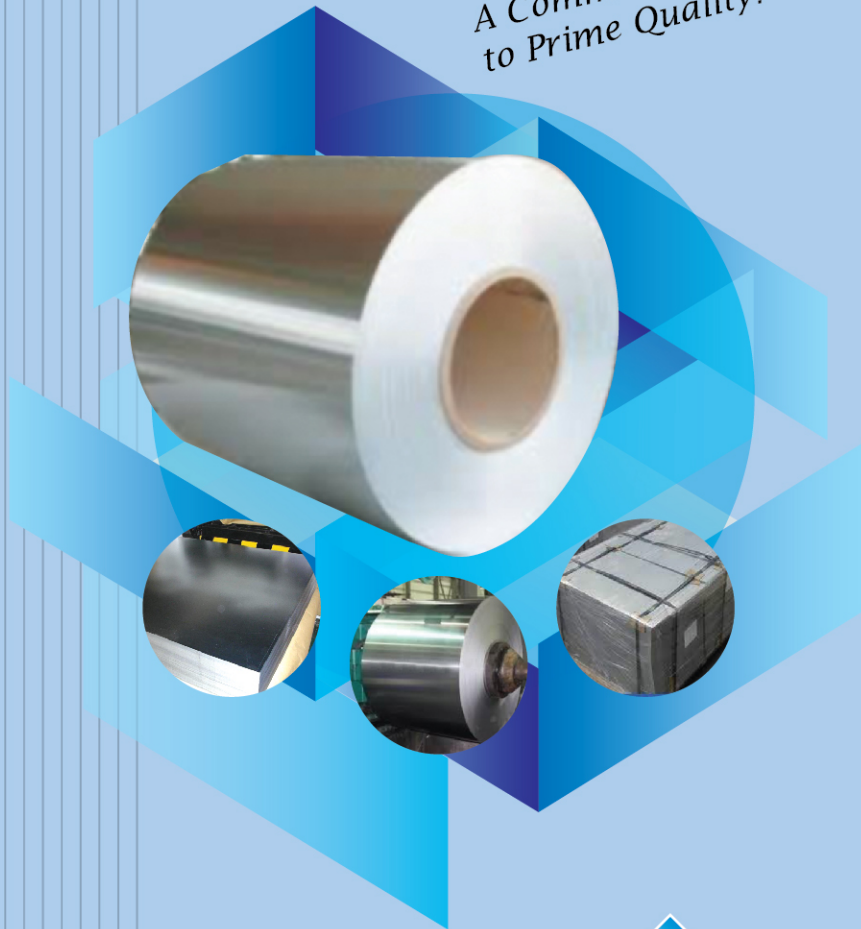


Half Yearly Report | **2020**
December 31,

*A Commitment
to Prime Quality!*



Siddiqsons Tin Plate Limited
A Siddiqsons Group Company

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COMPANY INFORMATION

Board of Directors

Mr. Tariq Rafi	Chairman
Mr. Munir Qureshi	CEO
Mr. Ibrahim Shamsi	Non Executive Director
Ms. Alia Sajjad	Non Executive Director
Mr. Ashraf Mehmood Wathra	Independent Director
Mr. Abdul Wahab	Independent Director
Mr. Naeem-ul-Hasnain Mirza	Executive Director

Audit Committee

Mr. Ashraf Mehmood Wathra (Chairman)
(Independent Director)

Mr. Ibrahim Shamsi (Member) (Non-Executive)

Ms. Alia Sajjad (Member) (Non-Executive)

Mr. Muhammad Haris (Secretary)

Human Resource & Remuneration Committee

Ms. Alia Sajjad (Chairman) (Non-Executive)

Mr. Munir Qureshi (Member) (Executive)

Mr. Abdul Wahab (Independent Director)

Mr. Muhammad Haris (Secretary)

Technical Committee

Mr. Tariq Rafi
 Chairman |

Mr. Munir Qureshi
 Member |

Mr. Naeem-ul-Hasnain Mirza
 Member |

Executive Management Team

Mr. Naeem-ul-Hasnain Mirza
 COO |

Mr. Mahir Abbas
 Dir. Commercial |

Mr. Rashid Khaleeqe
 DCCO |

Mr. Furrakh Sadiq
 CFO |

Mr. Shahzad Shabbir
 GM Commercial |

Mr. Muhammad Jawaid Abbasi
 GM Marketing |

Chief Financial Officer

Mr. Furrakh Sadiq

Company Secretary

Mr. Muhammad Haris

Auditors

Yousuf Adil

Chartered Accountants

Legal Advisor

Mr. Kashif Nazeer

A/2, G-23, Park Lane, Block-5, Clifton, Karachi

M/s. ABS & Co.

