

# A Focus for the Future

## Aisha Steel

Nine Months Report  
March 2017

A Group Company of



Arif Habib





Moving ahead  
with passion

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# Vision

To be a world class manufacturer of  
Cold Rolled Steel

# Mission

To become an efficient producer  
of Cold Rolled Steel while serving  
interests of all stakeholders



# Company Information

## Board of Directors

Mr. Arif Habib	Chairman
Dr. Munir Ahmed	C.E.O
Mr. Hasib Rehman	
Mr. Nasim Beg	
Mr. Javed Iqbal	
Mr. Bilal Asghar	
Mr. Ahsan Ashraf	
Mr. Kashif A. Habib	
Mr. Muhammad Ejaz	

## Audit Committee

Mr. Kashif A. Habib	Chairman
Mr. Hasib Rehman	Member
Mr. Nasim Beg	Member
Mr. Bilal Asghar	Member

## Human Resource & Remuneration Committee

Mr. Arif Habib	Chairman
Mr. Hasib Rehman	Member
Mr. Muhammad Ejaz	Member
Mr. Javed Iqbal	Member

## Chief Financial Officer

Mr. Umair Noor Muhammad

## Company Secretary

Mr. Manzoor Raza

## Registered Office

Arif Habib Centre, 23 - M.T. Khan Road,  
Karachi – Pakistan.

## Plant Address

DSU - 45, Pakistan Steel Down Stream Industrial  
Estate, Bin Qasim, Karachi - Pakistan.

## Auditors

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

## Share Registrar Department

Central Depository Company of Pakistan, CDC  
House, 99-B, SMCHS, Shahrae Faisal, Karachi.  
Phone: 92-21-111-111-500

## Legal Advisor

Mr. Ajmal Awan (Sattar & Sattar Advocates)  
Bawaney & Partners.

## Bankers / Lenders

Allied Bank Ltd.  
Askari Bank Ltd.  
Bank Alfalah Ltd.  
Bank Al Habib Limited.  
Bank Islami Pakistan Ltd.  
Faysal Bank Ltd.  
JS Bank Ltd.  
Habib Bank Limited.  
Habib Metropolitan Bank Ltd.  
MCB Bank Ltd.  
National Bank of Pakistan.  
NIB Bank Ltd.  
Pak China Investment Company Ltd.  
Saudi Pak Ind. & Agr. Inv. Co. Ltd.  
Silk Bank Ltd.  
Summit Bank Ltd.  
Sindh Bank Ltd.  
Standard Chartered Bank (Pakistan) Ltd.  
The Bank of Khyber.  
The Bank of Punjab.  
Meezan Bank.

## Website

[www.aishasteel.com](http://www.aishasteel.com)

# Directors' Review Report

The Directors of Aisha Steel Mills Limited (ASML) present herewith Directors' Review Report together with condensed interim financial statements (unaudited) of the Company for the third quarter ended March 31, 2017.

## Steel Market Review

The international steel market exhibited a gradual decline in prices in the January –March quarter of the current financial year, 2016-17. The HRC prices decreased from US\$ 525 to about US\$ 475 FOB China. The local market, however, remained strong both in the automotive and engineering sectors.

The tariff protection imposed by NTC in the form of antidumping duty on Chinese and Ukraine manufacturers was under hearing at the NTC. The same was also challenged in the Lahore High Court by the local dealers. The honorable court vacated the stay order and allowed NTC to issue notification in this regards. On January 19, 2017, NTC imposed anti-dumping duty for a period of five years, at a rate of 13.17% to 19.14% on various manufacturers of China and Ukraine. The imposition of antidumping, however, has been challenged again in the Lahore High Court and is presently under hearing.

NTC has been approached to impose antidumping on the Russian suppliers as well. There is a possibility that imports from Russia increase in the short term before the antidumping is in place.

