

ANALYSTS' BRIEFING



RESULTS FOR THE 4th QUARTER & YEAR ENDED
30 JUNE 2022



HIGHLIGHTS FOR THE 4TH QUARTER & YEAR ENDED 30 JUNE 2022

F
O
U
R
T
H

Q
U
A
R
T
E
R

- ◆ POLITICAL UNSTABILITY
- ◆ UKRAINE CRISIS AND DISRUPTION OF GLOBAL SUPPLY CHAIN
- ◆ WIDENING CURRENT ACCOUNT DEFICIT AND DECLINING FX RESERVES
- ◆ INCREASE IN EXCHANGE RATE, INFLATION AND INTEREST RATES
- ◆ SIGNIFICANT FCAs FOR MAY-22 & JUNE-22
- ◆ SUPER TAX

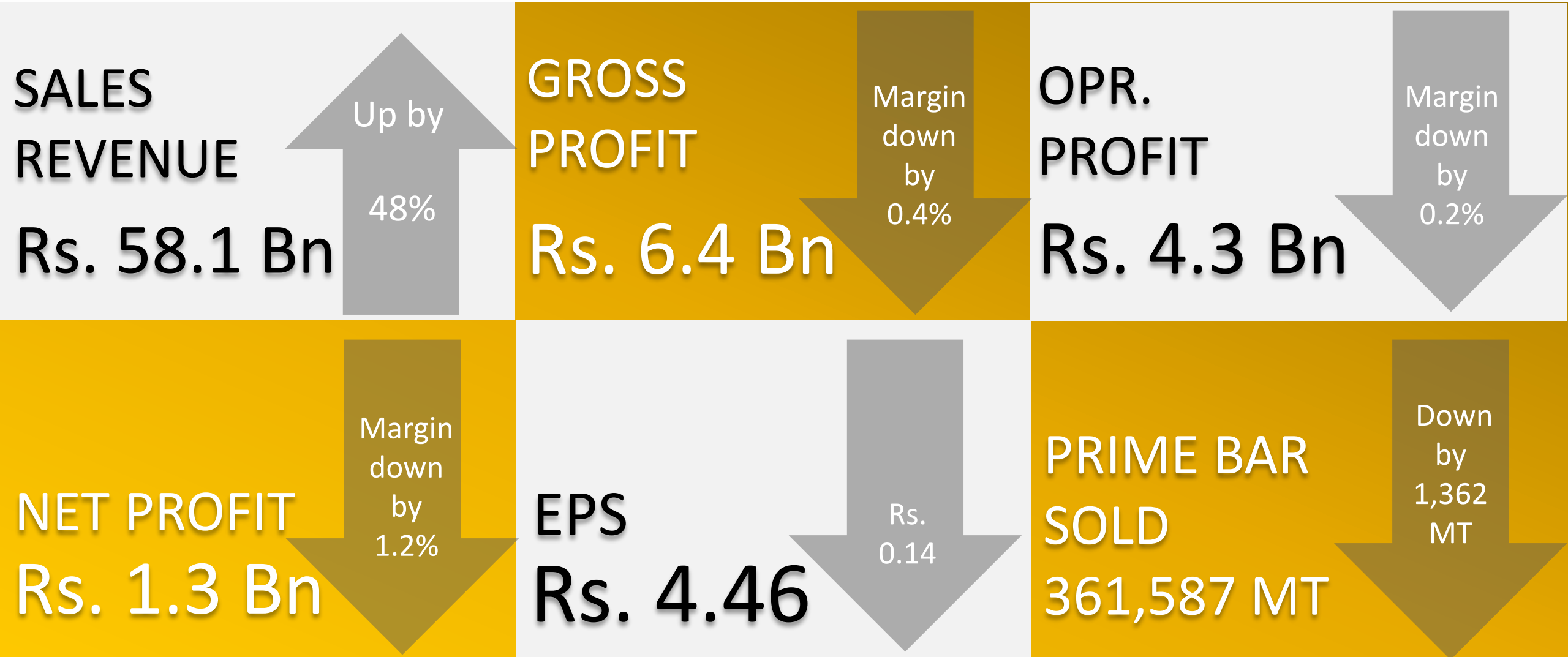
N
I
N
E

M
O
N
T
H
S

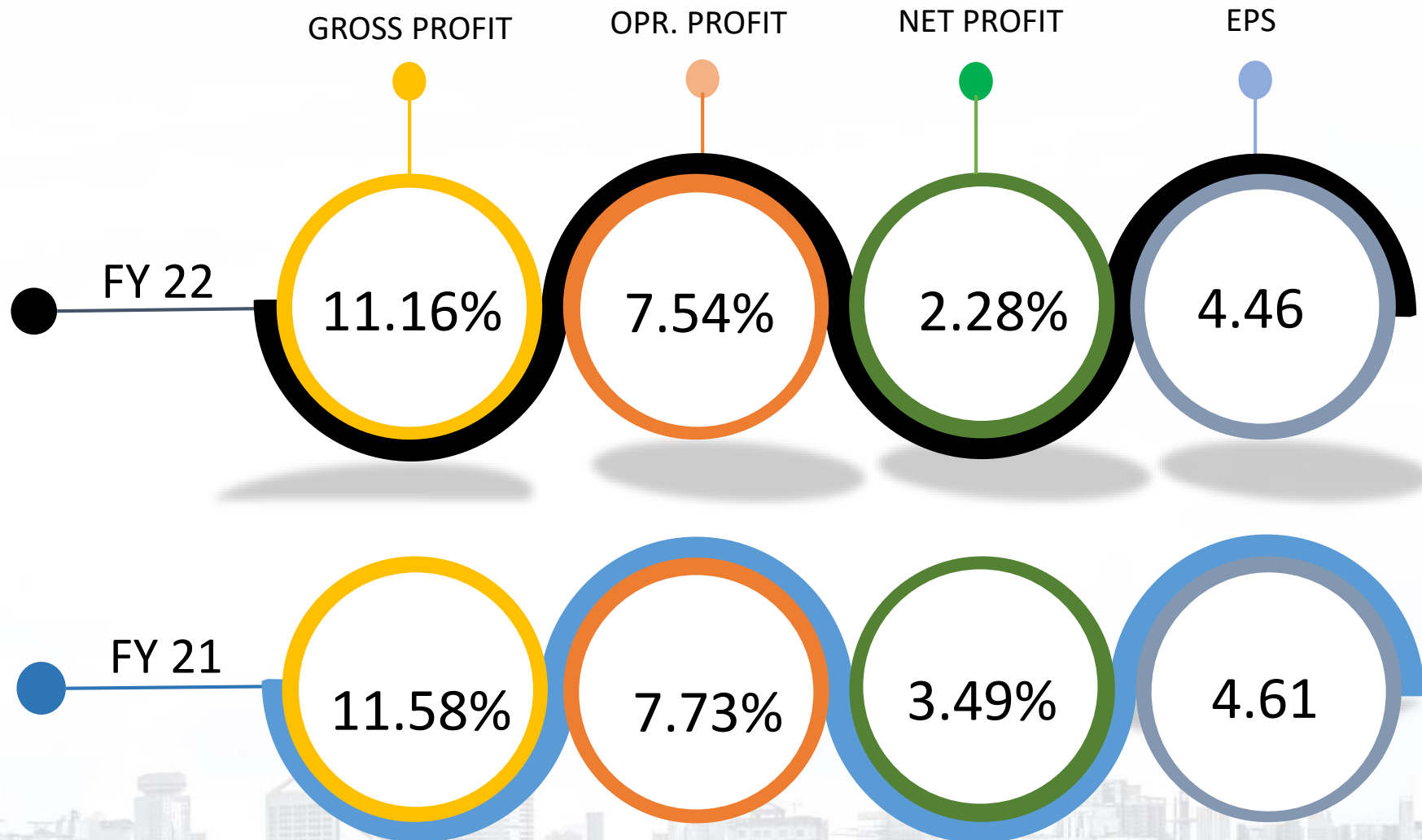
- ◆ 3% FURTHER TAX ON UNREGISTERED PERSON, LATER WITHDRAWN
- ◆ REDUCTION IN MINIMUM TAX FROM 1.25% TO 0.25% FOR RETAILERS
- ◆ INCREASE IN MINIMUM VALUE OF SALE TAX
- ◆ INCREASE IN MINIMUM VALUE OF SALE TAX
- ◆ CUSTOM VALUATION CHANGED TO LMB
- ◆ INCREASE IN ELECTRICITY COST DUE TO FUEL CHARGES ADJUSTMENT AND CEASATION OF DISCOUNTS
- ◆ INCREASE IN SCRAP PRICES



