

First Quarterly Report September 2021

Rolling Dreams into Reality



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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 A. Habib
Mr. Jawaid Iqbal
Mr. Kashif A. Habib
Ms. Tayyaba Rasheed
Mr. Arslan Iqbal

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rashid Ali Khan – Chairman
Mr. Arif Habib
Mr. Kashif A. 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) 34740160

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' Report

The Directors of Aisha Steel Mills Limited (ASML) present herewith Directors' Review Report together with condensed interim financial statements (un-audited) of the Company for the first quarter ended September 30, 2021.

Steel Market Review

The financial year 20-21 witnessed unprecedented rise in HRC prices. China peaked in May 2021 reaching US\$ 1,060, FOB. Subsequently, the prices have come down and stabilized near US\$ 900 levels. The European market peaked in June reaching US\$ 1,420, FOB before settling around US\$ 1,200. The American market peaked in August reaching US\$ 2,140, FOB. It has stabilized since and is currently at US\$ 2,120, FOB. The Japanese market, which is our main source of HRC, followed similar trend and peaked in June at US\$ 1,050, FOB levels. The prices have come down since and currently fluctuating around US\$ 900, FOB. The local market also exhibited rising trend throughout the FY 2021. However, in dollar terms, prices have stopped rising and have stabilized at June levels.

Operational Review

The total quantity sold during the Jul-Sep 2021 Qtr was 88,834 tons as compared to 94,878 sold during the corresponding period last year, showing a decrease of about 6.4%. Out of the sales during Jul-Sep 2021 Qtr, 16,158 tons pertains to exports made to Europe, America and Canada. During the corresponding period last year, exports were limited to 2,618 tons with major quantity going to Afghanistan.

The total quantity produced during the period was 104,653 tons compared to 69,202 tons produced in the corresponding period last year, showing an increase of 51%. The production was curtailed due to slow offtake and buildup of finished goods inventory. The average inventory in the July-September increased to 36,517 tons compared to 16,158 tons present in the same quarter last year.

A brief summary of the financial results as on September 30, 2021 is as follows:

Description	Quarter ended	
	Sep 2021	Sep 2020
	Rs. In Million	
Revenue	18,007	11,206
Gross profit	2,208	1,476
Profit before tax	1,015	897
Profit after tax	738	660
	Earnings / (loss) per share in (Rupees)	
EPS	0.94	0.82

Future Outlook:

The slowdown in the automotive industry due to chip shortage and added restrictions in car financing may influence CRC off take in this segment. The consumption in two and three wheelers is expected to remain strong. The construction activity has picked up and will support our GI sales.

The steel and most of the related commodities prices have stabilized in the international market and expected to decline going forward but gradually. However, in rupee terms we may see rise in prices due to weakness of rupee against foreign currencies. The resulting inflation, in the short term, has the potential to limit buying power of end users which in turn can slow down economic activities and may affect our sales as well. In the long term, however, the steel consumption in general and flat steel in particular is expected to rise.

Acknowledgement

We would like to record our appreciation and gratitude to the Banks for the continuous support in the ongoing operations as well as in the expansion project. We also acknowledge the support of Regulators for their continued support.

