



**AISHA STEEL  
MILLS LIMITED**

# **Overcoming Adversity Building for Future**

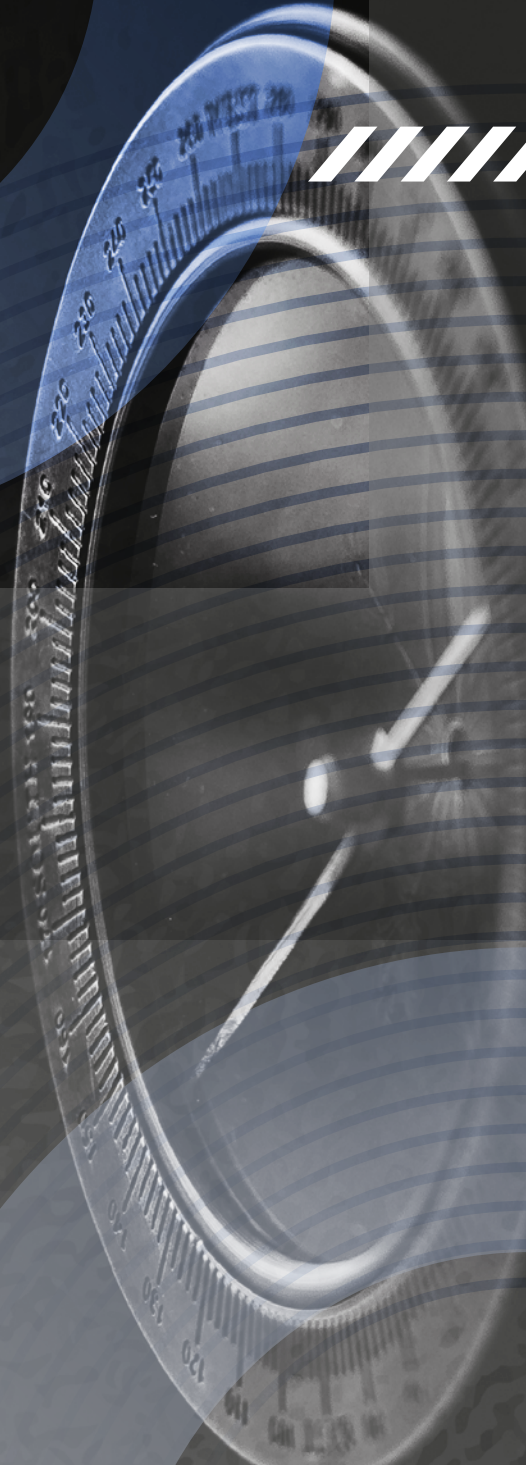
**Nine Months Report March 2024**





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# COMPANY OVERVIEW

## Vision

To be a global leader in the flat steel industry with the largest share of the local market while fostering the culture of responsible production and consumption to be eventually acknowledged by its customers for quality and service excellence.

## Mission

To supply the highest quality products to our clients utilizing sustainable and environmentally responsible procedures. We believe in the power of human capital in accomplishing our goal of responsible production with sustained return to our shareholders and strive to be the supplier and employer of choice in the flat steel industry.

# COMPANY INFORMATION

## BOARD OF DIRECTORS

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

## AUDIT COMMITTEE

Ms. Tayyaba Rasheed - Chairperson  
Mr. Nasim Beg  
Mr. Samad A. Habib  
Mr. Kashif A. Habib

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rashid Ali Khan - Chairman  
Mr. Arif Habib  
Mr. Kashif A. Habib

## CHIEF FINANCIAL OFFICER

Ali Hassan

## Company Secretary

Mr. Manzoor Raza

## Head of Internal Audit

Mr. Muhammad Shahid

## Registered Office

1/F 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, Block 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 Tayeb Aly & 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  
Bank Makramah Limited (formerly known as  
Summit Bank Limited)  
The Bank of Khyber  
The Bank of Punjab  
United Bank Limited

## Website

www.aishasteel.com



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# Directors' Review Report

The Directors of Aisha Steel Mills Limited (ASML) present herewith Directors' Review Report together with condensed interim financial statements of the Company for the third quarter ended March 31, 2024.

## Steel Market Review

The HRC prices during the December 2023 and March 2024 quarter, decreased from US\$ 600, FOB China to around US\$ 550. The fall attributed to lack of demand in both China and Western countries. The prices since have stabilized. Going forward, a gradual recovery is anticipated on positive demand outlook projected both in China and India, the two major consumers of HRC.

