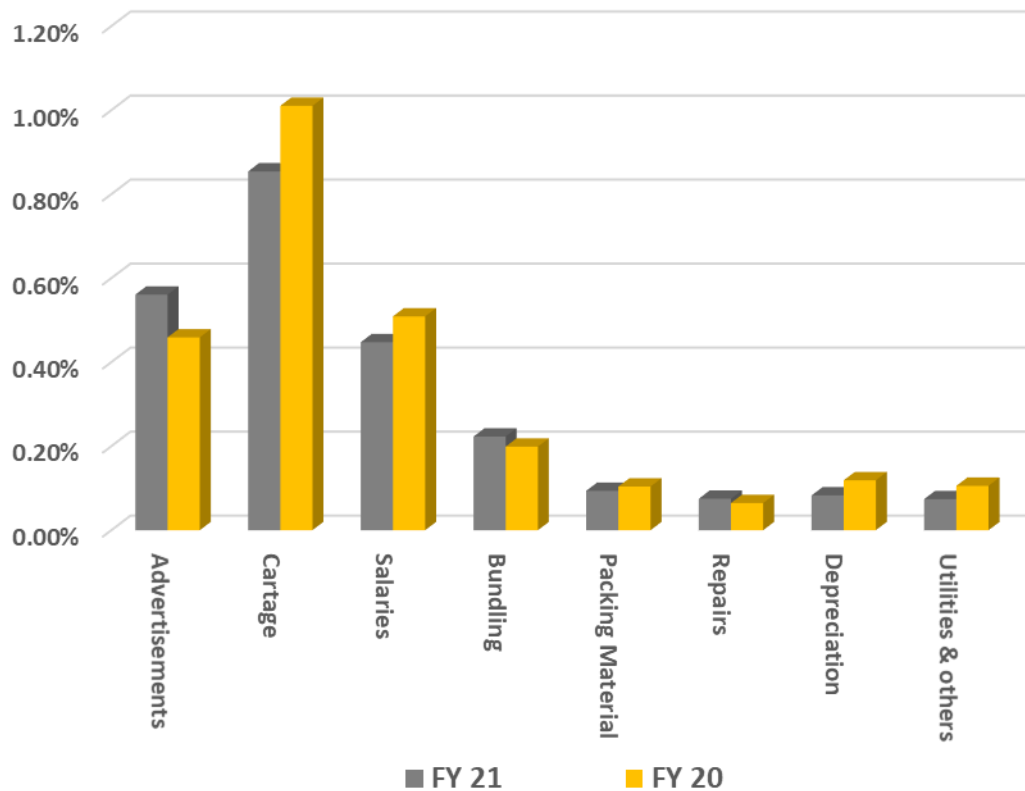


ADMINISTRATIVE & DISTRIBUTION EXPENSES

DISTRIBUTION EXPENSES

In FY 21, distribution expense represents 2.41% of sales revenue.

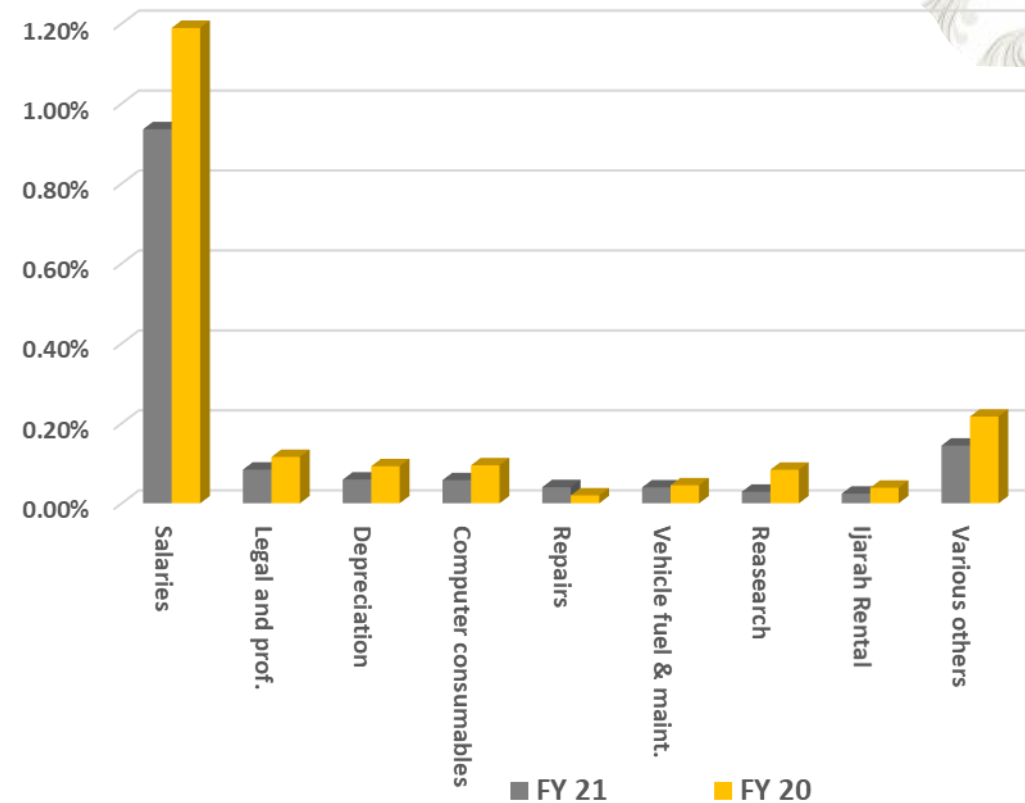
In FY 20, distribution expense represents 2.57% of sales revenue.



