

HALF
YEARLY
REPORT

December
2020

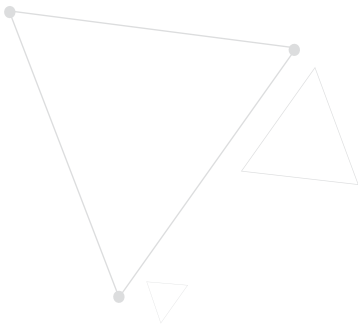


AGAINST
ALL **DD**S



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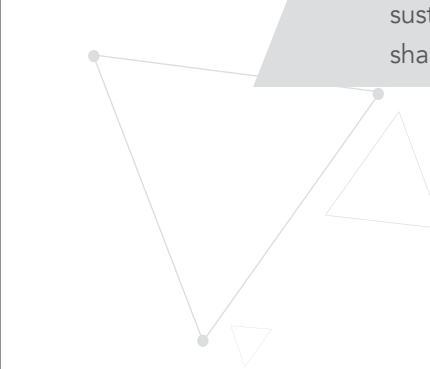


Vision

To be a global leader in the flat steel industry, acknowledged by its customers for quality and service excellence.

Mission

To provide an environment of motivated employees focused on continuous improvement in product and quality, highest business and work ethics, add value to our customers and ensure sustained return on investment to our shareholders.



Company Information

Board of Directors

Mr. Arif Habib, Chairman
 Dr. Munir Ahmed, Chief Executive Officer
 Mr. Nasim Beg
 Mr. Rashid Ali Khan
 Mr. Samad Habib
 Mr. Jawaid Iqbal
 Mr. Kashif Habib
 Ms. Tayyaba Rasheed
 Mr. Arslan Iqbal

Audit Committee

Mr. Jawaid Iqbal – Chairman
 Mr. Nasim Beg
 Mr. Kashif Habib
 Ms. Tayyaba Rasheed

Human Resource & Remuneration Committee

Mr. Rashid Ali Khan – Chairman
 Mr. Arif Habib
 Mr. Kashif Habib

Chief Financial Officer

Umair Noor Muhammad

Company Secretary

Mr. Manzoor Raza

Head of Internal Audit

Mr. Muhammad Shahid

Registered Office

Arif Habib Centre, 23 – M. T. Khan Road,
 Karachi – Pakistan – 74000
 Tel: (+92 21) 32468317

Plant Address

DSU - 45, Pakistan Steel Down Stream
 Industrial Estate, Bin Qasim,
 Karachi – Pakistan.
 Tel: (+92 21) 32468317

Auditors

A. F. Ferguson & Co., Chartered
 Accountants, State Life Building No. 1-C,
 I.I. Chundrigar Road, Karachi.

Share Registrar Department

CDC Share Registrar Services Limited
 CDC House, 99-B, SMCHS,
 Main Shahrah-e-Faisal, Karachi - 74400

Phone: 0800 – 23275
 Fax: (+92 21) 34326053
 Email: info@cdcsrsl.com
 Website: www.cdcsrsl.com

Legal Advisor

Ahmed & Qazi
 Khalid Anwer & Co.
 Akhund Forbes
 Mohsin TayebAly & Co.
 Lex Firma
 Khalid Jawed & Co.

Bankers / Lenders

Allied Bank Limited
 Askari Bank Limited
 Bank Al Habib Limited
 Bank Alfalah Limited
 Bank Islami Pakistan Limited
 Dubai Islamic Bank
 Faysal Bank Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 JS Bank Limited
 MCB Bank Limited
 MCB Islamic Bank Limited
 Meezan Bank Limited
 National Bank of Pakistan (Aitemad)
 National Bank of Pakistan
 Pak China Investment Company Limited
 Saudi Pak Industrial and Agricultural
 Investment Company Limited
 Silk Bank Limited
 Sindh Bank Limited
 Standard Chartered Bank (Pakistan)
 Limited
 Summit Bank Limited
 The Bank of Khyber
 The Bank of Punjab
 United Bank Limited



Website

www.aishasteel.com

Directors' Review Report

The Directors of Aisha Steel Mills Limited (ASML) herewith present Directors' Review Report together with condensed interim financial statements (un-audited) of the Company for the half year ended December 31, 2020.

