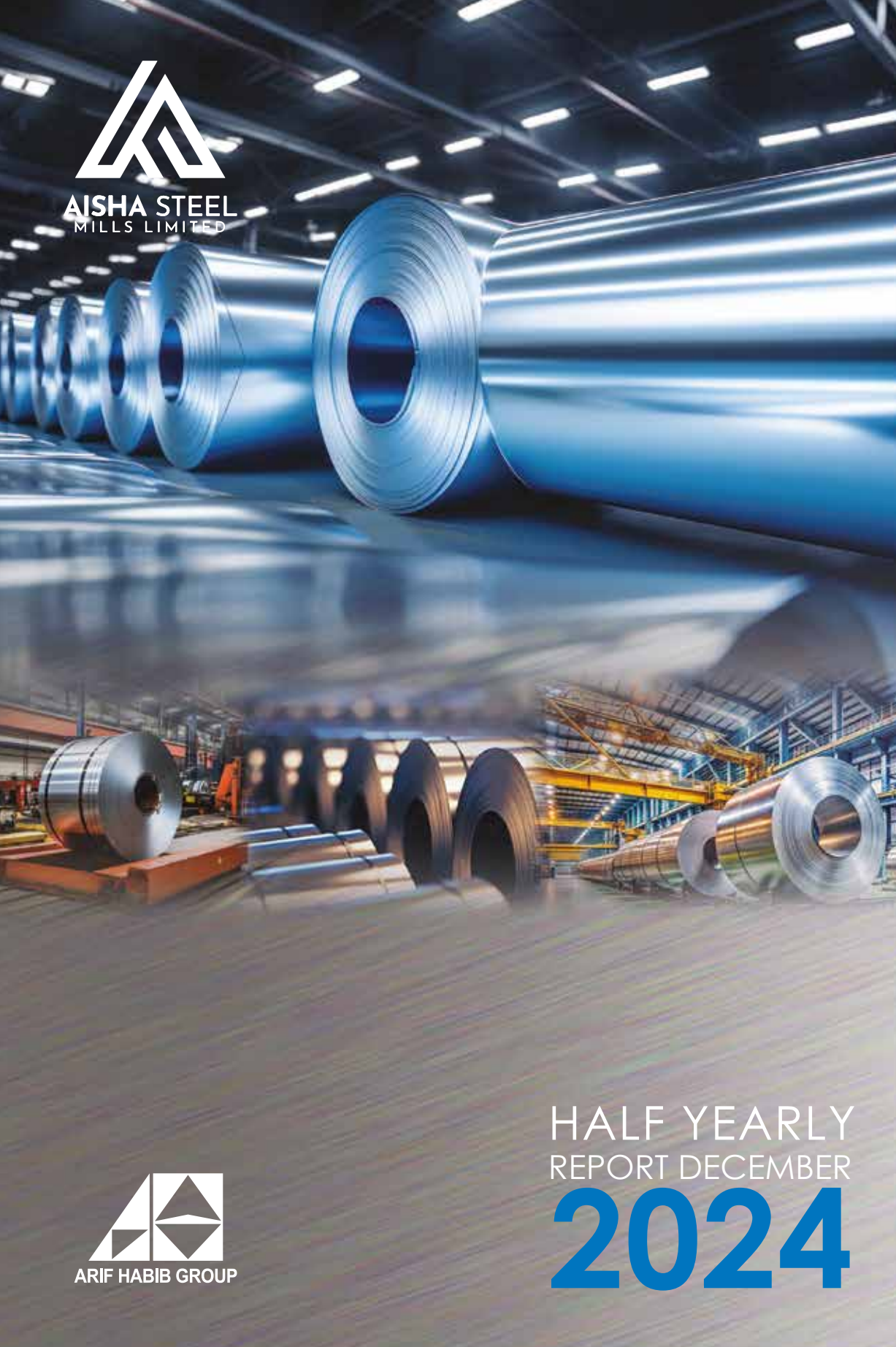




AISHA STEEL  
MILLS LIMITED



ARIF HABIB GROUP

HALF YEARLY  
REPORT DECEMBER

**2024**



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# COMPANY OVERVIEW

We at ASML, ROLL raw steel, to a perfect shining sheet, incorporating both strength and resilience.

Unwavering support of our stakeholders, visionary leadership and hard work of our committed team is converting dreams into reality.





