

**CONDENSED
INTERIM FINANCIAL
STATEMENTS
QUARTER ENDED
31 MARCH 2022
UN-AUDITED**



BECO STEEL LIMITED

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BECO STEEL LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

- | | |
|-------------------------------|------------------------------------|
| 1. Miss Afifa Shafique | Chairperson/Non-Executive Director |
| 2. Mr. Ch. Muhammad Shafique | Chief Executive Officer |
| 3. Mr. Waheed Akbar | Executive Director |
| 4. Mr. Muhammad Hashim Tareen | Independent Director |
| 5. Mr. Mahmood Aslam | Independent Director |
| 6. Mr. Muhammad Asim Raza | Non-Executive Director |
| 7. Miss Eman Shafique | Non-Executive Director |

AUDIT COMMITTEE

- | | |
|-------------------------------|-------------------------------|
| 1. Mr. Muhammad Hashim Tareen | Chairman/Independent Director |
| 2. Mr. Muhammad Asim Raza | Member |
| 3. Miss Eman Shafique | Member |

HR & REMUNERATION COMMITTEE

- | | |
|-------------------------------|-------------------------------|
| 1. Mr. Muhammad Hashim Tareen | Chairman/Independent Director |
| 2. Ch. Muhammad Shafique | CEO/Member |
| 3. Miss Eman Shafique | Member |
| 4. Mr. Muhammad Asim Raza | Member |

CHIEF FINANCIAL OFFICER

Mr. Kamran Munawar

COMPANY SECRETARY

Mr. Zahur Ahmad

HEAD OF INTERNAL AUDITOR

Abida Kamran & Co.,
Chartered Accountants

EXTERNAL AUDITORS

Tariq Abdul Ghani Maqbool & Co.,
Chartered Accountants

SHARE REGISTRAR

Hameed Majeed Associates (Private) Limited

REGISTERED OFFICE

Florets Luxury Apartments, Ground Floor,
G-7, 127-Ahmad Block,
New Garden Town, Lahore.

COMPANY'S BANKER

Soneri Bank Limited
JS Bank Limited
Habib Metropolitan Bank Limited



BECO STEEL LIMITED

DIRECTORS' REVIEW REPORT

Dear Members

The directors of the company are pleased to present the unaudited condensed interim financial statements for the quarter/period ended 31 March 2022.

A brief summary of the financial results as on 31 March 2022 is as follow:

(Amount in Rupees)

	Nine months period ended March 31,		Variance
	2022	2021	
Financial highlights			
Net Sales	3,700,088,851	230,770,190	1503%
Gross Profit	222,822,144	4,058,601	5390%
Profit before taxation	186,466,646	18,834,758	890%
Taxation	46,251,110	1,889,698	2348%
Profit for the period	140,215,536	16,945,060	727%
Earnings per share- Basic & diluted	4.77	0.68	

Business, Financial & Operational review

The turnover of the period is reported as Rs. 3,700.09 million (2021: Rs. 230.770 million), with gross profit for the period as Rs. 222.82 million (2021: Rs. 4.06 million) and net profit Rs. 140.22 million (2021: Rs.16.95 million). Earnings per share (EPS) for the period is Rs. 4.77 as compared to EPS of Rs. 0.68 of the corresponding period. Financial figures for the current period relate to steel business, whereas previous year's figures relate to cotton business.

Issuance of shares by way of other than right offer, and for consideration other than cash against acquisition of non-cash assets including land, building, plant and machinery

Pursuant to the special resolutions passed by the shareholders of Beco Steel Limited (the "Company") at the extraordinary general meeting held on May 11, 2021, and the approvals thereby granted, for, inter alia, the issuance of shares of the Company other than by way of right offer, and for consideration other than cash, in accordance with the provisions of Section 83(1)(b) of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020, the Company filed an application with the Securities and Exchange Commission of Pakistan ("SECP") seeking approval for issuance of shares.