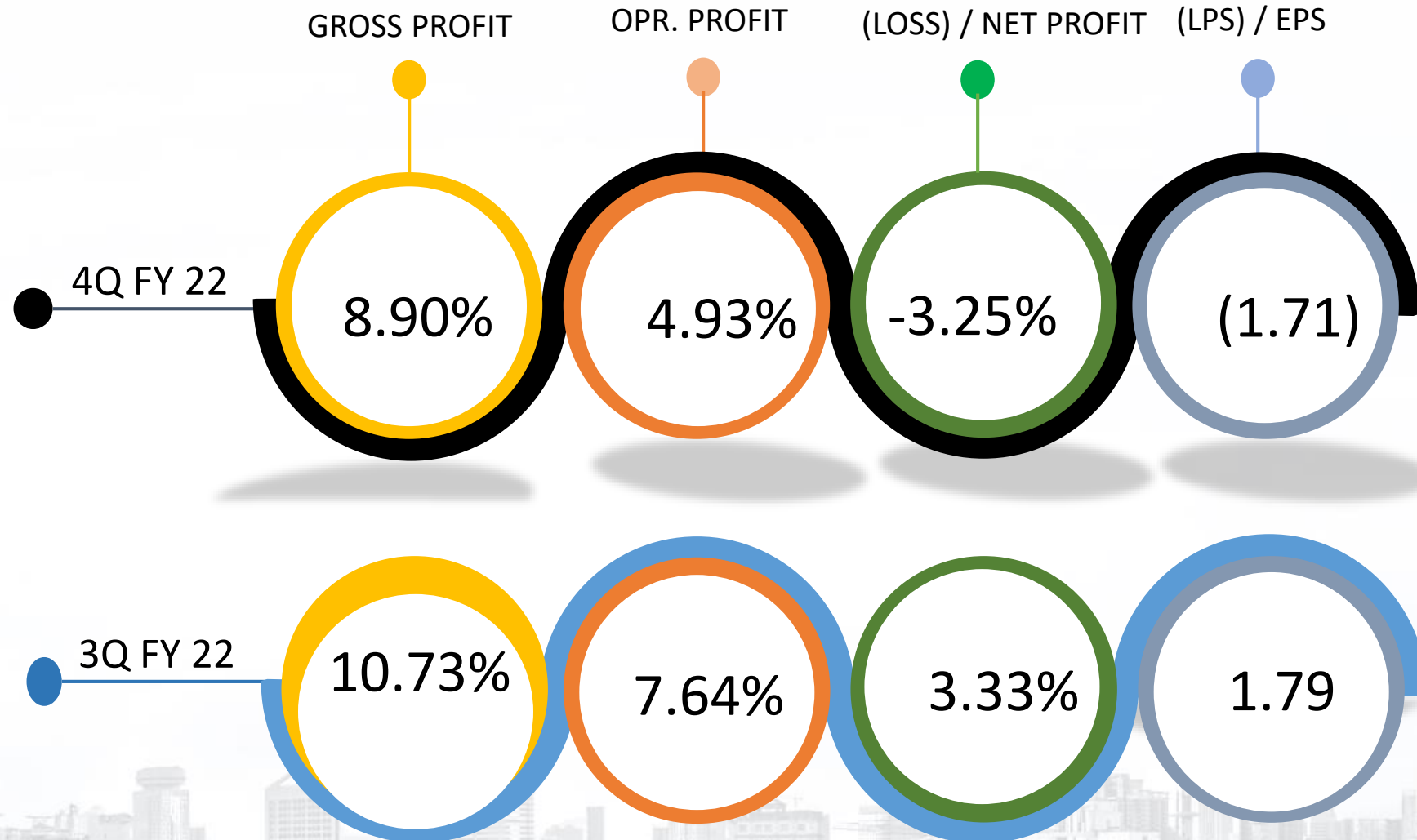
FY – 22 Vs 21



MARGINS & EPS



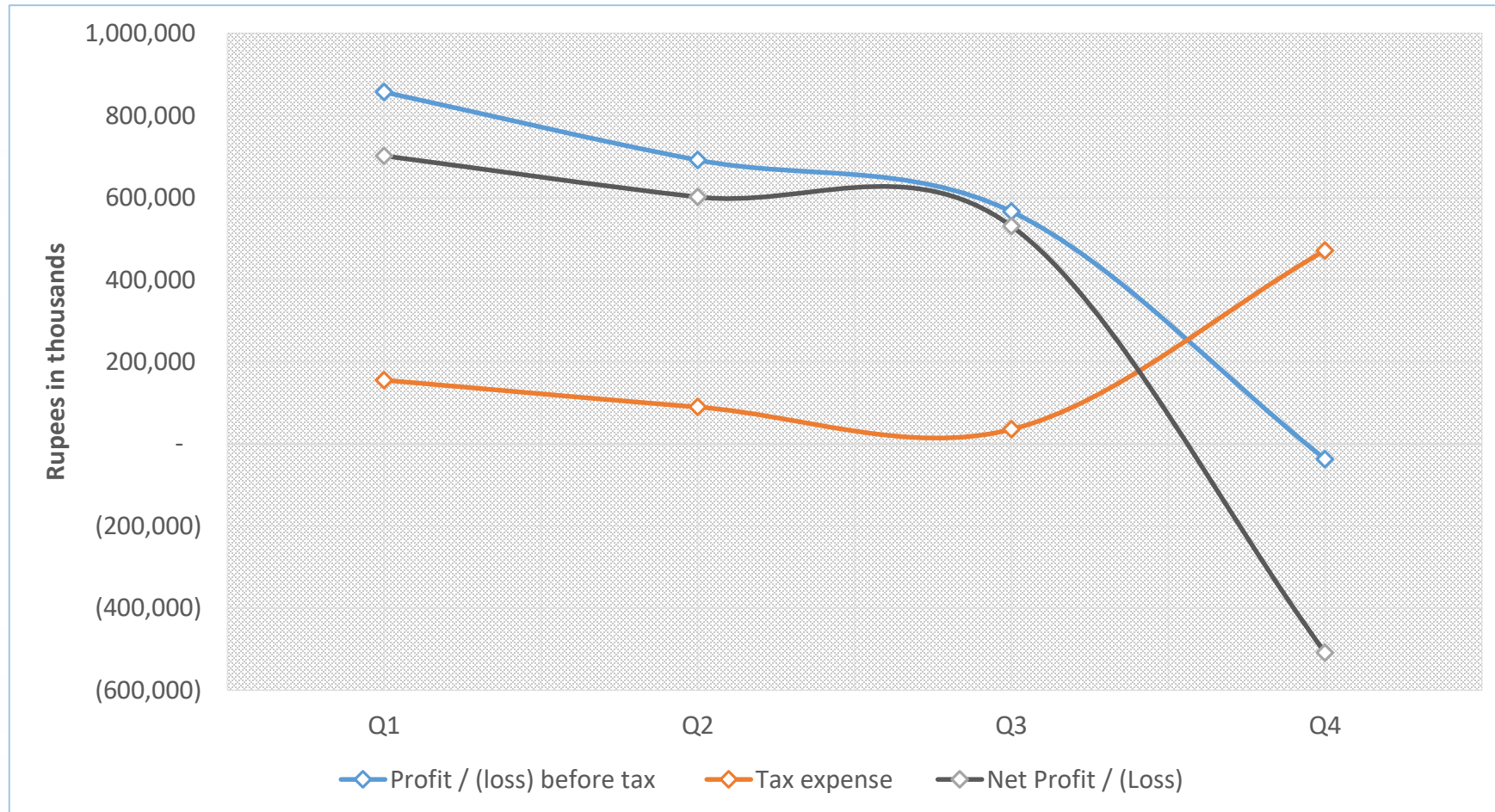
MARGINS & EPS



PROFIT OR LOSS STATEMENT

	Year ended 30 June. 2022	%	Year ended 30 June. 2021	%	Qtr. Ended 30 June. 2022	%	Qtr. Ended 31 Mar. 2022	%
	Rs. '000		Rs. '000		Rs. '000			
Sales	58,184,281	100	39,218,453	100	15,647,058	100	15,915,681	100
Cost of sales	(51,692,794)	88.84	(34,676,316)	88.42	(14,254,706)	91.10	(14,208,036)	89.27
Gross profit	6,491,487	11.16	4,542,137	11.58	1,392,352	8.90	1,707,645	10.73
Distribution cost	(1,203,640)	2.07	(945,620)	2.41	(393,056)	2.51	(307,667)	1.93
Administrative cost	(735,971)	1.26	(554,615)	1.41	(224,682)	1.44	(156,826)	0.99
ECL (Allowance) / Reversal	(5,177)	0.01	69,598	0.18	5,441	0.03	17,144	0.11
Other charges	(186,445)	0.32	(123,789)	0.32	(15,777)	0.10	(45,844)	0.29
Other income	24,507	0.04	45,724	0.12	1,178	0.01	2,004	0.01
Operating profit	4,384,761	7.54	3,033,435	7.73	765,457	4.89	1,216,456	7.64
Finance cost	(2,306,697)	3.96	(1,649,484)	4.21	(802,597)	5.13	(650,236)	4.09
Profit / (loss) before tax	2,078,064	3.57	1,383,951	3.53	(37,140)	0.24	566,220	3.56
Taxation	(752,549)	1.29	(15,692)	0.04	(471,394)	3.01	(35,653)	0.22
Profit / (loss) after tax	1,325,515	2.28	1,368,258	3.49	(508,534)	3.25	530,567	3.33

TAXATION & PROFITABILITY



Key elements effecting 4th Quarter:

Impact on PBT

FCA for the month of;

- May @ 9.5 / kwhs

- June @ 11.37 / kwhs

203,555,104

285,150,656

488,705,760

Tax impact

Super tax @ 10%

Deferred tax due to increase in rate from 29%to33%

126,088,029 **A**

383,829,705 **B**

Tax impact

509,917,734

Had there been no Super tax:

Tax expense would have been for year

242,631,771

Super tax (A+B)

509,917,734

After Super tax

752,549,505

Profit after tax

1,835,433,086

(509,917,734)

1,325,515,352

Had there been no Super tax & FCA for 4th Qtr:

Tax expense would have been for year

384,356,442

Super tax (A+B)

509,917,734

FCA

(141,724,671)

After Super tax & FCA

752,549,505

Profit after tax

2,182,414,176

(509,917,734)

(346,981,090)

1,325,515,352

QUANTITY AND PRICE VARIANCE – 4Q Vs. 3Q FY22

	4Q-FY 22	3Q-FY 22	VARIANCE		AMOUNT '000
