



WE DO IT

Quarterly Report March 2023



CONTENTS

04	Vision and Mission Statement
05	Company Information
06	Directors' Review Report
09	Condensed Interim Statement of Financial Position
10	Condensed Interim Statement of Profit or Loss and Other Comprehensive Income
11	Condensed Interim Statement of Cash Flows
12	Condensed Interim Statement of Changes in Equity
13	Notes To and Forming Part of The Condensed Interim Financial Statements

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

Audit Committee

Mr. Jawaid Iqbal – Chairman
Mr. Nasim Beg
Mr. Kashif A. Habib
Ms. Tayyaba Rasheed

Human Resource & Remuneration Committee

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

Chief Financial Officer

Mr. Umair Noor Muhammad

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

Factory 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, 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 TayebAly & Co.
Lex Firmā
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
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited
Industrial and Commercial Bank of China

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 of the Company for the third quarter ended March 31, 2023.

Steel Market Review

Since the beginning of quarter under review, HRC prices increased from US\$ 600 FOB China to around US\$ 700 by March 31, 2023. The prices, subsequent to that have retreated to levels near US\$650 FOB as the actual and potential demand fell short of market forecast. The prices may fall further marginally but a sharp decline is not expected.

Pakistan market has been particularly slow as it remains embroiled in political and economic uncertainty. The declining rupee parity to USD and high interest rates compounded by poor agricultural production have prolonged the on-going economic crises. Steel demand remains subdued in both auto and construction sectors, affecting offtake of CRC and GI respectively.

Although in the month of April 2023, the mandatory requirement of depositing 100% cash margin for opening Letter of Credit has been withdrawn but challenges persist in opening L/Cs for import of raw materials. The disruption in supply of raw material has led to a slow down and in some cases, stoppage of production. The business entities remain vulnerable to unprecedented uncertainties. It appears that resumption of IMF programme is critical to arrest the declining economic conditions.

Operational Review

The total quantity sold during the January 2023 to March 2023 quarter was 36,059 tons compared to 83,884 tons sold during the corresponding quarter last year, showing a decline of about 57%. The decline attributed to shortage of material availability. The HRC received remained stuck at Pakistani ports due to non-payment of L/Cs and CAD (Cash against Documents) by the banks. This also restricted capacity of the Company to place new orders for procurement of raw material.

The total quantity produced during the quarter was 31,656 tons compared to 71,361 tons in the corresponding quarter last year, a decline of about 56%. One of the key factors for significantly lower production was shortage of HRC. Looking at the financial results, it is evident that high cost of inventory, slow offtake, high rate of mark-up and exchange loss are the key factors for posting net loss.

Despite the challenging circumstances as mentioned above, the Company was able to restrict the loss during the quarter under review to Rs.48 million while it continued to service its debt along with servicing the abnormally high finance cost.

Quarter-wise performance of the Company during the current financial year is tabulated below:

	Quarter Ended		
	March 2023	December 2022	September 2022
	Rs. In Millions		
Revenue	9,720	9,143	6,542
Gross Profit / (Loss)	1,541	(424)	153
Finance Costs	1,006	765	810
Exchange Loss / (Gain) - (Net)	621	(173)	1,255
(Loss) before tax	(206)	(1,099)	(2,016)
(Loss) after tax	(48)	(686)	(1,411)

Company's margins have improved during the quarter ended March 31, 2023. The improvement, however, was compromised due to sharp devaluation of PKR by about 26% against US\$ and increase in policy rate to 20%. The Company continued to repay obligations when due. A brief summary of the financial results as on March 31, 2023 is as follows:

	Quarter Ended		Nine Months Ended	
	March 2023	March 2022	March 2023	March 2022
	Rs. In Millions		Rs. In Millions	
Revenue	9,720	17,536	25,405	49,117
Gross Profit	1,541	820	1,269	3,481
Finance Costs	1,006	557	2,581	1,584
Exchange Loss (Net)	621	44	1,704	651
(Loss) / Profit before tax	(206)	105	(3,321)	695
(Loss) / Profit after tax	(48)	62	(2,146)	514
(Loss) / earnings per share	(0.08)	0.05	(2.38)	0.56

Future Outlook:

The outlook in the short term still looks challenging. The restrictions on imports of raw material and spares are still in place. Clearance of stuck-up raw material cargoes from the ports have started slowly. However, demand and consumption of CRC and GI remains depressed due to sharp decline in automotive and construction activities. All efforts are being made to restore the supply lines of raw materials to cater for future market needs.