Pakistan market is slow and demand sluggish. The high interest rates continue to suppress the manufacturing sector. The ongoing slowdown in auto and construction sectors is affecting offtake of CRC and GI, respectively. The local industry, already reeling under low demand, is further stressed when made to compete with tax exempted and miss-declared imports.

In a futile attempt to promote industrial activities in FATA/PATA region, the Government of Pakistan allows duty and sales tax exemption on raw material imports for factories located in the FATA/PATA region. This, not well researched or thought through incentive, has been grossly misused over the past several years now. The flat products imported under the scheme include HRC (hot rolled coil), CRC (cold rolled coil) and GI (Galvanized iron coils). At current average steel price of around PKR 270,000 per ton, the price differential due to sale tax and duty exemption alone is in excess of rupees 50,000 per ton. With such a big price gap of almost 20%, the local industry simply cannot compete with these imports. Also, commercial importers are illegally avoiding anti-dumping duties on the import of GI by miss declaring it. All efforts by the domestic producers with the Government, to address these abuses, have thus far not had the Government take corrective actions, despite loss of revenue to itself. Thus, adding to the Fiscal as well as the Current Account deficits.

## Operational Review

The total quantity sold during the July, 2023 to March 2024 period was 119,676 tons compared to 103,387 tons sold during the corresponding period last year showing an increase of about 16%. The export quantity was 18,185 tons compared to 1,152 tons exported during the corresponding period last year.

The total quantity produced during the period was 126,444 tons compared to 92,431 tons in the corresponding period last year, an increase of about 37%. However, this amounts to only 24% of the installed capacity. The slow offtake emanating from high rates of mark-up, as well as significant inflationary impact on the prices of automobiles, white goods and building materials, are the main reasons for weak financial results of the Company.

A brief summary of the financial results as on March 31, 2024 is as follows:

	July 2023 to March 2024 period	
	March 2024	March 2023
	Rs. In Millions	
Revenue	31,436	25,405
Gross Profit	3,450	1,269
Finance Costs	(2,908)	(2,581)
Exchange Gain / (Loss) - Net	224	(1,704)
Profit / (Loss) before tax	87	(3,321)
Profit / (Loss) after tax	223	(2,146)
Earnings / (Loss) per share (PKR)	0.15	(2.38)

### Future Outlook:

The positive outlook coming out of China is helping stabilize steel related raw materials prices. Both iron ore and coke prices are exhibiting rising trend. The local demand is still depressed but stable. However, gradual reduction in inflation and stability witnessed in exchange rate has improved overall market sentiment. The manufacturing sector, still under pressure, may also pick up in coming months.

### Acknowledgement

The directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We would also like to record our appreciation to the Banks for the continuous support in the ongoing operations. We also acknowledge the support of Regulators for their continued support.