SALES					
QUANTITY	88,340	98,492	(10,152)	161.59	(1,640,451)
PRICE (IN THOUSANDS)	177.12	161.59	15.53	88,340	1,371,828
NET SALES VARIANCE					(268,623)
COST OF SALES					
QUANTITY	88,340	98,492	(10,152)	(144.26)	1,464,442
PRICE (IN THOUSANDS)	(161.36)	(144.26)	(17.11)	88,340	(1,511,112)
NET SALES VARIANCE					(46,670)
NET CHANGE IN GROSS PROFIT					(315,293)
GROSS PROFIT					
QUANTITY	88,340	98,492	(10,152)	17.34	(176,009)
PRICE (IN THOUSANDS)	15.76	17.34	(1.58)	88,340	(139,284)
NET GROSS PROFIT VARIANCE					(315,293)

RECONCILIATION OF PROFIT AFTER TAX

QUANTITY AND PRICE VARIANCE	IMPACT	Rs. '000'	REMARKS
GROSS PROFIT	DECREASE	(315,293)	As explained in above table.
DISTRIBUTION COST	INCREASE	(85,388)	Due to advertisement Rs. 58 million for advertisement campaigns and National retailers' event and increase in salaries by Rs. 30 million due to bonus.
ADMINISTRATIVE COST	INCREASE	(67,856)	Mainly due to due salaries Rs. 54 million because of bonus
EXPECTED CREDIT LOSS	INCREASE	(11,703)	Increase in ECL is in line with receivable. In March -22 reversal was higher as compared to June-22 due to a highest collection of Rs. 7.0 billion resulting in bringing down the receivable for older time buckets having higher default rate.
OTHER CHARGES	DECREASE	30,067	Mainly decreased due to WPPF/WWF because of higher profits in 3rd quarter FY22
OTHER OPERATING INCOME	DECREASE	(827)	Disposal proceed from sales of fixed assets.
FINANCE COST	INCREASE	(152,361)	Mainly increased due to increase in short term borrowings from Rs. 18.8 billion to Rs. 19.5 billion primarily due to rupee devaluation and scrap prices. Average interest have also increased from 11.12% to 12.97% in 4Q FY22.
TAXATION	INCREASE	(435,740)	Significant increase is to imposition of super tax @ 10% having impact of Rs. 126 million and increased in rate of deferred tax from 29% to 33% due to super tax for FY-23 and onwards (4%) as announced in approved finance bill. Thus having additional charge of deferred tax amounting to Rs. 383 million.
NET VARIANCE		(1,039,101)	
PAT 4 TH QUARTER FY 22 LESS 3 RD QUARTER FY22		(1,039,101)	
UNRECONCILED AMOUNT		-	