For and on behalf of the Board



Dr. Munir Ahmed
Chief Executive



Nasim Beg
Director

October 28, 2021

Financial Statements

FINANCIAL PERFORMANCE



Condensed Interim Statement of Financial Position

As at September 30, 2021

		(Unaudited) September 30, 2021	(Audited) June 30, 2021
	Note	Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	5	19,217,115	19,398,632
Intangible assets		34,517	35,401
Long-term advances		528	528
Long-term deposits		120,107	68,112
Deferred tax asset	6	394,696	448,612
		<u>19,766,963</u>	<u>19,951,285</u>
Current assets			
Inventories	7	15,822,831	12,088,077
Trade and other receivables		1,676,256	2,045,504
Loans, advances and prepayments		496,877	545,508
Tax refunds due from Government - Sales tax		459,591	-
Taxation - payments less provision		1,896,146	1,655,083
Cash and bank balances	8	2,286,691	238,060
		<u>22,638,392</u>	<u>16,572,232</u>
Total assets		<u><u>42,405,355</u></u>	<u><u>36,523,517</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	9		
Ordinary shares		7,717,723	7,716,843
Cumulative preference shares		444,950	445,335
Difference on conversion of cumulative preference shares into ordinary shares		(1,348,897)	(1,348,402)
		<u>6,813,776</u>	<u>6,813,776</u>
Surplus on revaluation of property, plant and equipment		1,394,402	1,404,689
Capital reduction reserve		667,686	667,686
Unappropriated profit		6,328,544	5,580,433
		<u>15,204,408</u>	<u>14,466,584</u>
Liabilities			
Non - current liabilities			
Long-term finance - secured	10	6,105,954	6,096,715
Lease liabilities		50,000	52,250
Employee benefit obligations		129,459	123,261
Deferred income - Government grant	10	1,240	1,367
		<u>6,286,653</u>	<u>6,273,593</u>
Current liabilities			
Trade and other payables	11	8,699,401	6,937,551
Short-term borrowings	12	10,588,028	6,795,705
Sales tax payable		-	175,338
Current maturity of long-term finance	10	1,156,480	1,531,480
Current maturity of lease liability		20,784	20,784
Accrued mark-up		442,166	315,174
Current portion of deferred income - Government grant	10	7,435	7,308
		<u>20,914,294</u>	<u>15,783,340</u>
Total liabilities		<u><u>27,200,947</u></u>	<u><u>22,056,933</u></u>
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		<u><u>42,405,355</u></u>	<u><u>36,523,517</u></u>

The annexed notes 1 to 18 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 Period Ended September 30, 2021 - (Un-audited)

		(Unaudited) September 30, 2021	(Unaudited) September 30, 2020
	Note	Rupees '000	
Revenue from contracts with customers	14	18,007,065	11,205,862
Cost of sales		(15,798,942)	(9,729,701)
Gross profit		2,208,123	1,476,161
Selling and distribution cost		(145,541)	(12,112)
Administrative expenses		(81,077)	(71,316)
Operating profit		1,981,505	1,392,733
Other expense		(76,381)	(64,264)
Other income		6,067	12,156
Finance cost	15	(896,426)	(443,518)
Profit before tax		1,014,765	897,107
Income tax expense		(276,941)	(236,883)
Profit after tax		737,824	660,224
Other comprehensive income		-	-
Total comprehensive income		737,824	660,224
Earnings per share	16	Rupees	
- Basic		0.94	0.82
- Diluted		0.76	0.69

The annexed notes 1 to 18 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 Period Ended September 30, 2021 - (Un-audited)

	SHARE CAPITAL			RESERVES		TOTAL	
	Ordinary shares	Cumulative preference shares	Difference on conversion of cumulative preference shares into ordinary shares	Capital			
				Surplus on revaluation of property plant and equipment	Revenue		
				Capital reduction reserve	Unappropriated profit / (accumulated loss)		
	Rupees '000						
Balance as at July 1, 2020	7,655,293	472,272	(1,313,789)	1,445,832	667,686	(829,857)	8,097,437
Incremental depreciation net of deferred tax transferred	-	-	-	(10,287)	-	10,287	-
Total comprehensive income for the period ended September 30, 2020							
- Profit for the period ended September 30, 2020	-	-	-	-	-	660,224	660,224
- Other comprehensive income for the period ended September 30, 2020	-	-	-	-	-	-	-
	-	-	-	-	-	660,224	660,224
Balance as at September 30, 2020	<u>7,655,293</u>	<u>472,272</u>	<u>(1,313,789)</u>	<u>1,435,545</u>	<u>667,686</u>	<u>(159,346)</u>	<u>8,757,661</u>
Balance as at July 1, 2021	7,716,843	445,335	(1,348,402)	1,404,689	667,686	5,580,433	14,466,584
Incremental depreciation net of deferred tax transferred	-	-	-	(10,287)	-	10,287	-
Cumulative Preference Shares of Rs. 10 each converted to 2,285 Ordinary Shares of Rs. 10 each during the period	880	(385)	(495)	-	-	-	-
Total comprehensive income for the period ended September 30, 2021							
- Profit for the period ended September 30, 2021	-	-	-	-	-	737,824	737,824
- Other comprehensive income for the period ended September 30, 2021	-	-	-	-	-	-	-
	-	-	-	-	-	737,824	737,824
Balance as at September 30, 2021	<u>7,717,723</u>	<u>444,950</u>	<u>(1,348,897)</u>	<u>1,394,402</u>	<u>667,686</u>	<u>6,328,544</u>	<u>15,204,408</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive


Director

Condensed Interim Statement of Cash Flows

For The Period Ended September 30, 2021 - (Un-audited)

	(Unaudited) September 30, 2021	(Unaudited) September 30, 2020
Rupees '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,014,765	897,107
Add / (less): Adjustment for non-cash income and expenses		
Depreciation and amortisation	227,965	208,952
Mark-up charges	487,711	465,716
Unwinding of long-term finance	9,239	3,844
Finance lease charges	1,276	1,110
Expense recognised for employee benefit obligations	10,353	8,593
Exchange loss / (gain)	398,200	(44,466)
Gain on disposal of property, plant and equipment	(697)	-
Return on PLS savings accounts	(5,339)	(4,490)
	1,128,708	639,259
Profit before working capital changes	2,143,473	1,536,366
Effect on cash flow due to working capital changes		
(Decrease) / increase in current assets		
Inventories	(3,734,755)	4,733,483
Trade and other receivables	369,250	(80,172)
Loans, advances, deposits and prepayments	48,631	402,530
Tax refunds due from Government - Sales tax	(634,929)	953,333
	(3,951,803)	6,009,174
Increase / (decrease) in current liabilities		
Trade and other payables	1,363,651	(1,879,477)
Net cash (used in) / generated from operations	(444,679)	5,666,063
Income tax paid	(464,089)	(206,060)
Mark-up on loans paid	(360,719)	(649,420)
Employee benefits paid	(4,155)	(2,118)
Decrease in long-term advances	-	10
(Increase) / decrease in long - term deposits	(51,995)	1,779
Net cash (used in) / generated from operating activities	(1,325,637)	4,810,254
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(47,326)	(212,862)
Return on PLS accounts	5,339	4,490
Sale proceeds from disposal of property, plant and equipment	2,459	-
Net cash used in investing activities	(39,528)	(208,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	(381,000)	-
Long-term loan obtained - net	6,000	134,714
Lease rental paid	(3,526)	(4,477)
Net cash (used in) / generated from financing activities	(378,526)	130,237
Net (decrease) / increase in cash and cash equivalents	(1,743,691)	4,732,119
Cash and cash equivalents at beginning of the period	(6,557,646)	(9,763,857)
Cash and cash equivalents at end of the period	(8,301,337)	(5,031,738)


Chief Financial Officer


Chief Executive


Director

Notes to the Condensed Interim Financial Statements

For The Period Ended September 30, 2021 - (Un-audited)

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 steel 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
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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, 2021.

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, 2021. 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 01, 2021 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, 2021.

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, 2021.

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, 2021.

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
	Rupees '000	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	17,502,228	17,512,473
Capital work in progress (at cost)	106,820	82,848
Major spare parts and stand-by equipment	1,608,067	1,803,311
	<u>19,217,115</u>	<u>19,398,632</u>

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

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	Rupees '000			
Owned:				
Plant and machinery	82,686	63,681	-	-
Office equipment	5,361	3,365	-	-
Furniture and fixtures	339	-	-	-
Electrical equipment	118,069	3,784	-	-
Vehicles	203	165	327	-
Right of use assets:				
Leased vehicles	11,919	-	1,434	-
	<u>218,577</u>	<u>70,995</u>	<u>1,761</u>	<u>-</u>

6. DEFERRED TAXATION

The Company's tax losses amount of Rs. 6.36 billion (June 30, 2021: Rs. 6.38 billion) as at September 30, 2021. The management carries out periodic assessment to assess the benefit of these losses as the Company would be able to set off the carried forward losses against the profits earned in future years. Based on management assessment, the Company has recognised deferred tax asset on losses amounting to Rs. 1.84 billion (June 30, 2021: Rs. 1.85 billion) including an amount of Rs. 1.59 billion (June 30, 2021: Rs. 1.59 billion) on unabsorbed tax depreciation, amortisation and initial allowance of Rs. 5.48 billion (June 30, 2021: Rs. 5.49 billion). The amount of this benefit has been recognised in view of expected profits as per the financial projections of the Company for future years. The projection of future taxable profits 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.