## Vision

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

## Mission

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

# COMPANY INFORMATION

## BOARD OF DIRECTORS

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

## AUDIT COMMITTEE

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

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## CHIEF FINANCIAL OFFICER

Mr. Ali Hassan

## COMPANY SECRETARY

Mr. Manzoor Raza

## HEAD OF INTERNAL AUDIT

Mr. Muhammad Abbas Mirza

## REGISTERED OFFICE

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

## PLANT ADDRESS

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

## AUDITORS

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

## SHARE REGISTRAR DEPARTMENT

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

## LEGAL ADVISOR

Ahmed & Qazi  
Khalid Anwer & Co.  
Akhund Forbes  
Mohsin TayebAli & Co.  
Lex Firma  
Khalid Jawed & Co.

## BANKERS / LENDERS

Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial and Commercial Bank of China  
JS Bank Limited  
MCB Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan (Aitemad)  
National Bank of Pakistan  
Silk Bank Limited  
Sindh Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Bank Makramah Limited  
(formerly known as Summit Bank Limited)  
The Bank of Khyber  
The Bank of Punjab  
United Bank Limited

## WEBSITE

www.aishasteel.com





# Directors' Review Report

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

## Steel Market Review

The international HRC prices, during the Jul-Dec 2024 period, declined slowly from US\$ 500 FOB China, prevailing in July 2024 to US\$ 475 by December 2024. The prices since have stabilized and are not expected to go down further. The price in Pakistan, during the period also followed the similar trend.

The economic indicators of the country continue to improve. The inflation and discount rate are on the decline. The interest rate in December 24 was 14%, down from the peak of 22% observed in June 2023. The exchange rate is stable and raw material imports are relatively smooth. A slow economic recovery is being anticipated. The steel demand is expected to rise as well.

In the first two quarters of the current financial year, the local producers faced stiff competition from imports. The sales quantity remained subdued even after several price corrections.

## Operational Review

The total quantity sold during the Jul-Dec 2024 period was 56,408 tons compared to 85,404 sold during the corresponding period last year showing a decrease of about 34%. The export quantity was 4,087 tons compared to 8,627 tons exported during the corresponding period last year. The total quantity produced during the period was 63,141 tons compared to 91,215 tons in the corresponding period last year, a decrease of about 31%. The average finished goods inventory was around 11,946 tons compared to 10,691 tons last year, showing an increase of 12%.

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

	Half year ended	
	December 2024	December 2023
	Rs. In Millions	
Revenue	12,927	22,646
Gross (Loss) / Profit	(101)	2,169
Finance Costs	(1,783)	(1,917)
Exchange (Loss) / Gain - Net	(6.81)	226
(Loss) / Profit before tax	(2,258)	61
(Loss) / Profit after tax	(1,702)	132
(Loss) / Earnings per share (PKR)	(1.88)	0.08

The results reflect the difficulties faced by the Company in achieving projected sales volume. The selling price was corrected several times to compete with commercial imports of CRC, GI and other competing products like galvalume and ZAM from China. The import volumes of Galvalume, mainly coming from China, are gradually increasing as shown below:

PERIOD	Volume of imports (Qty – MT)			
	Galvanized Coils / Sheets		Galvalume Coils / Sheets	
	China	All other countries	China	All other countries
Apr 13 - Mar 14	95,208	18,543	4,185	3,146
Apr 14 - Mar 15	205,757	25,286	4,552	1,295
Apr 15 - Mar 16	332,382	21,739	5,271	3,565
Apr 16 - Mar 17	221,731	9,709	10,422	2,579
*Apr 17 - Mar 18	103,952	18,513	32,800	6,574
Apr 18 - Mar 19	87,926	11,338	53,169	3,982
Apr 19 - Mar 20	70,286	6,173	35,690	7,700
Apr 20 - Mar 21	68,012	7,934	64,029	16,566
Apr 21 - Mar 22	32,436	3,923	69,291	24,114
Apr 22 - Mar 23	45,031	5,099	64,569	16,649
Apr 23 - Mar 24	88,826	712	164,888	12,751

\*Antidumping duty on GI and CRC was imposed in February 2017

The main reason behind increased galvalume imports is to circumvent antidumping duty. National Tariff Commission (NTC) has been approached in this regards to bring galvalume and other similar products like ZAM under ADD regime. NTC has taken up the case.