For and on behalf of the Board



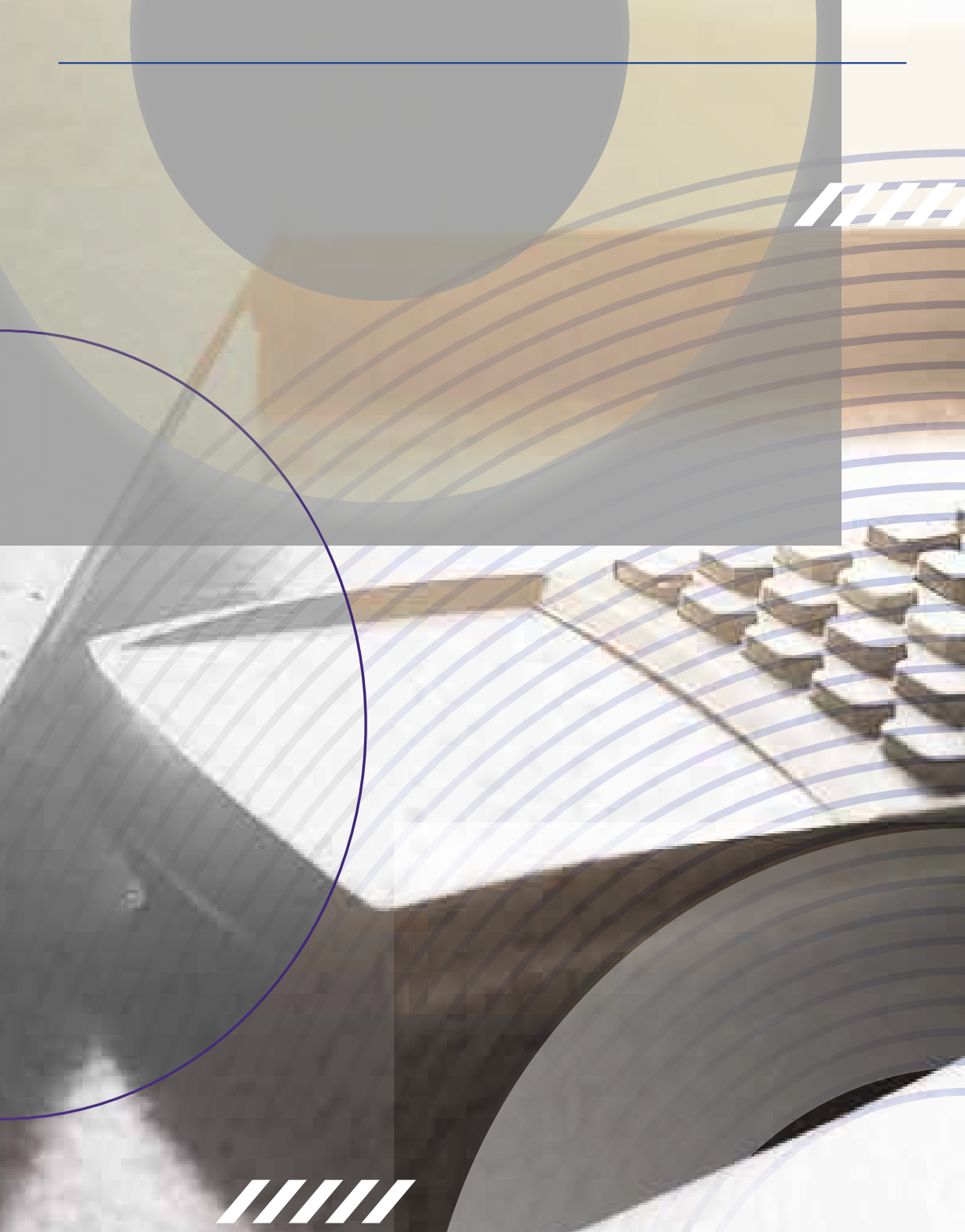
**Dr. Munir Ahmed**  
Chief Executive



**Mr. Kashif Habib**  
Director

Karachi : April 27, 2024





# FINANCIAL STATEMENTS

# Condensed Interim Statement of Financial Position

As At March 31, 2024 - (Unaudited)

		(Unaudited) March 31, 2024	(Audited) June 30, 2023
	Note	Rupees '000	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	19,558,767	19,645,720
Intangible assets		44,785	49,276
Long-term advances		315	315
Long-term deposits		70,176	68,427
Deferred tax asset		2,768,756	2,501,091
		<u>22,442,799</u>	<u>22,264,829</u>
<b>Current assets</b>			
Inventories	6	10,874,173	9,167,210
Trade and other receivables	7	1,596,838	1,042,983
Loans, advances and prepayments	8	580,460	888,146
Tax refunds due from government - Sales tax		268,551	259,766
Taxation - payments less provision		3,760,361	3,276,077
Cash and bank balances	9	208,731	1,147,153
		<u>17,289,114</u>	<u>15,781,335</u>
<b>Total assets</b>		<u><u>39,731,913</u></u>	<u><u>38,046,164</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital			
Ordinary shares		9,300,159	9,300,159
Cumulative preference shares		444,950	444,950
Difference on conversion of cumulative preference shares and dividends into ordinary shares		(1,762,459)	(1,762,459)
		<u>7,982,650</u>	<u>7,982,650</u>
Surplus on revaluation of property, plant and equipment		2,077,653	2,116,203
Capital reduction reserve		667,686	667,686
Unappropriated profit		1,186,980	925,176
Contribution from sponsor	10	4,000,000	4,000,000
		<u>15,914,969</u>	<u>15,691,715</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term finance - secured	11	2,368,416	3,443,995
Lease liabilities		165,244	140,724
Employee benefit obligations		163,851	153,845
		<u>2,697,511</u>	<u>3,738,564</u>
<b>Current liabilities</b>			
Trade and other payables		4,528,179	3,604,819
Accrued mark-up		839,759	906,630
Short-term borrowings - secured	12	14,362,826	12,650,722
Unclaimed dividend		3,224	68,269
Current maturity of long-term finance		1,362,970	1,362,970
Current maturity of lease liabilities		22,475	22,475
		<u>21,119,433</u>	<u>18,615,885</u>
<b>Total liabilities</b>		<u>23,816,944</u>	<u>22,354,449</u>
<b>Contingencies and commitments</b>	13		
<b>Total equity and liabilities</b>		<u><u>39,731,913</u></u>	<u><u>38,046,164</u></u>

