Key Operational & Financial Data

Operational Summary

	2020	2019	2018	2017	2016	2015
	Tons					
Production	277,800	202,164	217,370	209,524	195,906	134,272
Sales	258,453	205,456	217,043	214,316	181,259	138,923

Summary of Statement of Profit & Loss

	2020	2019	2018	2017	2016	2015
	Rs. In Million					
Revenue	29,777	20,231	18,904	14,076	9,634	9,492
Cost of sales	27,411	18,553	15,590	11,989	8,654	9,451
Gross profit	2,366	1,678	3,314	2,087	980	41
Profit / (loss) from operations	2,043	1,453	2,995	1,831	829	(115)
(Loss) / profit before taxation	(1,343)	(412)	1,916	882	(192)	(1,488)
Loss / (profit) for the year	(617)	254	1,284	1,020	(155)	(1,211)

Summary of Financial Position

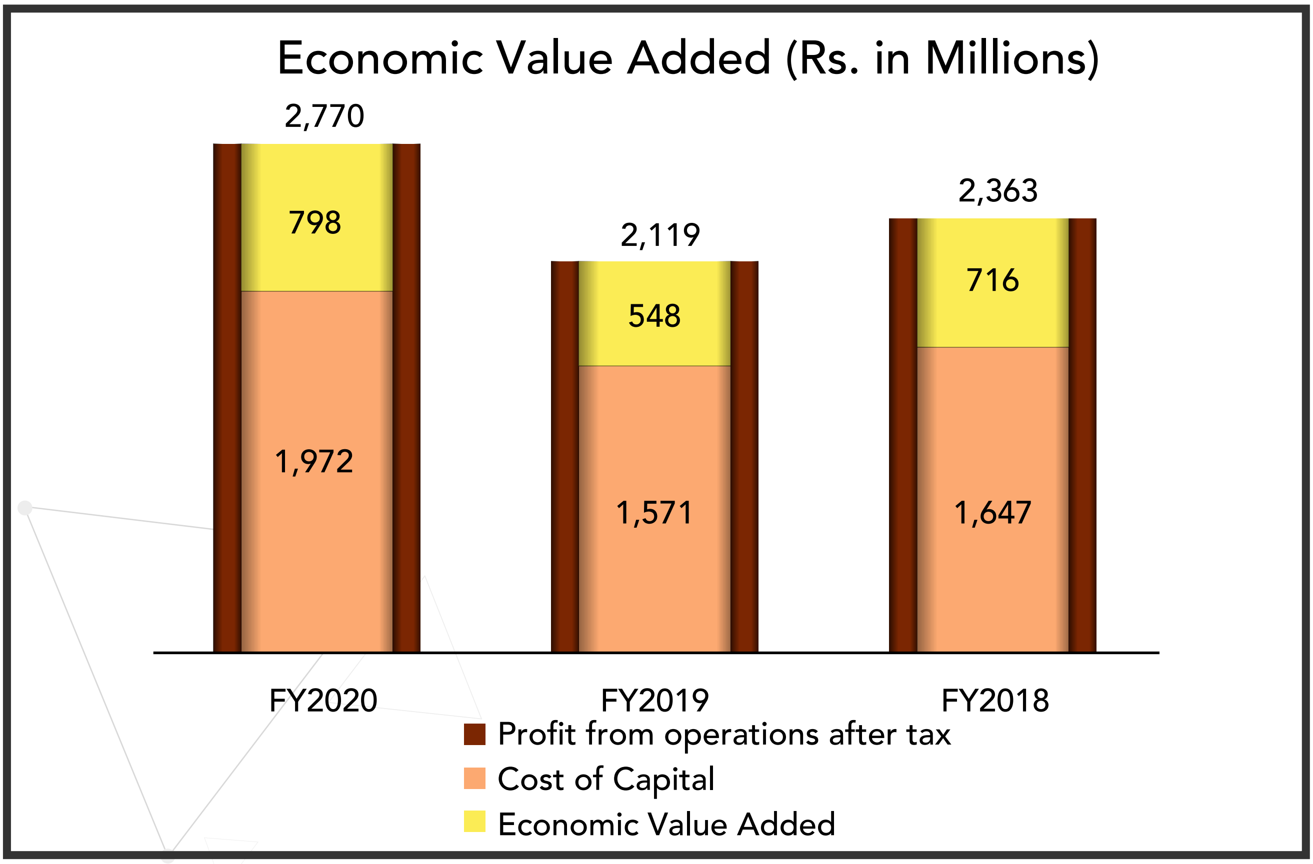
	2020	2019	2018	2017	2016	2015
	Rs. In Million					
Assets						
Non-Current Assets	21,226	21,560	14,366	11,959	10,884	11,170
Current Assets	13,283	11,171	6,060	6,225	4,468	4,167
Total Assets	**34,509**	**32,731**	**20,426**	**18,184**	**15,352**	**15,337**
Equity and Liabilities						
Shareholders' Equity	8,097	8,747	8,491	6,700	2,655	2,811
Non-Current Liabilities	9,468	7,273	4,934	5,078	5,355	5,628
Current Liabilities	16,944	16,711	7,001	6,406	7,342	6,898
Total Equities & Liabilities	**34,509**	**32,731**	**20,426**	**18,184**	**15,352**	**15,337**

Economic Value Added

	2020	2019	2018
	Rs. In Million		
Profit from operations after tax	2,770	2,119	2,363
Cost of Capital	(1,972)	(1,571)	(1,647)
EVA (Rs. In Millions)	798	548	716
Total Assets	34,509	32,731	20,426
Less: Current Liabilities	(16,944)	(16,711)	(7,001)
Net Capital Invested	17,565	16,020	13,425
WACC	11.23%	9.81%	12.27%
Cost of Capital	1,972	1,571	1,647

Comments

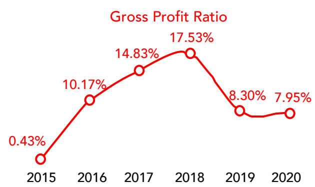
Economic value added increased from last year mainly due to increase in operating profit before tax. However, weighted cost of capital of the company has also increased due to increase in cost of debt, as the discount rate

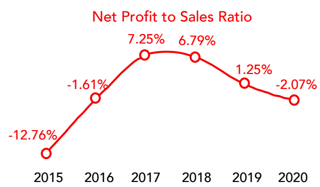


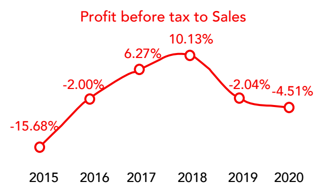
policy was kept tight by state bank to control demand side and inflation. During the year average borrowing cost of the Company increased to 12.8% from 10.7% last year.