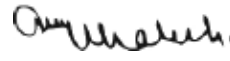
Acknowledgement

The directors are grateful to the Company's stakeholders for their persistent confidence and patronage. We would also like to record our appreciation to our financial partners, i.e. Banks for the continuous support in the ongoing operations. We would like to record our gratitude to Regulators for their invaluable support and guidance.

For and on behalf of the Board



Dr. Munir Ahmed
Chief Executive



Mr. Arif Habib
Chairman

Karachi : April 27, 2023

FINANCIAL STATEMENTS



Condensed Interim Statement of Financial Position

As At March 31, 2023 - (Unaudited)

		(Unaudited) March 31, 2023	(Audited) June 30, 2022
	Note	Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	5	18,785,746	19,124,305
Intangible assets		50,766	53,915
Long-term advances		350	350
Long-term deposits		73,079	120,907
Deferred tax asset		2,051,369	736,056
		20,961,310	20,035,533
Current assets			
Inventories	6	8,612,989	16,607,460
Trade and other receivables	7	6,191,577	5,805,309
Loans, advances and prepayments	8	671,655	1,495,446
Tax refunds due from government - Sales tax		332,666	-
Taxation - payments less provision		3,170,987	2,653,075
Cash and bank balances	9	370,872	207,994
		19,350,746	26,769,284
Total assets		40,312,056	46,804,817
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	10		
Ordinary shares		9,300,159	9,248,008
Cumulative preference shares		444,950	444,950
Difference on conversion of cumulative preference shares and dividends into ordinary shares		(1,762,459)	(1,762,456)
		7,982,650	7,930,502
Surplus on revaluation of property, plant and equipment		1,275,009	1,305,870
Capital reduction reserve		667,686	667,686
Unappropriated profit		1,964,193	4,131,495
		11,889,538	14,035,553
Liabilities			
Non-current liabilities			
Long-term finance - secured	11	3,700,009	4,831,450
Loan from Director	12	1,740,000	-
Lease liabilities		123,270	121,662
Employee benefit obligations		176,998	146,809
		5,740,277	5,099,921
Current liabilities			
Trade and other payables		4,567,674	9,333,836
Accrued mark-up		685,556	523,635
Short-term borrowings	13	15,982,943	15,869,364
Sales tax payable		-	-
Unclaimed dividend		69,400	69,400
Current portion of deferred income - Government grant		-	1,158
Current maturity of long-term finance		1,362,386	1,476,893
Current maturity of lease liabilities		14,282	33,612
		22,682,241	27,669,343
Total liabilities		28,422,518	32,769,264
Contingencies and commitments	14		
Total equity and liabilities		40,312,056	46,804,817

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


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For The Period Ended March 31, 2023 - (Unaudited)

	Note	Quarter ended		Nine months ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		Rupees '000			
Revenue from contracts with customers	15	9,719,660	17,536,012	25,405,376	49,116,604
Cost of sales		(8,178,681)	(16,715,568)	(24,136,060)	(45,635,682)
Gross profit		1,540,979	820,444	1,269,316	3,480,922
Selling and distribution cost	16	(30,640)	(53,371)	(77,180)	(280,184)
Administrative expenses		(108,171)	(79,915)	(308,544)	(282,779)
Operating profit		1,402,168	687,158	883,592	2,917,959
Other expenses	17	(621,417)	(49,834)	(1,703,598)	(700,808)
Other income		18,843	24,504	79,518	62,077
Finance costs	18	(1,005,692)	(557,276)	(2,580,660)	(1,583,894)
(Loss) / profit before tax		(206,098)	104,552	(3,321,148)	695,334
Income tax credit / (expense)	19	157,916	(42,780)	1,175,295	(181,691)
(Loss) / profit for the period		(48,182)	61,772	(2,145,853)	513,643
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / income		(48,182)	61,772	(2,145,853)	513,643
(Loss) / earnings per share		Rupees			
- Basic		(0.08)	0.05	(2.38)	0.56
- Diluted	20	-	-	-	-

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


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement Of Cash Flows

For The Period Ended March 31, 2023 - (Unaudited)