### Future Outlook:

The outlook in the near term looks stable. The agreement with IMF mandated tough conditionalities which substantially increased the cost of doing business. The measures taken, however, stabilized the economy and inflation brought under control. The discount rate has come down to 12% from the peak observed last year at 22%. The demand continues to be suppressed but early signs of recovery are visible. The selling price had to be reduced several times to compete with cheap imports. Relatively high inventory costs and low selling price resulted in a gross loss. The average HRC cost at the mill has now come down to the current market HRC price level and demand has also picked up slightly. The sales volume and margins are expected to improve in the remaining two quarters of the year.

### Acknowledgement

We would like to record our appreciation and gratitude to the Banks for the continuous support in the ongoing operations. We also acknowledge the support of Regulators for their continued support.

For and on behalf of the Board



**Dr. Munir Ahmed**  
Chief Executive



**Mr. Nasim Beg**  
Director

Karachi: February 24, 2025





To the members of Aisha Steel Mills Limited

## Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Aisha Steel Mills Limited as at December 31, 2024 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2024, and December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2024.

### 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 statements 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 interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Date: February 27, 2025  
UDIN: RR202410059UjjiasPCL

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

# Condensed Interim Statement of Financial Position

As at December 31, 2024

as at December 31, 2024		(Unaudited) December 31, 2024	(Audited) June 30, 2024
Note		Rupees '000	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	19,317,585	19,624,339
Intangible assets		40,287	43,300
Long-term advances		284	294
Long-term deposits		72,766	68,601
Deferred tax asset	6	3,126,771	2,650,936
		22,557,693	22,387,470
<b>Current assets</b>			
Inventories	7	7,349,779	9,870,972
Trade and other receivables	8	1,614,649	2,930,930
Loans, advances and prepayments	9	496,887	554,932
Tax refunds due from government - sales tax		26,272	-
Taxation - payments less provisions		4,977,498	4,635,782
Cash and bank balances	10	333,485	217,072
		14,798,570	18,209,688
<b>Total assets</b>		37,356,263	40,597,158
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital			
Ordinary shares		9,300,159	9,300,159
Cumulative preference shares		444,950	444,950
Difference on conversion of cumulative preference shares and dividends into ordinary shares		(1,762,459)	(1,762,459)
		7,982,650	7,982,650
Capital Reserve			
Surplus on revaluation of property, plant and equipment		2,194,639	2,229,316
Capital reduction reserve		667,686	667,686
Revenue Reserve			
(Accumulated loss) / unappropriated profit		(840,275)	827,326
Contribution from sponsor	11	12,281,098	4,000,000
		22,285,798	15,706,978
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term finance - secured	12	306,450	572,133
Lease liabilities		168,981	171,579
Employee benefit obligations		214,109	197,759
		689,540	941,471
<b>Current liabilities</b>			
Trade and other payables	13	729,445	2,943,108
Provisions		497,195	497,195
Short-term borrowings	14	12,003,181	16,490,129
Sales tax payable		-	178,116
Unclaimed dividend		2,378	3,223
Current maturity of long-term finance		612,900	2,623,137
Current maturity of lease liabilities		32,718	22,272
Accrued mark-up		503,108	1,191,529
		14,380,925	23,948,709
<b>Total liabilities</b>		15,070,465	24,890,180
<b>Contingencies and commitments</b>	15		
<b>Total equity and liabilities</b>		37,356,263	40,597,158

The annexed notes 1 to 26 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 Half Year Ended December 31, 2024

		Quarter Ended		Half Year Ended	
		December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Note		Rupees '000			
Revenue from contracts with customers	16	8,346,542	12,046,328	12,926,963	22,645,808
Cost of sales		(8,518,408)	(10,910,531)	(13,027,662)	(20,476,445)
<b>Gross (loss) / profit</b>		<u>(171,866)</u>	<u>1,135,797</u>	<u>(100,699)</u>	<u>2,169,363</u>
Selling and distribution costs	17	(72,817)	(144,391)	(102,014)	(210,768)
Administrative expenses		(150,562)	(129,869)	(279,476)	(230,839)
<b>Operating (loss) / profit</b>		<u>(395,245)</u>	<u>861,537</u>	<u>(482,189)</u>	<u>1,727,756</u>
Other expenses	18	(552)	(13,558)	(8,175)	(17,069)
Other income	19	13,008	109,164	14,954	267,704
Finance costs	20	(652,899)	(945,336)	(1,782,706)	(1,916,948)
<b>(Loss) / profit before levies and income tax</b>		<u>(1,035,688)</u>	<u>11,807</u>	<u>(2,258,116)</u>	<u>61,443</u>
Levies	21	(5,395)	-	(8,913)	-
<b>(Loss) / profit before income tax</b>		<u>(1,041,083)</u>	<u>11,807</u>	<u>(2,267,029)</u>	<u>61,443</u>
Income tax credit	22	181,928	85,120	564,751	70,725
<b>(Loss) / profit for the period</b>		<u>(859,155)</u>	<u>96,927</u>	<u>(1,702,278)</u>	<u>132,168</u>
Other comprehensive income		-	-	-	-
<b>Total comprehensive (loss) / income</b>		<u>(859,155)</u>	<u>96,927</u>	<u>(1,702,278)</u>	<u>132,168</u>
<b>Rupees</b>					
(Loss) / earnings per share - basic and diluted		<u>(0.95)</u>	<u>0.07</u>	<u>(1.88)</u>	<u>0.08</u>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive

Director

# Condensed Interim Statement of Changes in Equity

For The Half Year Ended December 31, 2024

	Share capital			Reserves			Contribution from sponsor (Note 11)	Total
	Ordinary shares	Cumulative preference shares	Difference on conversion of cumulative preference shares into ordinary shares	Capital	Capital reduction reserve	Revenue		
				Surplus on revaluation of property, plant and equipment		Unappropriated (loss) / profit		
	Rupees '000							
Balance as at July 1, 2023	9,300,159	444,950	(1,762,459)	2,116,203	667,686	925,176	4,000,000	15,691,715
Incremental depreciation net of deferred tax transferred	-	-	-	(28,263)	-	28,263	-	-
Total comprehensive income for the half year ended December 31, 2023								
- Profit for the period	-	-	-	-	-	132,168	-	132,168
- Other comprehensive income for the period	-	-	-	-	-	-	-	-
	-	-	-	-	-	132,168	-	132,168
<b>Balance as at December 31, 2023</b>	<b>9,300,159</b>	<b>444,950</b>	<b>(1,762,459)</b>	<b>2,087,940</b>	<b>667,686</b>	<b>1,085,607</b>	<b>4,000,000</b>	<b>15,823,883</b>
<b>Balance as at July 1, 2024</b>	<b>9,300,159</b>	<b>444,950</b>	<b>(1,762,459)</b>	<b>2,229,316</b>	<b>667,686</b>	<b>827,326</b>	<b>4,000,000</b>	<b>15,706,978</b>
Incremental depreciation net of deferred tax transferred	-	-	-	(34,677)	-	34,677	-	-
Contribution received	-	-	-	-	-	-	8,281,098	8,281,098
<b>Total comprehensive income for the half year ended December 31, 2024</b>								
- Loss for the period	-	-	-	-	-	(1,702,278)	-	(1,702,278)
- Other comprehensive income for the period	-	-	-	-	-	-	-	-
	-	-	-	-	-	(1,702,278)	-	(1,702,278)
<b>Balance as at December 31, 2024</b>	<b>9,300,159</b>	<b>444,950</b>	<b>(1,762,459)</b>	<b>2,194,639</b>	<b>667,686</b>	<b>(840,275)</b>	<b>12,281,098</b>	<b>22,285,798</b>

The annexed notes 1 to 26 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive

Director

# Condensed Interim Statement Of Cash Flows

For The Half Year Ended December 31, 2024

		(Unaudited) December 31, 2024	(Unaudited) December 31, 2023
Rupees '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	23	1,493,548	1,632,125
Income tax paid		(261,713)	(451,214)
Finance costs paid		(2,468,258)	(1,796,409)
Return on bank deposits received		5,628	10,570
Employee benefits paid		(10,119)	(15,805)
Decrease in long-term advances		10	5
Increase in long-term deposits		(4,165)	(211)
Net cash used in operating activities		(1,245,069)	(620,939)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(165,930)	(431,076)
Sale proceeds from disposal of property, plant and equipment		870	13,082
Net cash used in investing activities		(165,060)	(417,994)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term finance		(2,265,329)	(681,503)
Contributions received from sponsor		8,281,098	-
Short-term borrowings obtained		22,801,473	21,091,338
Short-term borrowings paid		(25,802,520)	(18,243,228)
Dividend paid		(845)	(65,046)
Lease rentals paid		(1,434)	(27,065)
Net cash generated from financing activities		3,012,443	2,074,496
Net increase in cash and cash equivalents		1,602,314	1,035,563
Cash and cash equivalents at beginning of the period		(1,553,853)	(1,117,433)
Cash and cash equivalents at end of the period	24	48,461	(81,870)