The annexed notes from 1 to 22 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 March 31, 2024 - (Unaudited)

	Note	Quarter Ended		Nine months ended	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
		Rupees '000			
Revenue from contracts with customers	14	8,790,107	9,719,660	31,435,915	25,405,376
Cost of sales		(7,509,074)	(8,178,681)	(27,985,519)	(24,136,060)
<b>Gross profit</b>		1,281,033	1,540,979	3,450,396	1,269,316
Selling and distribution costs	15	(161,518)	(30,640)	(372,286)	(77,180)
Administrative expenses		(106,045)	(108,171)	(336,884)	(308,544)
<b>Operating profit</b>		1,013,470	1,402,168	2,741,226	883,592
Other expenses	16	(977)	(621,417)	(18,046)	(1,703,598)
Other income	17	3,905	18,843	271,609	79,518
Finance costs	18	(990,976)	(1,005,693)	(2,907,924)	(2,580,661)
<b>Profit / (loss) before tax</b>		25,422	(206,099)	86,865	(3,321,149)
Income tax credit	19	65,664	157,916	136,389	1,175,295
<b>Profit / (loss) for the period</b>		91,086	(48,183)	223,254	(2,145,854)
Other comprehensive income		-	-	-	-
<b>Total comprehensive income / (loss)</b>		91,086	(48,183)	223,254	(2,145,854)
		Rupees			
<b>Earnings / (loss) per share - basic and diluted</b>	20	0.07	(0.08)	0.15	(2.38)

The annexed notes from 1 to 22 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 March 31, 2024 - (Unaudited)

	Share capital			Reserves			Contribution from sponsor (Note 10)	Total
	Ordinary shares	Cumulative preference shares	Difference on conversion of cumulative preference shares into ordinary shares	Surplus on revaluation of property, plant and equipment	Capital reduction reserve	Revenue (loss) / profit		
	Rupees '000							
<b>Balance as at July 1, 2022</b>	9,248,008	444,950	(1,762,456)	1,305,870	667,686	4,131,495	-	14,035,553
Incremental depreciation net of deferred tax transferred	-	-	-	(10,284)	-	10,284	-	-
<b>Total comprehensive income for the period ended March 31, 2023</b>								
- Loss for the period	-	-	-	-	-	(2,145,854)	-	(2,145,854)
- Other comprehensive income for the period	-	-	-	-	-	-	-	-
	-	-	-	-	-	(2,145,854)	-	(2,145,854)
<b>Balance as at March 31, 2023</b>	9,248,008	444,950	(1,762,456)	1,295,586	667,686	1,995,925	-	11,889,698
<b>Balance as at July 1, 2023</b>	9,300,159	444,950	(1,762,459)	2,116,203	667,686	925,176	4,000,000	15,691,715
Incremental depreciation net of deferred tax transferred	-	-	-	(38,550)	-	38,550	-	-
<b>Total comprehensive income for the period ended March 31, 2024</b>								
- Profit for the period	-	-	-	-	-	223,254	-	223,254
- Other comprehensive income for the period	-	-	-	-	-	-	-	-
	-	-	-	-	-	223,254	-	223,254
<b>Balance as at March 31, 2024</b>	9,300,159	444,950	(1,762,459)	2,077,653	667,686	1,186,980	4,000,000	15,914,969

The annexed notes from 1 to 22 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 March 31, 2024 - (Unaudited)