Steel Market Review

The rising trend observed in the international HRC prices continued in the second quarter as well. The China FOB price increased from US\$ 515, present in September 2020, to US\$ 700 in the month of December, 2020. The prices have stabilized since. Similar rising trend was observed in the USA and European markets. The HRC price prevailing in December were US\$1000 and Euro 660, respectively.

In the local market, a rapid recovery in the steel sector was witnessed after the decline in COVID-19 related cases. The auto segment in particular, exhibited a V shaped recovery creating robust demand for CRC. The construction sector also picked up increasing demand for galvanized products.

The anti-dumping duties imposed on China and Ukraine for five years expired on January 13, 2021. ASML has already filed sunset review at NTC for re-imposition of the same. The proceedings on the review have already commenced. The antidumping duties, currently applicable, will remain intact till the conclusion of the sunset review investigation. If NTC concludes, which is the most likely scenario, the duties will be re-imposed on China and Ukraine for a period of additional five years. NTC has also commenced antidumping proceedings against South Korea, European Union, Taiwan and Vietnam on behalf of complaint filed by the local producers.

Operational Review

The sales volume in the Oct-Dec 2020 quarter was 107,370 tons compared to 94,878 tons achieved in the Jul-Sep 2020 quarter, showing an increase of 13%. The production was 109,867 tons in the second quarter compared to 69,202 tons in the first, showing an increase of 59%. In the period from Jul-Dec 2020, the sales quantity achieved was 202,248 tons compared to 153,040 tons in the corresponding period last year, showing an increase of about 32%. The production for the period was 179,069 tons compared to 160,838 tons in the corresponding period last year showing an increase of about 11%. The capacity utilization was 51% compared to 46% achieved last year.

Compared to budgeted sales and production quantity of 210,050 tons each, the achieved target was 96% and 85% respectively. The production was lower compared to sales due to shortage of HRC at the mill. COVID related shipment delays and local port congestions created unforeseen gaps.

The revenue generated for the Jul-Dec 2020 period was PKR 25,417 million compared to PKR 17,551 million achieved last year, showing an increase of about 48%.

The final proposal from Steel Plantech Company of Japan (SPCO) for the rehabilitation of CRSM was received in December 2020. The same is under review of the insurance company and is expected to be finalized in the near future.

A brief summary of the financial results as on December 31, 2020 is as follows:

All figures in PKR Million	Half Year Ended	
	Dec 2020	Dec 2019
Revenue	25,417	17,551
Gross profit	4,577	1,259
Profit / (Loss) before tax	3,452	(539)
Profit / (Loss) after tax	2,520	(285)
EPS / (LPS) - Basic (Rupee)	3.21	(0.45)

Future Outlook

The future outlook looks stable and local demand is expected to remain strong. The management is taking measures to achieve higher capacity utilization.

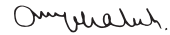
Acknowledgement

We would like to record our appreciation and gratitude to our stakeholders, banks, financial institutions and business partners for the continuous support in the ongoing operations. We also acknowledge the support of relevant ministries and regulators for their continued support and guidance. We acknowledge the hard work put in by employees of the Company and look forward for their continued and active involvement.

For and on behalf of the Board



Dr. Munir Ahmed
Chief Executive



Arif Habib
Chairman

January 28, 2021

INDEPENDENT AUDITOR ' S REVIEW REPORT

To the members of Aisha Steel Mills Limited Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Aisha Steel Mills Limited as at December 31, 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to these financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Syed Fahim ul Hasan.