The annexed notes 1 to 26 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 Half Year Ended December 31, 2024 - (Unaudited)

## 1. THE COMPANY AND ITS OPERATIONS

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

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

The international steel market has faced a downturn, with Hot Rolled Coils (HRC) prices dropping due to weak demand in China, America, and Europe. Locally, the steel sector has experienced reduced production, and slower construction activities have further suppressed demand for steel products. In the first two quarters of the current financial year, the local producers faced stiff competition from importers. The sales quantity remained subdued even after several price corrections. Additionally, the Company has long-term and short-term debt totaling Rs. 12,922.53 million, incurring high interest costs, which led to a finance charge of Rs. 1,763.93 million during the period.

Despite these challenges, the Company has access to various financing facilities from financial institutions and related parties to support its working capital needs. While some recovery in demand was seen in the flat steel sector, local producers did not achieve increase in market share due to high levels of imports, particularly in Galvanised Iron (GI) products.

The management views these issues as part of a temporary market downturn and expects a recovery in next two quarters due to falling interest rates. The Company will continue to monitor its operations and follow its strategic plans to maximise shareholder returns.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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.

**2.1.1** 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, 2024.

**2.1.2** The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended June 30, 2024, whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended December 31, 2023.

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

For The Half Year Ended December 31, 2024 - (Unaudited)

## 2.2 Changes in accounting standards, interpretations and amendments to published accounting and reporting standards

### 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, 2024. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements except as for:

#### Amendment to IAS 1 - Non - current liabilities with covenants:

Further, during the year an amendment to IAS 1 'Presentation of Financial Statements' (IAS-1) was introduced addressing the classification of non-current liabilities subject to covenants. This amendment clarifies that liabilities should be classified as either current or non-current based on the rights available at the end of the reporting period, without consideration of future expectations or events occurring after this date. The amendment also mandates specific disclosures if a liability is classified as non-current but is subject to covenants that must be complied with within twelve months of the reporting date.

### 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, 2025. 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.

The following standard and amendment are not effective for the accounting periods beginning on or after 1 January 2024 and have not been early adopted by the Company:

#### Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The management is in process of assessing the impact of above changes.

## 2.3 Functional and presentation currency

These financial statements are presented in Pakistani rupee which is the Company's functional currency and presentation currency. All financial information presented in Pakistani rupee has been rounded off to the nearest thousand, unless otherwise stated.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies and the methods of computation 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, 2024.



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

For The Half Year Ended December 31, 2024 - (Unaudited)

During the year the Institute of Chartered Accountants of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum (which is not adjustable against future income tax liability) and final tax regime to be shown separately as a levy instead of showing it in current tax.

The Company is required to follow the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' in respect of any restatements that arise as a result of application of this guidance. However, the Company has not applied the guidance retrospectively as the consequential impact on prior period is amounting to Rs. 2.24 million which is considered immaterial.

## 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, 2024.

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, 2024.

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

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	16,946,481	17,363,371
Major spare parts and stand-by equipment - note 5.2	2,371,104	2,260,968
	<u>19,317,585</u>	<u>19,624,339</u>

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

	Additions (at cost)		Disposals (at net book value)	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Rupees '000				
<b>Owned assets:</b>				
Building and civil works	-	5,379	-	-
Plant and machinery	55,527	158,181	-	-
Electrical equipment	-	17,473	-	-
Office equipment	818	8,624	-	146
Motor vehicles	-	15,802	-	-
<b>Right of use assets:</b>				
Motor vehicles	8,790	45,979	2,240	20,799
	<u>65,135</u>	<u>251,438</u>	<u>2,240</u>	<u>20,945</u>

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

For The Half Year Ended December 31, 2024 - (Unaudited)

	(Unaudited) December 31, 2024	(Audited) June 30, 2024
Rupees '000		
<b>5.2 Major spare parts and stand-by equipment</b>		
Balance at beginning of the period / year	2,260,968	1,881,431
Additions	163,976	674,536
Transfers	(53,840)	(294,999)
Balance at end of the period / year	2,371,104	2,260,968