Head Office: 9-Fane Road, Lahore - Pakistan.

Bankers

National Bank of Pakistan

Habib Bank Limited

MCB Bank Limited

Sonari Bank Limited

Habib Metropolitan Bank Limited

Faysal Bank Limited

Meezan Bank Limited

JS Bank Ltd

Al Baraka Bank (Pakistan) Ltd

MCB Islamic Bank Limited

Allied Bank Limited

The Industrial & Commercial Bank of

China (ICBC)

United Bank Limited

Bank Alfalah Limited

Askari Bank Limited

Samba Bank Limited

Dubai Islamic Bank Pakistan Limited

Shares Registrar

THK Associates (Pvt.) Limited,

1st Floor, 40-C Block-6,

PE.C.H.S, Shahrah e Faisal,

Karachi.,

UAN # 111 000322

Registered Office

Ocean Tower, 27th Floor,

G-3, Block 9, Scheme # 5,

Main Clifton Road, Karachi.

Tel : +9221-35 166571-4

Plant: Plot # 5, Special Industrial Zone,

Winder, Distt. Lasbela, LIEDA,

Baluchistan.

Web Presence

www.siddiqsonstinplate.com

Siddiqsons Tin Plate Limited
A Siddiqsons Group Company

01

DIRECTORS' REVIEW

Dear Shareholders

The Directors of your company would like to present the unaudited condensed interim financial statements of the Company for the half year ended December 31, 2020.

Operational overview

The Sales revenue was recorded at Rs.3,191 million as compared to Rs.1,304 million during the same period last year, thus recording an increase of 145%. In quantitative terms, a total of 19435 mtn. were sold as compared to 8362 mtn. This increase is witnessed at both local as well as export fronts. The local sales has increased by 113% while the growth in export sales is recorded at 214%.

Net Result

The net results showed a profit after taxation of Rs.63.31 million during the period as compared to a profit of Rs.23.18 million during the same period last year.

Earnings per share

The earnings per share are Re.0.28, as compared to Re. 0.11 in the corresponding period.

Market Overview

The international market witnessed an increasing trend throughout the period. This trend is witnessed in complete value chain of iron & steel, due to China's appetite to forge extra quantity of steel. This increasing trend also reflected on the prices of TMBP and ETP. The demand for tin plate also increased due to resumption of business activities. The export prospects appears promising and we shall be a major player in the regional market after the TMBP plant will be online. The margins on ETP from local sourcing of material are strengthening our belief in establishing the in-house TMBP plant.

Future Outlooks

The recent uptake in business activities and stable economic indicators are quite promising. The management aims to increase its market share through competitive pricing and by ensuring the availability of specifications of ETP needed in the market.

The increase in export sales shall continue and the management shall make untiring efforts in establishing strong presence in export market.

The civil & other infrastructure work at TMBP project is also progressing and the negotiations with the plant and machinery supplier is at the final stages.

The National Tariff Commission has initiated a new anti-dumping investigation on alleged dumped import of CRC originating from European Union, Korea, Chinese Taipei (Taiwan) and Vietnam. This is in addition to the antidumping duty already imposed on CRC on countries like China & Ukraine. The new investigation, if results in imposition of antidumping duty, may further squeeze the supply sources of the raw material of the Company and may have adverse impact on its operations.

Acknowledgement

The Directors of the Company would like to record their gratitude to our shareholders, partners, customers, Government authorities and financial institutions for their cooperation and continued support.

The Directors are also pleased to record their appreciation for the valuable & untiring efforts and services rendered by the staff of the Company.

On behalf of the Board


Munir Qureshi
Chief Executive


Tariq Rafi
Chairman

Karachi: March 1, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT To the members of Siddiqsons Tin Plate Limited Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SIDDIQSONS TIN PLATE 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, condensed interim statement of cash flows and notes to the financial statements forming part thereof (here-in-after referred to as the 'interim financial statements') for the half year then ended. Management is responsible for the preparation and presentation of this 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 financial statements based on our review.

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 as of and for the half year ended December 31, 2020 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Nadeem Yousuf.