Chartered Accountants

Karachi

Date: February 17, 2021



Financial Statements



Condensed Interim Statement of Financial Position

As At December 31, 2020

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
Rupees '000			
ASSETS			
Non-current assets			
Property, plant and equipment	5	19,102,739	19,007,339
Intangibles		3,276	4,126
Long-term advances		533	543
Long-term deposits		54,584	55,380
Deferred tax	6	1,478,009	2,158,956
		<u>20,639,141</u>	<u>21,226,344</u>
Current assets			
Stores and spares		932,948	678,756
Inventories	7	6,746,838	7,916,499
Trade debts	8	280,326	240,807
Loans, advances, deposits and prepayments	9	719,349	991,666
Other receivables		2,817,326	1,007,922
Tax refunds due from Government - Sales tax		265,400	1,224,696
Taxation - payments less provision		1,401,410	1,118,241
Cash and bank balances	10	324,116	182,561
		<u>13,487,713</u>	<u>13,361,148</u>
		<u>34,126,854</u>	<u>34,587,492</u>
Total assets			
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	11	7,655,293	7,655,293
Ordinary shares		472,272	472,272
Cumulative preference shares		(1,313,789)	(1,313,789)
Difference on conversion of cumulative preference shares into ordinary shares		6,813,776	6,813,776
		<u>1,428,543</u>	<u>1,445,832</u>
Surplus on revaluation of fixed assets		667,686	667,686
Capital reduction reserve		1,707,626	(829,857)
Unappropriated profit / (Accumulated loss)		10,617,631	8,097,437
		<u>10,617,631</u>	<u>8,097,437</u>
Liabilities			
Non-current liabilities			
Long-term finance	12	8,985,136	9,324,998
Lease liabilities		26,750	35,159
Staff retirement benefit		110,970	97,601
Deferred grant		17,201	9,996
		<u>9,140,057</u>	<u>9,467,754</u>
Current liabilities			
Trade and other payables	13	8,225,645	6,370,728
Accrued mark-up		411,067	654,856
Short-term borrowings	14	5,074,975	9,946,416
Current portion of long-term finance		634,254	26,074
Current maturity of lease liabilities		23,225	24,227
		<u>14,369,166</u>	<u>17,022,301</u>
		<u>23,509,223</u>	<u>26,490,055</u>
Total liabilities			
Contingencies and commitments			
	15		
Total equity and liabilities			
		<u>34,126,854</u>	<u>34,587,492</u>

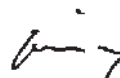
The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For The Half Year Ended December 31, 2020 - (Unaudited)

	Note	Quarter ended		Half year ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Rupees '000					
Revenue from contracts with customers	16	14,211,160	11,390,869	25,417,022	17,551,055
Cost of sales		(11,110,247)	(10,684,420)	(20,839,948)	(16,291,885)
Gross profit		3,100,913	706,449	4,577,074	1,259,170
Selling and distribution cost		(31,168)	(11,044)	(43,280)	(22,426)
Administrative expenses		(81,061)	(86,190)	(152,377)	(165,363)
Other expenses	17	(195,865)	-	(260,129)	-
Other income		22,758	13,622	34,914	29,987
Operating profit		2,815,577	622,837	4,156,202	1,101,368
Finance cost	18	(260,667)	(921,413)	(704,185)	(1,639,969)
Profit / (loss) before taxation		2,554,910	(298,576)	3,452,017	(538,601)
Income tax (expense) / credit	19	(694,940)	217,267	(931,823)	253,297
Profit / (loss) after taxation		1,859,970	(81,309)	2,520,194	(285,304)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss)		1,859,970	(81,309)	2,520,194	(285,304)
Rupees '000					
Earnings / (loss) per share	20				
- Basic		2.39	(0.16)	3.21	(0.45)
- Diluted		1.92	-	2.61	-

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

Condensed Interim Statement of Cash Flows

For The Half Year Ended December 31, 2020 - (Unaudited)

	December 31, 2020	December 31, 2019
Rupees '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	21 6,910,698	4,386,321
Income tax paid	(534,045)	(78,481)
Mark-up on loans paid	(985,248)	(1,690,938)
Staff retirement benefit paid	(3,816)	(2,899)
Decrease in long-term advances	10	406
Decrease / (increase) in long-term deposits	796	(4,875)
Net cash generated from operating activities	5,388,395	2,609,534
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(511,430)	(535,249)
Return on bank deposits received	11,593	9,352
Sale proceeds from disposal of property, plant and equipment	381	6,634
Net cash utilised in investing activities	(499,456)	(519,263)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	-	(250,000)
Long-term loan obtained	135,680	78,378
Short-term borrowings obtained - net	-	1,401,522
Lease rentals paid	(11,623)	(20,258)
Net cash generated from financing activities	124,057	1,209,642
Net increase in cash and cash equivalents	5,012,996	3,299,913
Cash and cash equivalents at beginning of the period	(9,763,855)	(13,903,329)
Cash and cash equivalents at end of the period	22 (4,750,859)	(10,603,416)

