



Nine Months Report
March 2020

FY
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see the
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in steel



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Vision

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

Mission

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

Company Information

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

Mr. Rashid Ali Khan - Chairman
Mr. Arif Habib - Member
Mr. Muhammad Ejaz - Member
Mr. Jawaid Iqbal - Member

Chief Financial Officer

Mr. Umair Noor Muhammad

Company Secretary

Mr. Manzoor Raza

Head of Internal Audit

Mr. Muhammad Shahid

Registered Office

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

Plant Address

DSU - 45, Pakistan Steel Down Stream
Industrial Estate, Bin Qasim,
Karachi - Pakistan.
Tel: (+92 21) 34740160

Auditor

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

Share Registrar Department

CDC Share Registrar Services Limited
CDC House, 99-B, SMCHS,
Main Shahrah-e-Faisal, Karachi - 74400
Phone: 0800 - 23275
Fax: (+92 21) 34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

Legal Advisors

Ahmed & Qazi
Khalid Anwer & Co.
Akhund Forbes
Mohsin Tayeb Aly & Co.
Lex Firma

Bankers / Lenders

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

Website

www.aishasteel.com



Directors' Review Report

The Directors of Aisha Steel Mills Limited (ASML) present herewith Directors' Review Report together with condensed interim financial statements (unaudited) of the Company for the period July 2019 to March 2020.

Steel Market Review

The international steel markets were quite firm in the early part of current quarter. The HRC FOB China price reached levels near US\$ 500 per ton in January 2020, with indications that market may rise further. However, by the middle of January it became clear that the COVID-19 virus detected in China was spreading fast. It ultimately led to the lockdown of the Hubei province and started moving to other countries. At the end of January, World Health Organization declared the outbreak as Public Health Emergency of global concern before declaring COVID-19 as a pandemic in March 2020. The virus, within a span of a few weeks, spread to almost all major countries of the world leading to lockdowns and social distancing. Production and sales were severely affected. This led to steep decline of the market and steel sector was no exception. The HRC prices dropped reaching US\$ 400 FOB China. Similar decline has also been seen in EU, USA, Japan, India and Russia. The market is expected to remain under pressure till the time a clear direction emerges on the virus containment and subsequently the treatment.

The local market was also cautious and sales were slow. The auto sector remained under pressure. Sales volume of cars, trucks, tractors and two wheelers declined by almost 50%. After the lock down in Sindh (in March end) and subsequently in all over Pakistan, the production and sales were substantially reduced.

Operational Review

The sales quantity achieved in the July-March 2020 period was 213,468 tons compared to 134,747 tons for the corresponding period last year, showing an increase of about 58%. The total production for the period was 222,831 tons compared to 144,460 tons, showing an increase of about 54%. The capacity utilization, after the expansion to 700,000 tons/year, was 42% compared to 88% recorded for the corresponding period last year when the capacity stood at 220,000 tons/year. The revenue generated during the period was PKR 24,575 million, compared to PKR 13,542 million achieved in the corresponding period of 2018-19, showing an increase of 81%.

The January - March quarter was highly challenging not only because of the COVID-19 virus but also due to an unfortunate accident at the plant. On January 7, 2020, the CRSM plant during routine maintenance met with a fire accident and equipment above ground was severely damaged. It took 35 days to revamp the machine and start the skin pass operation, a mandatory step in the production of annealed CRC. The rolling operations, which require substantially higher rolling forces, will be initiated after obtaining consent of Steel Plantech Company of Japan (SPCO), the manufacturers of the equipment. Detailed evaluation, both technical and financial, has already been carried out by the SPCO. The report on the same has been received and is currently being evaluated by the company as well as the insurance company. In the meantime, the new double strand rolling mill is being utilized for the rolling operations. The rolling capacity of the new mill is half a million tons per annum.

Due to the reasons cited above, the total production and sales for the January-March quarter were subdued. The total production and sales were 61,994 tons and 60,428 tons, compared to 90,369 tons and 100,172 tons achieved in the October- December quarter, respectively.

Imports and market share

The imports during the July 2019-March 2020 period were 108,241 tons of CRC and 95,259 tons of GI. The imports during the corresponding period last year were 210,767 tons CRC and 140,485 tons of GI, showing drop in volume of 49% and 32% respectively.

The overall market share (CRC+GI) of ASML for the period is around 30%. The market share for the corresponding period last year was around 16% (GI was not part of the product mix in that period).



