

► **Half Yearly Report**
December 31,
2019

A Commitment
to Prime Quality!

Siddiqsons Tin Plate Limited
A Siddiqsons Group Company

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COMPANY INFORMATION

Board of Directors

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

Audit Committee

Mr. Ashraf Mehmood Wathra (Chairman)
(Independent Director)
Mr. Ibrahim Shamsi (Member) (Non-Executive)
Mrs. Alia Sajjad (Member) (Non-Executive)
Mr. Muhammad Haris (Secretary)

Bankers

National Bank of Pakistan
Habib Bank Limited
MCB Bank Limited
Soneri Bank Limited
Habib Metropolitan Bank Limited
Faysal Bank Limited
Meezan Bank Limited
JS Bank Ltd
Al Baraka Bank (Pakistan) Ltd
MCB Islamic Bank Limited

Human Resource & Remuneration Committee

Mrs. Alia Sajjad (Chairman) (Non-Executive)
Mr. Munir Qureshi (Member) (Executive)
Mr. Abdul Wahab (Independent Director)
Mr. Muhammad Haris (Secretary)

Bankers

United Bank Limited
Al Falah Limited
Allied Bank Limited
The Industrial & Commercial Bank of China (ICBC)
Bank Alfalah Limited

Technical Committee

Mr. Tariq Rafi	Chairman
Mr. Munir Qureshi	Member
Mr. Naeem-ul-Hasnain Mirza	Member

Shares Registrar

THK Associates (Pvt.) Limited,
1st Floor, 40-C Block-6,
P.E.C.H.S, Shahrah e Faisal,
Karachi.,
UAN #111 000322

Executive Management Team

Mr. Naeem-ul-Hasnain Mirza	COO
Mr. Rashid Khaleeqe	DCOO
Mr. Furrukh Sadiq	CFO
Mr. Shahzad Shabbir	GM Commercial
Mr. Muhammad Jawaid Abbasi	GM Marketing

Registered Office

Ocean Tower, 27th Floor,
G-3, Block 9, Scheme # 5,
Main Clifton Road, Karachi.
Tel : +9221-35166571-4

Chief Financial Officer

Mr. Furrukh Sadiq

Plant: Plot # 5, Special Industrial Zone,
Winder, Distt. Lasbela, LIEDA,
Baluchistan.

Company Secretary

Mr. Muhammad Haris

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Web Presence

www.siddiqsonstinplate.com

DIRECTORS' REVIEW

Dear Shareholders

The Directors of your company would like to present the unaudited financial statements of the company for the half year ended December 31, 2019.

Operating overview

The Sales revenue was recorded at Rs.1,304 million as compared to Rs.1,539 million during the same period last year. This decline of 15% in sales was due to uncertain economic conditions, tariff anomalies with respect to Import of Palm Oil, transporters strike and some issues with the Customs, as detailed in Note-12.1 of the annexed financial statements. However, the EBITDA (excluding non-recurring items) shows an increase of 14%, i.e. from 7.1% in the preceding period to 8.1% in the current period.

Net Result

The net results showed a profit after taxation of Rs.23 million during the period as compared to the profit of Rs.33 million in the corresponding period.

The macro-economic indicators still seems to be under pressure, with high markup rates and slow recovery of LSM sector.

Earnings per share

The earnings per share are Re. 0.11, as compared to earnings per share of Re.0.16 in the corresponding period.

Future Outlooks

At the moment the spread of Corona Virus is impacting the global economy and the commodity prices are under pressure. Its effect on TMBP/CRC market is also visible, as the supplies from China are closed. This calls for other regional players to fill this gap. The local demand is also expected to show some improvement.

The prospects of export markets are very promising and the progress in this area is very encouraging. The export sales has shown exponential growth over the last reported period. However, the availability of ERF is still a major challenge and to remain competitive in the international market, it is inevitable.

The construction work at CRM site is in progress and more than 50% of the infrastructure work has been completed.



Acknowledgement

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

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

On behalf of the Board



Tariq Rafi

Chairman

Karachi: February 28, 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SIDDIQSONS TIN PLATE LIMITED as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes forming part thereof (here-in-after referred to as 'condensed interim financial information') for the half year then ended. Management is responsible for the preparation and presentation of the condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements - 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2019 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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

Other matters

The figures of the condensed interim statement of profit or loss for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed and we do not express a conclusion on them.