STATEMENT OF FINANCIAL POSITION

ASSETS	30 JUNE. 2022	%	30 JUNE 2021	%
	-----Rs. '000'-----		-----Rs. '000'-----	
Non-current assets				
Property, Plant & Equipment	21,578,252	49.55	20,146,267	55.40
Right of use assets	76,410	0.18	100,334	0.28
Intangible assets	11,872	0.03	18,624	0.05
Long term investment	14,289	0.03	15,289	0.04
Long term deposits	203,993	0.47	152,349	0.42
	21,884,816	50.25	20,432,863	56.19
Current assets				
Stores and spares	2,756,628	6.33	1,455,826	4.00
Stock in-trade	11,017,657	25.30	5,992,162	16.48
Trade debts	5,680,426	13.04	6,320,346	17.38
Loans and advances	53,447	0.12	34,044	0.09
Trade deposits and prepayments	31,260	0.07	21,072	0.06
Other receivables	266	0.00	275,213	0.76
Taxation - net	1,769,109	4.06	1,456,362	4.00
Cash and bank balances	356,869	0.82	378,573	1.04
	21,665,662	49.75	15,933,598	43.81
TOTAL ASSETS	43,550,478	100.00	36,366,461	100.00

EQUITIES AND LIABILITIES	30 JUNE. 2022	%	30 JUNE 2021	%
	-----Rs. '000'-----		-----Rs. '000'-----	
Share capital & reserves	15,254,706	35.03	13,940,630	38.33
Non-current liabilities				
Long-term finances	4,820,914	11.07	4,820,910	13.26
Long-term provision	154,463	0.35	166,963	0.46
Related party loan	341,333	0.78	341,333	0.94
Deferred taxation	641,128	1.47	213,003	0.59
Deferred liability	369,916	0.85	309,193	0.85
Lease liabilities	72,416	0.17	84,963	0.23
Government grant	170,641	0.39	925	0.00
	6,570,811	15.09	5,937,290	16.33
Current liabilities				
Trade and other payables	6,238,326	14.32	5,077,126	13.96
Contract liabilities	975,994	2.24	499,708	1.37
Unclaimed dividend	5,610	0.01	5,718	0.02
Accrued Interest	521,139	1.20	267,271	0.73
Short term finance - secured	12,573,272	28.87	9,474,081	26.05
Current portion of long term finance	1,353,626	3.11	1,129,289	3.11
Current portion of government grant	42,643	0.10	12,494	0.03
Current portion of right of use	14,351	0.03	22,854	0.06
		49.88	16,488,541	45.34
TOTAL EQUITY AND LIABILITIES		100.00	36,366,461	100.00

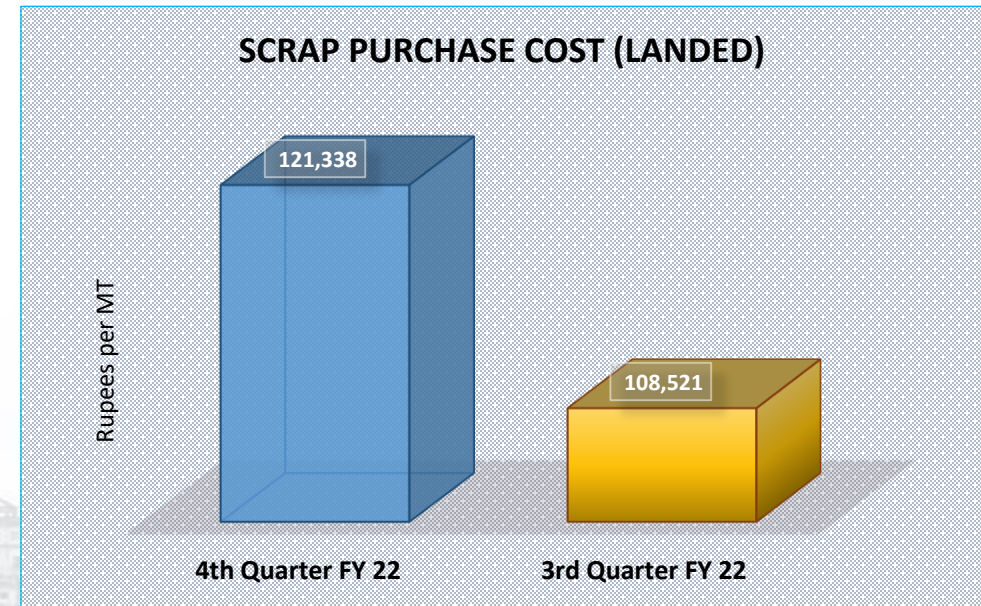
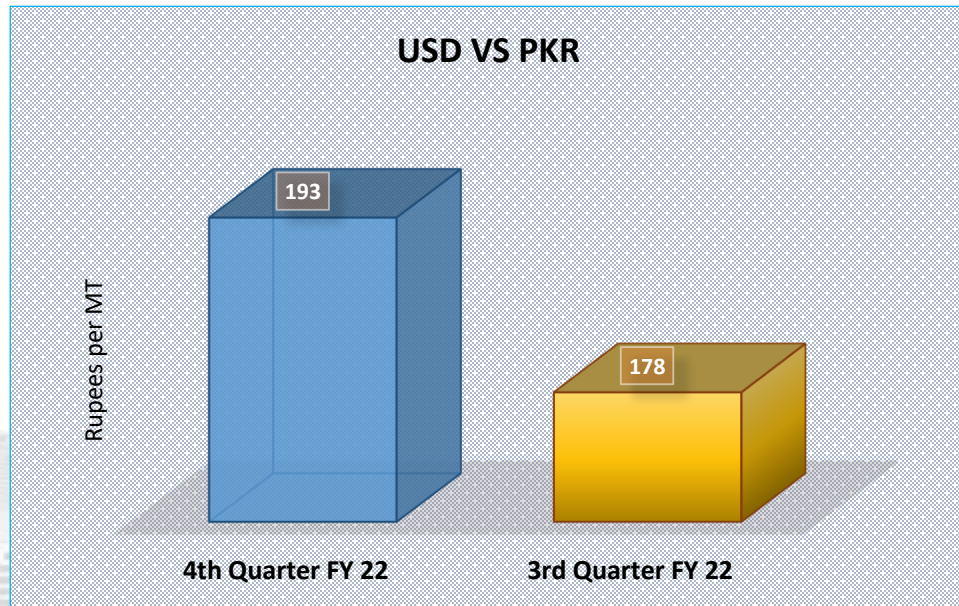
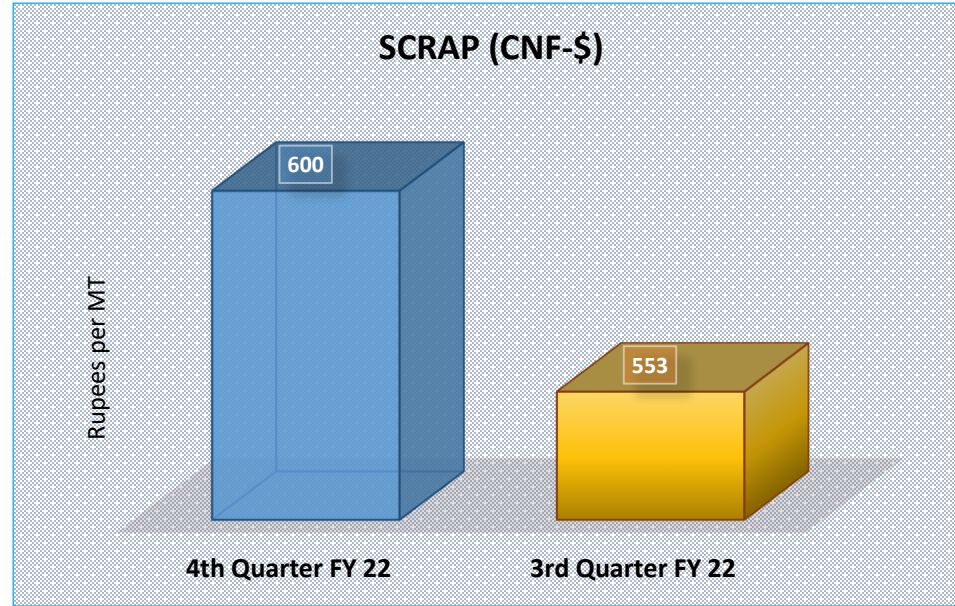
CASH FLOW STATEMENT