BECO STEEL LIMITED

SECP vide its letter No. EMD/CI/80/2008/58 dated 31 January 2022, approved the issuance of 99,962,510 ordinary shares of the Company, having par value of PKR 10/- each, at a premium of PKR 20/- per share, for total value of PKR 2,998,875,300/-, by way of other than right offer against consideration of non-cash assets, including land, building, and plant & machinery.

The process of transfer of non-cash assets including land and building, and plant & machinery has been completed. Further, title of land has also been transferred in the name of company. Ordinary Shares numbering 99,962,510 @ Rs. 10 per Share with premium Rs. 20 per Share against consideration other than cash (i.e land, building, and plant & machinery) have been issued and the process stands completed in all respects.

Future Outlook

During the reporting period, the company operated on toll manufacturing arrangements, whereas, subsequent to date of financial position, the company has started its own manufacturing of steel and allied products, which is expected increase profitability as well as shareholders' wealth in future.

Acknowledgment

We would like to appreciate our customers, suppliers, shareholders, employees and executives for their support and cooperation to the company.

Unaudited condensed interim financial statements are attached herewith for members' kind perusal and record.

For and on behalf of the Board

Ch. Muhammad Shafique
Chief Executive Officer

Afifa Shafique
Director/Chairperson

Lahore
29 April 2022



BECO STEEL LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT 31 MARCH 2022

EQUITY AND LIABILITIES	Note	31-Mar-2022 Rupees	30-Jun-2021 Rupees
Share capital and reserves			
Authorised share capital: 150,000,000 (2021: 150,000,000) ordinary shares of Rs.10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital	6	1,249,625,100	250,000,000
Share premium		1,999,250,200	-
Loan from directors		127,684,920	40,742,220
Revenue reserve		9,000,000	9,000,000
Accumulated loss		(164,113,843)	(304,329,379)
		<u>3,221,446,377</u>	<u>(4,587,159)</u>
Non current liabilities			
Staff retirement benefits		-	-
Deferred taxation		-	-
Current liabilities			
Trade and other payables		727,544,962	3,429,436
Accrued mark-up	7	850,000	850,000
Unclaimed dividend		1,034,090	1,034,090
Provision for taxation		50,130,667	3,879,557
		<u>779,559,719</u>	<u>9,193,083</u>
Contingencies and commitments		-	-
		<u>4,001,006,096</u>	<u>4,605,924</u>
ASSETS			
Non current assets			
Property, plant and equipment	8	3,001,263,657	-
Long term deposits		-	-
		<u>3,001,263,657</u>	<u>-</u>
Current assets			
Stock in trade		458,300,547	-
Trade debts		441,474,643	-
Loan and advances		36,083,794	-
Income tax due from Government		46,007,501	2,161,876
Other receivables		60,245	60,245
Short term investment	9	1,032,815	1,009,088
Cash and bank balances		16,782,894	1,374,715
		<u>999,742,439</u>	<u>4,605,924</u>
		<u>4,001,006,096</u>	<u>4,605,924</u>

The annexed notes from 01 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



BECO STEEL LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2022

	Note	Nine months ended		Quarter ended	
		31-Mar-2022	31-Mar-21	31-Mar-2022	31-Mar-21
		Rupees	Rupees	Rupees	Rupees
Sales		3,700,088,851	230,770,190	1,416,506,265	10,192,476
Cost of Sales	10	(3,477,266,707)	(226,711,589)	(1,321,971,275)	(10,418,743)
Gross profit		222,822,144	4,058,601	94,534,990	(226,267)
Distribution and selling expenses		(14,385,616)	(1,844,454)	(5,295,835)	-
Administrative and general expenses		(19,768,193)	(4,743,511)	(8,966,942)	(1,326,064)
Other expenses		(2,217,846)	(790,521)	(987,321)	(719,787)
		(36,371,655)	(7,378,486)	(15,250,098)	(2,045,851)
Operating profit /(loss)		186,450,489	(3,319,885)	79,284,892	(2,272,118)
Other income		23,727	22,311,482	-	10,454,549
Profit from operations		186,474,216	18,991,597	79,284,892	8,182,431
Finance cost		(7,570)	(156,839)	-	(3,485)
Profit before taxation		186,466,646	18,834,758	79,284,892	8,178,946
Taxation		(46,251,110)	(1,889,698)	(17,706,328)	(101,925)
Profit after taxation		140,215,536	16,945,060	61,578,564	8,077,021
Earning per share- basic and diluted		4.77	0.68	2.10	0.32