ADMINISTRATIVE EXPENSES

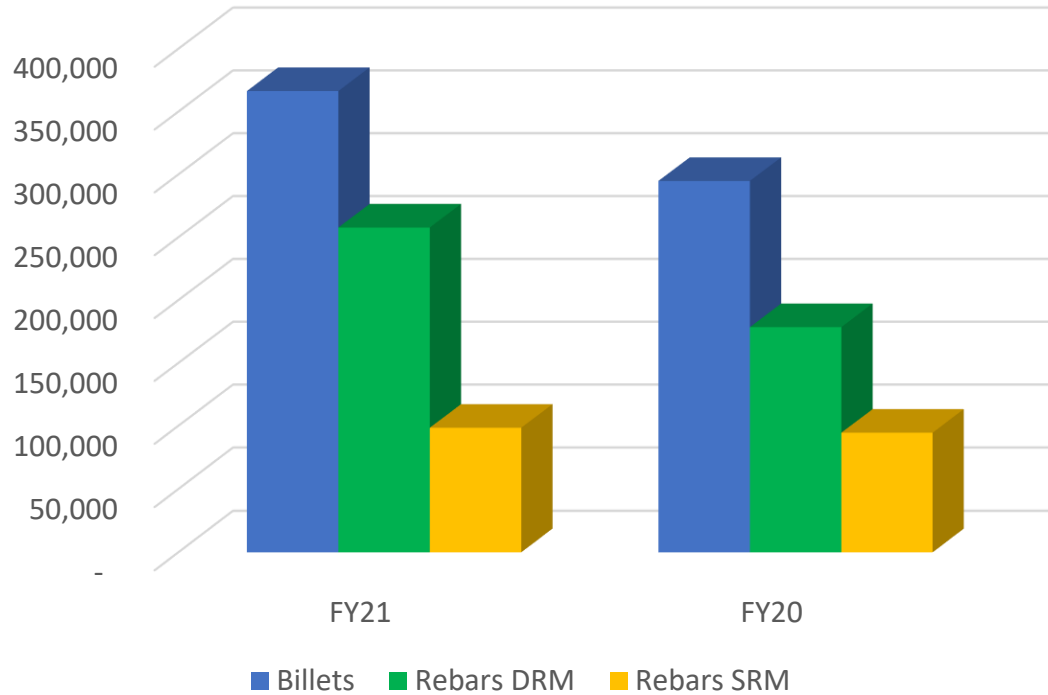
In FY 21, Admn. expense represents 1.41% of sales revenue.

In FY 20, Admn. expense represents 1.90% of sales revenue.



