Engineering

ISL: FY25 Management Call Takeaways

- International Steels Limited (ISL) held a corporate briefing session to discuss the FY25 financial results and provide key insights on the future outlook for the Company.
- ISL recorded a topline of PKR 62bn in FY25 with production volumes of 264,000 MT, reflecting ~15% domestic sales growth. Gross profit margin declined to 8.6% (vs. 12.4% LY) due to volatility in steel prices and higher energy costs. PAT stood at PKR 1.6bn, translating into EPS of PKR 3.58 (vs. 8.40 LY).
- The management disclosed that ISL's domestic volume mix in FY25 comprised 125,000 tons of galvanized steel, 90,000 tons of CRC, and 8,000 tons of color-coated steel, reflecting the company's strong positioning in galvanized products.

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Key highlights from Corporate Briefing

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- In FY25, Exports contributed PKR 10.3bn with shipments to 30+ countries, including new certifications for Malaysia, EU, and Saudi Arabia. Furthermore, ISL had PKR 2.3bn in cash flows from operating activities.

- ISL's market share in flat steel reached ~23%, up 3% y/y, while imports still constitute ~65% of the domestic flat steel market, leaving further headroom for import substitution.

Analyst
Sania Bajwa
Sania.bajwa@igi.com.pk

- ISL completed a 6.4 MW solar power project at its Karachi facility, generating ~8 million units annually, covering 6% of energy needs in FY25 and expected ~10% in FY26. Together with captive power, 75% of power is self-generated, 7% from solar, and 18% from KE. Renewable adoption was partly driven by high gas tariffs (~PKR 4,200/mmbtu); management noted that relative KE tariffs vs. gas levies will guide the future energy mix.

- ISL reported a healthy balance sheet, with closing borrowings of PKR 1bn vs. stock-in-trade of PKR 22bn, reflecting a strong liquidity position and current ratio. Debt to Equity remains low.

- The Management highlighted challenges from global steel price volatility, subdued Chinese demand, floods domestically, and misuse of tax exemptions in FATA/PATA, which distort competition. Anti-dumping and anti-circumvention measures remain critical. ISL has filed petitions and continues lobbying for stronger enforcement to protect the formal sector.

- The management disclosed the steel imports duty structure: effective duty on CRC imports is ~10% (lower from China due to FTA) while for rest of the countries, it is 15%. The current rate for HRC is disclosed to be roughly around US$ 525$/ton.

- The management expects domestic demand to stabilize and is aggressively pursuing export opportunities in Europe, Middle East, and Asia. For American markets, focus remains on HVAC and thinner steel profiles where local supply is short.

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IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009

Contact Details

Equity Sales

Zaeem Haider Khan	Head of Equities	Tel: (+92-42) 35301405	zaeem.haider@igi.com.pk
Syeda Mahrukh Hameed	Regional Head (North)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Faraz Naqvi	Branch Manager (Karachi)	Tel: (+92-21) 111 234 234 Ext: 826	faraz.naqvi@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Abdullah Farhan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Sakina Makati	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 810	sakina.makati@igi.com.pk
Sania Bajwa	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 569	sania.bajwa@igi.com.pk
Sufyan Siddiqui	Database Officer	Tel: (+92-21) 111-234-234 Ext: 888	sufyan.siddiqui@igi.com.pk

IGI Finex Securities Limited
Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited
Website: www.igisecurities.com.pk

Head Office
Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780

Lahore Office
Shop # G-009, Ground Floor,
Packages Mall
Tel: (+92-42) 38303560-69
Fax: (+92-42) 38303559

Islamabad Office
3rd Floor, Kamran Centre,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Faisalabad Office
Office No. 2, 5 & 8, Ground Floor, The
Regency International 949, The Mall
Faisalabad
Tel: (+92-41) 2540843-45

Rahim Yar Khan Office
Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871652-3
Fax: (+92-68) 5871651

Multan Office
Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-61) 4512003, 4571183

IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009