Chartered Accountants

Place: Karachi
Date: March 3, 2021



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT DECEMBER 31, 2020

	Note	December 31, 2020 (Un-audited)(Rupees).....	June 30, 2020 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,119,246,134	2,015,982,881
Long-term deposits		7,179,250	7,179,250
Long term advance		408,440,343	408,440,343
		<u>2,534,865,727</u>	<u>2,431,602,474</u>
CURRENT ASSETS			
Stores, spares and loose tools		17,432,916	18,448,870
Stock-in-trade	7	1,144,555,595	1,535,131,890
Trade debts		649,701,366	472,090,319
Advance income tax		181,381,299	104,843,690
Loans and advances		301,420,132	76,351,668
Trade deposits and prepayments		33,208,287	29,262,107
Term deposit certificates	8	165,564,407	165,564,407
Sales tax refundable		389,084,030	243,314,331
Cash and bank balances		247,009,784	155,839,449
		<u>3,129,357,816</u>	<u>2,800,846,731</u>
Total assets		<u>5,664,223,543</u>	<u>5,232,449,205</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 300,000,000 (June 30, 2020: 300,000,000) ordinary shares of Rs. 10 each		<u>3,000,000,000</u>	<u>3,000,000,000</u>
Share capital	9	2,292,787,700	2,292,787,700
Share premium		301,517,286	301,517,286
Unappropriated profit		163,576,596	100,268,811
		<u>2,757,881,582</u>	<u>2,694,573,797</u>
NON-CURRENT LIABILITY			
Long term finance		50,587,738	16,509,114
Deferred government grant		2,655,541	909,746
		<u>53,243,279</u>	<u>17,418,860</u>
CURRENT LIABILITIES			
Trade and other payables		285,610,558	303,182,130
Contract liabilities		1,098,692	113,796,576
Due to director	10	245,439,760	360,000,000
Interest / mark-up accrued on borrowings		37,856,399	20,123,145
Short-term borrowings	11	2,243,735,576	1,705,988,090
Current portion of long term finances		32,064,570	10,983,226
Current portion of deferred government grant		2,415,508	1,505,762
Unpaid dividend		2,918,918	2,918,918
Unclaimed dividend		1,958,701	1,958,701
		<u>2,853,098,682</u>	<u>2,520,456,548</u>
Total equity and liabilities		<u>5,664,223,543</u>	<u>5,232,449,205</u>
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.


CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Note	Half year ended		Quarter ended		
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	
(Rupees).....				
Revenue from contract with customers - net	13	3,190,647,807	1,304,492,682	1,901,597,733	702,190,163
Cost of goods sold	14	(2,894,384,685)	(1,159,264,601)	(1,712,034,816)	(613,108,940)
Gross profit		296,263,122	145,228,081	189,562,917	89,081,223
Other income		5,796,070	73,409,013	4,382,983	56,574,375
		302,059,192	218,637,094	193,945,900	145,655,598
Distribution cost		(49,109,577)	(15,916,080)	(24,895,898)	(8,873,410)
Administrative expenses		(59,225,210)	(38,431,828)	(43,385,431)	(21,120,051)
Other operating expenses		(28,894,506)	(3,416,326)	(26,654,706)	(1,801,312)
Finance cost		(59,580,819)	(119,566,205)	(38,316,983)	(63,992,500)
		(196,810,112)	(177,330,439)	(133,253,018)	(95,787,273)
Profit before taxation		105,249,080	41,306,655	60,692,882	49,868,325
Taxation	15	(41,941,295)	(18,127,290)	(25,248,291)	(9,092,752)
Profit after taxation		63,307,785	23,179,365	35,444,591	40,775,573
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		63,307,785	23,179,365	35,444,591	40,775,573
Earnings per share - basic and diluted	16	0.28	0.11	0.15	0.19

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.


CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half year ended	
	December 31, 2020	December 31, 2019
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	105,249,080	41,306,655
Adjustments for		
Depreciation of property, plant and equipment	14,545,225	15,753,380
(Gain) on remeasurement of investment at market value	-	(82,646)
Finance cost	59,580,819	119,566,205
	179,375,124	176,543,594
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,015,954	2,467,703
Stock-in-trade	390,576,295	(83,922,507)
Trade debts	(177,611,047)	372,238,795
Loans and advances	(225,068,464)	(96,966,513)
Trade deposits and prepayments	(3,946,180)	(7,663,319)
Other receivables	-	(2,330,137)
Sales tax refundable	(145,769,699)	(60,992,959)
(Decrease) / increase in current liabilities		
Trade and other payables	(130,269,456)	45,105,334
Due to director	(114,560,240)	80,000,000
	(405,632,837)	247,936,397
Net cash (used in) / generated from operations	(226,257,713)	424,479,991
Income tax paid	(118,478,904)	(8,858,686)
Interest / markup paid	(44,032,056)	(105,321,235)
Net cash (used in) / generated from operating activities	(388,768,673)	310,300,070



	Half year ended	
	December 31, 2020	December 31, 2019
	-----Rupees-----	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,023,792)	(4,644,128)
Addition in capital work in progress	(115,810,552)	(72,688,625)
Proceed from disposal of property, plant and equipment	25,866	-
Advance paid against letter of credit	-	(315,569,632)
Term deposit certificates	-	573,197,349
Net cash (used in) / generated from investing activities	(117,808,478)	180,294,964
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	60,000,000	-
Short term borrowings obtained	256,470,327	34,012,887
Net cash generated from financing activities	316,470,327	34,012,887
Net decrease in cash and cash equivalents	(190,106,824)	524,607,921
Cash and cash equivalents at beginning of the period	105,156,474	(344,595,939)
Cash and cash equivalents at end of the period	(84,950,350)	180,011,982
Cash and cash equivalents		
Cash and bank balances	247,009,784	51,311,246
Short term running finances	(331,960,134)	(371,299,264)
Term deposit certificates - maturity of less than 3 months	-	500,000,000
	(84,950,350)	180,011,982

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE OFFICER



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Issued, subscribed and paid up capital	Share Premium	Unappro- priated profit	Total
(Rupees).....			
Balance as at July 1, 2019	2,292,787,700	301,517,286	123,412,379	2,717,717,365
Total Comprehensive income				
Profit for the half year ended December 31, 2019	-	-	23,179,365	23,179,365
Other comprehensive income - net of tax	-	-	-	-
	-	-	23,179,365	23,179,365
Balance at December 31, 2019	2,292,787,700	301,517,286	146,591,744	2,740,896,730
Total Comprehensive income				
Loss for the year ended June 30, 2020	-	-	(46,322,933)	(46,322,933)
Other comprehensive income - net of tax	-	-	-	-
	-	-	(46,322,933)	(46,322,933)
Balance at June 30, 2020	2,292,787,700	301,517,286	100,268,811	2,694,573,797
Total Comprehensive income				
Profit for the half year ended December 31, 2020	-	-	63,307,785	63,307,785
Other comprehensive income - net of tax	-	-	-	-
	-	-	63,307,785	63,307,785
Balance at December 31, 2020	2,292,787,700	301,517,286	163,576,596	2,757,881,582

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.


CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1. LEGAL STATUS AND OPERATIONS

Siddiqsons Tin Plate Limited (the Company) was incorporated in Pakistan on January 29, 1996 as public Company limited by shares under the repealed Companies Ordinance, 1984 now Companies Act, 2017 (the Act). The registered office of the Company is located at Ocean Tower, 27th Floor, Plot # G-3, Block # 9, Near II Talwar, Clifton, Karachi, Province of Sindh, Pakistan. The shares of the Company are quoted on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of tin plates, cans and other steel products.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

Following are the geographical locations and addresses of all business units of the Company:

Registered Office:

Ocean Tower, 27th Floor, Plot # G-3, Block # 9, Near II Talwar, Clifton, Karachi, Province of Sindh, Pakistan.

Manufacturing Facility:

- a) Tin Plate plant is located at Plot No. 5, Special Industrial Zone, Winder, Distt, Lasbella, L.I.E.D.A, Province of Balochistan, Pakistan.
- b) Canning plant is located at Plot # 221-222, Near Jamia Millia College, Jamia Millia Road, Malir City, Karachi, Province of Sindh, Pakistan.

Project Site:

TMBP project site is located at Plot No. 272 & 273 Hub City, Mouza Beroot Peerkas Road, District Lasbella, Hub Balochistan, Pakistan.

3. STATEMENT OF COMPLIANCE

- 3.1 These condensed interim financial statements have been prepared in accordance with the approved 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.