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive



Director

Condensed Interim Statement of Changes in Equity

For The Half Year Ended December 31, 2020 - (Unaudited)

	SHARE CAPITAL		RESERVES		TOTAL
	Capital		Revenue		
	Surplus on revaluation of fixed assets	Capital reduction reserve	(Accumulated loss) / Unappropriated profit		
	Rupees '000				
Balance as at July 1, 2019	6,813,776	1,511,560	667,686	(246,194)	8,746,828
Incremental depreciation net of deferred tax transferred	-	(18,060)	-	18,060	-
Total comprehensive loss for the half year ended December 31, 2019					
- Loss for the period	-	-	-	(285,304)	(285,304)
- Other comprehensive income for the period	-	-	-	-	-
	-	-	-	(285,304)	(285,304)
Balance as at December 31, 2019	6,813,776	1,493,500	667,686	(513,438)	8,461,524
Balance as at July 1, 2020	6,813,776	1,445,832	667,686	(829,857)	8,097,437
Incremental depreciation net of deferred tax transferred	-	(17,289)	-	17,289	-
Total comprehensive income for the half year ended December 31, 2020					
- Profit for the period	-	-	-	2,520,194	2,520,194
- Other comprehensive income for the period	-	-	-	-	-
	-	-	-	2,520,194	2,520,194
Balance as at December 31, 2020	6,813,776	1,428,543	667,686	1,707,626	10,617,631

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

Notes to the Condensed Interim Financial Statements

For The Half Year Ended December 31, 2020 - (Unaudited)

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on May 30, 2005 as a public limited company under the repealed Companies Ordinance, 1984. The Company's shares are listed on Pakistan Stock Exchange (PSX) since August 2012. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

The Company has set up a cold rolling mill complex and a galvanization plant in the Downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi, to carry out its principal business of manufacturing and selling cold rolled coils and hot dipped galvanized coils.

2. BASIS OF PREPARATION

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 as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards 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 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 the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2020.

2.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period beginning July 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2020 are considered not to be relevant to the Company's financial statements and hence have not been detailed here.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2020.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

4.2 Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the 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 financial statements as at and for the year ended June 30, 2020.

	December 31, 2020	June 30, 2020
Rupees '000		

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	17,589,786	17,809,753
Capital work in progress (at cost)	7,998	623
Major spare parts and stand-by equipment - note 5.2	1,504,955	1,196,963
	19,102,739	19,007,339

5.1 Additions to operating assets during the period are as follows:

	Additions (at cost)		Disposals (at net book value)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Rupees '000				
Owned assets:				
Plant and machinery	148,224	147,658	-	-
Electrical equipment	38,374	4,847	-	-
Office equipment	7,524	4,545	46	100
Motor vehicles	165	-	-	18
Right of use assets:				
Motor vehicles	1,781	-	-	-
	196,068	157,050	46	118

	December 31, 2020	June 30, 2020
Rupees '000		

5.2 Major spare parts and stand-by equipment

Balance at beginning of the period / year	1,196,963	948,725
Additions	580,432	727,484
Transfers	(272,440)	(479,246)
Balance at end of the period / year	1,504,955	1,196,963

6. DEFERRED TAX

The Company's tax losses amount to Rs. 12.04 billion (June 30, 2020: Rs. 13.53 billion) as at December 31, 2020 which comprise of unabsorbed tax depreciation, amortisation and initial allowance. The management carries periodic assessment to assess the benefit of these losses as the Company would be able to set off the profit earned in future years against these carried forward losses. Further, the Company has also recognised deferred tax asset on minimum tax and alternate corporate tax. The amounts of these benefits have been determined based on the financial projections of the Company for future years. The determination of future taxable profit is most sensitive to certain key assumptions such as capacity utilisation, gross margin percentage, inflation and KIBOR rates. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

	December 31, 2020	June 30, 2020
Rupees '000		

7. INVENTORIES

Raw material [including in transit Rs. 3,062.11 million (June 30, 2020: Rs. 1,479.8 million)]	5,420,445	4,137,373
Work in process	382,085	511,976
Finished goods [including coil end sheets Rs. 43.05 million (June 30, 2020: Rs. 37.38 million)]	860,043	3,187,972
Packing and other materials	84,265	79,178
	<u>6,746,838</u>	<u>7,916,499</u>

8. TRADE DEBTS

Secured	130,524	-
Un-secured	149,802	240,807
	<u>280,326</u>	<u>240,807</u>

9. LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS

9.1 Advances given to related parties amount to Rs. 17.4 million (June 30, 2020: Rs. 17.3 million) in relation to purchase of raw materials.