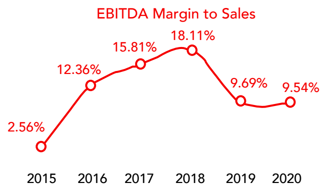
Ratio Analysis

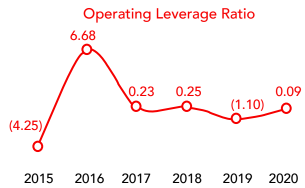
Profitability	Formula	2020	2019	2018	2017	2016	2015
Gross Profit Ratio (%)	Gross Profit or (Loss) / Net Sales	7.95%	8.30%	17.53%	14.83%	10.17%	0.43%
Net Profit to Sales (%)	Net Profit or (Loss) / Net Sales	-2.07%	1.25%	6.79%	7.25%	-1.61%	-12.76%
Profit Before Tax to Sales (%)	Profit or (Loss) Before Tax / Net Sales	-4.51%	-2.04%	10.13%	6.27%	-2.00%	-15.68%
EBITDA Margin to Sales (%)	EBITDA / Net Sales	9.55%	9.69%	18.11%	15.81%	12.36%	2.56%
Operating leverage ratio (Times)	Change in EBITDA / Change in Net Sales	0.09	(1.10)	0.25	0.23	6.68	(4.25)
Return on Equity (%) / Shareholder's equity	Profit or (Loss) After Tax / Shareholder's equity	-7.62%	2.90%	15.12%	15.22%	-5.85%	-43.08%
Return on Capital employed (%)	EBIT / Capital employed	11.63%	9.07%	22.31%	15.54%	10.35%	-1.36%

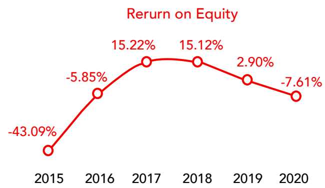


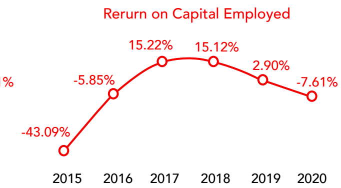








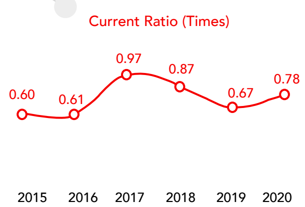


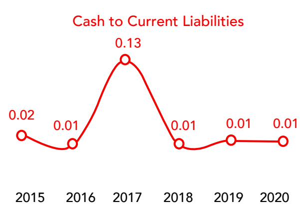


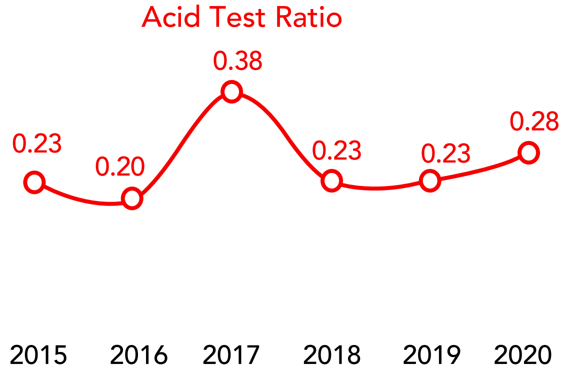
Profitability

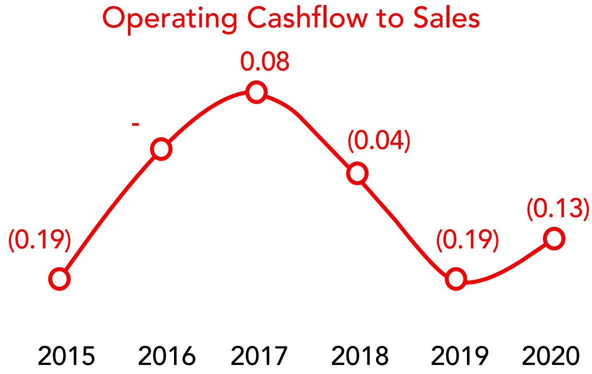
Improved profitability and margins till 2018 faced downturn in FY19 & FY20. The decline in profitability ratios in primarily on account of lower sales volumes and shrunk gross margins. Political uncertainty, significant PKR devaluation and hike in borrowing cost hampered the profit margins in FY19. Declining international flat steel market stressed the local margins and further hampered the profitability in FY20. Moreover, effects of global pandemic COVID-19, in the second half of FY20, resulted in further decline in the Company's profitability.

Liquidity Ratios	Formula	2020	2019	2018	2017	2016	2015
Current ratio (Times)	Current Assets / Current Liabilities	0.78	0.67	0.87	0.97	0.61	0.60
Quick / Acid test ratio (Times)	Liquid Assets / Current Liabilities	0.28	0.23	0.23	0.38	0.20	0.23
Cash to Current Liabilities (Times)	Cash and Bank / Current Liabilities	0.01	0.01	0.01	0.13	0.01	0.02
Cash Flow from Operations to Sales (Times)	Cashflow from Operations / Net Sales	0.10	(0.19)	(0.04)	0.08	-	(0.19)





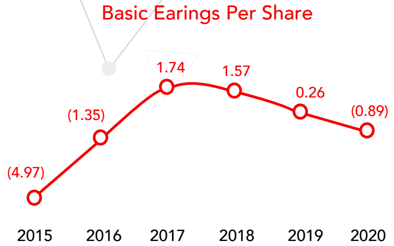


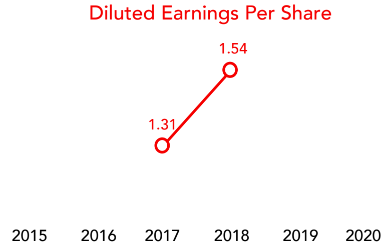


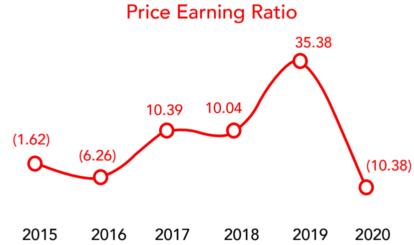
Liquidity

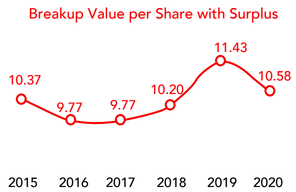
Liquidity position of the Company has shown tremendous improvement till 2018 resulting from profits arising out of increased sales volume and better margins. However, in 2019, the Company faced liquidity crunch due to increase in inventory days. On the other hand, significant and sharp PKR devaluation ought to increase the working capital requirement of the Company. Moreover, due to increase in production capacity of the Company during 2019, the Company also had to increase its inventory levels to meet up the production and sale requirements. The conditions continued to prevail in the FY20, however, improvement in liquidity ratios is primarily on account of insurance claim of Rs. 859 million recorded, representing the provisional insurance claim receivable to the extent of historical WDV of the damaged components of CRSM plant.