- 3.2** The condensed interim financial statements have been prepared under historical cost convention except other financial assets which are valued at fair value.
- 3.3** The condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional and presentation currency and figures presented in the condensed interim financial statements have been rounded off to the nearest rupee.
- 3.4** These condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements have been performed by the external auditors of the Company in accordance with the requirements of clause (26) of Listed Companies (Code of Corporate Governance) Regulations, 2017. These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act 2017.
- 3.5** These condensed interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2020. The comparative statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2020, whereas comparative condensed statement of profit or loss, condensed statement of cash flows and condensed statement of changes in equity are stated from the unaudited condensed interim financial statements for the half year and quarter ended December 31, 2019.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2020.



5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2020.

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	(Rupees).....	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	698,415,328	710,962,627
Capital work-in progress	6.2	1,420,830,806	1,305,020,254
		<u>2,119,246,134</u>	<u>2,015,982,881</u>

6.1 Operating fixed assets

	December 31, 2020				
	Opening WDV as at 01-Jul-20	Additions	Disposals (W.D.V)	Depreciation for the period	Closing WDV as at 31-Dec-20
.....(Rupees).....					
Leasehold land	7,533,750	-	-	-	7,533,750
Freehold land	167,401,427	-	-	-	167,401,427
Buildings on leasehold land	19,630,294	-	-	981,515	18,648,779
Plant and machinery	458,578,111	55,000	-	9,172,479	449,460,632
Power and other installations	13,969,515	-	-	698,476	13,271,039
Factory equipment	7,083,759	998,080	-	377,982	7,703,857
Generators	2,533,289	-	126,664	2,406,625	
Office equipment	5,806,068	11,282	94	290,863	5,526,393
Data processing equipment	1,540,761	330,016	-	286,918	1,583,859
Furniture and fixtures	1,330,328	117,000	-	69,440	1,377,888
Vehicles	25,555,325	512,414	25,772	2,540,888	23,501,079
	<u>710,962,627</u>	<u>2,023,792</u>	<u>25,866</u>	<u>14,545,225</u>	<u>698,415,328</u>
June 30, 2020	<u>733,369,405</u>	<u>8,781,905</u>	<u>-</u>	<u>(31,188,683)</u>	<u>710,962,627</u>



	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
.....(Rupees).....			
6.2 Capital work-in progress			
Civil works		1,420,830,806	1,305,020,254
6.2.1		<u>1,420,830,806</u>	<u>1,305,020,254</u>

6.2.1 The Company is establishing Tin Mill Black Plate (TMBP) project for manufacturing of Tin Mill Black Plates with an annual production capacity of 175,000 mtn per annum. The budgeted capital expenditure for the project is Rs. 8.5 billion. The project would be financed through equity and debt in the ratio of 35:65.

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
.....(Rupees).....			
7 STOCK-IN-TRADE			
Raw material - Tinplate			
in hand		244,697,336	179,588,076
in bond		-	25,214,269
in transit		144,732,585	371,043,929
Finished goods - Tinplate			
tin		727,335,360	934,425,844
cans		1,673,272	2,267,454
scrap		26,117,042	22,592,318
		<u>755,125,674</u>	<u>959,285,616</u>
Chromite			
Raw material		16,389,080	16,389,080
Finished goods		12,682,410	12,682,410
Provision for obsolete stock of chromite		(29,071,490)	(29,071,490)
		<u>-</u>	<u>-</u>
		<u>1,144,555,595</u>	<u>1,535,131,890</u>
8 TERM DEPOSIT CERTIFICATES			
Investment in term deposit certificates	8.1	<u>165,564,407</u>	<u>165,564,407</u>



8.1 This represents investment in term deposit certificates which carries markup at the rate of 6.00 % to 6.50% per annum for the periods of six and twelve months and carried as a lien against CRM project as disclosed in note 6.2.1

9 SHARE CAPITAL

An associated undertaking, Siddiqsons Limited holds 34,816,601 (2020: 34,816,601) ordinary shares at the year end.

The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Company has not reserved shares under options and sales contracts.

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
10 DUE TO DIRECTOR		(Rupees).....
Loan from director	10.1	245,439,760	<u>360,000,000</u>

10.1 This represents an interest free and payable on demand loan from director obtained for the purpose of fulfilling the payment of LC for CRM project purpose as disclosed in note 6.2.1.