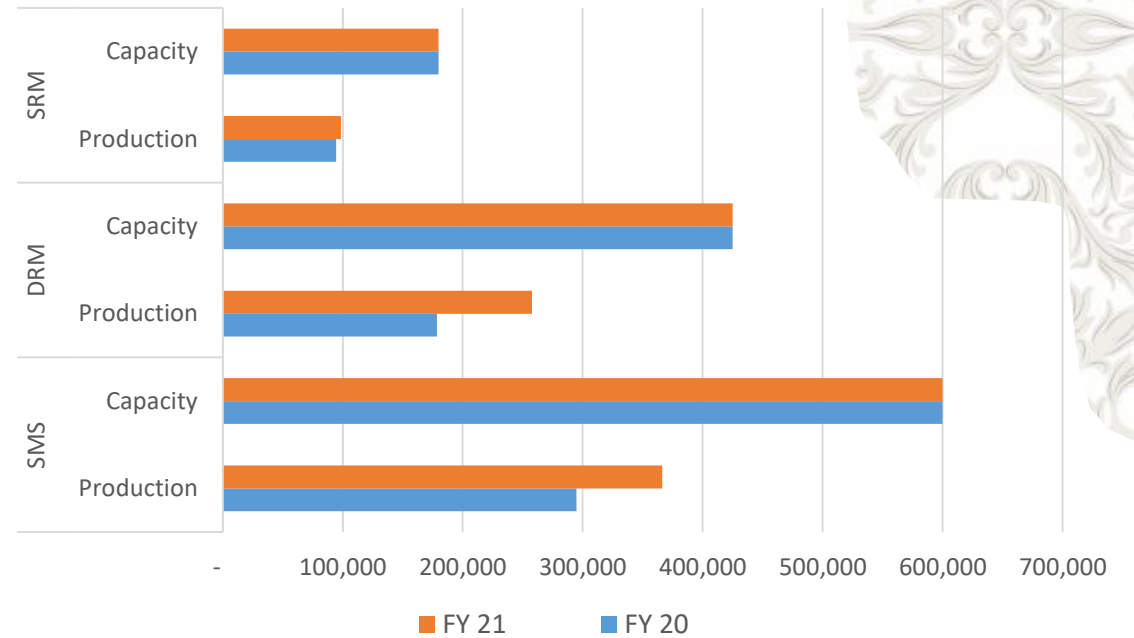
PRODUCTION AND CAPACITY UTILIZATION

PRODUCTION QUANTITIES



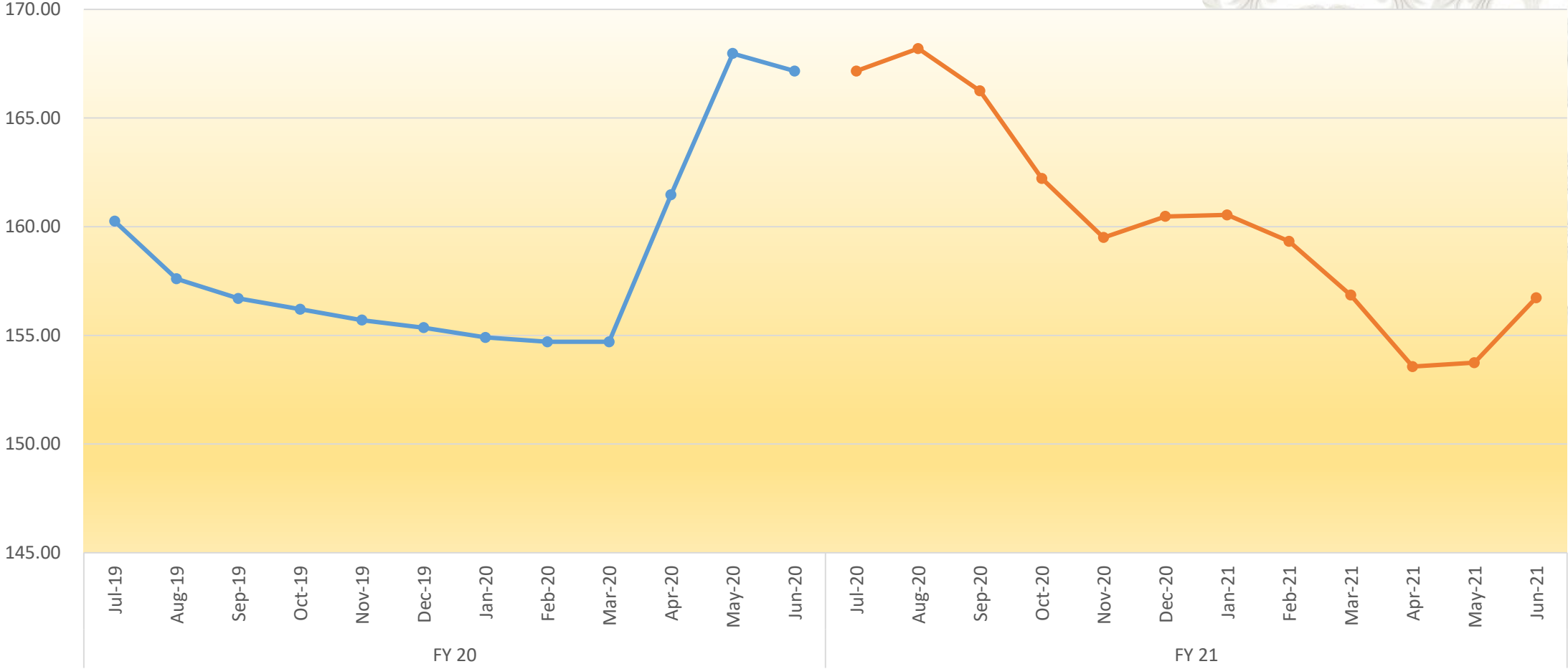
	SMS		DRM		SRM	
QTY -FY 21 (MT)	366,400	24% ↑	257,809	44% ↑	98,507	4% ↑
QTY -FY 20 (MT)	294,882		178,548		94,555	