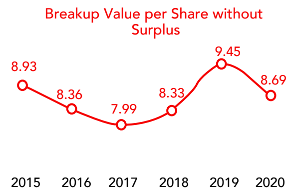
Investment / Market Ratios	Formula	2020	2019	2018	2017	2016	2015
"Basic Earnings / (Loss) per share (Rs. / Share)"	Earnings Attributable to Ordinary Shareholders / Weight Average Number of Shares	(0.89)	0.26	1.57	1.74	(1.35)	(4.97)
"Diluted Earnings / (Loss) per share (Rs. / Share)" (N1)"	Diluted Earnings Attributable to Ordinary Shareholders / Weight Average Number of Shares	NA	NA	1.54	1.31	NA	NA
Price Earning Ratios (Times) per Share"	Market Price / Basic Earnings or (Loss)	(10.35)	35.38	10.04	10.39	(6.26)	(1.62)
Price to Book Value Ratio (Times)	Market Price / Book Value per Share	0.92	0.85	1.64	1.99	10.68	5.96
Dividend Yield Ratio Dividend Payout Ratio Cash Dividend per Share	Total Annual Dividend / Market Price Total Annual Dividend / Annual Income Cash Dividend per Share	Since no dividen has been paid, therefore, dividend yield ratio, dividend payout ratio and cash dividend per share ratio are not applicable.					
Break up Value per Share (with Revaluation Surplus) (Rs. / Share)	Equity including surplus on revaluation of fixed assets / Number of shares	10.58	11.43	10.20	9.77	9.77	10.37
Break up Value per Share (without Revaluation Surplus) (Rs. / Share)	Equity excluding surplus on revaluation of fixed assets / number of shares	8.69	9.45	8.33	7.99	8.36	8.93
Free Cash Flows (Rs. in Millions)		2,427	(11,071)	(3,399)	3,051	(75)	(429)

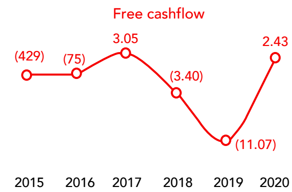


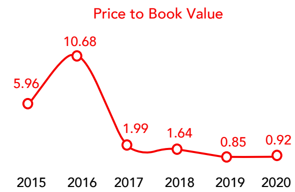












Investment

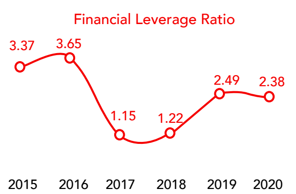
Investment ratios of the Company has improved over the years; however, 2019 accounted for as the financial year where political uncertainly clouded the business judgements and sentiments of the capital market. Overall market sentiment was bearish and KSE 100 index declined by 19% (June 29, 2019: 41,911 points I June 28, 2019: 33,902 points). Hence, the Company experienced significant reduction in market value and market capitalization. The bearish market sentiment continued to prevail in FY2020 and KSE 100 index showed minute improvement (June 30, 2020: 34,442 points). Moreover, unfavorable international market conditions coupled with global pandemic COVID-19, resulted in alarming earnings figures and negative earnings ratios.

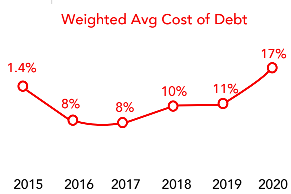
Notes

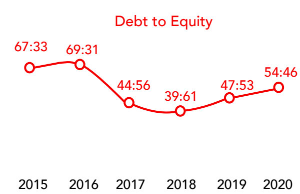
N1 - Due to losses dilution of earnings per share had anti-dilutive effect for financial year 2014, 2015, 2016, 2019 and 2020 therefore, the same has not been disclosed and presented.

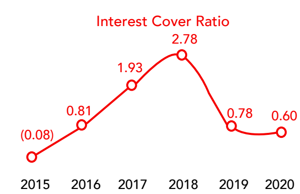
Capital Structure Ratios

Captail Structure Ratios	Formula	2020	2019	2018	2017	2016	2015
Financial Leverage Ratio (Times)	Total Debt/ Total Equity	2.38	2.49	1.22	1.15	3.65	3.37
Weighted Average Cost of Debt (%) (N1)	Total Interest / Total Debt	17%	11%	10%	8%	8%	14%
Debt to equity ratio	Total Long Term Debt / Equity	54:46	47:53	39:61	44:56	69:31	67:33
Interest Cover Ratio (Times)	Profit from Operations / Finance Cost	0.60	0.78	2.78	1.93	0.81	(0.08)
Market Value per share (Symbol: ASL)							
- High (Rs. / Share)		11.70	17.77	23.94	29.63	10.76	11.27
- Low (Rs. / Share)		6.30	7.45	14.85	7.65	6.80	6.15
- Closing (Rs. / Share)		9.21	9.20	15.77	20.34	7.73	8.42
Total Volume Traded (Number of shares in million)		209.68	413.82	1,276.43	2,670.00	44.14	32.00







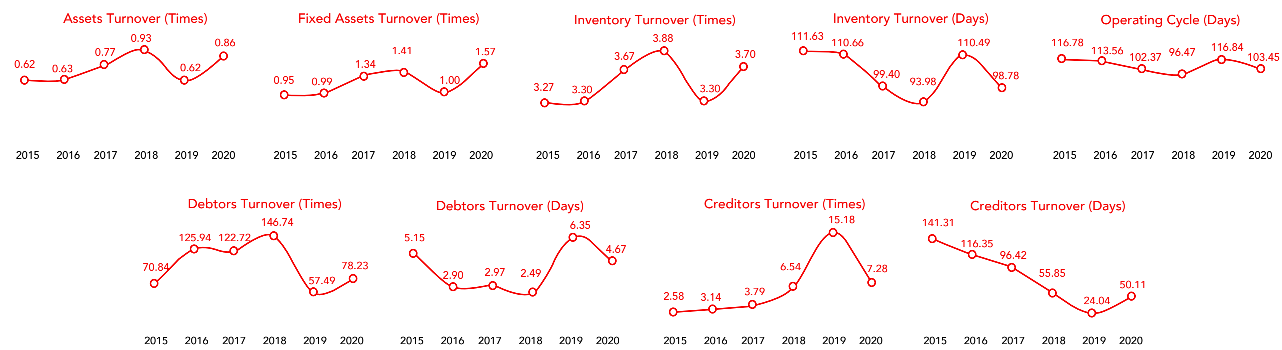


In line with other ratios, leverage and debt servicing indicators also improved in the recent years except in last two years. The deteriorating condition was on account of increase in working capital requirement due to sharp PKR devaluation in FY 2019 which continued in FY2020 (June 30, 2018: Rs. 121.6/$ I June 30, 2019: Rs. 164.50/$ I June 30, 2020: Rs. 168.75/$). Further, inventory levels had to be increased in line with expanded capacity. Moreover, debt raised to finance the expansion project (2020: Rs. 0.12 billion I 2019: Rs. 2.70 billion) also added to the leverage and debt servicing of the Company.