## Operational Review

The sales quantity achieved, in the January-March quarter was 60,086 tons compared to 57,994 tons for the corresponding period last year, an increase of 3.61%. The total production for the period was 55,131 tons compared to 58,350 tons, showing a decrease of 6%. The capacity utilization was 100% and 106%, respectively. The revenue generated during the quarter was 4,381 million, compared to 2,938 million achieved in 2015-16, showing an increase of 49%.

Higher selling prices achieved in the local market improved the bottom line. The company posted an after tax profit of Rs. 421 million in the third quarter of the current financial year compared to Rs. 70 million in 2015-16.

A brief summary of the financial results as on March 31, 2017 is as follows:

All figures in PKR Million	Quarter Ended March 2017	Quarter Ended March 2016
Net Sales	4,381	2,937
Gross Profit	936	403
Profit before tax	611	120
Profit after tax	421	70

## Future Outlook:

The antidumping duty enforced is facing stiff challenge from the importers in the form of law suits filed in the Supreme as well as High courts of the country. We are hopeful, however, that it will remain in force. As the challenge from various interest group's fades, a new norm will be established where demand of the locally produced cold rolled (CRC) and cold rolled galvanized (GI) coils will increase gradually. In view of the above and the aggressive expansion plan announced by the local competitor, the Board of Directors of the Company considered and approved the revised proposal for the expansion. The total production capacity, after the expansion, will reach 700,000 MT per annum including 450,000 MT CRC and 250,000 MT Galvanization (GI). The total project cost is estimated at Rs. 5.4 billion to be financed through raising debt and issue of Right Shares in 60:40 debt to equity ratio. Planned completion time for the expansion is eighteen months. The management has been authorized to conclude the terms with machinery suppliers and lenders from entering into binding agreements at the earliest. The same is in progress.

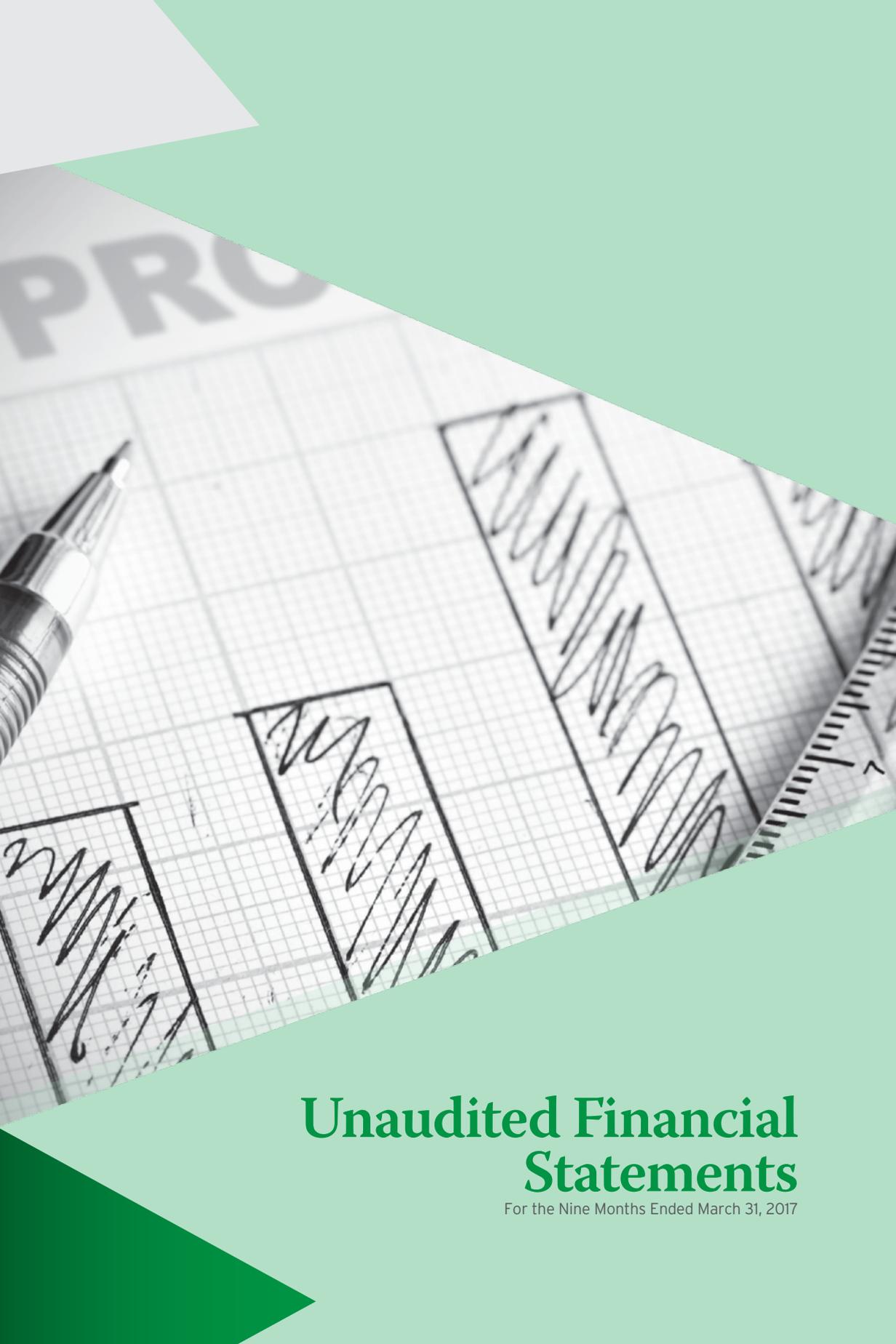
## Acknowledgement:

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. We appreciate the extra efforts put in by the company employees to reach higher capacity utilization.

For and on behalf of the Board

  
**Dr. Munir Ahmed**  
Chief Executive

Karachi  
April 29, 2017



# Unaudited Financial Statements

For the Nine Months Ended March 31, 2017

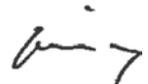
# CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2017

	Note	(Unaudited) March 31, 2017 ----- Rupees '000 -----	(Audited) June 30, 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	9,680,283	9,688,793
Intangible assets		9,574	11,246
Long term loans and advances		3,380	2,983
Long term deposits and prepayments		46,920	46,294
Deferred taxation	6	1,436,600	1,134,496
		<u>11,176,757</u>	<u>10,883,812</u>
<b>Current assets</b>			
Stores and spares		92,432	180,743
Stock in trade		3,056,108	2,813,517
Trade debts - considered good		64,762	76,998
Advances, deposits and prepayments		398,251	386,731
Other receivables		143,888	142,265
Tax refunds due from Government - Sales tax		192,891	350,588
Taxation - payments less provision		278,935	472,905
Cash and bank balances		186,630	44,716
		<u>4,413,897</u>	<u>4,468,463</u>
<b>Total assets</b>		<u><b>15,590,654</b></u>	<u><b>15,352,275</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	7		
Ordinary shares (ASL)		6,393,014	2,717,357
Cumulative preference shares (ASLPS)		445,669	720,844
Cumulative preference shares (ASLPCS)		230,924	1,719,100
		<u>7,069,607</u>	<u>5,157,301</u>
Difference on conversion of ASLPCS to ASL		(1,912,306)	-
Accumulated losses		(1,907,275)	(2,883,779)
		<u>3,250,026</u>	<u>2,273,522</u>
<b>Surplus on revaluation of fixed assets</b>		<b>378,309</b>	<b>381,821</b>
<b>Advance against equity</b>		<b>1,070,000</b>	<b>-</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term finance	8	4,982,056	5,320,004
Liabilities against assets subject to finance lease		3,477	4,435
Staff retirement benefits		35,402	30,965
		<u>5,020,935</u>	<u>5,355,404</u>
<b>Current liabilities</b>			
Trade and other payables		1,817,079	2,772,572
Accrued mark-up		111,346	196,033
Short-term borrowings	9	3,689,651	3,869,538
Current maturity of long-term loan	8	250,000	500,000
Current maturity of liabilities against assets subject to finance leases		3,308	3,385
		<u>5,871,384</u>	<u>7,341,528</u>
<b>Total liabilities</b>		<u><b>10,892,319</b></u>	<u><b>12,696,932</b></u>
<b>Contingencies and commitments</b>	10		
<b>Total equity and liabilities</b>		<u><b>15,590,654</b></u>	<u><b>15,352,275</b></u>

The annexed notes 1 to 14 form an integral part of these financial statements.