9.2 These also include deposit held with a bank amounting to Rs. 32.6 million (June 30, 2020: Rs. 33.33 million) in respect of bank guarantees issued to Regulatory Authorities against disputed duties and taxes, and to a customer in respect of performance of a contract.

	December 31, 2020	June 30, 2020
Rupees '000		

10. CASH AND BANK BALANCES

With banks on		
- Current accounts	163,487	110,588
- PLS savings accounts - note 10.1	160,489	71,619
Cash in hand	140	354
	<u>324,116</u>	<u>182,561</u>

10.1 At December 31, 2020 the rates of mark up on PLS savings accounts range from 4% to 6% (June 30, 2020: 5.15% to 11.25%) per annum.

11. SHARE CAPITAL**11.1 Authorised share capital**

December 31, 2020	June 30 2020		December 31, 2020	June 30 2020
(Number of shares)			Rupees '000	
1,100,000,000	1,100,000,000	Ordinary and Cumulative Preference Shares of Rs. 10 each	11,000,000	11,000,000

11.2 Issued, subscribed and paid-up capital - Ordinary Shares

December 31, 2020	June 30 2020		December 31, 2020	June 30 2020
(Number of shares)			Rupees '000	
765,529,303	765,529,303	Ordinary shares of Rs. 10 each	7,655,293	7,655,293

11.3 516,982,879 (June 30, 2020: 516,982,879) Ordinary Shares, 24,692,760 (June 30, 2020: 24,692,760) 'ASLPS' Cumulative Preference Shares and 250 (June 30, 2020: 250) 'ASLPCS' Cumulative Preference Shares of Rs. 10 each as at December 31, 2020 are held by related parties.

11.4 Dividend in respect of preference shares is only payable when Company has accumulated profits. Therefore, cumulative dividends on Preference Shares (PSX Symbol - ASLPS) and Preference Shares (PSX Symbol - ASLPCS) amounting to Rs. 772 million (June 30, 2020: Rs. 746 million) and Rs. 308 million (June 30, 2020: Rs. 306 million) respectively, have not been accounted for in these condensed interim financial statements.

12. LONG-TERM FINANCE – secured

The break-up and movement of long-term finance during the period is as follows:

	Loan under restructuring agreement	Loan for expansion project	Loan from related party	Loan under refinance scheme	Total
	Rupees '000				
Balance at beginning of the period	4,246,555	3,006,466	1,980,000	118,051	9,351,072
Disbursements	-	-	-	136,800	136,800
Impact of unwinding - finance cost	123,382	11,343	-	9,921	144,646
Deferred grant recognition	-	-	-	(13,128)	(13,128)
Balance at end of the period	4,369,937	3,017,809	1,980,000	251,644	9,619,390
Current portion	375,000	165,495	-	93,759	634,254
Long-term portion	3,994,937	2,852,314	1,980,000	157,885	8,985,136
Total	4,369,937	3,017,809	1,980,000	251,644	9,619,390

13. TRADE AND OTHER PAYABLES

These include bills payable of Rs. 6,122.19 million (June 30, 2020: Rs. 5,244.36 million) against import of raw material.

December 31,
2020June 30,
2020

Rupees '000

14. SHORT-TERM BORROWINGS - secured

Short term finance facilities under:

- running finance under mark-up arrangement
- Istisna-cum-Wakala arrangement
- finance against Trust Receipts