	March 31, 2023	March 31, 2022
Note	Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(3,321,148)	695,334
Add / (less): Adjustment for non-cash charges and other items		
Depreciation and amortisation	714,161	774,073
Mark-up charges	2,535,864	1,432,492
Unwinding of long-term finance	(63,095)	82,480
Finance lease charges	5,900	3,674
Provision for staff retirement benefit	39,850	41,446
Gain on disposal of fixed assets	(1,295)	(689)
Return on PLS savings accounts	(28,486)	(22,515)
	3,202,899	2,310,961
Profit before working capital changes	(118,249)	3,006,295
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	7,994,471	2,214,605
Trade and other receivables	(386,268)	173,116
Loans, advances and prepayments	823,791	(173,905)
Tax refunds due from Government - Sales tax	(694,111)	36,808
	7,737,883	2,250,624
(Decrease) / increase in current liabilities		
Trade and other payables	(4,766,162)	(655,189)
Net cash generated / (used) from operations	2,853,472	4,601,730
Income tax paid	(657,932)	(1,082,189)
Mark-up on loans paid	(2,373,944)	(1,432,796)
Staff retirement benefit paid	(9,661)	(8,400)
Decrease in long-term loans and advances	-	168
(Increase) / decrease in long-term deposits	47,828	(42,631)
Net cash generated / (used) from operating activities	(140,237)	2,035,882
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(381,088)	(699,520)
Acquisition of Intangible assets	-	(23,340)
Return on PLS accounts	28,486	22,515
Sale proceeds from disposal of property, plant and equipment	9,931	2,820
Net cash used in investing activities	(342,671)	(697,525)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finance	(1,184,011)	(1,125,742)
Short-term borrowings obtained- net	1,195,000	-
Long-term loan obtained - net	1,740,000	-
Dividend Paid	(162)	(1,544,524)
Lease rental paid	(23,623)	(15,380)
Net cash used in financing activities	1,727,204	(2,685,646)
Net increase / (decrease) in cash and cash equivalents	1,244,296	(1,347,290)
Cash and cash equivalents at beginning of the period	(15,661,369)	(6,557,646)
Cash and cash equivalents at end of the period	(14,417,073)	(7,904,936)

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


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Changes in Equity

For The Period Ended March 31, 2023 - (Unaudited)

	Share capital			Reserves			Total
	Ordinary shares	Cumulative preference shares	Difference on conversion of cumulative preference shares into ordinary shares	Capital		Revenue	
				Surplus on revaluation of property plant and equipment	Capital reduction reserve	(Accumulated loss) / Unappropriated profit	
Rupees '000							
Balance as at July 1, 2021	7,716,843	445,335	(1,348,402)	1,404,689	667,686	5,580,433	14,466,584
Incremental depreciation net of deferred tax transferred	-	-	-	(30,861)	-	30,861	-
Cumulative preference shares of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the period	880	(385)	(495)	-	-	-	-
Cumulative preference dividend converted to ordinary shares of Rs. 10 each during the period	1,530,285	-	(413,559)	-	-	(1,116,726)	-
Final dividend @ Rs. 2 per share for the year ended June 30, 2021	-	-	-	-	-	(1,544,524)	(1,544,524)
Total comprehensive income for the period ended March 31, 2022							
- Profit for the period	-	-	-	-	-	513,643	513,643
- Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	-	513,643	513,643
Balance as at March 31, 2022	<u>9,248,008</u>	<u>444,950</u>	<u>(1,762,456)</u>	<u>1,373,828</u>	<u>667,686</u>	<u>3,463,686</u>	<u>13,435,702</u>
Balance as at July 1, 2022	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	-	-	-	(30,860)	-	30,860	-
Cumulative preference shares of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the period	-	-	-	-	-	-	-
Cumulative preference dividend converted to ordinary shares of Rs. 10 each during the period	52,151	-	(3)	-	-	(52,148)	-
Preference dividend @ Rs. 1.17 per share for the year ended June 30, 2022	-	-	-	-	-	(162)	(162)
Total comprehensive income for the period ended March 31, 2023							
- Loss for the period	-	-	-	-	-	(2,145,853)	(2,145,853)
- Other comprehensive income for the period	-	-	-	-	-	-	-
	-	-	-	-	-	(2,145,853)	(2,145,853)
Balance as at March 31, 2023	<u>9,300,159</u>	<u>444,950</u>	<u>(1,762,459)</u>	<u>1,275,009</u>	<u>667,686</u>	<u>1,964,193</u>	<u>11,889,538</u>

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


Chief Executive


Chief Financial Officer


Director

Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2023 - (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; 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, 2022.