N1 - The weighted average cost of debt has been calculated on the basis of avergae debt outstanding.

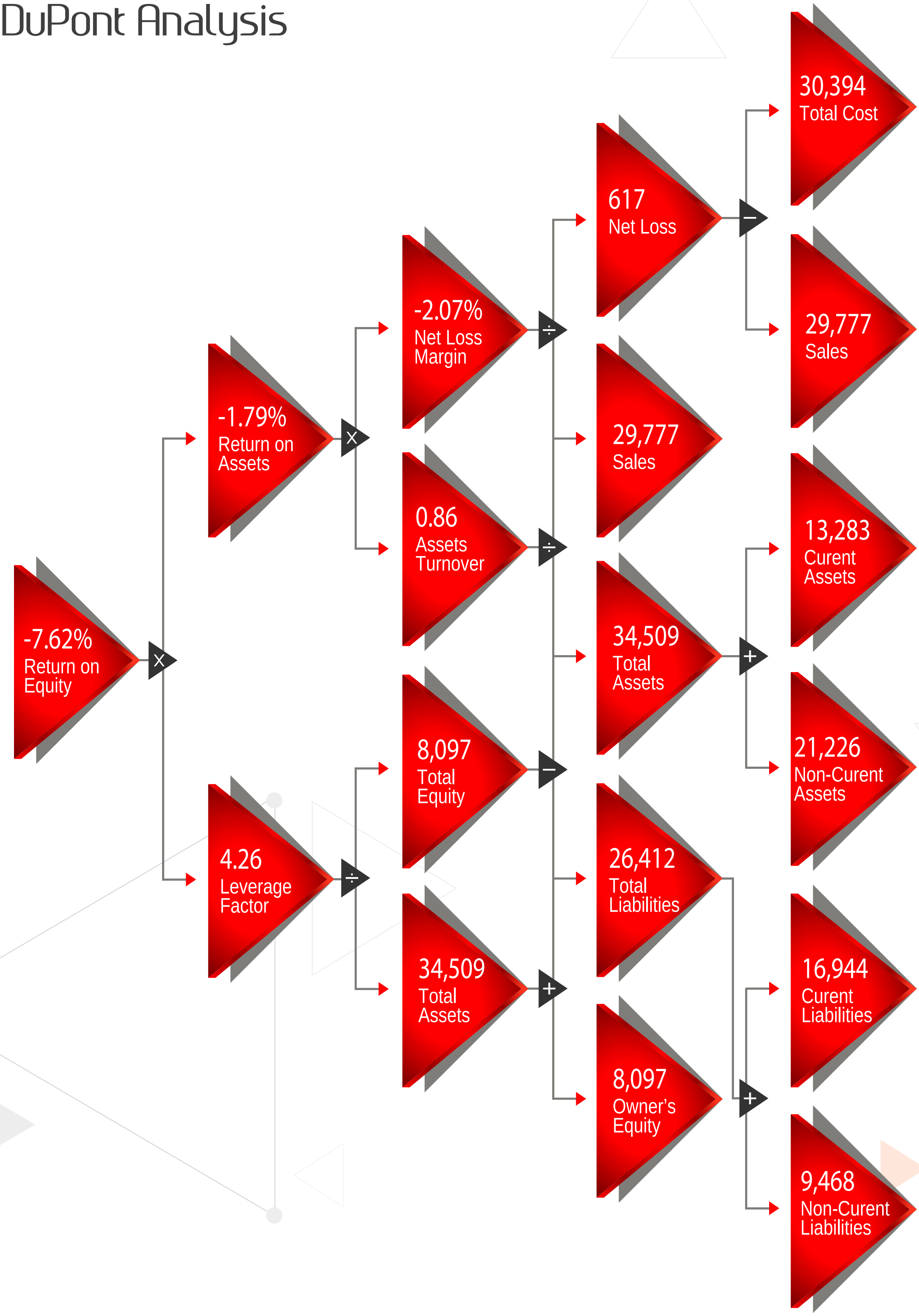
Activity Ratios

Activity Ratios	Formula	2020	2019	2018	2017	2016	2015
Total Assets Turnover Ratio (Times)	Net Sales / Total Assets	0.86	0.62	0.93	0.77	0.63	0.62
Fixed Assets Turnover Ratio (Times)	Net Sales / Total Fixed Assets	1.57	1.00	1.41	1.34	0.99	0.95
Inventory Turnover	Cost of Goods Sold / Average Inventory	3.70	3.30	3.88	3.67	3.30	3.27
Inventory Turnover (Days)	Average Inventory / Cost of Goods Sold x 365	98.78	110.49	93.98	99.40	110.66	111.63
Debtors Turnover	Sales / Average Receivable	78.23	57.49	146.74	122.72	125.94	70.84
Debtors Turnover (Days)	Average Receivables / Sales x 365	4.67	6.35	2.49	2.97	2.90	5.15
Creditors Turnover	Cost of Goods Sold / Average Creditors	7.28	15.18	6.54	3.79	3.14	2.58
Creditors Turnover (Days)	Average Creditors / Cost of Goods Sold x 365	50.11	24.04	55.85	96.42	116.35	141.31
Operating Cycle (Days)	Days in Inventory + Days in Receivables	103.45	116.84	96.47	102.37	113.56	116.78



Operational efficiencies together with focus on improved production cycle resulted in acute improvement in operating cycle of the Company from 120 days in 2014 to 96 days in 2018; however, 2019 & 2020 embarked as period of stress and endurance where borrowing cost increasing and the Company had to carry high inventory on account of lower sale volume and the expanded capacity. Consequently, the operating cycle increased to 117 days and 103 days in 2019 and 2020 respectively. However, the management believes that operating cycle will improve in 2021 as the Company will have the market for its expanded capacity which has been halted in the last couple of years on account of uncertain policies, hampered buying power and unfavorable international market conditions. Further, inventory levels will also be rationalized in line with overall demand of flat steel in the country.