Chartered Accountants

Engagement partner
Nadeem Yousuf Adil

Dated:
Karachi:

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

ASSETS	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
NON-CURRENT ASSETS	(Rupees).....	
Property, plant and equipment	6	920,528,042	858,948,669
Long-term deposits		7,179,250	7,179,250
Long term advance		1,196,344,279	880,774,647
		<u>2,124,051,571</u>	<u>1,746,902,566</u>
CURRENT ASSETS			
Stores, spares and loose tools	7	16,358,242	18,825,945
Stock-in-trade		1,307,310,134	1,223,387,627
Trade debts		241,954,754	614,193,549
Advance income tax		125,546,124	134,814,728
Loans and advances		167,682,679	70,716,166
Trade deposits and prepayments		50,743,999	43,080,680
Term deposit certificates	8	547,452,651	620,650,000
Other receivables		2,330,137	-
Other financial assets		370,468	287,822
Sales tax refundable		118,347,289	57,354,330
Cash and bank balances		51,311,246	27,179,356
		<u>2,629,407,723</u>	<u>2,810,490,203</u>
Total assets		<u>4,753,459,294</u>	<u>4,557,392,769</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
300,000,000 (June 30, 2019: 300,000,000)			
ordinary shares of Rs. 10 each		<u>3,000,000,000</u>	<u>3,000,000,000</u>
Share capital	9	2,292,787,700	2,292,787,700
Share Premium		301,517,286	301,517,286
Unappropriated profit		146,591,744	123,412,379
		<u>2,740,896,730</u>	<u>2,717,717,365</u>
NON-CURRENT LIABILITY			
CURRENT LIABILITIES			
Trade and other payables			
Due to director	10	262,008,539	216,903,205
Interest / mark-up accrued on borrowings		280,000,000	200,000,000
Short-term borrowings		47,625,443	33,380,473
Unpaid dividend	11	1,417,277,188	1,383,740,332
Unclaimed dividend		2,918,918	2,918,918
		2,732,476	2,732,476
		<u>2,012,562,564</u>	<u>1,839,675,404</u>
Total equity and liabilities		<u>4,753,459,294</u>	<u>4,557,392,769</u>
CONTINGENCIES AND COMMITMENTS	12		

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Note	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
.....(Rupees).....				
Sales - net	13 1,304,492,682	1,538,740,053	702,190,163	977,723,573
Cost of goods sold	14 (1,159,264,601)	(1,383,347,464)	(613,108,940)	(878,484,608)
Gross profit	145,228,081	155,392,589	89,081,223	99,238,965
Other income	73,409,013	21,957,688	56,574,375	21,256,939
	218,637,094	177,350,277	145,655,598	120,495,904
Distribution cost	(15,916,080)	(12,395,379)	(8,873,410)	(8,479,736)
Administrative expenses	(38,431,828)	(27,931,616)	(21,120,051)	(14,190,584)
Other operating expenses	(3,416,326)	(7,970,021)	(1,801,312)	(2,726,215)
Finance cost	(119,566,205)	(76,563,859)	(63,992,500)	(65,339,326)
	(177,330,439)	(124,860,875)	(95,787,273)	(90,735,861)
Profit before taxation	41,306,655	52,489,402	49,868,325	29,760,043
Taxation	15 (18,127,290)	(19,226,077)	(9,092,752)	(12,213,371)
Profit after taxation	23,179,365	33,263,325	40,775,573	17,546,672
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	23,179,365	33,263,325	40,775,573	17,546,672
Earnings per share - basic and diluted	16 0.11	0.16	0.19	0.08