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, 2022. 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, 2023. 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, 2022.

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.

Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2023 - (Unaudited)

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, 2022.
- 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, 2022.

	(Unaudited) March 31, 2023	(Audited) June 30, 2022
Rupees '000		

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	16,575,801	16,952,995
Capital work in progress (at cost)	393,547	383,946
Major spare parts and stand-by equipment	1,816,397	1,787,364
	<u>18,785,746</u>	<u>19,124,305</u>

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

	(Unaudited)			
	Additions (at cost)		Disposals (at net book value)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Rupees '000				
Owned assets:				
Building and civil works on leasehold land	-	1,040	-	-
Plant and machinery	290,245	277,618	-	-
Electrical equipment	4,526	6,014	-	-
Office equipment	6,473	30,036	431	389
Furniture and fixtures	-	339	-	-
Motor vehicles	199	3,859	-	-
Right of use assets:				
Motor vehicles	41,012	12,002	8,205	1,760
	<u>342,455</u>	<u>330,908</u>	<u>8,636</u>	<u>2,149</u>

Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2023 - (Unaudited)

	(Unaudited) March 31, 2023	(Audited) June 30, 2022
Rupees '000		
6. INVENTORIES		
Raw material [including in transit Rs. 867.14 million (June 30, 2022: Rs. 8,334.82 million)]	5,293,191	10,580,168
Work-in-process	372,553	744,126
Finished goods [including coil end sheets Rs. 46.02 million (June 30, 2022: Rs. 62.83 million)]	1,569,455	3,674,450
	7,235,199	14,998,744
Stores	815,058	841,249
Spares	562,732	767,467
	1,377,790	1,608,716
	8,612,989	16,607,460
7. TRADE AND OTHER RECEIVABLES		
Trade receivables - considered good: Not yet due	429,408	222,963
Other receivables:		
Receivable from Etimæad Engineering (Private) Limited	138,485	138,485
Margin on import letters of credit	4,953,407	4,770,750
Receivable from insurance company	668,212	668,212
Others	2,065	4,899
	5,762,169	5,582,346
	6,191,577	5,805,309
8. LOANS, ADVANCES AND PREPAYMENTS		
8.1 These include deposit held with a bank amounting to Rs. 63.49 million (June 30, 2022: Rs. 78.11 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, 2023	(Audited) June 30, 2022
Rupees '000		
9. CASH AND BANK BALANCES		
With banks on		
- Current accounts	268,150	110,567
- PLS savings accounts - note 9.1	102,322	97,086
Cash in hand	400	341
	370,872	207,994
9.1 At March 31, 2023 the rates of mark up on PLS savings accounts range from 13.5% to 14.5% (June 30, 2022: 12% to 13.7%) per annum.		

Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2023 - (Unaudited)

10. SHARE CAPITAL

During the period, the Company has converted accumulated preference dividends on preference shares (ASLPS - Rs. 52.15 million) into Company's ordinary shares, in accordance with the terms of issue.

	(Unaudited) March 31, 2023	(Audited) June 30, 2022
	Rupees '000	

11. LONG-TERM FINANCE - secured

Loan under restructuring agreement - note 11.1	2,976,076	3,755,041
Loan for expansion project - note 11.2	2,086,319	2,454,162
Loan under refinance scheme - note 11.3	-	99,140
	<u>5,062,395</u>	<u>6,308,343</u>
Less: Current maturity of long-term finance	<u>(1,362,386)</u>	<u>(1,476,893)</u>
	<u>3,700,009</u>	<u>4,831,450</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.

11.3 The facility carries mark-up at the rate of 3% per annum and is repayable in 8 equal quarterly installments from January 2021 to October 2022.

12. LOAN FROM DIRECTOR - Unsecured

As of January 1, 2023, the loan agreement with Mr. Arif Habib has been modified. The loan is now due on December 31, 2025, which is three years from the effective date. Nevertheless, the company retains the option to repay the loan early. Accordingly the loan has been reclassified from short term loan to long term loan.

The facility carries a markup rate of 3 months KIBOR plus 1.75%, which is payable on a quarterly basis.