DuPont Analysis

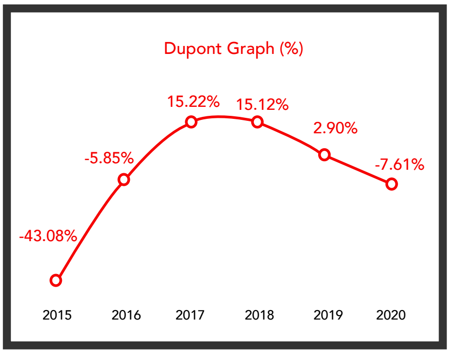


DuPont Analysis

DuPont Analysis (Rs. In Million)		2020	2019	2018	2017	2016	2015
A	Non-current Liabilities	9,468	7,273	4,934	5,078	5,355	5,628
B	Current Liabilities	16,944	16,711	7,001	6,406	7,342	6,898
C = A+B	Total Liabilities	26,412	23,984	11,935	11,484	12,697	12,526
D	Non-current Assets	21,226	21,560	14,366	11,959	10,884	11,170
E	Current Assets	13,283	11,171	6,060	6,225	4,468	4,167
F = D + E	Total Assets	34,509	32,731	20,426	18,184	15,352	15,337
G = C -F	Owners' Equity	8,097	8,747	8,491	6,700	2,655	2,811
H	Sales	29,777	20,231	18,904	14,076	9,634	9,492
I	Total Cost	30,394	19,977	17,620	13,056	9,789	10,703
J = H - I	Net Profit / (Loss)	(617)	254	1,284	1,020	(155)	(1,211)
K = J / H	Net Profit / Loss Margin (%)	-2.07%	1.26%	6.79%	7.25%	-1.61%	-12.76%
L = H / F	Assets Turnover (Times)	0.86	0.62	0.93	0.77	0.63	0.62
M = F / G	Leverage Factor (Times)	4.26	3.74	2.41	2.71	5.78	5.46
N = K x L	Return on Assets (%)	-1.79%	0.78%	6.29%	5.61%	-1.01%	-7.90%
O = M x N	Return on Equity (%)	-7.62%	2.90%	15.12%	15.22%	-5.84%	-43.08%

Analysis

- Improving net profit margin till 2018, took downturn in 2019 and 2020. Decline in profitability was on account of lower sales volumes and shrunk gross margins. Political uncertainty, significant PKR devaluation and hike in borrowing cost hampered the profit margins in 2019. These factors not only blocked the consumption side of the economy and also evaded the buying capacity of the consumer. The conditions continued to prevail in FY 2020 with add-ons of trade war between America and China coupled with global pandemic Covid-19, thus worsening the situation in 2020. Moreover, declining international flat steel market stressed the local margins and further hampered the gross returns.



- Asset turnover has improved gradually year by year, which shows incremental approach to growth and focus on better utilization of resources each year. However, decline in asset turnover in FY2019 pertains to capital expenditure incurred on expansion of Company's facilities, the commissioning of which was announced in the last month of the FY2019.

- Improving leverage factor over the years deteriorated in 2019 and 2020. This was primarily on account of increased short-term borrowings which is in line with the increase in inventory levels together with higher working capital required for operational needs on account of significant PKR devaluation. Further, addition of a syndicate financing for the expansion project has also contributed to the increase in leverage factor in the last two years.

Conclusion

The overall DuPont analysis depicts rise in overall performance of the company. From year 2013 to 2018, return on equity has increased to 15.12% from loss of 33.13%. In 2019, return on equity decreased account of decrease in profit after tax. Current year has reported negative return on equity, on account of carried forward impact of economic policies coupled with unfavorable international market conditions and impact of COVID-19.

Horizontal Analysis

Statement of Financial Position

	2020		2019		2018		2017		2016		2015	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Assets												
Non-Current Assets	21,226	-2%	21,560	50%	14,366	20%	11,959	10%	10,884	-3%	11,170	1%
Current Assets	13,283	19%	11,171	84%	6,060	-3%	6,225	39%	4,468	7%	4,167	-21%
Total Assets	34,509	5%	32,731	60%	20,426	12%	18,184	18%	15,352	0%	15,337	-6%
Equity and Liabilities												
Shareholders' Equity	8,097	-7%	8,747	3%	8,491	27%	6,700	152%	2,655	-6%	2,811	11%
Non-Current Liabilities	9,468	30%	7,273	47%	4,934	-3%	5,078	-5%	5,355	-5%	5,628	2%
Current Liabilities	16,944	1%	16,711	139%	7,001	9%	6,406	-13%	7,342	6%	6,898	-16%
Total Equity & Liabilities	34,509	5%	32,731	60%	20,426	12%	18,184	18%	15,352	0%	15,337	-6%

Statement of Profit & Loss

	2020		2019		2018		2017		2016		2015	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Revenue	29,777	47%	20,231	7%	18,904	34%	14,076	46%	9,634	1%	9,492	3%
Cost of sales	(27,411)	48%	(18,553)	19%	(15,590)	30%	(11,989)	39%	(8,654)	-8%	(9,451)	3%
Gross profit / (loss)	2,366	41%	1,678	-49%	3,314	59%	2,087	113%	980	2290%	41	-31%
Selling and distribution cost	(42)	68%	(25)	32%	(19)	0%	(19)	-5%	(20)	-47%	(38)	6%
Administrative expenses	(320)	29%	(249)	30%	(192)	2%	(188)	20%	(157)	27%	(124)	-11%
Other expenses	-	-100%	(3)	-98%	(143)	120%	(65)	-100%	-	0%	-	0%
Other Income	38	-26%	52	49%	35	119%	16	-36%	25	317%	6	-99%
Profit / (Loss) from Operations	2,043	41%	1,453	-51%	2,995	63%	1,831	121%	829	-821%	(115)	-113%
Finance cost	(3,386)	82%	(1,865)	73%	(1,079)	14%	(949)	-7%	(1,021)	-26%	(1,373)	6%
(Loss) / Profit before taxation	(1,343)	226%	(412)	-121%	1,917	117%	882	-558%	(192)	-87%	(1,488)	264%
Taxation	727	-9%	666	205%	(632)	-558%	138	273%	37	-87%	277	347%
(Loss) / Profit for the year	(617)	-343%	254	-80%	1,285	26%	1,020	754%	(155)	87%	(1,211)	-249%

Comments on Horizontal Analysis

Statement of Financial Position

Non-current assets majorly decreased from comparative period because of de-recognition of damaged components of Cold Rolling & Skin-Pass Mill (CRSM) due to fire accident. On the other hand, current assets have increased majorly on account of increase in inventory levels to meet expanded capacity. Further, decrease in sales during last quarter due to pandemic also resulted in higher inventory near the year end. Increase in current assets is also attributable to advances against duties and taxes paid near the year for clearance of raw material. An estimated insurance claim against the fire accident has also been recorded in current assets.

Shareholders' equity decreased due to current year's loss, while, the increase in liabilities is because the Company shifted from usance import model to sight import model to counter the risk of sudden devaluation.