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
Rupees '000		

7. Inventories

Raw material [including in transit Rs. 5,552.16 million (June 30, 2021: Rs. 4,625.72 million)]	8,250,865	7,850,190
Work in process	643,501	765,110
Finished goods [including coil end sheets Rs. 50.86 million (June 30, 2021: Rs. 22.31 million)]	5,807,865	2,352,387
Packing and other materials	81,483	85,186
	<u>14,783,714</u>	<u>11,052,873</u>
Stores	950,599	327,435
Spares	88,518	707,769
	<u>1,039,117</u>	<u>1,035,204</u>
	<u>15,822,831</u>	<u>12,088,077</u>

8. CASH AND BANK BALANCES

With banks on		
- Current accounts:		
- Conventional	120,452	151,499
- Islamic	129,491	5,139
- Saving accounts:		
- Conventional - note 8.1	1,814,382	69,769
- Islamic - note 8.2	221,966	11,398
Cash in hand	400	255
	<u>2,286,691</u>	<u>238,060</u>

8.1 At September 30, 2021, the rates of mark-up on PLS savings accounts ranged from 5.75% to 6.5% (June 30, 2021: 4% to 5.5%).

8.2 At September 30, 2021, the rates of mark-up on shariah compliant bank accounts ranged from 4.25% to 6.75% (June 30, 2021: 4% to 6.4%).

9. SHARE CAPITAL

9.1 Authorised share capital

September 30, 2021	June 30, 2021		September 30, 2021	June 30, 2021
(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

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

September 30, 2021	June 30, 2021		September 30, 2021	June 30, 2021
(Number of shares)			Rupees '000	
771,684,322	765,529,303	Ordinary Shares of Rs. 10 each - Opening	7,716,843	7,655,293
87,971	6,155,019	Cumulative Preference Shares (PSX Symbol - ASLCPS) of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the period	880	61,550
771,772,293	771,684,322	Closing	7,717,723	7,716,843

Cumulative Preference Shares (PSX Symbol - ASLPS)

2021	2021			
44,357,057	44,357,057	Cumulative Preference Shares of Rs. 10 each	443,571	443,571

Cumulative Preference Shares (PSX Symbol - ASLCPS)

2021	2021			
(Number of shares)				
176,420	2,870,083	Cumulative Preference Shares of Rs. 10 each	1,764	28,701
(38,500)	(2,693,663)	Cumulative Preference Shares of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the period	(385)	(26,937)
137,920	176,420	Cumulative Preference Shares of Rs. 10 each Closing	1,379	1,764

Total cumulative Preference Shares of Rs. 10 each (PSX Symbols - ASLCPS and ASLPS)

444,950	445,335
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9.3 Cumulative dividend on Preference Shares (PSX Symbol - ASLPS) and Preference Shares (PSX Symbol - ASLCPS) amounting to Rs. 806 million (June 30, 2021: Rs. 795 million) and Rs. 323 million (June 30, 2021: Rs. 323 million) respectively, are outstanding as at September 30, 2021.

- 9.4** Of these outstanding cumulative preferential dividends, the Board of Directors of the Company have proposed distribution of cumulative dividend on Cumulative Preference Shares ASLPS and ASLCPS upto the period ended June 30, 2021 amounting to Rs. 795 million and Rs. 323 million respectively, which is subject to the approval of the members of the Company in their Annual General Meeting scheduled to be held on October 28, 2021, after approval of these quarterly accounts.
- 9.5** Further, the Board of Directors of the Company in the above-referred meeting of Board of Directors also proposed a final cash dividend on Ordinary Shares ASL of Rs. 2 per share (2020: Nil) for the year ended June 30, 2021 which is also subject to approval of the members of the Company in the Annual General Meeting scheduled to be held on October 28, 2021.
- 9.6** These condensed interim financial statements do not include the effects of the afore-mentioned proposed dividends.

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
	Rupees '000	

10. LONG TERM FINANCE

Islamic	1,251,482	1,251,482
Commercial	6,019,627	6,378,080
	<u>7,271,109</u>	<u>7,629,562</u>

11. TRADE AND OTHER PAYABLES

These include bills payable of Rs. 5,623.70 million (June 30, 2021: Rs. 4,953.56 million) against import of raw material. Of these, bills payable amounting to Rs. Nil (June 30, 2021: Rs. 1,438.8 million) pertains to islamic facilities.