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

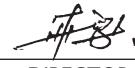
	Half year ended	
	December 31, 2019	December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	41,306,655	52,564,544
Adjustments for		
Depreciation of property, plant and equipment	15,753,380	14,124,887
(Gain)/Loss on remeasurement of investment at market value	(82,646)	46,479
Gain on disposal of property, plant and equipment	-	(369,884)
Finance cost	119,566,205	76,563,859
	176,543,594	142,854,743
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	2,467,703	(134,139)
Stock-in-trade	(83,922,507)	(769,996,381)
Trade debts	372,238,795	(65,595,008)
Loans and advances	(96,966,513)	27,561,870
Trade deposits and prepayments	(7,663,319)	(3,039,821)
Other receivables	(2,330,137)	(5,205,479)
Sales tax refundable	(60,992,959)	(36,063,806)
Increase / (decrease) in current liabilities		
Trade and other payables	45,105,334	100,916,620
Due to director	80,000,000	175,000,000
	247,936,397	(576,556,144)
Net cash generated from/(used in) operations	424,479,991	(433,701,401)
Tax paid	(8,858,686)	(11,458,796)
Finance cost paid	(105,321,235)	(76,991,546)
Net cash generated from/(used in) operating activities	310,300,070	(522,151,743)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,644,128)	(5,314,436)
Addition in capital work in progress	(72,688,625)	(468,164,682)
Proceed from disposal of property, plant and equipment	-	500,000
Advance paid against letter of credit	(315,569,632)	-
Term deposit certificates	573,197,349	(1,003,900,000)
Net cash generated from/(used in) investing activities	180,294,964	(1,476,879,118)

	Half year ended	
	December 31, 2019	December 31, 2018
-----Rupees-----		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds against issue of right shares	-	1,507,586,430
Proceeds against premium on right shares	-	271,258,681
Short term borrowings obtained	<u>34,012,887</u>	192,492,394
Net cash generated from financing activities	<u>34,012,887</u>	<u>1,971,337,505</u>
Net increase / (decrease) in cash and cash equivalents	524,607,921	(27,693,356)
Cash and cash equivalents at beginning of the period	(344,595,939)	(290,621,350)
Cash and cash equivalents at end of the period	<u>180,011,982</u>	<u>(318,314,706)</u>
Cash and cash equivalents		
Cash and bank balances	51,311,246	32,642,192
Short term running finances	(371,299,264)	(350,956,898)
Term Deposit Certificates - maturity of less than 3 months	<u>500,000,000</u>	-
	<u>180,011,982</u>	<u>(318,314,706)</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid up capital	Share Premium	Unappro- priated profit	Total
.....(Rupees).....				
Balance at July 1, 2018	785,201,270	-	66,780,479	851,981,749
Total Comprehensive income				
Profit for the half year ended December 31, 2018	-	-	33,263,325	33,263,325
Other comprehensive income - net of tax	-	-	-	-
	-	-	33,263,325	33,263,325
Transactions with owners:				
Issuance of right shares during the period	1,507,586,430	301,517,286	-	1,809,103,716
Transaction cost of right issue	-	-	(30,258,605)	(30,258,605)
Balance at December 31, 2018	2,292,787,700	301,517,286	69,785,199	2,664,090,185
Total Comprehensive income				
Income for the half year ended June 30, 2019	-	-	53,627,180	53,627,180
Other comprehensive income - net of tax	-	-	-	-
	-	-	53,627,180	53,627,180
Balance at June 30, 2019	2,292,787,700	301,517,286	123,412,379	2,717,717,365
Total Comprehensive income				
Profit for the half year ended December 31, 2019	-	-	23,179,365	23,179,365
Other comprehensive income - net of tax	-	-	-	-
	-	-	23,179,365	23,179,365
Balance at December 31, 2019	2,292,787,700	301,517,286	146,591,744	2,740,896,730

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

I. LEGAL STATUS AND OPERATIONS

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

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

Registered Office:

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

Manufacturing Facility:

Tin Plate plant is located at:

- a) Plot No. 5, Special Industrial Zone, Winder, Distt, Lasbella, L.I.E.D.A, Province of Balochistan, Pakistan.

Canning plant is located at:

- Plot # 221-222, Near Jamia Millia College, Jamia Millia Road, Malir City, Karachi, Province of Sindh, Pakistan.

3. STATEMENT OF COMPLIANCE

3.1 This condensed interim financial information has been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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



- Provisions of and directives issued under the Companies Act, 2017.