  
Chief Executive

  
Director

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED MARCH 31, 2017 - (UNAUDITED)

	Note	Quarter ended		Nine months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
----- Rupees '000 -----					
Revenue	11	4,380,560	2,937,600	10,774,482	7,575,761
Cost of Sales		(3,444,811)	(2,534,290)	(9,095,757)	(7,159,396)
Gross profit		935,689	403,310	1,678,725	416,365
Selling and distribution expenses		(4,717)	(3,312)	(13,383)	(14,757)
Administrative expenses		(51,194)	(37,904)	(136,227)	(107,063)
Other expenses		(41,124)	-	(53,492)	-
Other income		5,673	13,288	15,235	14,778
Profit from operations		844,327	375,382	1,490,858	309,323
Finance costs		(233,813)	(255,749)	(714,969)	(906,623)
Profit before taxation		610,514	119,633	775,889	(597,300)
Taxation		(189,050)	(49,263)	195,756	113,600
Profit / (loss) for the period		421,464	70,370	971,645	(483,700)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss)		421,464	70,370	971,645	(483,700)
Basic earning / (loss) per share - Rupees	12	0.96	0.04	2.05	(2.47)
Diluted earnings per share - Rupees	12	0.73		1.32	

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive



Director

# CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE PERIOD ENDED MARCH 31, 2017 - (UNAUDITED)

March 31,  
2017

March 31,  
2016

----- Rupees '000 -----

## CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation	775,889	(597,300)
<b>Add / (Less): Adjustment for non-cash and other items</b>		
Depreciation & amortization	299,519	265,848
Finance lease charges	370	635
Provision for staff retirement benefits	9,890	1,731
Unwinding of long term loan	214,052	248,952
Interest on loan	463,292	797,603
Exchange (gain) / loss	(800)	77,871
Loss on disposal of fixed assets	-	658
Return on PLS savings deposits	(2,849)	(2,192)
	<u>983,474</u>	<u>1,391,106</u>
Profit before working capital changes	1,759,363	793,806

## Effect on cash flow due to working capital changes (Increase) / Decrease in current assets

Stores and spares	(17,778)	10,254
Stock-in-trade	(242,591)	346,987
Trade debts	12,236	(25,727)
Advances, deposits and prepayments	(11,520)	(15,357)
Other receivables	(1,623)	69,254
Tax refunds due from Government - Sales tax	157,697	65,023
	<u>(103,579)</u>	<u>450,434</u>

## Decrease in Current Liabilities

Trade and other payables	(954,694)	(254,757)
Cash generated from operations	701,090	989,483
Income tax refund received - net	88,968	41,173
Mark-up on loans paid	(547,976)	(940,546)
Staff retirement benefits paid	(5,453)	-
Increase in long term employee loans	(397)	(413)
(Increase) / Decrease in long-term deposits and prepayments	(626)	1,355
Net cash generated from operating activities	<u>235,606</u>	<u>91,052</u>

## CASH FLOWS USED IN INVESTING ACTIVITIES

Purchase of property, plant and equipment	(183,249)	(83,977)
Acquisition of Intangible assets	-	(235)
Return from term deposits & saving accounts	2,849	2,192
Sale proceeds on disposal of property, plant and equipment	-	5,026
Net cash used in investing activities	<u>(180,400)</u>	<u>(76,994)</u>

## CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term loan	(802,000)	(10,000)
(Decrease) / Increase in short term borrowings	(1,270,363)	474,600
Increase in Advance against equity	1,070,000	-
Decrease in liabilities against assets subject to finance leases	(1,405)	(1,319)
Net cash (used in) / generated from financing activities	<u>(1,003,768)</u>	<u>463,281</u>
Net (decrease) / increase in cash and cash equivalents	(948,562)	477,339
Cash and cash equivalents at the beginning of the period	(2,536,405)	(2,593,750)
Cash and cash equivalents at the end of the period	<u>(3,484,967)</u>	<u>(2,116,411)</u>

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive



Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

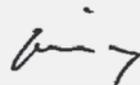
FOR THE PERIOD ENDED MARCH 31, 2017 - (UNAUDITED)

	Share Capital	Accumulated loss	Total
	----- Rupees '000 -----		
Balance as at July 1, 2015 - Audited	5,157,301	(2,737,364)	2,419,937
Total Comprehensive loss			
Loss for the period ended Mar 31, 2016	-	(483,700)	(483,700)
Incremental depreciation - net of deferred tax	-	5,971	5,971
Balance as at March 31, 2016 - Unaudited	<u>5,157,301</u>	<u>(3,215,093)</u>	<u>1,942,208</u>
<b>Balance as at July 1, 2016 - Audited</b>	<b>5,157,301</b>	<b>(2,883,779)</b>	<b>2,273,522</b>
<b>Total Comprehensive profit</b>			
Profit for the period ended March 31, 2017	-	971,645	971,645
Incremental depreciation - net of deferred tax	-	4,859	4,859
<b>Balance as at March 31, 2017 - Unaudited</b>	<u><b>5,157,301</b></u>	<u><b>(1,907,275)</b></u>	<u><b>3,250,026</b></u>

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive



Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 - (UNAUDITED)

## 1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on May 30, 2005 as a public limited company under the 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 in the Downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi, to carry out its principal business of manufacturing and selling cold rolled steel in coils and sheets. The Company started trial production from July 2012 and declared October 1, 2012 as its Commercial Operations Date.

## 2. BASIS OF PREPARATION

These condensed interim financial statements of the Company for the period ended March 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 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 annual financial statements as at and for the year ended June 30, 2016.

### 2.1 Changes in accounting standards, interpretations and pronouncements

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

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 1, 2015 and are considered to be relevant to the Company's operations.

IFRS 10, 'Consolidated financial statement' replaces all of the guidance on control and consolidation in IAS 27, 'Consolidation and separate financial statement', and SIC-12, 'Consolidation - special purpose entities'. IAS 27 is renamed 'Separate financial statement', it continue to be a standard dealing solely with separate financial statements. IFRS 10 has the potential to affect all reporting entities (investors) that control one or more investees under the revised definition of control. The standard may not have impact on future consolidated financial statement of the Company.

IFRS 12 – Disclosure of Interests in Other Entities includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017 - (UNAUDITED)

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

Except as stated above, the new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

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

The amendments provides clarification on number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

The change will impact the disclosures of the Company's financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for 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, 2016.

### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

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 annual financial statements as at and for the year ended June 30, 2016.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2016.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017 - (UNAUDITED)

	(Unaudited) March 31, 2017	(Audited) June 30, 2016
	----- Rupees '000 -----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets	9,161,106	9,366,833
Capital work in progress - at cost	6,277	12,241
Major spare parts and stand-by equipment	512,900	309,719
	<u>9,680,283</u>	<u>9,688,793</u>
	<b>Additions (at cost)</b>	
	(Unaudited) March 31, 2017	(Audited) June 30, 2016
	----- Rupees '000 -----	
<b>5.1 Additions to operating assets during the period are as follows:</b>		
<b>Owned</b>		
Building and other civil work on leasehold land	12,264	4,167
Plant and machinery	79,560	1,135,701
Electrical installations	973	-
Vehicles	4,326	3,763
Office Equipment	4,837	5,518
Furniture and fittings	295	553
<b>Assets held under finance leases</b>		
Motor vehicles	1,708	1,693
	<u>103,963</u>	<u>1,151,395</u>
	<b>Disposals (at WDV)</b>	
	(Unaudited) March 31, 2017	(Audited) June 30, 2016
	----- Rupees '000 -----	
<b>5.2 Disposals of property, plant and equipment during the period are as follows:</b>		
<b>Owned</b>		
Plant and machinery	-	2,431
Vehicles	2,524	4,999
	<u>2,524</u>	<u>7,430</u>
<b>6. DEFERRED TAXATION</b>		