The annexed notes from 01 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



BECO STEEL LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2022

Note	Nine months ended		Quarter ended	
	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021
	Rupees	Rupees	Rupees	Rupees
Profit for the period	140,215,536	16,945,060	61,578,564	8,077,021
Other comprehensive income:				
Item that will not be reclassified to statement of profit or loss:	-	-	-	-
Items that may be reclassified to statement of profit or loss:	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>140,215,536</u>	<u>16,945,060</u>	<u>61,578,564</u>	<u>8,077,021</u>

The annexed notes from 01 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



BECO STEEL LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2022

(Rupees).....					
	Share capital	Share Premium	Loan from directors	Revenue reserve General reserve	Accumulated Loss / profit	Total equity
Balance as at 30 June 2020	250,000,000	-	66,586,220	9,000,000	(306,652,770)	18,933,450
Profit for the Nine months ended 31 March 2021	-	-	-	-	16,945,060	16,945,060
Loan from directors repaid	-	-	(35,175,000)	-	-	(35,175,000)
Loan to director	-	-	1,550,000	-	-	1,550,000
Other comprehensive income for the Nine months ended 31 March 2021	-	-	-	-	-	-
Total comprehensive income for the Nine months ended 31 March 2021	-	-	(33,625,000)	-	16,945,060	(16,679,940)
Balance as at 31 March 2021	250,000,000	-	32,961,220	9,000,000	(289,707,710)	2,253,510
Profit/Loss for the quarter ended 30 June 2021	-	-	-	-	(14,621,669)	(14,621,669)
Loan from directors reclassified during the year	-	-	7,781,000	-	-	7,781,000
Loan to director	-	-	-	-	-	-
Other comprehensive income for the quarter ended 30 June 2021	-	-	-	-	-	-
Total comprehensive income for the quarter ended 30 June 2021	-	-	7,781,000	-	(14,621,669)	(6,840,669)
Balance as at 30 June 2021	250,000,000	-	40,742,220	9,000,000	(304,329,379)	(4,587,159)
Profit for the Nine months ended 31 March 2022	-	-	-	-	140,215,536	140,215,536
Loan from directors repaid	-	-	-	-	-	-
Loan from director	-	-	86,942,700	-	-	86,942,700
Increase in issued capital	999,625,100	-	-	-	-	-
Share premium on issuance of shares	-	1,999,250,200	-	-	-	-
Other comprehensive income for the Nine months ended 31 March 2022	-	-	-	-	-	-
Total comprehensive profit for the Nine months ended 31 March 2022	999,625,100	1,999,250,200	86,942,700	-	140,215,536	227,158,236
Balance as at 31 March 2022	1,249,625,100	1,999,250,200	127,684,920	9,000,000	(164,113,843)	222,571,077