	30 JUNE. 2022	30 JUNE. 2021
Cash generated before working capital changes	4,799,195	3,591,957
Cash (used) / generated from operations	555,306	4,879,330
Income taxed paid	(631,537)	(437,141)
Gratuity paid	(27,871)	(36,236)
Finance cost paid	(2,043,559)	(1,948,293)
Long term deposits and loans – net	(51,644)	(17,387)
Net cash (used) / generated from operating activities	(2,199,305)	2,440,273
Fixed capital expenditure	(2,158,142)	(1,273,141)
Addition to intangible assets	(891)	(3,039)
Proceeds from sale of operating assets	21,112	130,028
Net cash used in investing activities	(2,137,921)	(1,146,152)
Dividend paid	(108)	(272)
Short-term financing – net	4,127,741	(1,678,960)
Long-term financing – net	424,205	(289,711)
Long term investment	1,000	-
Lease rental paid	(30,271)	(26,644)
Net cash generated from / (used in) financing activities	4,522,567	(1,995,587)
Net increase in cash and cash equivalents	185,341	(701,466)
Cash and cash equivalent at the beginning of the year	(1,845,683)	(1,144,217)
Cash and cash equivalents at the end of period	(1,660,342)	(1,845,683)

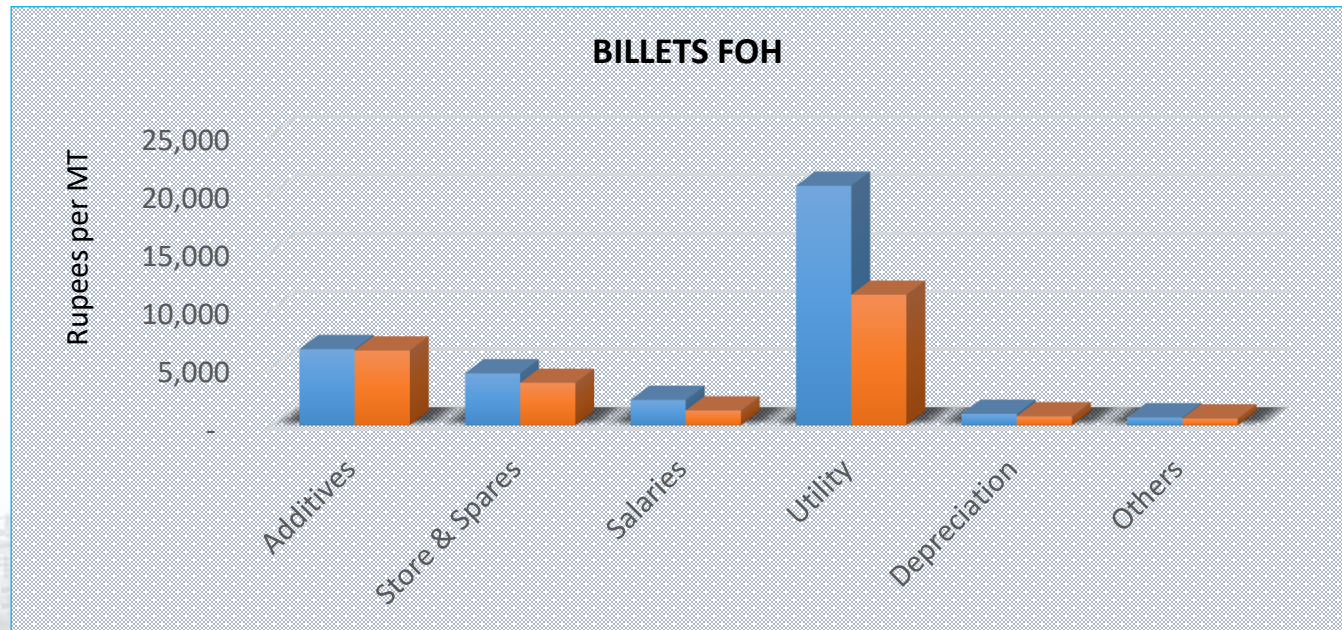
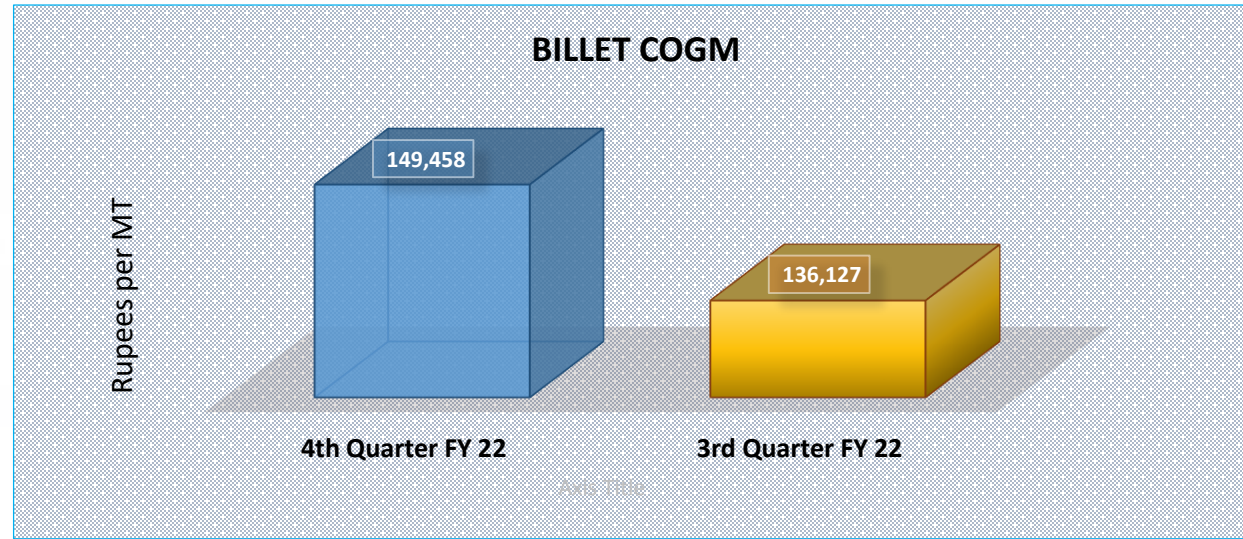
RATIO ANALYSIS