The Company posted before tax loss of PKR 883 million in the July 2019 - March 2020 period of the current financial year compared to before tax loss of PKR 651 million of the corresponding period in 2018-19.

The impact of exchange loss of 283 million, recorded in the month of March, adversely affected the bottom line. The recent steps taken by the government, however, have arrested the rupee decline and strengthening is being witnessed. Also, with the approval of State Bank of Pakistan, Rs. 902.7 million of the Company's long-term syndicate loan has been converted to LTFF from the conventional financing. Mark-up on LTFF is chargeable at the rate of 6% per annum, while mark-up on conventional borrowings is charged at 6 month KIBOR plus 1.9%. This will help in reducing finance cost of the Company.

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

All figures in PKR Million	(Nine months period)	
	March 2020	March 2019
Net Sales	24,575	13,542
Gross Profit	1,999	880
Loss before tax	(883)	(651)
Loss after tax	(439)	(151)

Future Outlook

The prices and market demand are likely to remain under pressure due to COVID-19. The long term implications of the same are still being speculated and the markets are taking a very cautious approach. International producers have curtailed production to avoid losses. The local industry has also slowed down significantly after the lockdown. We expect the imports to slow down as well due to the uncertainty. The sales of local producers, therefore, may pick up after the industry opens up in the coming days.

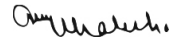
Acknowledgement

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 the Regulators for their continued support.

For and on behalf of the Board



Dr. Munir Ahmed
Chief Executive



Mr. Arif Habib
Chairman

Karachi: April 27, 2020



Condensed Interim Statement of Financial Position

As At March 31, 2020

(Unaudited)
March 31,
2020

(Audited)
June 30,
2019

Rupees '000

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	5	20,329,412	20,133,384
Intangible assets		4,551	5,826
Long-term loans and advances		8,125	6,974
Long-term deposits		82,739	76,574
Deferred taxation	6	1,788,469	1,343,955
		<u>22,213,296</u>	<u>21,566,713</u>

CURRENT ASSETS

Stores and spares		459,006	379,561
Stock-in-trade	7	6,231,557	6,919,983
Trade receivables		102,560	598,537
Advances, deposits and short-term prepayments		591,880	937,592
Other receivables		149,697	144,500
Tax refunds due from Government - Sales tax		844,522	883,010
Taxation - payments less provisions		1,193,077	1,092,365
Cash and bank balances	8	45,772	208,648
		<u>9,618,071</u>	<u>11,164,196</u>

TOTAL ASSETS

31,831,367 32,730,909

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Share capital	9		
Ordinary shares		7,655,293	7,655,293
Cumulative preference shares		472,272	472,272
Difference on conversion of cumulative preference shares into ordinary shares		(1,313,789)	(1,313,789)
		<u>6,813,776</u>	<u>6,813,776</u>
Accumulated loss		(655,222)	(246,194)
Capital reduction reserve		667,686	667,686
Surplus on revaluation of fixed assets		1,481,959	1,511,560
		<u>8,308,199</u>	<u>8,746,828</u>

LIABILITIES

NON - CURRENT LIABILITIES

Long-term finance		6,367,888	7,171,280
Long-term lease liability		40,686	37,212
Retirement benefit obligations		80,522	64,493
		<u>6,489,096</u>	<u>7,272,985</u>

CURRENT LIABILITIES

Trade and other payables	10	8,096,657	1,233,907
Accrued mark-up		644,135	854,036
Borrowings	11	7,350,623	14,111,977
Current maturity of long-term finance		927,035	500,000
Current portion of long-term lease liability		15,622	11,176
		<u>17,034,072</u>	<u>16,711,096</u>

TOTAL LIABILITIES

23,523,168 23,984,081

CONTINGENCIES AND COMMITMENTS

TOTAL EQUITY AND LIABILITIES

31,831,367 32,730,909

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



Chief Financial Officer



Chief Executive



Director

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For The Period Ended March 31, 2020 - (Unaudited)