## 6. DEFERRED TAX ASSET

**6.1** The Company's tax losses amount to Rs. 10,247.67 million (June 30, 2024: Rs. 8,471.24 million) as at December 31, 2024. The management carries out periodic assessment to assess the benefit of these losses as the Company would be able to set off the profit earned in future years against these carried forward losses. Based on the assessment, management has recognised deferred tax debit balance amounting to Rs. 2,971.83 million (June 30, 2024: Rs. 2,456.66 million) including an amount of Rs. 956.09 million (June 30, 2024: Rs. 956.09 million) on unabsorbed tax depreciation, amortisation and initial allowance of Rs. 3,296.85 million (June 30, 2024: Rs. 3,296.85 million). The amount of these benefits have been determined based on the financial projections of the Company for future years. The determination of future taxable profit is most sensitive to certain key assumptions such as capacity utilisation, gross margin percentage, inflation and KIBOR rates. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

**6.2** The Company has recognised deferred tax asset on minimum tax paid in tax years 2022, 2023 and 2024 on the basis that the Company has the right to carry forward the minimum tax paid and adjust it against taxable profits of future years. In the previous years, the Company adjusted the minimum tax of Rs. 645.6 million paid in previous years with the tax liability. However, in case of another company the Division Bench of the High Court of Sindh in its decision dated May 7, 2013 on carry forward of minimum tax in the cases of taxable loss for the year has held by interpreting Section 113(2)(c) of the Income tax Ordinance, 2001 that the benefit of carry forward of minimum tax paid by a Company is only available if there is tax paid in a particular year which is less than minimum tax payable. Hence, according to this case law, if no tax is paid / payable by the Company due to taxable loss, the Company does not have a right to carry forward the minimum tax. The management is of the view that this matter is subject to decision of the Supreme Court and valid legal grounds are available to substantiate the carry forward of minimum tax in Company's case.

	(Unaudited) December 31, 2024	(Audited) June 30, 2024
Rupees '000		
<b>7. INVENTORIES</b>		
Raw material [In transit Rs. 1,623.38 million (June 30, 2024: Rs. 2,331.09 million)]	2,520,257	7,010,170
Work-in-process	189,890	639,102
Finished goods [including coil end sheets Rs. 99.07 million (June 30, 2024: Rs. 106.07 million)] - note - 7.1	3,063,212	764,380
	5,773,359	8,413,652
Stores	1,050,577	936,824
Spares	525,843	520,496
	1,576,420	1,457,320
	7,349,779	9,870,972

**7.1** As at December 31, 2024 stock of finished goods has been written down by Rs. 22.96 million (June 30, 2024: Nil) to arrive at its net realisable value of Rs. 3,063.21 million (June 30, 2024: Nil).

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

For The Half Year Ended December 31, 2024 - (Unaudited)

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

## 8. TRADE AND OTHER RECEIVABLES

### Trade receivables - considered good:

Not yet due from related parties	-	1,557,254
Not yet due from other parties	802,197	562,279

### Other receivables:

Receivable from Etimaad Engineering (Private) Limited	138,485	138,485
Receivable from insurance company	668,212	668,212
Others	5,755	4,700
	812,452	811,397
	1,614,649	2,930,930

## 9. LOANS, ADVANCES AND PREPAYMENTS

- 9.1** These include deposit held with a bank amounting to Rs. 53.54 million (June 30, 2024: Rs. 53.54 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) December 31, 2024	(Audited) June 30, 2024
Rupees '000		

## 10. CASH AND BANK BALANCES

Cash at bank

### Conventional

- On savings accounts - note 10.1	145,669	27,147
- On current accounts	120,098	133,313
	265,767	160,460

### Islamic

- On savings accounts - note 10.2	66,548	50,455
- On current accounts	880	5,899
	67,428	56,354

Cash in hand

	290	258
	333,485	217,072

- 10.1** At December 31, 2024 the rates of mark up on PLS savings accounts range from 10.5% to 16.8% (June 30, 2024: 18% to 20.5%) per annum.

- 10.2** These are shariah compliant bank balances and carry profit at rates ranging from 5% to 8% (June 30, 2024: 7.5% to 9.3%) per annum as at December 31, 2024.