Profit or Loss

The Company has demonstrated steady growth in revenue every year. However, revenue in 2020 has increased significantly due to increased selling volume, and induction of galvanized steel in product mix. This led to higher cumulative gross profit. However, during 2020, uncertain international market kept the flat steel prices under stress which reduced local margins. Further, higher borrowing levels and increased discount rates significantly inflated the finance cost of the Company. The Company thereby posted after tax loss of Rs. 617 million.

Vertical Analysis

Statement of Financial Position

	2020		2019		2018		2017		2016		2015	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Assets												
Non-Current Assets	21,226	62%	21,560	66%	14,366	70%	11,959	66%	10,884	71%	11,170	73%
Current Assets	13,283	38%	11,171	34%	6,060	30%	6,225	34%	4,468	29%	4,167	27%
Total Assets	**34,509**	**100%**	**32,731**	**100%**	**20,426**	**100%**	**18,184**	**100%**	**15,352**	**100%**	**15,337**	**100%**
Equity and Liabilities												
Shareholders' Equity	8,097	23%	8,747	27%	8,491	42%	6,700	37%	2,655	17%	2,811	18%
Non-Current Liabilities	9,468	27%	7,273	22%	4,934	24%	5,078	28%	5,355	35%	5,628	37%
Current Liabilities	16,944	49%	16,711	51%	7,001	34%	6,406	35%	7,342	48%	6,898	45%
Total Equity & Liabilities	**34,509**	**100%**	**32,731**	**100%**	**20,426**	**100%**	**18,184**	**100%**	**15,352**	**100%**	**15,337**	**100%**

Statement of Profit & Loss

	2020		2019		2018		2017		2016		2015	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Revenue	29,777	100%	20,231	100%	18,904	100%	14,076	100%	9,634	100%	9,492	100%
Cost of sales	27,411	92%	18,553	-92%	(15,590)	-82%	(11,989)	-85%	(8,654)	-90%	(9,451)	-100%
Gross profit / (loss)	**2,366**	**8%**	**1,678**	**8%**	**3,314**	**18%**	**2,087**	**15%**	**980**	**10%**	**41**	**0%**
Selling and distribution cost	(42)	0%	(25)	0%	(19)	0%	(19)	0%	(20)	0%	(38)	0%
Administrative expenses	(320)	-1%	(249)	-1%	(192)	-1%	(188)	-1%	(157)	-2%	(124)	-1%
Other expenses	-	0%	(3)	0%	(143)	-1%	(65)	0%	-	0%	-	0%
Other Income	38	0%	52	0%	35	0%	16	0%	25	0%	6	0%
Profit / (Loss) from Operations	2,043	7%	1,453	7%	2,995	16%	1,831	13%	829	9%	(115)	-1%
Finance cost	(3,386)	-11%	(1,865)	-9%	(1,079)	-6%	(949)	-7%	(1,021)	-11%	(1,373)	-14%
(Loss) / Profit before taxation	(1,343)	-5%	(412)	-2%	1,916	10%	882	6%	(192)	-2%	(1,488)	-16%
Taxation	727	2%	666	3%	(632)	-3%	138	1%	37	0%	277	3%
(Loss) / Profit for the year	(617)	-2%	254	1%	1,284	7%	1,020	7%	(155)	-2%	(1,211)	-13%

Comments on Vertical Analysis

Statement of Financial Position

Current assets have increased in continuation to the higher inventory levels required to meet the production requirements after expansion. Moreover, sales tax and income tax receivables have also increased due to the said taxes paid at import stage for import of inventory required for the expanded capacity. Further, non-current assets have reduced due to derecognition of assets damaged in fire accident, against current asset of insurance claim receivable has been recorded.

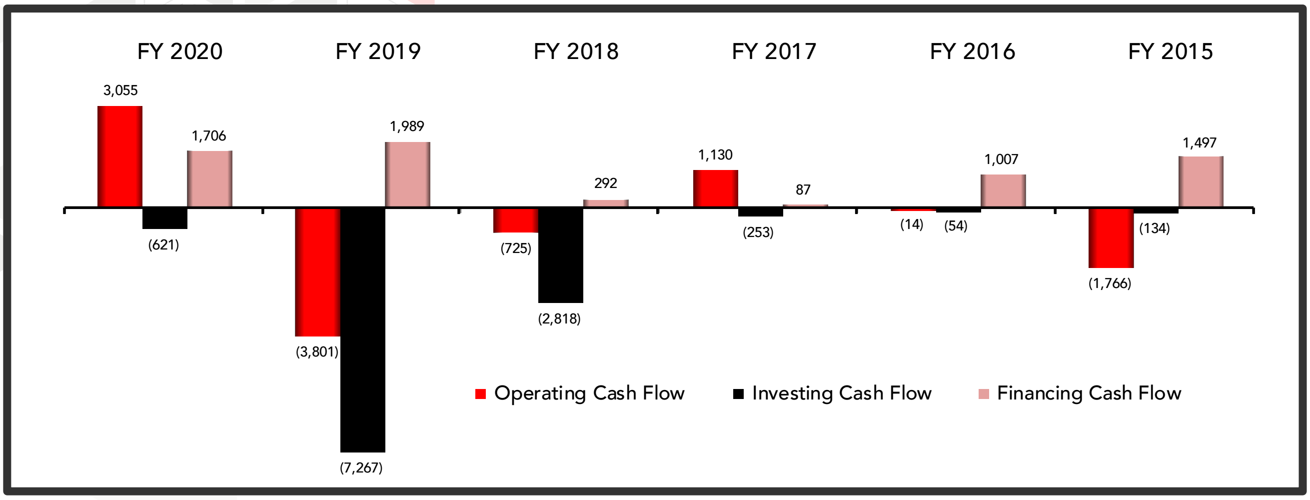
Current liabilities have increased as the Company, in order to counter risk of higher finance cost on account of higher discount rate, shifted from sight model of letter of credits for imports to usance letter of credits model.

Profit or Loss

Gross margin reduced as the declining pricing trend continued in the international market due to on-going America and China trade war. Further, domestic demand was also affected by stringent government policies, which hindered to shift burden over increased cost to consumers. During, the year policy rates were kept high by the State Bank to control inflation. This hike in interest rates spiked finance cost of the Company. Average borrowing rate of the Company increased to 12.7% from 10.8% last year.