The annexed notes from 01 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



BECO STEEL LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2022

	Note	Nine months ended	
		31-Mar-2022 Rupees	31-Mar-2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		186,466,646	18,834,758
Adjustments for following items:			
Depreciation		6,152,643	456,048
Loss on sale of fixed assets		-	541,252
Finance cost		7,570	156,839
		<u>6,160,213</u>	<u>1,154,139</u>
Operating profit before working capital changes		192,626,859	19,988,897
(Increase) / decrease in current assets			
Stock-in-trade		(458,300,547)	-
Trade debts		(441,474,643)	(1,376,324)
Loans and Advances		(36,083,794)	1,141,065
Other receivable		-	767,373
Short term investment		(23,727)	(59,774)
		<u>(935,882,711)</u>	<u>472,340</u>
Increase / (decrease) in current liabilities			
Trade and other payables		724,115,526	(124,173,926)
		<u>724,115,526</u>	<u>(124,173,926)</u>
Cash generated from operations		(19,140,326)	(103,712,689)
Finance cost paid		(7,570)	(156,839)
Income tax paid		(43,845,625)	(4,787,916)
Staff retirement benefits paid		-	(3,741,887)
		<u>(43,853,195)</u>	<u>(8,686,642)</u>
Net cash used in operating activities		(62,993,521)	(112,396,461)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(8,541,000)	(3,896,800)
Sale of property, plant and equipment		-	2,899,500
Security deposit		-	1,115,000
Net cash (used in) / generating from investing activities		(8,541,000)	117,700
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of director's Loan		-	(35,175,000)
Repayment of Ex-Chief Executive Loan		-	(832,223)
Loan from director		86,942,700	1,550,000
Net cash flows generated from / (used in) financing activities		86,942,700	(34,457,223)
Net increase / (decrease) in cash and cash equivalents		15,408,179	(146,735,984)
Cash and cash equivalents at the beginning of the period		1,374,715	148,077,883
Cash and cash equivalents at the end of the period		16,782,894	1,341,899

The annexed notes from 01 to 14 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



BECO STEEL LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

M/s Beco Steel Limited (“the Company”) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing of steel and allied products along with ancillary activities thereto.

2 ISSUANCE OF SHARES BY WAY OF OTHER THAN RIGHT OFFER, AND FOR CONSIDERATION OTHER THAN CASH AGAINST ACQUISITION OF NON-CASH ASSETS INCLUDING LAND, BUILDING, PLANT AND MACHINERY

SECP vide its letter No. EMD/CI/80/2008/58 dated 31 January 2022, approved the issuance of 99,962,510 ordinary shares of the Company, having par value of PKR 10/- each, at a premium of PKR 20/- per share, for total value of PKR 2,998,875,300/- by way of other than right offer against consideration of non-cash assets, including land, building, and plant & machinery.

The process of transfer of non-cash assets including land and building, and plant & machinery has been completed. Further, title of land has also been transferred in the name of company. Ordinary Shares numbering 99,962,510 @ Rs. 10 per Share with premium Rs. 20 per Share against consideration other than cash (i.e land, building, and plant & machinery) have been issued and the process stands completed in all respects.

During the reporting period, the company operated on toll manufacturing arrangements, whereas, subsequent to date of financial position, the company has started its own manufacturing of steel and allied products.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.01 BASIS OF PREPARATION

a) Statement of compliance

These condensed interim financial statements comprise the condensed interim statement of financial position of the company as at March 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with notes forming part thereof.

These condensed interim statements are un-audited but subject to limited scope review by the external auditors and being submitted to the shareholders as required by the Listing Regulation of Pakistan Stock Exchange Limited and Section 237 of the Company Act, 2017.

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

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standard Board (IASB) as notified under Companies Act, 2017; and
- Provisions of and directives issued under Companies Act, 2017
- Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the companies Act, 2017 have been followed.

These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended June 30, 2021. Comparative condensed interim statement of financial position is stated from annual financial statements as of June 30, 2021, whereas comparatives for condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and related notes are extracted from condensed interim financial statement of the Company for the nine months' period ended March 31, 2022.



b) Accounting convention

These condensed interim financial statements have been prepared using the going concern basis of accounting and in conformity with approved Accounting Standards as disclosed in audited annual published financial statement of the company for the year ended 30 June 2021.

4 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2021.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2021.