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

- 3.2** The condensed interim financial information has been prepared under historical cost convention except other financial assets which are valued at fair value.
- 3.3** The condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional and presentation currency and figures presented in the condensed interim financial information have been rounded off to the nearest rupee.
- 3.4** This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of clause (26) of Listed Companies (Code of Corporate Governance) Regulations, 2017. This condensed interim financial information is being submitted to the shareholders as required by section 237 of the Companies Act 2017.
- 3.5** These condensed interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. The comparative statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2019, whereas comparative condensed statement of profit or loss, condensed statement of cash flows and condensed statement of changes in equity are stated from the unaudited condensed interim financial information for the half year and quarter ended December 31, 2018.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgement made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2019, except for the adoption of IFRS 15 "Revenue from contracts with customers" as detailed in note 4.1.

4.1 IFRS 16 - Leases

During the period IFRS 16-Leases is applicable to the company. IFRS 16 replaces IAS 17 "Accounting For Leases" and related interpretations and set out the principles for recognition, measurement, presentation and disclosure of leases. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases for Low-value items. An entity does not need to apply IFRS 16 to existing contracts that do not meet the definition of a lease applying the requirements of IAS 17 and IFRIC 4.

During the period, management implemented requirements of IFRS 16, but has not recognized any lease liability and corresponding right of use asset because the existing contract is renewed on mutual consensus of both the lessor and the lessee that is excluded from the ambit of the said IFRS. Therefore, there is no impact on statement of financial position and profit or loss account for the period ended December 31, 2019.

5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2019.

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
.....(Rupees).....			
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	722,260,153	733,369,405
Capital work-in progress	6.2	198,267,889	125,579,264
		920,528,042	858,948,669

6.1 Operating fixed assets

	December 31, 2019				
	Opening WDV 01-Jul-19	Additions	Disposals (W.D.V)	Depreciation for the period	Closing WDV 31-Dec-19
.....(Rupees).....					
Leasehold land	7,533,750	-	-	-	7,533,750
Freehold land	167,401,427	-	-	-	167,401,427
Buildings on leasehold land	21,811,437	-	-	1,090,572	20,720,865
Plant and machinery	477,360,641	320,361	-	9,549,271	468,131,731
Power and other installations	15,521,683	-	-	776,084	14,745,598
Factory equipment	3,254,428	199,800	-	168,585	3,285,643
Generators	2,814,766	-	-	140,738	2,674,028
Office equipment	6,405,689	347,758	-	328,781	6,424,666
Data processing equipment	1,313,965	457,924	-	254,068	1,517,821
Furniture and fixtures	1,402,809	72,000	-	70,610	1,404,199
Vehicles	28,548,811	3,246,285	-	3,374,671	28,420,425
	<u>733,369,405</u>	<u>4,644,128</u>	<u>-</u>	<u>15,753,380</u>	<u>722,260,153</u>
June 30, 2019	569,801,723	194,923,754	(104,093)	(31,251,979)	733,369,405

6.2 Capital work-in progress

Civil works	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
.....(Rupees).....			
	6.2.1	<u>198,267,889</u>	<u>125,579,264</u>
		<u>198,267,889</u>	<u>125,579,264</u>

6.2.1 The Company is establishing Cold Rolling Mill (CRM) project for manufacturing of Tin Mill Black Plates / CRC which are currently being imported. The CRM project aims to start commercial production during 4th quarter of calendar year 2020 with an annual production capacity of 200,000 mtm per annum. The budgeted capital expenditure for the project is Rs. 6.5 billion. The project would be financed through equity and debt in the ratio of 35:65.

7 STOCK-IN-TRADE	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
	(Rupees).....(Rupees).....
Raw material - Tinplate in hand		323,284,486	631,649,823
Finished goods - Tinplate tin cans scrap		973,996,240 1,012,818 9,016,590 984,025,648	587,898,880 1,180,913 2,658,011 591,737,804
Chromite Raw material Finished goods		16,389,080 12,682,410 (29,071,490) 1,307,310,134	16,389,080 12,682,410 (29,071,490) 1,223,387,627
Provision for obsolete stock of chromite			
8 TERM DEPOSIT CERTIFICATES			
Investment in term deposit certificates	8.1	547,452,651	620,650,000

8.1 This represents investment in term deposit certificates which carries markup at the rate of 6.25 % to 12.25% per annum for the period of three months and carried as a lien against CRM project as disclosed in note 6.2.1

9 SHARE CAPITAL

An associated undertaking, Siddiqsons Limited holds 34,816,601 (2019: 35,034,101) ordinary shares at the period end.