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

For The Half Year Ended December 31, 2024 - (Unaudited)

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

## 11. CONTRIBUTION FROM SPONSOR

Balance at beginning of the period / year	4,000,000	4,000,000
Contributions received during the period / year	8,281,098	-
Balance at the end of the period / year	12,281,098	4,000,000

**11.1** The Company has entered into a financing agreement with Mr. Arif Habib (Sponsor) on the following terms and conditions:

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

Pursuant to the requirements of IAS 32 - 'financial instruments presentation' and the terms of the arrangement, the loan is classified as equity in these financial statements. The accumulated markup as at December 31, 2024 in respect of the above mentioned agreement amounts to Rs. 1,934.76 million (June 30, 2024: Rs. 1,178.73 million).

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

## 12. LONG-TERM FINANCE – secured

### Conventional

Loan under restructuring agreement - note 12.1	-	2,010,167
Loan for expansion project - note 12.2	919,350	1,185,103
	919,350	3,195,270
Less: Current maturity of long-term finance	(612,900)	(2,623,137)
	306,450	572,133

**12.1** The facility carrying mark-up ranging from 6 months KIBOR plus 1% per annum to 6 months KIBOR plus 3.28% per annum on the outstanding amount excluding frozen mark-up. The entire amount of outstanding loan has been repaid during the period which includes an early payment of Rs. 1,635.17 million.

**12.2** 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.

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

For The Half Year Ended December 31, 2024 - (Unaudited)

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

## 13. TRADE AND OTHER PAYABLES

Creditors	30,220	184,195
Bills payable	2,195	2,346,985
Accrued liabilities	198,905	171,661
Contract liability - note 13.1	468,474	207,318
Security deposit from dealers - note 13.2	10,500	10,500
Withholding tax	19,151	22,449
	<u>729,445</u>	<u>2,943,108</u>

**13.1** 87.2% (2024: 95%) advances from customers included in the contract liability balance at the beginning of the year got converted into revenue during the year.

**13.2** This represents amounts received from dealers of the Company, which are utilised for the purpose of business in accordance with the related agreements.

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

## 14. SHORT-TERM BORROWINGS

Short term finance facilities under:		
- Running finance under mark-up arrangement - note 14.1	285,024	1,770,925
- Istisna-cum-Wakala arrangement - Islamic	3,728,636	4,959,195
- Finance against Trust Receipts	5,589,521	9,760,009
- Loan from related party - note 14.2	2,400,000	-
	<u>12,003,181</u>	<u>16,490,129</u>

**14.1** Facilities available from financial institutions amount to Rs. 24,272 million (June 30, 2024: Rs. 24,800 million). The rates of mark-up range between 1 month KIBOR plus 1% to 6 months KIBOR plus 1.75% (June 30, 2024: 1 month KIBOR plus 1% to 6 months KIBOR plus 1.75%) per annum. The balance is secured against ranking hypothecation charge over plant, machinery and equipment and pari passu charge over the current assets and fixed assets of the Company.

**14.2** This represents finance facility from Arif Habib Corporation Limited (Associated Company) amounting to Rs. 2,539 million (June 30, 2024: Nil). The mark-up rate on this facility is 3 months KIBOR plus 1.8% per annum. The facility is obtained without providing any security.

**14.3** The facilities for opening letters of credit and guarantees as at December 31, 2024 amounted to Rs. 14,970 million (June 30, 2024: Rs. 8,430 million) of which the amount remained unutilised at period end was Rs. 8,334 million (June 30, 2024: Rs. 3,493 million). Corporate and personal guarantees provided by related parties against LC facility amounted to Rs. 4,300 million (June 30, 2024: Rs. 4,300 million) out of which amount remained unutilised at period end was Rs. 4,300 million (June 30, 2024: Rs. 4,300 million).

## 15. CONTINGENCIES AND COMMITMENTS

### 15.1 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, 2024.

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

For The Half Year Ended December 31, 2024 - (Unaudited)

## 15.2 Commitments

Commitments for capital expenditure outstanding as at December 31, 2024 amounted to Rs. 19.36 million (June 30, 2024: Rs. 163.37 million).

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

## 16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sale of goods - note 16.1	14,519,419	24,752,856
Sales tax	(2,064,025)	(3,778,005)
Rebates and discounts	(419,688)	(386,203)
	12,035,706	20,588,648
Exports	891,257	2,057,160
	12,926,963	22,645,808

**16.1** This includes scrap sale of coil-end sheets net of sales tax amounting to Rs. 724 million (December 31, 2023: Rs. 875.2 million).

## 17. SELLING AND DISTRIBUTION COSTS

This includes freight charges on export sales amounting to Rs. 58.99 million (December 31, 2023: Rs. 166.03 million).