	UoM	FY 22	FY 21
PROFITABILITY RATIOS			
Gross profit ratio	Percentage	11.16%	11.58%
Net profit to sales ratio	Percentage	2.28%	3.49%
Return on equity	Percentage	8.70%	9.80%
INVESTMENT/ MARKET RATIOS			
Earning per share	Times	4.46	4.61
Interest cover	Times	1.97	1.90
TURNOVER RATIOS			
Total asset turnover	Times	1.34	1.08
Fixed asset turnover	Times	2.70	1.95
LIQUIDITY RATIOS			
Current ratio	Times	1.00 : 1	0.97:1
Quick / acid test ratio	Times	0.49 : 1	0.60 : 1
Debtor turnover	Days	38	51
Break value per share	Rupees	51.36	46.94
CAPITAL STRUCTURE RATIOS			
Long-term debt / equity ratio	Times	0.40 : 1	0.43 : 1
Financial leverage ratio	Times	1.49 : 1	1.34 : 1

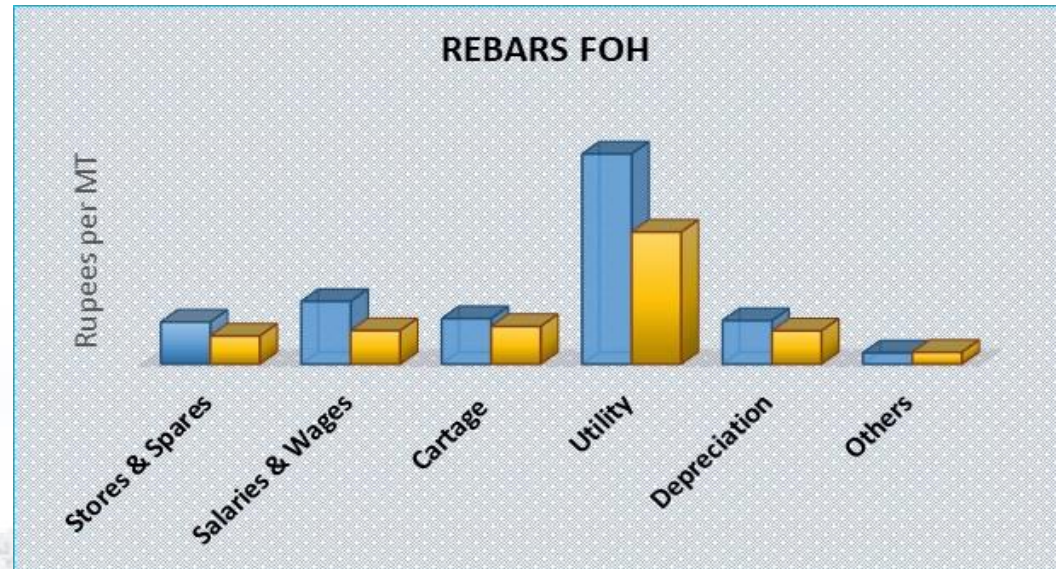
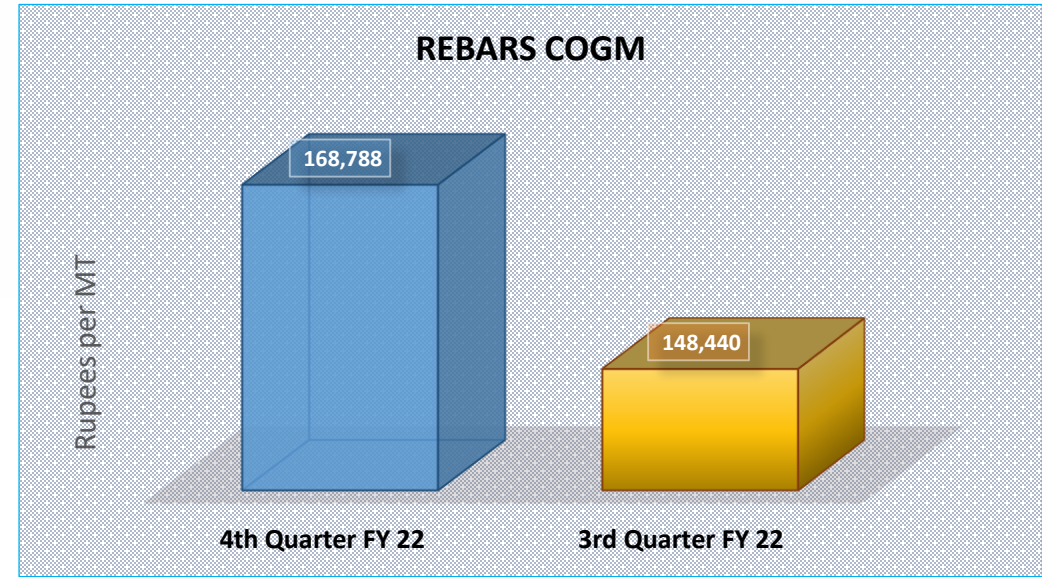
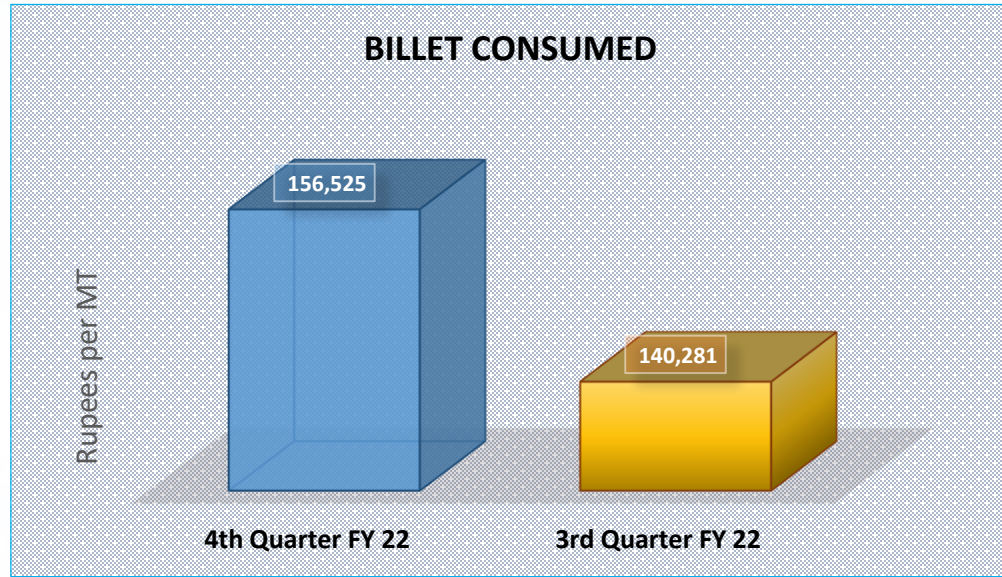
SCRAP COST – 4TH QUARTER FY 22 AND 3RD QUARTER FY 22