CAPACITY UTILIZATION

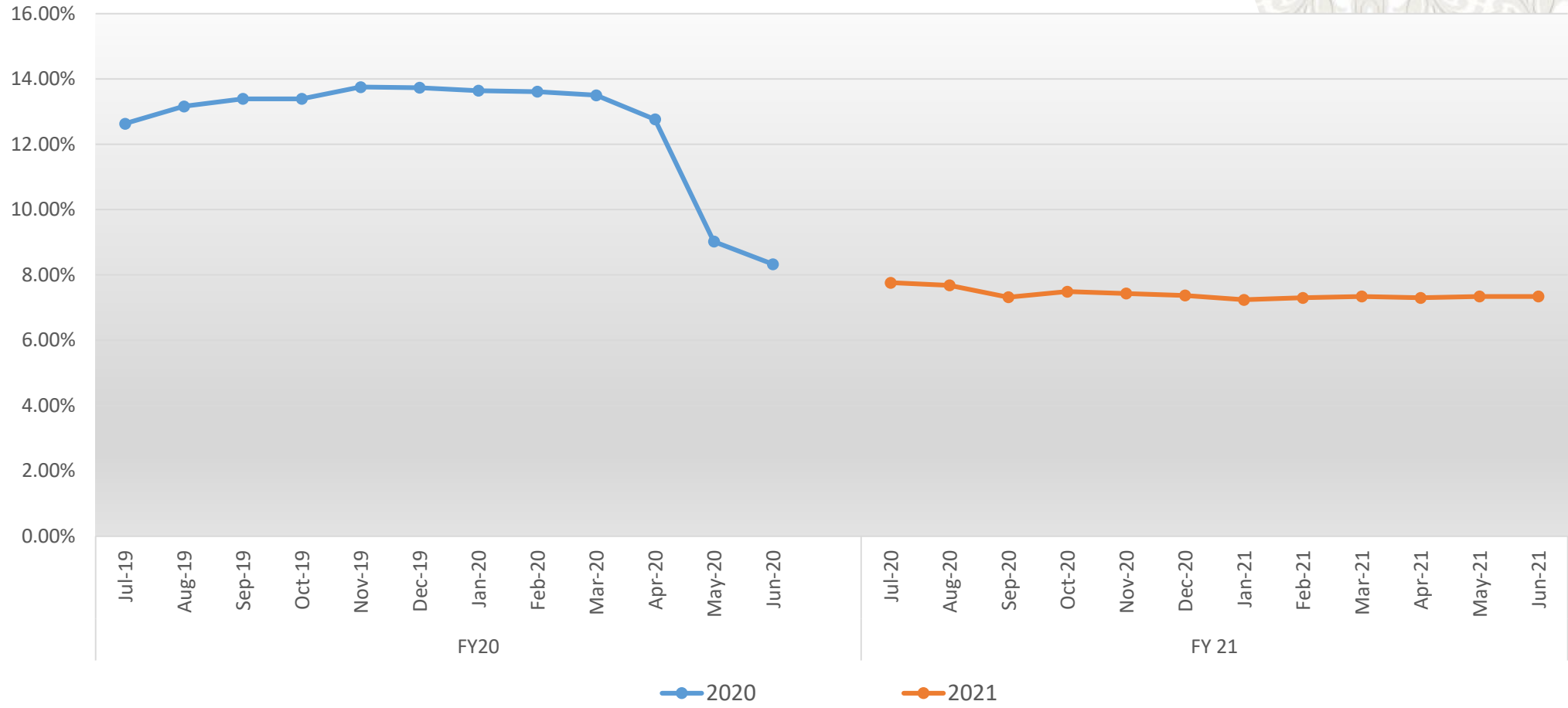


	SMS	DRM	SRM
FY 21	61%	61%	55%
FY 20	49%	42%	53%

FOREIGN EXCHANGE RATE



KIBOR %



Thank you