Summary of Cash Flow Statement

	2020	2019	2018	2017	2016	2015
	Rs. In Million					
Cash generated from / (used in) operations	6,165	(2,901)	395	1,918	879	(650)
Income tax paid	(116)	(152)	(540)	(80)	(127)	28
Mark-up on loans paid	(3,025)	(724)	(583)	(703)	(764)	(1,145)
Return on bank deposits received	16	10	12	3	4	5
Staff retirement benefit paid	(5)	(5)	(6)	(8)	(8)	(4)
(Increase) / decrease in long-term loans and advances	-	-	(2)	-	-	-
Increase / (decrease) in long-term deposits	21	(29)	(1)	-	2	-
Net cash generated from / (used in) operating activities	3,055	(3,801)	(725)	1,130	(14)	(1,766)
Purchase of property, plant and equipment	(628)	(7,270)	(2,822)	(256)	(61)	(138)
Purchase of intangibles	-	-	-	-	-	(1)
Sale proceeds from disposal of property, plant and equipment and intangible assets	7	3	5	3	7	5
Net cash used in investing activities	(621)	(7,267)	(2,818)	(253)	(54)	(134)
Proceeds from issue of share capital	-	-	148	2,177	-	1,475
Long term loan obtained / (repaid) - net	1,731	2,193	(65)	(800)	(10)	(10)
Short-term borrowings obtained / (paid)	-	(175)	175	(1,288)	1,038	67
Repayment of sponer's Loan	-	-	-	-	(18)	(35)
(Decrease) / increase in liabilities against assets subject to finance leases	(25)	(29)	34	(2)	(3)	-
Net cash generated from financing activities	1,706	1,989	292	87	1,007	1,497
Net Increase / (decrease) in cash and cash equivalents	4,139	(9,079)	(3,251)	964	939	(403)
Cash and cash equivalents at beginning of the year	(13,903)	(4,824)	(1,573)	(2,537)	(3,476)	(3,073)
Cash and cash equivalents at end of the year	(9,764)	(13,903)	(4,824)	(1,573)	(2,537)	(3,476)



Comments on Cash Flow Analysis

Cash flows from operating activities showed noteworthy improvement till 2018 resulting from profits arising out of increased sales volume and better margins. However, in 2019, the Company faced liquidity crunch due to increase in inventory days. Further, steep PKR devaluation ought to increase the working capital requirement of the Company. Moreover, due to increase in production capacity of the Company during 2019, the Company also had to increase its inventory levels to meet up the production and sale requirements. As a result, cash flows used in operations have significantly increased in 2019. In 2020, the company shifted its mode of procurement of raw materials from sight to usance. This has resulted in increase in cash flows generated from operations.

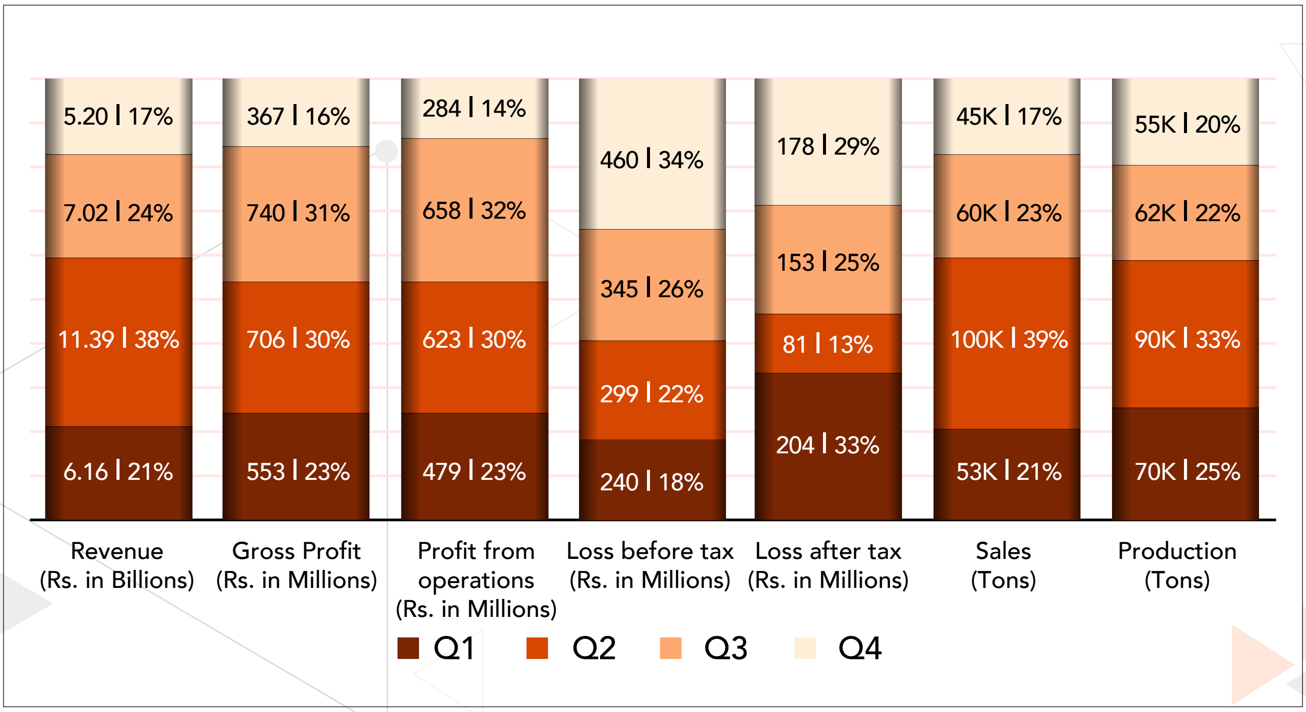
Net cash used in investing activities depicts cash utilization on account of fixed capital expenditure. In 2019, significant increase in fixed capital expenditures mainly represent additions relating to Company's expansion of production facilities.

Cash flows from financing activities depends on net cash requirements of the Company. Major financing cash flows in 2019 and 2020 include receipts against long-term loan obtained for financing of expansion of Company's existing production facility.

Results Reported in Interim Financial Statements & Final Accounts

FY 2020	1st QTR	2nd QTR	3rd QTR	4th QTR	FY 2020
			Rs. In '000		
Revenue	6,160,186	11,390,869	7,024,279	5,201,494	29,776,828
Cost of sales	(5,607,465)	(10,684,420)	(6,284,346)	(4,834,413)	(27,410,644)
Gross profit	552,721	706,449	739,933	367,081	2,366,184
Selling and distribution cost	(11,382)	(11,044)	(9,240)	(10,223)	(41,889)
Administrative expenses	(79,173)	(86,190)	(78,120)	(76,106)	(319,589)
	(90,555)	(97,234)	(87,360)	(86,329)	(361,478)
Other income	16,365	13,622	5,155	3,044	38,186
Profit from operations	478,531	622,837	657,728	283,796	2,042,892
Finance cost	(718,556)	(921,413)	(1,002,275)	(743,872)	(3,386,116)
Loss / (profit) before taxation	(240,025)	(298,576)	(344,547)	(460,076)	(1,343,224)
Taxation	36,030	217,267	191,222	282,132	726,651
Loss / (profit) after taxation	(203,995)	(81,309)	(153,325)	(177,944)	(616,573)
Sales Qty (Tons)	52,868	100,172	60,428	44,985	258,453
Production Qty (Tons)	70,469	90,369	61,993	54,969	277,800

Quarterly Results Analysis



Quarter 1

Sales quantity during the quarter increased by 72% compared to corresponding period (Q1FY20: 52,868 tons I Q1FY19: 30,764 tons). However, the sales quantity was 25% lower than the previous quarter. The slowdown in sales resulted from halted demand in the economy due to uncertain government policies, and reduced automobile demand. Consumption side clearly depicted wait-and-see mode of the consumers. The state bank also continued with high discount rate policy of 13% to counter the dips in PKR and curtail rising inflation.