March 31,  
2024

March 31,  
2023

Rupees '000

## CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation	86,865	(3,321,148)
<b>Add / (less): Adjustment for non-cash charges and other items</b>		
Depreciation and amortisation	695,025	714,161
Mark-up charges	2,937,269	2,535,864
Unwinding of long-term finance	(28,640)	(63,095)
Finance lease charges	15,524	5,900
Provision for staff retirement benefit	26,253	39,850
Loss / (gain) on disposal of fixed assets	7,834	(1,295)
Return on PLS savings accounts	(15,680)	(28,486)
	3,637,585	3,202,899
Profit / (loss) before working capital changes	3,724,450	(118,249)
<b>Effect on cash flow due to working capital changes (Increase) / decrease in current assets</b>		
Inventories	(1,707,035)	7,994,471
Trade and other receivables	(553,855)	(386,268)
Loans, advances and prepayments	307,686	823,791
Tax refunds due from Government - Sales tax	(8,785)	(694,111)
	(1,961,989)	7,737,883
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	858,315	(4,766,162)
Net cash generated from operations	2,620,776	2,853,472
Income tax paid	(615,561)	(657,932)
Mark-up on loans paid	(3,004,140)	(2,373,944)
Staff retirement benefit paid	(16,247)	(9,661)
Increase / (decrease) in long-term deposits	(1,749)	47,828
<b>Net cash used from operating activities</b>	(1,016,921)	(140,237)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(624,524)	(381,088)
Return on PLS accounts	15,680	28,486
Sale proceeds from disposal of property, plant and equipment	13,183	9,931
<b>Net cash used in investing activities</b>	(595,661)	(342,671)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term finance	(1,046,939)	(1,184,011)
Short term borrowings obtained - net	-	1,195,000
Contributions received from associated undertaking	-	1,740,000
Dividend paid	-	(162)
Lease rental paid	8,996	(23,623)
<b>Net cash generated from / (used) in financing activities</b>	(1,037,943)	1,727,204
<b>Net (decrease) / increase in cash and cash equivalents</b>	(2,650,526)	1,244,296
Cash and cash equivalents at beginning of the period	(11,503,570)	(15,661,369)
<b>Cash and cash equivalents at end of the period</b>	(14,154,095)	(14,417,073)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Chief Executive

  
Director

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# Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2024 - (Unaudited)

## 1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on May 30, 2005 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company's shares are listed on Pakistan Stock Exchange (PSX) since August 2012. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

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

## 2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- 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, 2023.

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

#### a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period beginning July 01, 2023. However, these do not have any significant impact on the Company's financial reporting.

#### b) Standards and amendments to approved accounting standards that are not yet effective

There are standards and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2024. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

## 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, 2023.

# Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2024 - (Unaudited)

## 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, 2023.

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, 2023.

	(Unaudited) March 31, 2024	(Audited) June 30, 2023
	Rupees '000	

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	17,308,031	17,715,001
Capital work in progress (at cost)	-	49,288
Major spare parts and stand-by equipment	2,250,735	1,881,431
	19,558,766	19,645,720

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

Additions (at cost)		Disposals (at net book value)	
March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Rupees '000			

### Owned assets:

Building and civil works on leasehold land	5,379	-	-	-
Plant and machinery	174,600	290,245	-	-
Electrical equipment	18,413	4,526	-	-
Office equipment	10,176	6,473	329	431
Furniture and fixtures	-	-	-	-
Motor vehicles	15,956	199	-	-
<b>Right of use assets:</b>				
Motor vehicles	75,616	41,012	20,799	8,205
	300,140	342,455	21,128	8,636

# Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2024 - (Unaudited)

	(Unaudited) March 31, 2024	(Audited) June 30, 2023
Rupees '000		
<b>6. INVENTORIES</b>		
Raw material [ including in transit Rs. 4,417 million (June 30, 2023: Rs. 3,770.57 million)]	5,631,484	5,462,750
Work-in-process	239,421	186,311
Finished goods [including coil end sheets Rs. 43.56 million (June 30, 2023: Rs. 26.27 million)]	3,460,618	1,985,420
	9,331,523	7,634,481
Stores	1,004,756	970,041
Spares	537,894	562,688
	1,542,650	1,532,729
	10,874,173	9,167,210

## 7. TRADE AND OTHER RECEIVABLES

Trade receivables - considered good: Not yet due	789,349	231,433
Other receivables:		
Receivable from Etimaad Engineering (Private) Limited	138,485	138,485
Receivable from insurance company	668,212	668,212
Others	792	4,853
	807,489	811,550
	1,596,838	1,042,983

## 8. LOANS, ADVANCES AND PREPAYMENTS

- 8.1** These include deposit held with a bank amounting to Rs. 53.54 million (June 30, 2023: Rs. 59.67 million) in respect of bank guarantees issued to Regulatory Authorities against disputed duties and taxes, and to a customer in respect of performance of a contract.