88,798

2,194,645

500,000

676,000

4,486,177

7,075,771

5,074,9759,946,416

14.1 The lender wise balances of short-term loan and running finance facilities obtained by the Company are as follows:

December 31,
2020June 30,
2020

Rupees '000

National Bank of Pakistan

2,114,593

1,984,312

Habib Bank Limited

888,896

1,499,821

The Bank of Punjab

643,164

75,469

Askari Bank Limited

628,880

98,861

Bank Alfalah Limited

414,026

286,242

JS Bank Limited

287,899

791,851

Summit Bank Limited

91,015

494,658

Habib Metropolitan Bank Limited

5,699

2,641,694

MCB Islamic Bank Limited

803

-

Dubai Islamic Bank Pakistan Limited

-

1,000,000

Sindh Bank Limited

-

499,720

MCB Bank Limited

-

319,230

Bank Islami Pakistan Limited

-

176,000

United Bank Limited

-

78,558

5,074,9759,946,416

14.2 Facilities for running finance available from above financial institutions amount to Rs. 20.8 billion (June 30, 2020: Rs. 17.93 billion). The rates of mark-up range between 1 month KIBOR plus 1% to 3 month KIBOR plus 3% (June 30, 2020: 1 month KIBOR plus 0.75% to 6 month KIBOR plus 3%) per annum. The balance is secured against ranking hypothecation charge over plant, machinery and equipment and pari passu charge over the current assets and fixed assets of the Company.

14.3 The short-term finance facilities of a running finance nature for working capital financing from three related parties are also available with a maximum aggregate limit of Rs. 3.5 billion (June 30, 2020: Rs. 3.5 billion). The facilities carry mark-up ranging between 3 month KIBOR plus 2.25% to 6 months KIBOR plus 3.55% per annum (June 30, 2020: 3 months KIBOR plus 2.25% to 6 months KIBOR plus 3.55% per annum).

15. CONTINGENCIES AND COMMITMENTS**15.1 Contingencies**

There has been no significant change during the period in the contingencies reported in the annual financial statements for the year ended June 30, 2020.

15.2 Commitments

Commitments for capital expenditure outstanding as at December 31, 2020 amounted to Rs. 304.06 million (June 30, 2020: Rs. 753.59 million).

	December 31, 2020	December 31, 2019
Rupees '000		
16. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Local sale of goods - note 16.1	29,209,086	20,832,859
Less: Sales tax	(4,249,994)	(2,988,094)
Rebates and discounts	(73,589)	(143,437)
Dealer commission	(304,882)	(226,411)
	<u>24,580,621</u>	<u>17,474,917</u>
Export	836,401	76,138
	<u>25,417,022</u>	<u>17,551,055</u>

16.1 This includes scrap sale of coil-end sheets net of sales tax amounting to Rs. 830.71 million (December 31, 2019: Rs. 753.98 million).

	December 31, 2020	December 31, 2019
Rupees '000		
17. OTHER EXPENSES		
Provision for Workers Welfare Fund	74,322	-
Provision for Workers Profits Participation Fund	185,807	-
	<u>260,129</u>	<u>-</u>
18. FINANCE COST		
Mark-up expense:		
- long-term finance	430,364	542,804
- impact of unwinding on long-term finance	139,854	1,268
- short-term borrowings	311,095	1,182,048
Guarantee commission	2,206	2,473
Finance lease charges	2,212	2,490
Exchange gain	(239,241)	(106,396)
Bank and other charges	57,695	15,282
	<u>704,185</u>	<u>1,639,969</u>

19. INCOME TAX (EXPENSE) / CREDIT

Current		
- for the period	(319,738)	-
- prior year	(10,990)	5
Deferred	(601,095)	253,292
	<u>(931,823)</u>	<u>253,297</u>

20. EARNINGS / (LOSS) PER SHARE

20.1 BASIC EARNINGS / (LOSS) PER SHARE

Profit / (loss) after taxation attributable to ordinary shareholders	2,520,194	(285,304)
Adjustment for cumulative preference share dividend	(59,853)	(55,697)
Profit / (loss) after taxation for calculation of basic earnings / (loss) per share	<u>2,460,341</u>	<u>(341,001)</u>
Weighted average number of ordinary shares outstanding at the end of period (in thousand)	<u>765,529</u>	<u>765,529</u>
Basic earnings / (loss) per share attributable to Ordinary shareholders (Rupees)	<u>3.21</u>	<u>(0.45)</u>

December 31,
2020December 31,
2019

Rupees '000

20.2 DILUTED EARNINGS PER SHARE

Profit after taxation attributable to ordinary shareholders
 Weighted average number of ordinary shares
 outstanding at the end of period (in thousand)
 Adjustment for conversion of convertible preference shares
 Weighted average number of ordinary shares
 at the end of period for diluted earnings per
 share (in thousand)

2,520,194

-

765,529

-

198,481

-

964,010

-

Rupees

Rupees

Diluted earnings per share

2.61

-

Diluted earnings per share has not been presented for period ended December 31, 2019 as it had anti-dilutive effect on loss per share.