	(Unaudited) March 31, 2023	(Audited) June 30, 2022
	Rupees '000	

12. SHORT-TERM BORROWINGS - secured

Short term finance facilities under:		
- Running finance under mark-up arrangement	2,603,493	2,553,128
- Istisna-cum-Wakala arrangement	4,976,563	2,427,772
- Finance against Trust Receipts	6,518,226	10,888,464
- Foreign Currency Import Finance	689,661	-
- Short-term loan from related parties	1,195,000	-
	<u>15,982,943</u>	<u>15,869,364</u>

Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2023 - (Unaudited)

14. CONTINGENCIES AND COMMITMENTS

14.1 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, 2022.

14.2 Commitments

Commitments for capital expenditure outstanding as at March 31, 2023 amounted to Rs. 174.40 million (June 30, 2022: Rs. 1,176.61 million).

	(Unaudited)	
	March 31, 2023	March 31, 2022
	Rupees '000	

15. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sale of goods - note 15.1	29,965,517	51,334,132
Sales tax	(4,378,240)	(7,391,594)
Rebates and discounts	(573,349)	(939,076)
	<u>25,013,928</u>	<u>43,003,462</u>
Exports	391,448	6,113,142
	<u>25,405,376</u>	<u>49,116,604</u>

15.1 This includes scrap sale of coil-end sheets net of sales tax amounting to Rs. 1.09 billion (March 31, 2022: Rs. 2.06 billion).

16. SELLING AND DISTRIBUTION COST

This includes freight charges on export sales amounting to Rs. 22.2 million (March 31, 2022: Rs. 232.24 million).

	(Unaudited)	
	March 31, 2023	March 31, 2022
	Rupees '000	

17. OTHER EXPENSES

Workers' Profits Participation Fund	-	35,686
Workers' Welfare Fund	-	14,275
Exchange loss - net	1,703,598	650,847
	<u>1,703,598</u>	<u>700,808</u>

18. FINANCE COSTS

Mark-up expense:		
- long-term finance	530,297	356,863
- impact of unwinding on long-term finance	(63,095)	82,480
- short-term borrowings	1,970,833	1,014,212
Interest on Workers' Profits Participation Fund	5,915	65,248
Finance lease charges	5,900	3,674
Bank and other charges	130,810	61,417
	<u>2,580,660</u>	<u>1,583,894</u>

Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2023 - (Unaudited)

	(Unaudited)	
	March 31, 2023	March 31, 2022
	Rupees '000	
19. INCOME TAX (CREDIT) / EXPENSE		
Current	140,018	263,340
Deferred	(1,315,313)	(81,649)
	(1,175,295)	181,691

20. DILUTED EARNINGS PER SHARE

Diluted earnings per share has not been presented for period ended March 31, 2023 as it has anti-dilutive effect on the earnings per share.

21. TRANSACTIONS WITH RELATED PARTIES

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

			(Unaudited)	
			March 31, 2023	March 31, 2022
			Rupees '000	
Associated companies	Arif Habib Corporation Limited	- Finance facility utilised	5,420,000	1,725,000
		- Repayment of finance facility utilised	4,225,000	1,725,000
		- Long-term loan repaid	28,433	28,433
		- Mark-up on finance facilities	119,100	16,209
		- Mark-up on finance facilities paid	65,603	12,633
		- Guarantee commission	971	829
		- Guarantee commission paid	979	1,704
		- Dividend paid	-	49,422
		- Preference dividend converted into ordinary shares	40,987	436,371
	Arif Habib Limited	- Dividend paid	-	2,263
		- Preference dividend converted into ordinary shares	132	5,325
	Arif Habib Equity (Private) Limited	- Dividend paid	-	444,821
		- Preference dividend converted into ordinary shares	4,693	497,847
	Power Cement Limited	- Purchase of construction material	463	574
		- Payment made against purchase of construction material	463	389
	Rotocast Engineering Co. (Private) Limited	- Rent and maintenance	9,443	6,852
		- Rent and maintenance paid	9,443	6,852
Other related	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	-	272,186
		- Preference dividend converted into ordinary shares	3,298	269,524
Key management personnel	Chief Executive Officer, Chief Financial Officer & Company Secretary	- Salaries and other employee benefits	20,686	19,250
	Chief Financial Officer & Company Secretary	- Post retirement benefits	536	493
	Non-Executive Director	- Meeting and other expenses	837	691

Notes to and Forming Part of the Condensed Interim Financial Statements

For The Period Ended March 31, 2023 - (Unaudited)

22. DATE OF AUTHORISATION FOR ISSUE

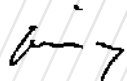
These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on 27 April, 2023.



Chief Executive



Chief Financial Officer



Director