	(Unaudited) March 31, 2024	(Audited) June 30, 2023
Rupees '000		
<b>9. CASH AND BANK BALANCES</b>		
<b>With banks on</b>		
- Current accounts	74,344	673,254
- PLS savings accounts - note 9.1	134,033	473,630
Cash in hand	354	269
	208,731	1,147,153

- 9.1** At March 31, 2024 the rates of mark up on PLS savings accounts range from 15.5% to 20.5% (June 30, 2023: 15.5% to 20.5%) per annum.



# Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2024 - (Unaudited)

## 10. CONTRIBUTION FROM SPONSOR

Last year effective from January 1, 2023 the Company entered into an agreement with Mr. Arif Habib (Sponsor) for investment of Rs. 4,000 million on the following terms and conditions:

- The repayment of the principal amount and mark-up shall be at the sole and absolute discretion of the Company (taking into consideration the profitability and availability of its cash flows). However, in the event of liquidation, the sponsor will have preferred liquidation rights for recovery of the contribution and outstanding markup prior to Ordinary Shareholders of ASL.
- The financing shall carry mark-up at the rate of 3 month KIBOR + 1.8%. However, the payment of mark-up shall also be at the sole and absolute discretion of the Company. Further, dividends to the ordinary shareholders will only be declared after the payment of markup to sponsor.

Pursuant to the requirements of IAS 32 - 'financial instruments presentation' and the terms of the arrangement, the loan is classified as equity in these financial statements.

	(Unaudited) March 31, 2024	(Audited) June 30, 2023
	Rupees '000	

## 11. LONG-TERM FINANCE - secured

Loan under restructuring agreement - note 11.1	2,269,123	3,029,457
Loan for expansion project - note 11.2	1,462,263	1,777,508
	<u>3,731,386</u>	<u>4,806,965</u>
Less: Current maturity of long-term finance	(1,362,970)	(1,362,970)
	<u>2,368,416</u>	<u>3,443,995</u>

**11.1** The facility carries mark-up ranging from 6 months KIBOR plus 1% per annum to 6 months KIBOR plus 3.25% per annum on the outstanding amount excluding frozen mark-up. It is repayable in 10 unequal semi-annual installments from July 19, 2021 to January 19, 2025.

**11.2** The facility carries mark up ranging between 6 months KIBOR plus 1.9% per annum to be determined on semi-annual basis to mark up at 6 months KIBOR prevailing one day before the first Musharaka contribution date, plus a margin of 1.9% per annum to be determined on semi-annual basis. It is repayable in 10 consecutive semi-annual installments in arrears from December 2021 to June 2026.

	(Unaudited) March 31, 2024	(Audited) June 30, 2023
	Rupees '000	

## 12. SHORT-TERM BORROWINGS - secured

Short term finance facilities under:

- Running finance under mark-up arrangement	2,251,374	2,264,586
- Istisna-cum-Wakala arrangement	3,705,833	4,976,563
- Finance against Trust Receipts	8,405,619	4,676,533
- Foreign Currency Import Finance	-	733,040
	<u>14,362,826</u>	<u>12,650,722</u>

# Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2024 - (Unaudited)

## 13. CONTINGENCIES AND COMMITMENTS

### 13.1 Contingencies

There has been no significant change during the period in the contingencies reported in the annual financial statements for the year ended June 30, 2023 except as disclosed in notes 13.1.1 below:

- 13.1.1** During the year ended June 30, 2022, the Company received DCIR orders in 2022 for tax years 2016 - 2018, establishing income tax demands. Allegations encompassed bank credit entries, withholding tax issues and disallowances. Appeals were filed before ATIR, resulting in remand back order dated June 14, 2023.

During the current period, CIRA decided the appeals in the Company's favor through orders dated November 25, 2023 for tax years 2016 - 2017 except for tax credit under section 65B of the Income Tax Ordinance 2001 and order dated December 27, 2023 for tax year 2018, except for brought forward minimum tax under section 113 and tax credit under section 65B of the Ordinance. The Company has filed an appeal before CIRA regarding the matter of tax credit, which is currently pending. The Company expects a favourable outcome of the appeal hence no provision is made in these financial statements.