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
11 SHORT-TERM BORROWINGS		(Rupees).....
SECURED			
From banking companies			
Export refinance	11.2	409,617,778	499,881,593
Finance against imports - foreign currency	11.2	1,502,157,664	1,155,423,522
Running finances under markup arrangements	11.3	331,960,134	50,682,975
		<u>2,243,735,576</u>	<u>1,705,988,090</u>



- 11.1 The aggregate unavailed-short term borrowing facilities amounts to Rs. 379 million (June 30, 2020: Rs. 1,465 million) as of the reporting date.
- 11.2 These are secured against hypothecation on fixed assets, stock-in-trade, trade debts and charge on present and future current assets of the Company and lien on import documents. This includes local currency loan. Local currency loan are subject to mark-up based on LIBOR, KIBOR and SBP ERF rate ranging between 3.00% to 9.26% (June 30, 2020: 3.00% to 9.26%) per annum.
- 11.3 These are secured against charge on fixed assets, stock-in-trade, trade debts and present and future current assets of the Company and are subject to the mark-up ranging between 8.54% to 9.04% (June 30, 2020: 9.51% to 13.47%) per annum.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

- 12.1.1 The Company imports material i.e. Tin Mill Black Plate / CRC steel sheets / coils from various countries which is used for producing Tin Plate for exportation under manufacturing bond facility and local supply for home consumption on payment of leviable duty and taxes against Goods Declarations. The imported materials are warehoused in the manufacturing bond premises without payment of duty and taxes for in-house consumption in manufacturing of exportable products. Company is availing the manufacturing bond facility since 2011, huge quantity of finished product manufactured by the company was exported adding considerable forex to the national exchequer. However during process of renewal of the Company's manufacturing bond warehousing license, a team of Regulatory Collectorate MCC-Gawadar, Camp office, Customs House, Gaddani, visited the bonded warehouse for stock taking and reconciliation of imports vis-à-vis exports documentation and records. Based on a faulty reconciliation audit conducted by the regulatory Collectorate, a purported shortage of 1055 MT of the imported materials i.e. CRC / Tin Mill Black Plate was arbitrarily pointed out despite the fact that the aforesaid quantity was fully accounted for.

During the course of quasi-judicial proceedings before the learned Adjudication Authority, all the charges leveled in the Show Cause Notice were duly rebutted through submission of detailed written reply and rejoinder and despite the fact that the purported shortage of 1055 MT was duly accounted for, the learned Adjudicating Authority, based on misreading and non-reading of evidence adduced by the Petitioner before the Adjudication Authority, passed the Order-in-Original No. 334 / 2019 dated 07.11.2019, on the behest of the department, for recovery of purported evaded amount of duty and taxes amounting to Rs.64,192,547/- on purported removal of 1055 MT of CRC / Tin Mill Black Plate from Manufacturing. While being aggrieved of the aforesaid Order-in-Original No. 334 / 2019, Company preferred an appeal bearing No. K-1298 / 2019, under section 194A of the Customs Act, 1969, before



the learned Customs Appellate Tribunal, Karachi. Pending the appeal preferred before the learned Customs Appellate Tribunal, Karachi, the Petitioner also moved to the Hon'ble High Court of Sindh, at Karachi vide Constitutional Petition No. D-7820 / 2019, assailing the demand notice for recovery of purported evaded amount of duty and taxes amounting to Rs 64,192,547/- issued in pursuance of Order-in-Original No. 334 / 2019.

Company submitted application dated 3rd August, 2019 by the Petitioner for temporary de-blocking of the license to import raw materials and export finished products which was granted.

The Hon'ble High Court, vide interim Order dated 05.12.2019, directed the Respondents not to enforce recovery of impugned Demand Notice which is subject matter of appeal pending before the Customs Appellate Tribunal, Karachi, till next date of hearing. However, after hearing the parties at length, the Hon'ble High Court of Sindh, at Karachi vide order dated 19.12.2019, disposed of the above petition, with the directions to the Respondents not to enforce recovery of impugned Demand Notice, being the subject matter of appeal, and further directed the Petitioner to file urgent application before the concerned bench of Customs Appellate Tribunal, Karachi.

Since Company was deprived of the reasonable opportunity of being heard and despite Application dated 26.11.2019 for adjournment of hearing in the case and Application dated 30.11.2019 requesting the Additional collector custom for issuing date of hearing to the Petitioner, ADC arbitrarily passed the Order-in-Original dated July 1, 2019 for cancellation of Manufacturing Bond License of the Petitioner in haste, without informing the Petitioner of the fate of the aforesaid applications.