December 31,
2020December 31,
2019

Rupees '000

21. CASH GENERATED FROM OPERATIONS

Profit / (loss) before taxation

3,452,017

(538,601)

Adjustment for non-cash charges and other items

Depreciation and amortisation

416,832

401,729

Finance lease charges

2,212

2,489

Mark-up charges

741,459

1,670,463

Unwinding of long term finance

139,854

1,268

Provision for staff retirement benefit funds

17,185

13,845

Return on PLS savings accounts

(11,593)

(9,352)

Gain on disposal of property, plant and equipment

(344)

(2,617)

1,305,605

2,077,825

Profit before working capital changes

4,757,622

1,539,224

Effects on cash flow due to change in working capital

Decrease / (increase) in current assets

Stores and spares

(254,192)

(79,937)

Inventories

1,169,661

668,542

Trade debts

(39,519)

191,606

Loans, advances, deposits and prepayments

272,317

212,210

Other receivables

(1,809,404)

(4,659)

Tax refunds due from Government - Sales tax

959,296

111,181

298,159

1,098,943

Increase in current liabilities

Trade and other payables

1,854,917

1,748,154

Net cash generated from operations

6,910,698

4,386,321

22. CASH AND CASH EQUIVALENTS

Cash and bank balances

324,116

169,858

Short-term borrowings

(5,074,975)

(10,773,274)

(4,750,859)

(10,603,416)

23. TRANSACTIONS WITH RELATED PARTIES

Disclosure of transactions with related parties during the period are as follows:

			December 31, 2020	December 31, 2019
Rupees '000				
Relationship	Name of company	Nature of transaction		
Associated companies	Arif Habib Corporation Limited	- Finance facility utilised	1,630,000	1,060,000
		- Repayment of finance facility utilised	1,630,000	1,069,478
		- Mark-up on finance facilities	11,996	36,491
		- Mark-up on finance facilities paid	22,530	53,234
		- Guarantee commission	2,206	2,450
		- Guarantee commission paid	2,206	2,282
	Arif Habib Equity (Pvt.) Limited	- Finance facility utilised	-	839,000
		- Repayment of finance facility utilised	-	-
		- Mark-up on finance facilities	27,111	18,137
	Power Cement Limited	- Purchase of construction material	194	-
		- Payment made against purchase of construction material	290	-
	Rotocast Engineering Co. (Private) Limited	- Finance facility utilised	-	1,105,000
		- Mark-up on finance facilities	96,455	54,291
		- Mark-up on finance facilities paid	39,710	19,168
		- Rent and maintenance	4,849	4,664
- Rent and maintenance paid		4,849	4,664	
Sachal Energy Development (Private) Limited	- Finance facility utilised	-	300,000	
	- Payment made against finance facility	-	300,000	
	- Mark-up on finance facilities	-	22,577	
	- Mark-up on finance facilities paid	-	22,566	
Other related parties	Mr. Arif Habib, Chairman	- Finance facility utilised	-	3,003,000
		- Repayment of finance facility utilised	-	2,697,000
		- Mark-up on finance facility	-	158,969
		- Mark-up on finance facility paid	8,147	400,000
Key management personnel	Chief Executive Officer, Chief Financial Officer & Company Secretary	- Salaries and other employee benefits	11,422	9,470
		Chief Financial Officer & Company Secretary	- Post retirement benefits	283
	Non-Executive Director	- Meeting and other expenses	200	383

24. CORRESPONDING FIGURES

Corresponding figures and balances have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material to the condensed interim financial statements. Following is the impact of reclassifications other than those that are immaterial:

Reclassification from component	Reclassification from component	Description	"Rupees 000"
Trade debts	Trade and other payables	Advances from dealers	78,093

25. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on January 28, 2021.



Chief Financial Officer



Chief Executive



Director



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