		Quarter ended		Nine months ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Rupees '000					
Net revenue from contracts with customers	13	7,024,279	5,941,531	24,575,334	13,541,965
Cost of sales		(6,284,346)	(5,700,093)	(22,576,231)	(12,661,924)
Gross profit		739,933	241,438	1,999,103	880,041
Selling and distribution cost		(9,240)	(5,900)	(31,666)	(17,035)
Administrative expenses		(78,120)	(65,248)	(243,483)	(193,680)
Other income		5,155	9,716	35,142	26,870
Operating profit		657,728	180,006	1,759,096	696,196
Finance cost	14	(1,002,275)	(488,005)	(2,642,244)	(1,346,783)
Loss before taxation		(344,547)	(307,999)	(883,148)	(650,587)
Taxation	15	191,222	208,015	444,519	499,187
Loss after taxation		(153,325)	(99,984)	(438,629)	(151,400)
Other comprehensive income		-	-	-	-
Total comprehensive loss		(153,325)	(99,984)	(438,629)	(151,400)
Rupees					
Loss per share - Basic	16	(0.22)	(0.17)	(0.67)	(0.28)

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



Chief Financial Officer



Chief Executive



Director



Condensed Interim Statement of Cash Flows

For The Period Ended March 31, 2020 - (Unaudited)

	March 31, 2020	March 31, 2019
Rupees '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(883,148)	(650,587)
Add / (less): Adjustment for non-cash charges and other items		
Depreciation and amortisation	608,257	370,405
Mark-up charges	2,338,699	1,040,952
Unwinding of long-term finance	771	52,526
Finance lease charges	3,824	1,686
Provision for staff retirement benefit	20,767	15,514
Exchange loss	162,169	246,573
(Gain) / loss on disposal of fixed assets	(2,614)	2,684
Return on PLS savings accounts	(13,064)	(7,040)
	3,118,809	1,723,300
Profit before working capital changes	2,235,661	1,072,713
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(79,446)	(117,012)
Stock-in-trade	688,426	(4,144,102)
Trade debts	495,978	(73,190)
Advances, deposits and prepayments	345,712	(46,588)
Other receivables	(5,197)	(8,538)
Tax refunds due from Government - Sales tax	38,488	(930,618)
	1,483,961	(5,320,048)
Increase / (decrease) in current liabilities		
Trade and other payables	6,700,582	(370,970)
Net cash generated from / (used in) operations	10,420,204	(4,618,305)
Income tax paid	(100,708)	(128,043)
Mark-up on loans paid	(2,548,600)	(551,859)
Staff retirement benefit paid	(4,738)	(4,036)
Increase in long-term loans and advances	(1,151)	(2,410)
Increase in long-term deposits	(6,165)	(1,129)
Net cash generated from / (used in) operating activities	7,758,842	(5,305,782)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(804,296)	(5,928,003)
Return on PLS accounts	13,065	7,040
Sale proceeds from disposal of property, plant and equipment	6,632	3,360
Net cash used in investing activities	(784,599)	(5,917,749)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	(502,732)	(501,130)
Short-term borrowings obtained	2,547,000	4,237,000
Long-term loan obtained - net	122,872	2,487,066
Decrease in liabilities against assets subject to finance leases	4,096	1,444
Net cash generated from financing activities	2,171,236	6,224,380
Net increase / (decrease) in cash and cash equivalents	9,145,479	(4,999,151)
Cash and cash equivalents at beginning of the period	(13,903,330)	(4,824,542)
Cash and cash equivalents at end of the period	(4,757,851)	(9,823,693)



Chief Financial Officer



Chief Executive



Director

Condensed Interim Statement of Changes In Equity

For The Period Ended March 31, 2020 - (Unaudited)

	SHARE CAPITAL	RESERVES			Total
		Capital		Revenue	
		Surplus on revaluation of fixed assets	Capital reduction reserve	Accumulated loss	
		Rupees '000			
Balance as at July 1, 2018	7,481,462	1,557,724	-	(548,080)	8,491,106
Incremental depreciation net of deferred tax transferred	-	(23,082)	-	23,082	-
Reduction in share capital	(667,686)	-	667,686	-	-
- Loss for the nine months ended March 31, 2019	-	-	-	(151,400)	(151,400)
- Other comprehensive income for the nine months ended March 31, 2019	-	-	-	-	-
Total comprehensive loss for the nine months ended March 31, 2019	-	-	-	(151,400)	(151,400)
Balance as at March 31, 2019	6,813,776	1,534,642	667,686	(676,398)	8,339,706
Balance as at July 1, 2019	6,813,776	1,511,560	667,686	(246,194)	8,746,828
Incremental depreciation net of deferred tax transferred	-	(29,601)	-	29,601	-
- Loss for the nine months ended March 31, 2020	-	-	-	(438,629)	(438,629)
- Other comprehensive income for the nine months ended March 31, 2020	-	-	-	-	-
Total comprehensive loss for the nine months ended March 31, 2020	-	-	-	(438,629)	(438,629)
Balance as at March 31, 2020	6,813,776	1,481,959	667,686	(655,222)	8,308,199

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



Chief Financial Officer



Chief Executive



Director



Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2020 - [Unaudited]

1. THE COMPANY AND ITS OPERATIONS

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

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

During the reporting period, a fire accident occurred on January 7, 2020 at the rolling mill of the old plant (line-1) of the Company. The management along with the insurance company is in the process of assessing the amount of loss due to fire for filing the insurance claim as the assets were fully insured.