Management, based on the legal advice is expecting a favorable decision, therefore no provision is made in the condensed interim financial statements.

- 12.1.2** An application was filed in the National Tariff Commission of Pakistan (NTC), by Cold Rolled Coils (CRC) manufacturers in Pakistan, to impose anti-dumping duty on import of CRC from selected countries, which happened to be the raw material of the Company. The NTC imposed an anti-dumping duty at the rate of 19.5% on such imports from selected countries. The Company challenged the decision of the Commission in the Appellate Tribunal of the Commission (Tribunal) as well as in the High Court of Sindh. The court had granted stay order against decision of the Commission and directed the Company to issue 100% cash margin guarantee for the anti-dumping duty. Considering this recent development and on a prudent basis the company has recognised 75% of the provision in respect of accumulated amount of import duty. The Tribunal later on, has upheld the imposition of Anti-dumping Duty. The Company then challenged the decision of the Tribunal in the Islamabad High Court. The case is pending litigation.



12.1.3 In April 2018, the Company signed a contract with M/s. New Metallurgy Hi-Tech Group Co. Ltd. (the Supplier) of about PKR 3,200 million, for setting up a Cold Rolling Mills Complex and Acid Regeneration Plant in Hub, Baluchistan. As per the contract, the shipment of Plant and Machinery was required to be completed by 30th April, 2020 and the Cold Rolled Coil Unit had to start production by December, 2020.

The Company has already invested more than PKR 2,000 million on Land, Building, Infrastructure, Plant & machinery and civil construction of Site including foundations duly completed as per specific drawings given by the Supplier, for laying Machinery. The Company has also paid 33% advance for design, engineering and shipment of the plant, amounting to RMB 40 million. As stipulated under the contract, majority of the component of plant, machinery and equipment had to be shipped in February 2020 and the remaining consignments by 30th April 2020. However, the Supplier failed to ship the plant machinery and equipment within the stipulated timeline. Meanwhile, the Bank Guarantees issued by the Supplier were expiring in April 2020. The Supplier besides delaying shipment did not extend Bank Guarantees beyond its expiry date in April, 2020. These bank guarantees covered the consignments to be shipped by 30th April 2020, since the consignments were not shipped it left no option for the Company but to call for the encashment of Bank Guarantees to secure itself.

On 27th August 2020 the supplier filed a case in Singapore International Arbitration Centre (SIAC) and appointed the arbitrator, contesting the case of encashment of above described Bank Guarantees. The Supplier claimed the right to retain the payments already made as an advance by the Company amounting to RMB 19.517 million. The Supplier also claimed for the damages and losses of RMB 35.857 million.

The Company has also appointed the arbitrator and a lawyer to defend its position. The Company has counter claimed PKR 2,117 million (USD 12.65 million) with a detailed response on 17th September 2020 against the failure to make the delivery of goods within agreed timeline by the Supplier.

The management in consultation with its legal advisor is of the view that the outcome of the arbitration will most likely be favorable to the Company.

Besides above, the matter for repatriation of the mobilisation advance amounting to Rs. 237 million (RMB 12.330 million), paid to the above mentioned supplier, is under consideration with the State Bank of Pakistan (SBP). Since the shipments under the contract could not have been effected, within the stipulated time, as allowed by SBP, the Company has requested SBP to extend the time line for repatriation of advance till the finalization of arbitration award and waiver of the penalty.



12.1.4 Tax assessments of the Company has been amended for the tax years 2003, 2005, 2006 and 2008 under Section 122 of the Ordinance by the tax department. The Company contested the levy of tax by department on the ground that the Company was enjoying exemption under Clause 126 of Part I of Second Schedule to the Ordinance as levy of minimum tax is not applicable on the Company. Appeals are pending before Sindh High Court, Income Tax Appellate Tribunal (ITAT) and CIT (Appeals) respectively. The Company is confident that outcome will be in its favour. However, as a matter of prudence, tax provision of Rs. 7,791,094, Rs. 17,654,223, Rs. 15,710,252 and Rs. 18,472,182 for the respective tax years has been made in the financial statements under Section 113 of the Ordinance.

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
(Rupees).....	
12.2 Commitments		
Letters of credit for import of raw material	363,107,273	627,968,401
Bank guarantee in favor of Excise and Taxation department relating to anti-dumping and infrastructure cess	165,052,651	165,052,651
Letter of credit for import of plant and machinery	2,391,599,653	2,391,599,653

	Half year ended		Quarter ended	
Note	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(Rupees).....			