The Company has an aggregate amount of Rs 9.23 billion (June 30, 2016: Rs 9.7 billion) in respect of tax losses as at March 31, 2017. 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 carry forward losses. Based on the assessment management has recognised deferred tax asset on losses amounting to Rs 2.77 billion (June 30, 2016: Rs 2.90 billion) out of which deferred tax asset of Rs 2.11 billion (June 30, 2016 : Rs. 2.0 billion) pertains to unabsorbed tax depreciation and initial allowance of Rs. 7.05 billion (June 30, 2016 : Rs. 6.66 billion). Further, the deferred tax asset includes deferred tax asset on minimum tax amounting to Rs. 0.3 billion (June 30, 2016 Rs. NIL). The amount of this benefit has been determined based on the projected financial statements 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.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017 - (UNAUDITED)

## 7. SHARE CAPITAL

- 7.1** During the period, the Company has allotted 367,565,728 ordinary shares (ASL) against conversion of 27,517,450 preference shares (ASLPS) in ratio of 1:1 and 148,817,627 preference shares (ASLCPS) in ratio of 2.28:1 of the Company in accordance with the terms of the issue of preference shares.
- 7.2** Dividend in respect of preference shares is only payable when Company has accumulated profits. Therefore, cumulative dividend on Preference Shares (ASLPS) and Preference Shares (ASLCPS) amounting to Rs 557.183 million (June 30, 2016: Rs. 512.513 million) and Rs. 294.042 million (June 30, 2016: Rs. 216.687 million) respectively is not accounted for in these condensed interim financial statements.

<b>(Unaudited) March 31, 2017</b>	<b>(Audited) June 30, 2016</b>
----- Rupees '000 -----	

## 8. LONG-TERM FINANCE

Balance as at July 1, 2016	<b>5,820,004</b>	5,597,138
Principal paid during the period	<b>(802,000)</b>	-
Impact of unwinding - Finance Cost	<b>214,052</b>	222,866
	<b>5,232,056</b>	5,820,004
Less: Current maturity shown under current liabilities	<b>(250,000)</b>	(500,000)
	<b>4,982,056</b>	5,320,004

## 9. SHORT-TERM BORROWINGS

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

<b>(Unaudited) March 31, 2017</b>	<b>(Audited) June 30, 2016</b>
----- Rupees '000 -----	

National Bank of Pakistan	<b>835,311</b>	599,232
Allied Bank Limited	-	649,925
Bank Islami Pakistan Limited	<b>574,815</b>	562,815
The Bank of Punjab	<b>374,994</b>	101,244
Summit Bank Limited	<b>771,413</b>	417,905
Askari Bank Limited	-	250,000
Habib Metropolitan Bank Limited	<b>785,611</b>	-
Sindh Bank Limited	<b>329,453</b>	-
Loan from associates	<b>18,054</b>	1,288,417
	<b>3,689,651</b>	3,869,538

## 10. CONTINGENCIES AND COMMITMENT

### 10.1 Contingencies

- 10.1.1** There has been no change in status of contingencies reported in the annual financial statements for the year ended June 30, 2016, except for as disclosed in note 10.1.2.