2. BASIS OF PREPARATION

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

2.1 Changes in accounting standards, interpretations and pronouncements

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

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The changes laid down by this standard have been disclosed in note 3.1 of these condensed interim financial statements.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant to the Company's financial statements and hence have not been detailed here.



Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2020 - [Unaudited]

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, 2019, except as disclosed in note 3.1.

3.1 CHANGES IN ACCOUNTING POLICIES - IFRS 16

Effective July 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a lease', SIC-15 'Operating leases- Incentive and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to the Company's right-of-use asset and lease liability are disclosed in note 3.2.

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The impact of adoption of this standard is therefore recognised in the opening statement of financial position on July 1, 2019.

On adoption of IFRS 16, in relation to 'finance leases' recognised under IAS 17, the Company recognised the right-of-use asset and the lease liability at the carrying amount of the leased asset recognised as at June 30, 2019 under IAS 17. The measurement principles of IFRS 16 are only applied after that date. However, 'operating leases' under the principles of IAS 17 have been measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of July 1, 2019. The weighted average incremental borrowing rate of the Company applied to the lease liability on July 1, 2019 was 14.40% per annum.

3.2 Right-of-use asset and lease liability

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From July 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.



Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2020 - (Unaudited)

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

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, 2019.

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, 2019.

	March 31, 2020	June 30, 2019
	Rupees '000	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	17,452,831	19,184,659
Right-of-use assets - note 5.2	1,424,932	-
Less: depreciation	(44,089)	-
	1,380,843	-
Capital work in progress (at cost) - note 5.3	83,837	-
Major spare parts and stand-by equipment	1,411,901	948,725
	20,329,412	20,133,384

Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2020 - [Unaudited]

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

	Additions (at cost)		Disposals (at net book value)	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees '000			
Plant and machinery	210,004	278,602	-	-
Building and other civil work on lease hold land	-	1,467	-	-
Office equipment	6,315	7,536	100	127
Furniture and fixtures	-	1,826	-	-
Electrical equipment	7,111	17,078	-	-
Vehicles	10,400	-	18	1,446
Leased vehicles	-	32,051	-	-
	<u>233,830</u>	<u>338,560</u>	<u>118</u>	<u>1,573</u>

5.2 The right-of-use assets comprise of lease hold land, rented property and leased vehicles. During the period, additions were made to vehicles under right-of-use assets amounting to Rs. 6.4 million and disposals made having written down value of Rs. 3.9 million.

5.3 Capital work in progress

This includes Rs. 72.63 million (June 30, 2019: Nil) for rehabilitation of rolling mill of the old plant (line-1) of the Company. Due to complex nature of the equipment and as the management is in the process of ascertaining the total value of insurance claim, the management decided to start the rehabilitation work on the rolling mill to make it operational immediately. The expenditure made on the rehabilitation of the rolling mill will be receivable in the form of insurance claim. Also, Rs. 10.59 million (June 30, 2019: Nil) have been incurred for the development and construction of roads and infrastructure near plant site.

6. DEFERRED TAXATION

The Company has an aggregate amount of Rs. 10.39 billion (June 30, 2019: Rs. 11.59 billion) in respect of tax losses as at March 31, 2020. The management carries periodic assessment to assess the benefit of these losses as the Company would be able to set off the carried forward losses against the profits earned in future years. Based on management assessment, the Company has recognised deferred tax asset on losses amounting to Rs. 3.01 billion (June 30, 2019: Rs. 3.36 billion) including an amount of Rs. 2.34 billion (June 30, 2019: Rs. 2.99 billion) on timing difference on account of unabsorbed tax depreciation, amortisation and initial allowance of Rs. 8.08 billion (June 30, 2019: Rs. 10.31 billion). The amount of this benefit has been recognised in view of expected profits as per the financial projections of the Company for future years. The projection of future taxable profits is most sensitive to certain key assumptions such as capacity utilisation, gross margin percentage, inflation and KIBOR rates. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.



Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2020 - (Unaudited)

	March 31, 2020	June 30, 2019
Rupees '000		
7. STOCK-IN-TRADE		
Raw material [including in transit Rs. Nill (June 30, 2019: Rs. 1,393 million)]	3,077,670	4,897,937
Work in process	946,217	718,171
Finished goods [including coil end sheets Rs. 70.60 million (June 30, 2019: Rs. 24.89 million)]	2,135,791	1,288,734
Packing and other materials	71,879	15,141
	<u>6,231,557</u>	<u>6,919,983</u>

8. CASH AND BANK BALANCES

With banks in		
- Current accounts	34,624	169,851
- PLS savings accounts - note 8.1	10,768	38,332
Cash in hand	380	465
	<u>45,772</u>	<u>208,648</u>

8.1 At March 31, 2020 the rates of mark up on PLS savings accounts range from 7.1% to 10% (June 30, 2019: 6.17% to 8.75%) per annum.

9. SHARE CAPITAL

9.1 Authorised share capital

March 31, 2020	June 30, 2019	March 31, 2020	June 30, 2019
(Number of shares)		Rupees '000	

<u>1,100,000,000</u>	<u>1,100,000,000</u>	Ordinary and Cumulative Preference Shares of Rs. 10 each	<u>11,000,000</u>	<u>11,000,000</u>
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9.2 Issued, subscribed and paid-up capital

March 31, 2020	June 30, 2019	March 31, 2020	June 30, 2019	
(Number of shares)		Rupees '000		
765,529,303	832,297,886	Ordinary Shares of Rs. 10 each	7,655,293	8,322,979
-	(66,768,583)	Reduction in share capital	-	(667,686)
<u>765,529,303</u>	<u>765,529,303</u>		<u>7,655,293</u>	<u>7,655,293</u>



Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2020 - (Unaudited)

9.3 Dividend in respect of preference shares is only payable when Company has accumulated profits. Therefore, cumulative dividend on Preference Shares (PSX Symbol - ASLPS) and Preference Shares (PSX Symbol - ASLCPS) amounting to Rs. 727 million (June 30, 2019: Rs. 656 million) and Rs. 305 million (June 30, 2019: Rs. 301 million) respectively, is not accounted for in these condensed interim financial statements.

10. TRADE AND OTHER PAYABLES

These include bills payable of Rs. 7,056.21 million (June 30, 2019: Rs. 283.58 million) against import of raw material.

11. BORROWINGS

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

	March 31, 2020	June 30, 2019
Rupees '000		
Unsecured - short-term finance from related parties		
Mr. Arif Habib, Chairman	245,000	-
Arif Habib Corporation Limited	322,000	-
Arif Habib Equity (Private) Limited	814,000	-
Rotocast Engineering Company (Private) Limited	1,166,000	-
	2,547,000	-
Secured short-term running finance from financial institutions		
United Bank Limited	99,109	348,899
National Bank of Pakistan	823,794	1,832,735
Dubai Islamic Bank Pakistan Limited	1,000,000	1,000,000
Habib Metropolitan Bank Limited	606,266	5,233,233
Bank Islami Pakistan Limited	39,478	570,254
Sindh Bank Limited	499,818	500,071
The Bank of Punjab	75,469	780,538
Askari Bank Limited	99,883	779,170
Summit Bank Limited	229,912	466,853
MCB Bank Limited	53,656	516,998
MCB Islamic Bank Limited	300,810	-
Habib Bank Limited	500,795	1,402,487
JS Bank Limited	474,633	680,739
	4,803,623	14,111,977
	7,350,623	14,111,977

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 There has been no significant change during the period in the contingencies reported in the annual financial statements for the year ended June 30, 2019.



Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2020 - (Unaudited)

12.2 Commitments

12.2.1 Commitments for capital expenditure outstanding as at March 31, 2020 amounted to Rs. 569.79 million (June 30, 2019: Rs. 295.69 million).