	Note	31-Mar-2022 Rupees	30-Jun-2021 Rupees
6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
25,000,000 (30 June 2021: 25,000,000) ordinary shares of Rs. 10/- each fully paid in cash		250,000,000	250,000,000
99,962,510 ordinary shares of Rs. 10/- each issued against consideration other than cash		999,625,100	-
		<u>1,249,625,100</u>	<u>250,000,000</u>
6.01 SECP vide its letter No. EMD/CI/80/2008/58 dated January 31, 2022 approved the issuance of 99,962,510 ordinary shares of the company having par value of PKR 10 each, at a premium of PKR 20 per share in aggregate amounting to equivalent of PKR 2,998,875,300/- by way of other than right offer against consideration of non-cash assets, including land, building and plant & machinery.			
7 ACCRUED MARK-UP			
Bank Alfalah Limited		850,000	850,000
8 PROPERTY, PLANT AND EQUIPMENT			
Opening book value		-	-
Add: Additions during the period		3,007,416,300	3,896,800
		<u>3,007,416,300</u>	<u>3,896,800</u>
Less: Depreciation charged during the period		6,152,643	387,797
Book value		<u>3,001,263,657</u>	<u>3,509,003</u>
Less: Disposal during the year (WDV)		-	(3,509,003)
Closing book value		<u>3,001,263,657</u>	<u>-</u>
8.01 Loss on disposal of fixed assets			
Cost		-	3,896,800
Accumulated depreciation		-	(387,797)
Net book value		-	3,509,003
Sale proceed		-	2,899,500
Loss on sale of fixed assets		-	<u>609,503</u>



BECO STEEL LIMITED

	Note	31-Mar-2022 Rupees	30-Jun-2021 Rupees
9 SHORT TERM INVESTMENT			
Debt instrument - at amortized cost			
Term deposit receipt		925,942	925,942
Add: Profit accrued thereon		106,873	83,146
		<u>1,032,815</u>	<u>1,009,088</u>

9.01 This term deposit receipt issued by banking company has maturity period of one year and carries profit at the rate 10.25% per annum.

10 COST OF SALES	Note	Nine months ended		Quarter ended	
		31-Mar-2022 Rupees	31-Mar-2021 Rupees	31-Mar-2022 Rupees	31-Mar-2021 Rupees
Raw material consumed		3,208,667,460	215,978,005	1,324,549,233	-
Salaries, wages and others benefits		37,722,656	2,524,541	14,816,591	132,666
Stores and spares		6,014,232	1,272,764	215,489	-
Fuel and power		384,450,699	856,222	126,988,115	-
Repair and maintenance		63,315,434	2,273,069	59,082,253	-
Depreciation		6,152,643	-	6,152,643	-
Other factory overheads		29,244,130	3,806,988	14,259,765	93,600
		<u>3,735,567,254</u>	<u>226,711,589</u>	<u>1,546,064,089</u>	<u>226,266</u>
Work in process					
Opening inventory		-	-	5,109,890	-
Closing inventory		(68,460,116)	-	(68,460,116)	-
		<u>(68,460,116)</u>	<u>-</u>	<u>(63,350,226)</u>	<u>-</u>
Cost of goods manufactured		<u>3,667,107,138</u>	<u>226,711,589</u>	<u>1,482,713,863</u>	<u>226,266</u>
Finished goods					
Opening inventory		-	-	29,097,843	10,192,477
Closing inventory		(189,840,431)	-	(189,840,431)	-
		<u>(189,840,431)</u>	<u>-</u>	<u>(160,742,588)</u>	<u>10,192,477</u>
Cost of sales		<u>3,477,266,707</u>	<u>226,711,589</u>	<u>1,321,971,275</u>	<u>10,418,743</u>

11 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of associated undertaking, directors and key management personnel. The Company in the normal course of business carried out transaction with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim financial statements are as follows:

i. Transactions	Nine months ended		Quarter ended	
	31-Mar-2022 Rupees	31-Mar-2021 Rupees	31-Mar-2022 Rupees	31-Mar-2021 Rupees
Related Party Transaction				
Associated company				
Funds repaid	-	39,927,406	-	-
Other related parties				
Loan from Directors	86,942,700	-	-	-

12 FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 June 2021.



BECO STEEL LIMITED

13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 29 April 2022.

14 GENERAL

Figures have been rounded off to nearest of Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

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Registered Office:

Florets Luxury Apartments, Ground Floor,
G-7,12-Ahmad Block, New Garden Town, Lahore.

Tel:+92 42 3229 7865 Email: info@becosteel.com

Web: www.becosteel.com



BECO STEEL LIMITED