### 13.2 Commitments

Commitments for capital expenditure outstanding as at March 31, 2024 amounted to Rs. 164.811 million (2023: Rs. 131.18 million).

	(Unaudited)	
	March 31, 2024	March 31, 2023
		Rupees '000

## 14. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sale of goods - note 14.1	33,220,944	29,965,517
Sales tax	(4,989,585)	(4,378,240)
Rebates and discounts	(1,125,647)	(573,349)
	<u>27,105,712</u>	<u>25,013,928</u>
Exports	4,330,203	391,448
	<u>31,435,915</u>	<u>25,405,376</u>

- 14.1** This includes scrap sale of coil-end sheets net of sales tax amounting to Rs. 1.37 million (March 31, 2023: Rs. 1.09 billion).

## 15. SELLING AND DISTRIBUTION COST

This includes freight charges on export sales amounting to Rs. 307.239 million (March 31, 2023: Rs. 22.2 million).

# Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2024 - (Unaudited)

## 16. OTHER EXPENSES

This includes exchange loss amounting to Nil (March 31, 2023: Rs. 1.703 billion)

## 17. OTHER INCOME

This includes exchange gain amounting to Rs. 224.168 million (2023: Nil)

	(Unaudited)	
	March 31, 2024	March 31, 2023
	Rupees '000	

## 18. FINANCE COSTS

Mark-up expense:

- long-term finance	568,657	530,297
- impact of unwinding on long-term finance	(28,640)	(63,095)
- short-term borrowings	2,314,931	1,970,833
Interest on Workers' Profits Participation Fund	-	5,915
Finance lease charges	15,524	5,900
Bank and other charges	37,452	130,810
	<u>2,907,924</u>	<u>2,580,660</u>

## 19. INCOME TAX CREDIT

Current	131,276	140,018
Deferred	(267,665)	(1,315,313)
	<u>(136,389)</u>	<u>(1,175,295)</u>

## 20. Diluted Earnings Per Share

Diluted earnings per share has not been presented for period ended March 31, 2024 as it has anti-dilutive effect on the earnings per share.

# Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2024 - (Unaudited)

## 21. TRANSACTIONS WITH RELATED PARTIES

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

			(Unaudited)	
			March 31, 2024	March 31, 2023
Relationship	Name of company	Nature of transaction	Rupees '000	
<b>Associated companies</b>				
	Arif Habib Corporation Limited	- Finance facility utilised	1,490,000	5,420,000
		- Repayment of finance facility utilised	1,490,000	4,225,000
		- Long-term loan repaid	28,433	28,433
		- Mark-up on finance facilities	17,207	119,100
		- Mark-up on finance facilities paid	73,868	65,603
		- Guarantee commission	981	971
		- Guarantee commission paid	981	979
		- Preference dividend converted into ordinary shares	-	40,987
	Arif Habib Limited	- Finance facility utilised	1,150,000	-
		- Repayment of finance facility	1,150,000	-
		- Markup on finance facilities	15,032	-
		- Markup on finance facilities paid	2,320	-
		- Dividend paid	-	-
		- Preference dividend converted into ordinary shares	-	132
	Arif Habib Equity (Private) Limited	- Preference dividend converted into ordinary shares	-	4,693
	Power Cement Limited	- Purchase of construction material	-	463
	Rotocast Engineering Co. (Private) Limited	- Rent and maintenance	13,310	9,443
		- Rent and maintenance paid	13,310	9,443
<b>Other related</b>				
	Mr. Arif Habib, Chairman	- Finance facility utilised	-	1,740,000
		- Mark-up on finance facility	-	86,971
		- Mark-up on finance facilities paid	-	6,311
		- Dividend paid	-	-
		- Preference dividend converted into ordinary shares	-	3,298
<b>Key management personnel</b>				
	Chief Executive Officer, Chief Financial Officer & Company Secretary	- Salaries and other employee benefits	21,292	20,686
	CFO & Company Secretary	- Post retirement benefits	583	536
	CFO & Company Secretary	- Post retirement benefits paid	3,106	-
	Non-Executive Director	- Meeting and other expenses	570	837

## 22. 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 27, 2024.



Chief Financial Officer



Chief Executive



Director





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