12.2.2 Commitments for rentals under ijarah arrangements amounted to Rs. 0.40 million (June 30, 2019: Rs. 1.2 million) payable as follows:

	March 31, 2020	June 30, 2019
Rupees '000		
Not later than 1 year	392	864
Later than 1 year but not later than 5 years	12	407
	<u>404</u>	<u>1,271</u>
	March 31, 2020	March 31, 2019
Rupees '000		

13. NET REVENUE FROM CONTRACTS WITH CUSTOMERS

Local - note 13.1	29,265,747	16,011,940
Export	83,477	3,846
Gross revenue from contracts with customers	<u>29,349,224</u>	<u>16,015,786</u>
Less: Sales tax	(4,215,323)	(2,303,399)
Rebates and discounts	(239,451)	(19,593)
Dealer commission	(319,116)	(150,829)
	<u>24,575,334</u>	<u>13,541,965</u>

13.1 This includes scrap sales of coil-end sheets net of sales tax amounting to Rs. 1,041.86 million (2018: Rs. 543.03 million).

	March 31, 2020	March 31, 2019
Rupees '000		

14. FINANCE COST

Mark-up expense:		
- long-term finance	816,763	342,333
- Impact of unwinding on long-term finance	771	52,526
- short-term borrowings	1,498,536	680,141
Finance lease charges	3,824	1,686
Exchange loss	162,169	246,573
Bank and other charges	160,181	23,524
	<u>2,642,244</u>	<u>1,346,783</u>

15. TAXATION

Current		
- for the year	-	-
- prior year	5	255,076
Deferred	444,514	244,111
	<u>444,519</u>	<u>499,187</u>



Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2020 - (Unaudited)

	March 31, 2020	March 31, 2019
	Rupees '000	
16. LOSS PER SHARE		
16.1 BASIC LOSS PER SHARE		
Loss after taxation attributable to ordinary shareholders	(438,629)	(151,400)
Adjustment for cumulative preference share dividend	(75,446)	(39,670)
Loss after taxation for calculation of basic loss per share	(514,075)	(191,070)
Weighted average number of ordinary shares outstanding at the end of period (in thousand)	765,529	678,918
Basic loss per share (Rupees)	(0.67)	(0.28)

16.2 DILUTED LOSS PER SHARE

Diluted loss per share has not been presented for periods ended March 31, 2020 and March 31, 2019, as it has an anti-dilutive effect on loss per share.

17. TRANSACTIONS WITH RELATED PARTIES

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

			March 31, 2020	March 31, 2019
			Rupees '000	
Associated companies	Arif Habib Corporation Limited	- Finance facility utilised	1,715,000	1,927,000
		- Repayment of finance facility utilised	1,411,956	1,018,956
		- Mark-up on finance facilities	45,148	75,698
		- Mark-up on finance facilities paid	72,048	47,433
		- Guarantee commission	3,988	2,757
		- Guarantee commission paid	3,677	2,766
	Arif Habib Equity (Pvt.) Limited	- Finance facility utilised	839,000	410,000
		- Repayment of finance facility utilised	25,000	410,000
		- Mark-up on finance facilities	51,813	4,635
		- Mark-up on finance facilities paid	18,742	
	Power Cement Limited	- Purchase of construction material	369	54
		- Payment received against sale of asset	-	1,970
		- Payment made against Purchase of construction material	217	113
	Rotocast Engineering Co. (Private) Limited	- Finance facility utilised	1,166,000	-
		- Mark-up on finance facilities	99,238	-
		- Mark-up on finance facilities paid	54,364	-
		- Rent and maintenance	6,769	4,808
		- Rent and maintenance paid	5,379	4,808



Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2020 - (Unaudited)

			March 31, 2020	March 31, 2019
Rupees '000				
Relationship	Name of Company	Nature of transaction		
	Sachal Energy Development (Private) Limited	- Finance facility utilised	300,000	-
		- Repayment of finance facility utilised	300,000	-
		- Mark-up on finance facilities	22,577	-
		- Mark-up on finance facilities paid	22,566	-
	Javedan Corporation Limited	- Expenses against sponsorship	-	500
		- Payment against sponsorship expenses	-	1,000
Other related parties	Mr. Arif Habib	- Finance facility utilised	3,003,000	3,680,000
		- Repayment made against finance facility utilised	2,758,000	370,000
		- Mark-up on finance facility	170,437	198,879
		- Mark-up on finance facility paid	400,000	-
	Silk Bank Limited	- Bank charges paid	-	59
		- Repayment made against finance facility utilised	-	28,435
		- Mark-up on finance facility	-	20,424
		- Mark-up on finance facility paid	-	21,385
Key management compensation	CEO, CFO & Company Secretary	- Salaries and other employee benefits	16,024	13,823
	CFO & Company Secretary	- Post retirement benefits	414	376
	Non-Executive Director	- Meeting and other expenses	710	630

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on April 27, 2020.



Chief Financial Officer



Chief Executive



Director



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