- 10.1.2** In case of another company the Divisional Bench of Sindh High Court in its decision dated May 07, 2013 on carry forward of minimum tax in cases of taxable loss for the year has held by interpreting Section 113(2)(c) of Income Tax Ordinance, 2001 that the benefit of carry forward of minimum tax paid by a company is only available if there is tax paid in a particular year which is less than minimum tax payable. Accordingly, if no tax is paid / payable by the company due to taxable loss the right to carry forward the minimum tax does not arise. However, the management based on the advice of its tax advisor is of the view that said order will not be maintained for the tax years 2013 to 2016 and for the period ended March 31, 2017.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017 - (UNAUDITED)

## 10.2 Commitments

**10.2.1** Commitments for capital expenditure outstanding as at March 31, 2017 amounted to Rs. 400.11 million (June 30, 2016: Rs. 328.49 million).

**10.2.2** Commitments for rentals under ijarah arrangements amounted to Rs 6.78 million (June 30, 2016: Rs 8.6 million) payable as follows:

	<b>(Unaudited) March 31, 2017</b>	(Audited) June 30, 2016
	----- Rupees '000 -----	
Not later than 1 year	1,548	3,168
Later than 1 year but not later than 5 years	5,237	5,432
	<u>6,785</u>	<u>8,600</u>
	<b>(Unaudited) March 31, 2017</b>	(Unaudited) March 31, 2016
	----- Rupees '000 -----	

## 11. REVENUE

Gross Revenue	<b>12,728,409</b>	8,953,548
Less: Sales tax	<b>(1,836,412)</b>	(1,278,746)
Dealer Commission	<b>(117,515)</b>	(99,041)
	<u><b>10,774,482</b></u>	<u>7,575,761</u>

## 12. EARNINGS PER SHARE

### 12.1 BASIC EARNINGS PER SHARE

Profit / (loss) after taxation attributable to ordinary shareholders	<b>971,645</b>	(483,700)
Adjustment for cumulative preference share dividend	<b>(122,025)</b>	(186,480)
Profit / (loss) after taxation for calculation of basic earnings per share	<u><b>849,620</b></u>	<u>(670,180)</u>
Weighted average number of ordinary shares outstanding at the end of period (in thousands)	<u><b>415,462</b></u>	<u>271,228</u>
Basic earnings / (loss) per share - Rupees	<u><b>2.05</b></u>	<u>(2.47)</u>

### 12.2 DILUTED EARNINGS PER SHARE

Profit after taxation attributable to ordinary shareholders	<u><b>971,645</b></u>
Weighted average number of ordinary shares outstanding at the end of period (in thousands)	<b>415,462</b>
Adjustment for conversion of convertible preference shares	<b>322,287</b>
Weighted average number of ordinary shares outstanding at the end of period (in thousands)	<u><b>737,749</b></u>
Diluted earnings per share	<u><b>1.32</b></u>

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017 - (UNAUDITED)

12.3 Diluted earnings per share has not been presented for period ended March 31, 2016 as it has anti-dilutive effect on the earnings per share.

## 13. TRANSACTIONS WITH RELATED PARTIES

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

Nature of Transaction	(Unaudited) March 31, 2017	(Unaudited) March 31, 2016
	----- Rupees '000 -----	
<b>Associated Companies</b>		
- Purchase of raw material	3,004,937	2,414,878
- Purchase of construction material	917	-
- Finance facilities utilised	1,473,000	4,592,152
- Repayment of finance facilities utilised	2,020,494	3,246,762
- Markup on finance facilities paid	55,834	61,388
- Cancellation of Cumulative Preference Shares	564,855	-
- Sponsor's loan repaid	-	18,298
- Ordinary Shares issued against Cumulative Preference Shares (ASLCPS)	1,290,694	-
<b>Key Management Personnel</b>		
- Salaries and other short-term employee benefits	8,750	9,843
- Post retirement benefits	205	203
<b>Other related parties</b>		
- Rent and maintenance expense	-	1,541
- Finance facilities utilised	851,000	-
- Repayment of finance facilities utilised	531,000	-
- Commission on sales	-	5,643

## 14. 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 April 28, 2017.



Chief Executive



Director

## SECP Directive for Investors

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**SHAPING THE ECONOMY**

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