## 18. OTHER EXPENSES

This includes exchange loss amounting to Rs. 6.81 million (December 31, 2023: Rs. Nil)

## 19. OTHER INCOME

This includes exchange gain amounting to nil (December 31, 2023: Rs. 226 million).

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

## 20. FINANCE COSTS

Mark-up expense:		
- long-term finance	247,283	386,096
- impact of unwinding on long-term finance	(10,591)	(19,093)
- short-term borrowings	1,516,645	1,526,336
Guarantee commission	907	8,507
Finance lease charges	15,002	10,752
Bank and other charges	13,460	4,350
	1,782,706	1,916,948

## 21. LEVIES

Minimum tax - note 21.1

8,913	-
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**21.1** This represent minimum tax under section 154 of Income Tax Ordinance, 2001, representing levies in terms of requirements of IFRC 21/ IAS 37.

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

For The Half Year Ended December 31, 2024 - (Unaudited)

	(Unaudited)	
	December 31, 2024	December 31, 2023
Rupees '000		
<b>22. INCOME TAX CREDIT</b>		
Current		
- for the year	154,478	86,273
- prior year	3,295	-
Deferred	(722,524)	(156,998)
	<u>(564,751)</u>	<u>(70,725)</u>
<b>23. CASH GENERATED FROM OPERATIONS</b>		
(Loss) / profit before levies and income tax	(2,258,116)	61,443
<b>Adjustment for non-cash charges and other items</b>		
Depreciation and amortisation	482,739	469,796
Finance lease charges	15,002	10,752
Mark-up charges	1,764,835	1,920,939
Loss on modification of lease	-	3,592
Unwinding of long term finance	(10,591)	(19,093)
Provision for staff retirement benefit funds	26,469	20,839
Return on PLS savings accounts	(5,628)	(10,570)
Expense for WPPF and WWF	-	5,613
Loss on disposal of property, plant and equipment	1,370	7,864
	<u>2,274,196</u>	<u>2,409,732</u>
Profit before working capital changes	16,080	2,471,175
<b>Effects on cash flow due to change in working capital</b>		
(Increase) / decrease in current assets		
Inventories	2,521,193	135,727
Trade and other receivables	1,316,281	(2,095,615)
Loans, advances, deposits and prepayments	58,045	349,481
Tax refunds due from Government - Sales tax	(26,272)	196,437
	<u>3,869,247</u>	<u>(1,413,970)</u>
Increase in current liabilities		
Trade and other payables	(2,213,663)	574,920
Sales tax payable	(178,116)	-
	<u>1,477,468</u>	<u>(839,050)</u>
Net cash generated from operations	1,493,548	1,632,125
<b>24. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances - note 10	333,485	571,461
Running finance	(285,024)	(653,331)
	<u>48,461</u>	<u>(81,870)</u>

- 24.1** Short term borrowings other than running finance have been reclassified as financing activities in the statement of cash flows which was previously included as cash and cash equivalents therein.



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

For The Half Year Ended December 31, 2024 - (Unaudited)

## 25. TRANSACTIONS WITH RELATED PARTIES

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

			(Unaudited)	
			December 31, 2024	December 31, 2023
Relationship	Name of company	Nature of transaction	Rupees '000	
Associated companies	Arif Habib Corporation Limited	- Finance facility utilised	3,650,000	690,000
		- Repayment of finance facility utilised	1,250,000	690,000
		- Long-term loan repaid	78,104	14,217
		- Mark-up on finance facilities	65,654	13,991
		- Mark-up on finance facilities paid	61,891	69,772
		- Guarantee commission expense	651	657
	Power Cement Limited	- Purchase of construction material	377	-
		- Contribution received against expenses	3,500	-
	Rotocast Engineering Co. (Private) Limited	- Rent and maintenance	10,301	10,131
	Arif Habib Development & Engineering Company	- Sales return	319,081	-
Other related parties	Mr. Arif Habib, Chairman	- Contribution from sponsor	8,281,098	-
Key management personnel	Chief Executive Officer, Chief Financial Officer & Company Secretary	- Salaries and other employee benefits	13,653	14,222
		- Post retirement benefits	392	285
	Chief Financial Officer & Company Secretary Non-Executive Director	- Meeting and other expenses	625	470

## 26. 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 February 24, 2025.



Chief Financial Officer



Chief Executive



Director





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