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

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

Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
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.....(Rupees).....

10 DUE TO DIRECTOR

Loan from director	10.1	<u>280,000,000</u>	<u>200,000,000</u>
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10.1 This represents an interest free and payable on demand loan from director obtained for the purpose of fulfilling the payment of LC for CRM project purpose as disclosed in note 6.2.1.

11 SHORT-TERM BORROWINGS

SECURED

From banking companies

Finance against imports - foreign currency	11.2	<u>1,045,977,924</u>	1,011,965,037
Running finances under markup arrangements	11.3	<u>371,299,264</u>	371,775,295
		<u>1,417,277,188</u>	<u>1,383,740,332</u>

11.1 The aggregate unavailed-short term borrowing facilities amounts to Rs. 1,205 million (June 30, 2019: Rs. 1,767 million) as of the reporting date.

11.2 These are secured against hypothecation on fixed assets, stock in trade, stores and spares, trade debts, promissory notes and charge on present and future current assets of the Company and lien on import documents. Foreign currency loan are subject to mark-up based on KIBOR ranging between 12.97% to 15.78% (June 30, 2019: 8.92% to 14.80%) per annum.

11.3 These are secured against charge on fixed assets, stock, stores and spares, trade debts and present and future current assets of the Company and are subject to the mark-up ranging between 12.97% to 15.78% (June 30, 2019: 8.92% to 14.8%) per annum.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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

During the course of quasi-judicial proceedings before the learned Adjudication Authority, all the charges leveled in the Show Cause Notice were duly rebutted through submission of detailed written reply and rejoinder and despite the fact that the purported shortage of 1055 MT was duly accounted for, the learned Adjudicating Authority, based on misreading and non-reading of evidence adduced by the Petitioner before the Adjudication Authority, passed the Order-in-Original No. 334 / 2019 dated 07.11.2019, on the behest of the department, for recovery of purported evaded amount of duty and taxes amounting to Rs.64,192,547/- on purported removal of 1055 MT of CRC / Tin Mill Black Plate from Manufacturing. While being aggrieved of the aforesaid Order-in-Original No. 334 / 2019, STPL preferred an appeal bearing No. K-1298 / 2019, under section 194A of the Customs Act, 1969, before the learned Customs Appellate Tribunal, Karachi. Pending the appeal preferred before the learned Customs Appellate Tribunal, Karachi, the Petitioner also moved to the Hon'ble High Court of Sindh, at Karachi vide Constitutional Petition No. D-7820 / 2019, assailing the demand notice for recovery of purported evaded amount of duty and taxes amounting to Rs 64,192,547/- issued in pursuance of Order-in-Original No. 334 / 2019.

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



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

STPL submitted application dated 03.08.2019 by the Petitioner for temporary de-blocking of the license to import raw materials and export finished products.

Management, based on the legal advice is expecting a favorable decision, therefore no provision is made in the Financial Statements.

	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
.....(Rupees).....		
12.2 Commitments		
Letters of credit for import of raw material	555,893,654	890,623,178
Bank guarantee in favor of Excise and		
Taxation department relating to		
anti-dumping and infrastructure cess	129,033,008	138,250,000
Letter of credit for import of plant and machinery	1,943,683,712	1,943,683,712

Note	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
.....(Rupees).....				
.....(Rupees).....				
13 SALES - NET				
Local sales	1,180,361,535	1,788,685,923	746,707,717	1,125,171,188
Export sales	13.1	288,020,144	3,269,436	186,831,298
		1,468,381,679	1,791,955,359	933,539,015
Less: Sales tax		163,888,997	253,215,306	102,438,562
		1,304,492,682	1,538,740,053	831,100,453
				977,723,573