13 REVENUE FROM CONTRACT WITH CUSTOMERS - NET

Local sales	2,256,540,410	1,180,361,535	1,395,554,825	746,707,717
Export sales	1,183,684,504	288,020,144	655,135,047	186,831,298
	3,440,224,914	1,468,381,679	2,050,689,872	933,539,015
Less: Sales tax	249,577,107	163,888,997	149,092,139	102,438,562
	3,190,647,807	1,304,492,682	1,901,597,733	831,100,453

13.1 This includes exports to Middle East region amounting to Rs. 1,126.584 million (2019: Rs.253.56 million).



Half Yearly Report December 2020

Note	Half year ended		Quarter ended		
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	
.....(Rupees).....					
14 COST OF GOODS SOLD					
Cost of goods manufactured	14.1	2,690,224,743	1,551,552,445	1,315,633,062	829,487,149
Finished stocks					
Opening stock		959,285,616	591,737,804	1,151,527,428	767,647,439
Closing stock		(755,125,674)	(984,025,648)	(752,637,092)	(984,025,648)
		204,159,942	(392,287,844)	398,890,336	(216,378,209)
		2,894,384,685	1,159,264,601	1,714,523,398	613,108,940
14.1 Cost of goods manufactured					
Raw material consumed		2,511,872,223	1,412,800,316	1,216,252,475	755,332,396
Salaries, wages and benefits		67,044,612	66,351,289	36,118,328	32,852,231
Stores and spares consumed		10,529,789	9,732,969	7,927,789	7,256,469
Packing material		10,945,660	3,639,531	9,374,670	2,460,854
Fuel and power		53,069,387	33,538,300	20,504,114	18,067,030
Sorting, slitting and cutting charges		1,688,232	1,699,716	541,903	643,720
Insurance		2,875,256	2,951,061	2,038,067	2,212,125
Repairs and maintenance		3,331,626	1,122,784	2,667,885	1,014,569
Rent, rates and taxes		1,118,317	878,460	483,152	439,230
Vehicles running and maintenance		2,067,840	1,453,874	1,435,328	1,453,874
Printing and stationery		104,640	119,103	67,680	48,014
Communication		315,310	282,316	170,324	100,963
Traveling and conveyance		2,165,777	2,122,729	827,507	1,408,740
Entertainment		185,460	308,109	89,429	86,687
Depreciation		11,357,116	11,725,250	5,690,913	5,866,586
Transportation		208,175	921,250	108,175	78,930
Canning		26,885	15,640	16,885	15,640
Other manufacturing overheads		11,318,438	1,889,748	11,318,438	149,091
		2,690,224,743	1,551,552,445	1,315,633,062	829,487,149



15 TAXATION

Provision for current taxation is based on turnover tax rate.

16 EARNING PER SHARE

- Basic and diluted

There is no dilutive effect of basic earning per share of the Company, which is computed as under:

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(Rupees).....			
Profit for the period (Rupees)	63,307,785	23,179,365	35,444,591	40,775,573
Basic earning per share				
Weighted average number of ordinary shares outstanding during the period	229,278,770	220,007,919	229,278,770	220,007,919
Basic earning per share (Rupee)	0.28	0.11	0.15	0.19

17 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The significant transactions with related parties are as follows:

17.1 Details of outstanding balances with related parties are as follows:

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(Rupees).....			
Relationship with the Company				
Nature of transactions				
Associated company - Siddiqsons Limited				
Purchases of goods & Services	1,372,336	1,372,336	1,372,336	2,915,182
Key management personnel				
Short-term employee benefit	25,676,929	24,321,897	12,743,120	11,906,055
Post-employment benefit	1,033,197	960,445	538,595	311,135
Loan from director - obtained	140,000,000	80,000,000	41,000,000	20,000,000
Loan from director - repaid	254,560,240	20,000,000	188,000,000	-



18 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying value of all the financial instruments reported in the financial statements approximates their fair value as the items are short term in nature.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between Level 1 and 2 in the period.

Other financial assets are classified as fair value through profit or loss and are classified as level 1 securities.

19 COMPARATIVE INFORMATION

Corresponding figures have been rearranged and regrouped where necessary for the purpose of comparison. However, no significant changes have been made.

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been approved and authorized for issue by the Board of Directors of the Company on March 01, 2021.



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE OFFICER





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A Siddiqsons Group Company

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