BILLET COST – 4TH QUARTER FY 22 AND 3RD QUARTER FY 22

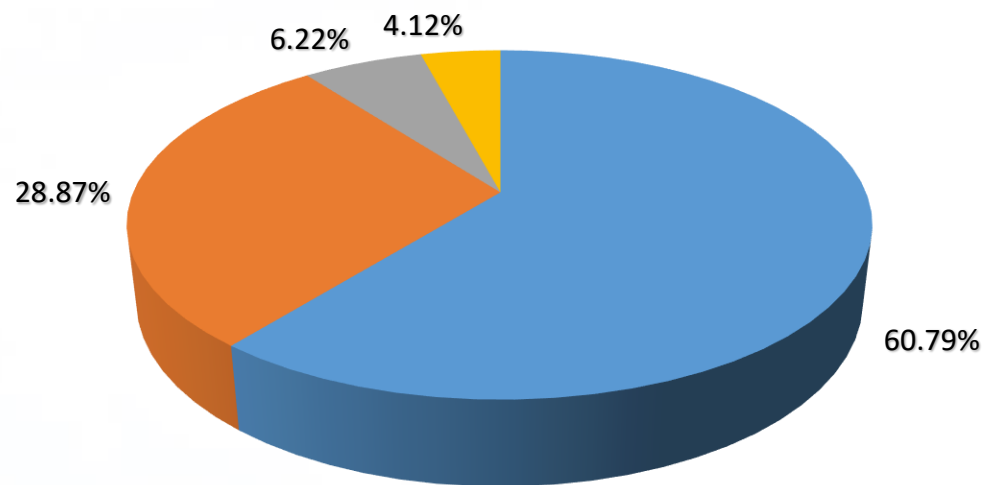


REBAR COST – 4TH QUARTER AND 3RD QUARTER FY 22

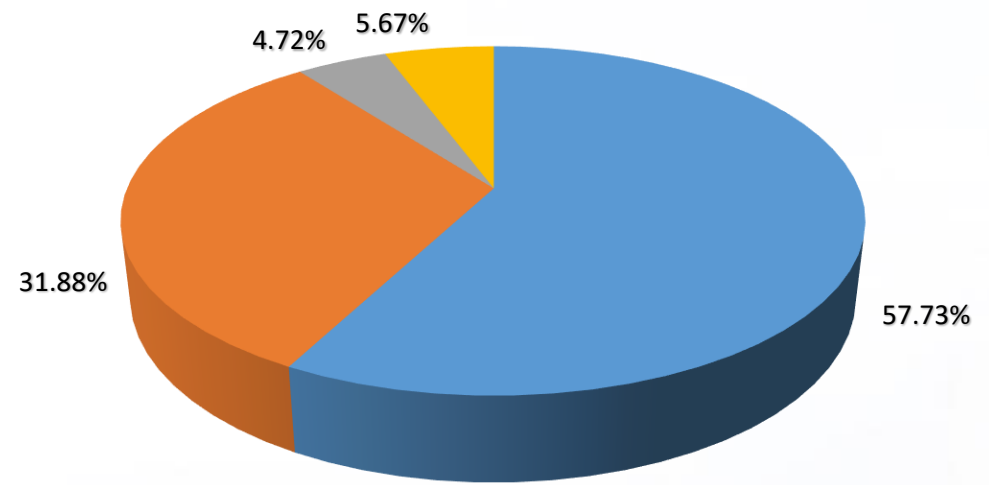


PROVINCE WISE SALES

FY 22



FY 21



Sindh

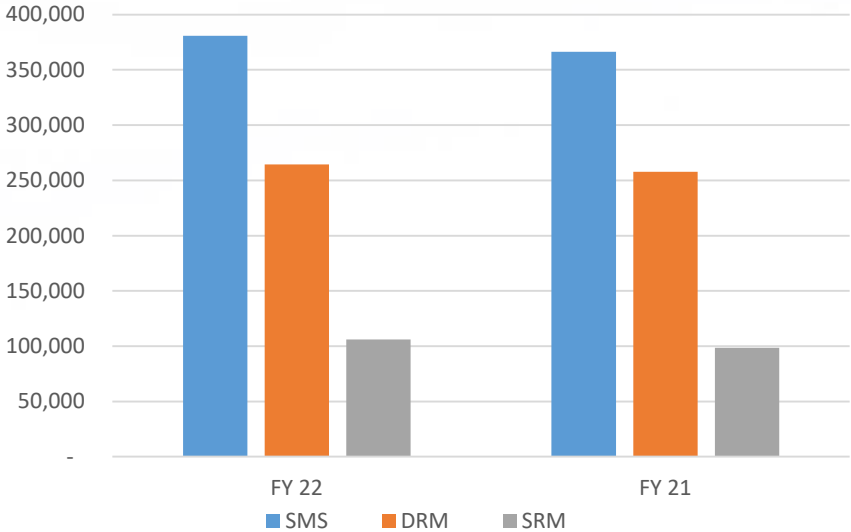
Punjab

KPK

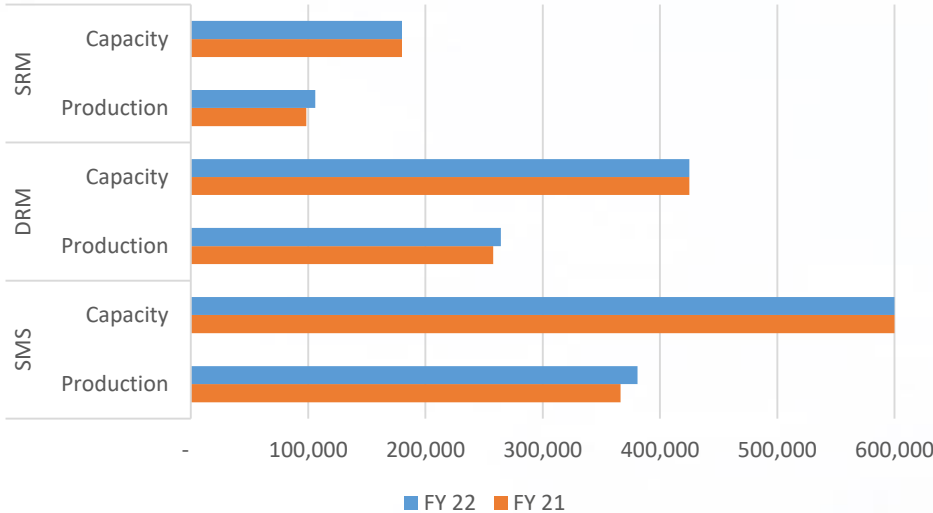
Baluchistan

PRODUCTION AND CAPACITY UTILIZATION

PRODUCTION QUANTITIES



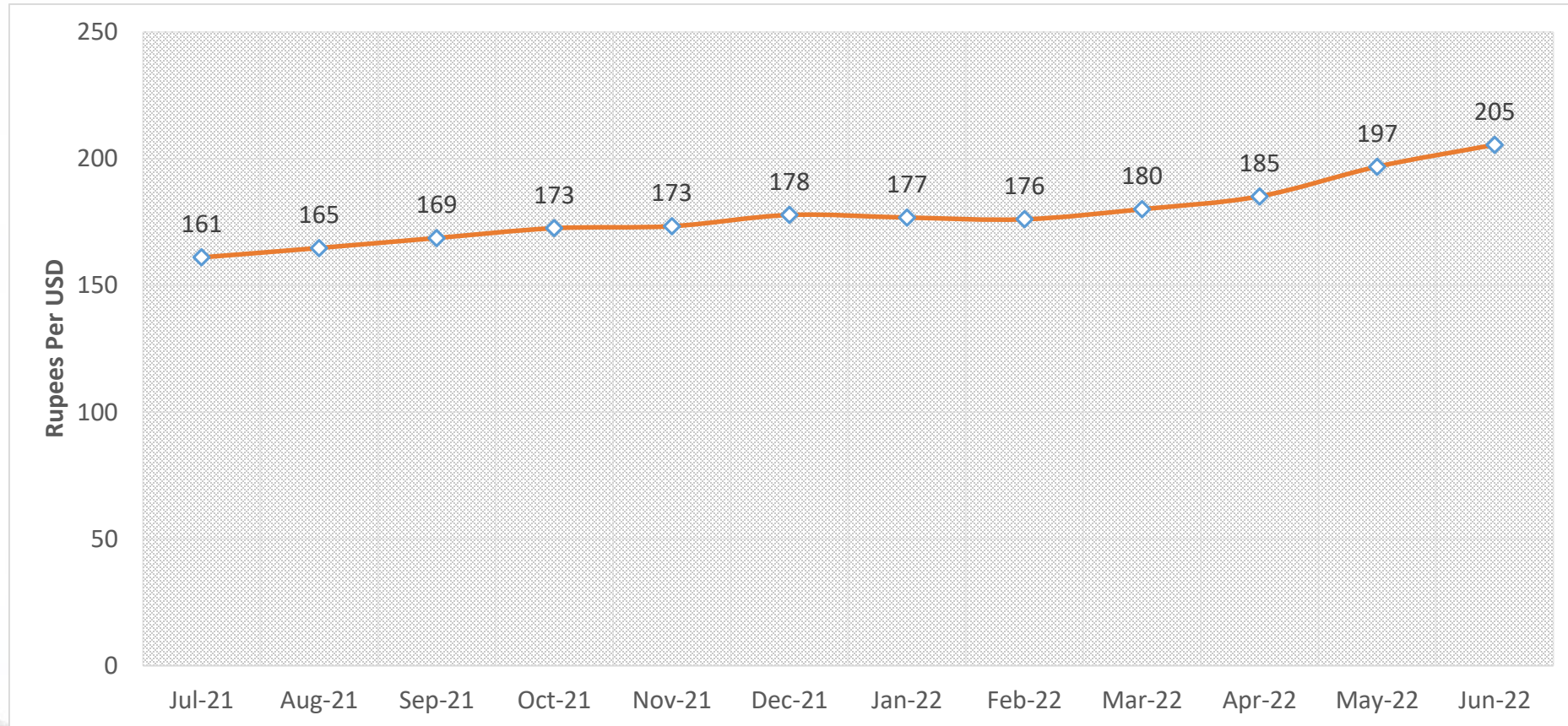
CAPACITY UTILIZATION



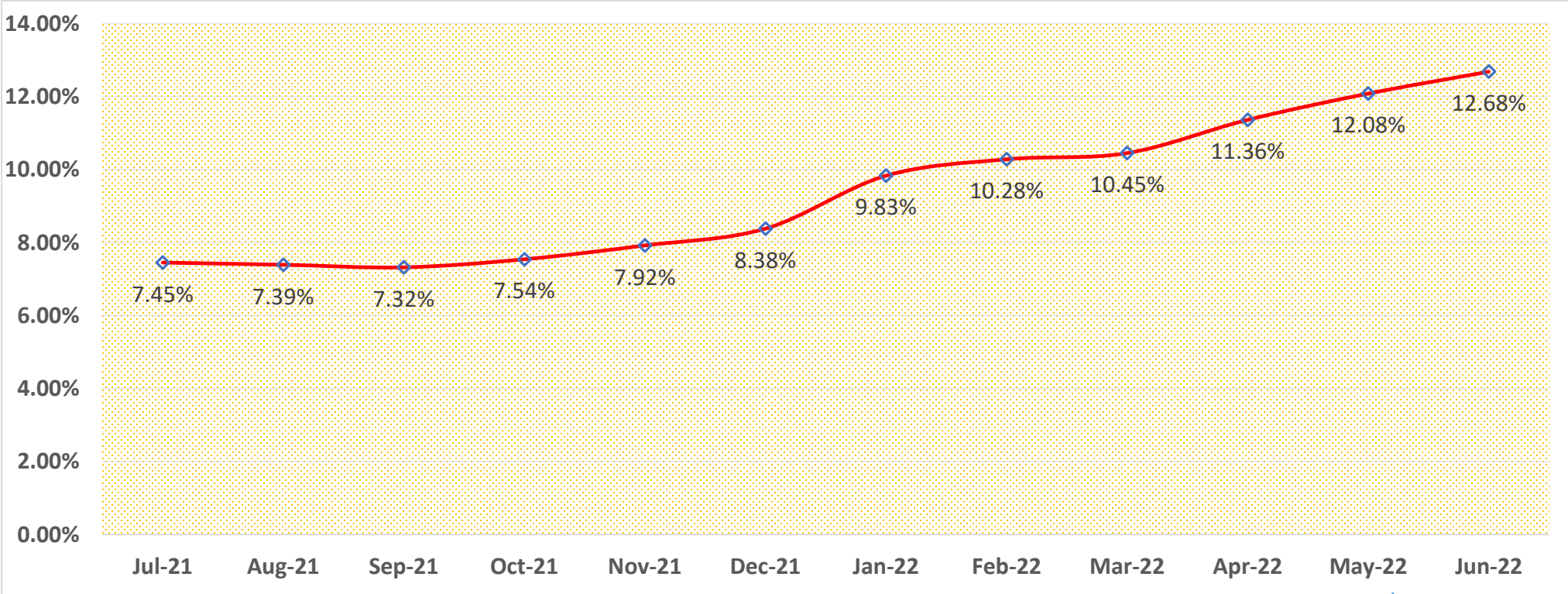
	SMS		DRM		SRM	
QTY - FY 22 (M)	380,817	04%↑	264,391	03%↑	106,178	08%↑
QTY - FY 21 (M)	366,400		257,809		98,507	

	SMS	DRM	SRM
FY 22	63%	62%	59%
FY 21	61%	61%	55%

FOREIGN EXCHANGE RATE



KIBOR %



MP 7.25%

MP 8.75%

MP 9.75%

MP 12.25%

MP 13.75%

Thank you



Variance reasons QoQ

Quantity variance of 10,152 MT 4Q Vs 3Q.

- 1) Regime change causing political instability giving rise to uncertainties among business communities.
- 2) Rising CAD resulting in local inflation and increasing interest rate
- 3) Slow down in economic growth and liquidity.

It is pertinent to note that 4th quarter has historically been the best quarter in terms of quantity generally constitute 33% of entire year sale which was adversely affected this year due to reasons above