13.1 The exports are made to Middle East region amounting to Rs.253.56 million (2018: Rs.3.269 million).



Note		Half year ended		Quarter ended		
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	
.....(Rupees).....						
14 COST OF GOODS SOLD						
Tinplate						
Cost of goods manufactured	14.1	1,551,552,445	1,343,325,066	829,487,149	798,660,414	
Finished stocks						
Opening stock		591,737,804	529,527,483	767,647,439	673,312,156	
Purchase of finished goods		-	271,390,230	-	167,407,353	
Closing stock		(984,025,648)	(760,895,315)	(984,025,648)	(760,895,315)	
		(392,287,844)	40,022,398	(216,378,209)	79,824,194	
		1,159,264,601	1,383,347,464	613,108,940	878,484,608	
Chromite						
Cost of goods manufactured		-	-	-	-	
Finished stocks						
Opening stock		-	14,535,745	-	9,121,207	
Purchase return		-	-	-	-	
Closing stock		-	(14,535,745)	-	(9,121,207)	
		-	-	-	-	
		1,159,264,601	1,383,347,464	613,108,940	878,484,608	



	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018

.....(Rupees).....

14.1 Cost of goods manufactured - Tinplate

Raw material consumed	1,412,800,316	1,215,902,805	755,332,396	727,194,337
Salaries, wages and benefits	66,351,289	62,259,904	32,852,231	33,650,238
Stores and spares consumed	9,732,969	9,781,199	7,256,469	8,959,246
Packing material	3,639,531	488,041	2,460,854	80,076
Fuel and power	33,538,300	31,685,430	18,067,030	18,936,141
Sorting, slitting and cutting charges	1,699,716	1,873,226	643,720	1,400,584
Insurance	2,951,061	2,115,415	2,212,125	1,467,970
Repairs and maintenance	1,122,784	600,873	1,014,569	383,982
Rent, rates and taxes	878,460	878,460	439,230	439,230
Vehicles running and maintenance	1,453,874	1,130,450	1,453,874	699,170
Printing and stationery	119,103	233,850	48,014	230,280
Communication	282,316	673,317	100,963	463,336
Travelling and conveyance	2,122,729	1,770,725	1,408,740	266,396
Entertainment	308,109	120,521	86,687	79,618
Depreciation	11,725,250	12,351,764	5,866,586	6,175,882
Transportation	921,250	315,759	78,930	(832,273)
Canning / Printing	15,640	12,877	15,640	(1,497,693)
Other manufacturing overheads	1,889,748	1,130,450	149,091	563,894
	1,551,552,445	1,343,325,066	829,487,149	798,660,414

15 TAXATION

Provision for current taxation is based on taxable income at the current rate of taxation.

Deferred tax asset is recorded up to the extent of deferred tax liabilities raised during the interim period because the management is certain that by June 30, 2020 we will be taxable under minimum tax.



Siddiqsons Tin Plate Limited
A Siddiqsons Group Company

16 EARNING PER SHARE

- Basic and diluted

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

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
.....(Rupees).....				
Profit for the period (Rupees)	23,179,365	33,263,325	40,775,573	17,546,672
Basic earning per share	0.11	0.16	0.19	0.08
Weighted average number of ordinary shares outstanding during the period	220,007,919	210,888,222	220,007,919	208,761,759
Basic earning per share (Rupee)	0.11	0.16	0.19	0.08

17 TRANSACTIONS WITH RELATED PARTIES

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

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

		Half year ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
.....(Rupees).....					
Relationship with the Company	Nature of transactions				
Associated company - Siddiqsons Limited	Purchases of goods & Services	1,372,336	1,792,726	2,915,182	1,792,726
Key management personnel	Short-term employee benefit	24,321,897	23,648,782	11,906,055	17,161,049
	Post-employment benefit	960,445	875,030	311,135	612,082
	Loan from director - obtain	80,000,000	175,000,000	20,000,000	-
	Loan from director - Repaid	20,000,000	-	-	-
	Purchase of land	-	150,000,000	-	-

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Fair value hierarchy

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

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

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

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

19 COMPARATIVE INFORMATION

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

20 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved and authorized for issue by the Board of Directors of the Company on February 28, 2020.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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A Siddiqsons Group Company

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