	(Unaudited) September 30, 2021	(Audited) June 30, 2021
	Rupees '000	

12. BORROWINGS

Islamic	2,662,981	1,331,800
Commercial	7,925,047	5,463,905
	<u>10,588,028</u>	<u>6,795,705</u>

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- 13.1.1** There has been no significant change during the period in the contingencies reported in the annual financial statements for the year ended June 30, 2021.

13.2 Commitments

- 13.2.1** Commitments for capital expenditure outstanding as at September 30, 2021 amounted to Rs. 635.95 million (June 30, 2021: Rs. 697.77 million).

(Unaudited)
September 30,
2021

(Unaudited)
September 30,
2020

Rupees '000

14. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sale of goods	19,091,361	13,002,762
Less: Sales tax	(2,573,471)	(1,890,423)
Less: Rebates and discounts	(269,777)	(183,144)
	<u>16,248,113</u>	<u>10,929,195</u>
Export	1,758,952	276,667
	<u>18,007,065</u>	<u>11,205,862</u>

14.1 This includes scrap sales of coil-end sheets net of sales tax amounting to Rs. 780.4 million (September 30, 2020: Rs. 357.42 million).

15. FINANCE COST

Mark-up expense:		
- long-term finance	222,112	229,369
- Impact of unwinding on long-term finance	9,239	3,844
- short-term borrowings	242,316	217,059
Finance lease charges	1,276	1,110
Exchange loss / (gain)	398,200	(44,466)
Bank and other charges	23,283	36,602
	<u>896,426</u>	<u>443,518</u>

16. EARNINGS / (LOSS) PER SHARE

16.1 BASIC EARNINGS / (LOSS) PER SHARE

Profit after tax attributable to ordinary shareholders	737,824	660,224
Adjustment for cumulative preference share dividend	(11,840)	(31,169)
Profit after tax for calculation of basic earnings per share	<u>725,984</u>	<u>629,056</u>
Weighted average number of ordinary shares outstanding at the end of period (in thousand)	<u>771,732</u>	<u>765,529</u>
Basic earnings per share (Rupees)	<u>0.94</u>	<u>0.82</u>

16.2 DILUTED EARNINGS PER SHARE

Profit after tax attributable to ordinary shareholders	737,824	660,224
Weighted average number of ordinary shares outstanding at the end of period (in thousand)	771,732	765,529
Adjustment for conversion of convertible preference shares	198,399	197,169
Weighted average number of ordinary shares at the end of period for diluted earnings per share (in thousand)	<u>970,131</u>	<u>962,698</u>
Diluted earnings per share (Rupees)	<u>0.76</u>	<u>0.69</u>

17. TRANSACTIONS WITH RELATED PARTIES

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

			(Unaudited) September 30, 2021	(Unaudited) September 30, 2020
Rupees '000				
Relationship	Name of company	Nature of transaction		
Associated companies	Arif Habib Corporation Limited	- Short-term finance facility utilised	-	1,630,000
		- Repayment of short-term finance	-	1,630,000
		- Long-term loan repaid	14,734	-
		- Mark-up on finance facilities	4,136	7,896
		- Mark-up on finance facilities paid	6,455	19,232
		- Guarantee commission	1,104	1,118
		- Guarantee commission paid	1,051	1,190
	Arif Habib Equity (Pvt.) Limited	- Mark-up on finance facilities	-	27,111
	Power Cement Limited	- Payment made against purchase of construction material	190	194
	Rotocast Engineering Co. (Private) Limited	- Mark-up on finance facilities	-	47,680
		- Mark-up on finance facilities paid	-	39,710
		- Rent and maintenance	4,194	2,203
		- Rent and maintenance paid	4,194	2,203
Other related parties	Mr. Arif Habib	- Mark-up on finance facility	-	90
		- Mark-up on finance facility paid	-	8,147
Key management compensation	CEO, CFO & Company Secretary CFO & Company Secretary Non-Executive Director	- Salaries and other employee benefits	6,873	5,583
		- Post retirement benefits	157	142
		- Meeting and other expenses	132	125

18. 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 October 28, 2021.


Chief Financial Officer


Chief Executive


Director



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