The total production for the quarter increased by 113% compared to corresponding period last year (Q1FY20: 70,469 tons I Q1FY19: 33,148 tons). The capacity after completion of the expansion plan had increased to 700,000 tons per annum, compared to previous maximum of 220,000 tons. The utilization level after the expansion stands at 40% compared to 60% recorded for the corresponding period of last year on 220,000 tons per annum basis. However, when compared to the budgeted figures for the period, the production and sales achieved are only 54% and 42% respectively. The production was curtailed when finished goods inventory reached around 35,000 tons.

With declining international market, margins remained under pressure throughout the quarter, The on-going trade war between America and China further escalated into a full blown crises. The implications of the same are affecting most of the world economies. The HRC prices dropped from around US$ 500 in July to around US$ 440, FOB main port China. Similar trend was observed in all major markets including EU, USA, Japan, India and Russia.

Quarter 2

Sales quantity during the quarter increased by 126% compared to corresponding period (Q2FY20: 100,172 tons I Q2FY19: 44,246 tons). Further, the sales quantity was nearly doubled than the previous quarter, depicting improvement in market sentiments and regain of consumer's confidence. The lost demand seemed to have been recovering with stability in international market pricing. Although, the sales picked momentum, but owning stable local sales price and rising international cost price, margins further stressed in second quarter. Management did not increase the price as a strategy as well to curtail imports of flat steel and to ensure that importers do not further bring in flat steel which has helped the local manufacturers to replace the imported flat steel with their product mix.

The declining trend in the international HRC prices continued till October 2019 where the FOB China price reached levels near US$ 400 per ton, a drop of over US$ 100 when compared to prices prevailing in July 2019. Subsequently, the HRC prices stabilized and started firming up reaching over US$ 500 within a short span of two months. Similar rising trend was observed in all major markets including EU, USA, Japan, India and Russia. The iron ore increased from US$ 85 to US$ 95 during the October-December quarter, 2019.

The local market sentiments improved and demand picked up following the rising trend in the international market. The auto sector, however, remained under pressure. Sales volume of cars, trucks and tractors did not show any substantial improvement. The imports during the period continued, however, the volumes dropped substantially. The finance cost remained on higher side due to tight monetary policy of the government.

During the quarter Company produced 90,369 tons of flat steel, 65% higher than the corresponding period last year. Capacity of 52% was utilized during the quarter. While, higher inventory levels from previous quarters started to marginalize.

Quarter 3

The January - March quarter was highly challenging not only because of the COVID-19 virus but also due to an unfortunate accident at the plant. On January 7, 2020, the CRSM plant during routine maintenance met with a fire accident and equipment above ground was severely damaged. It took 35 days to revamp the machine and restart the skin pass operation, a mandatory step in the production of annealed CRC.

The COVID-19 virus and the fire incident severally affected the sales and production of the Company during third quarter. Sales during the quarter were 60,428 tons, as compared to 59,737 tons sold in corresponding period last year. Sales decreased by 40% as compared to previous quarter due to fire incident and the COVID-19 pandemic. The demand momentum which indicated recovery during end of second quarter was again suppressed with COVID-19. However, with the rising international market prices and halted international trade, the Company enjoyed better margins in this quarter. By the end of third quarter, State Bank of Pakistan, to counter the lost demand due to pandemic, reduced policy rate to 11%.

The international steel markets were quite firm in the early part of current quarter. The HRC FOB China price reached levels near US$ 500 per ton in January 2020, with indications that market may rise further. However, by the middle of January, as the COVID-19 paced its spread, steep decline of the markets was witnessed and steel sector was no exception. The HRC prices dropped reaching US$ 400 FOB China.

The production during the quarter was 61,993 tons, compared to 56,411 tons recorded during corresponding period last year.

Quarter 4

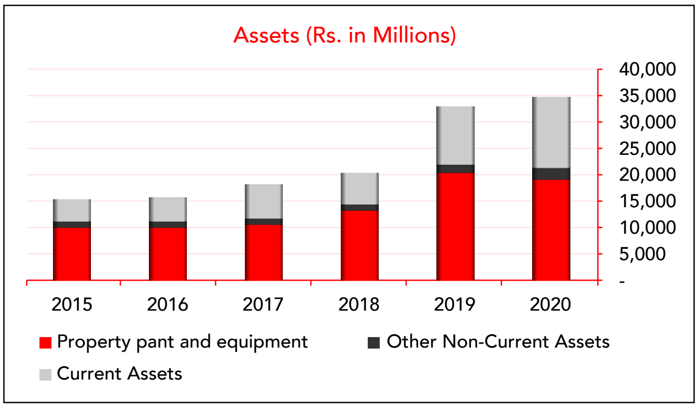
Sales quantity during the quarter decreased by 36% compared to corresponding period (Q4FY20: 44,985 tons I Q4FY19: 70,709 tons). Further, the production quantities reduced by 5% to 54,969 tons as compared to previous period.

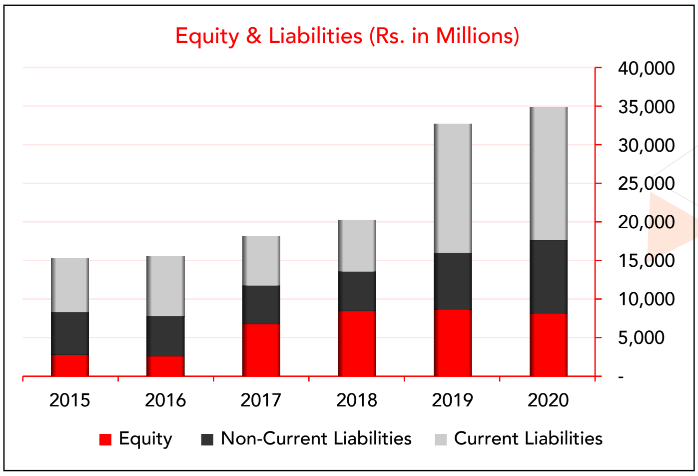
The significant reduction in operations, both sales and production included, resulted from the catastrophe of COVID-19. Most of the countries, including Pakistan came to economic halt which eroded the consumption demand from the economy. A complete shutdown was enforced from March to May 2020, bringing economy to a standstill. Industries and businesses were hit hard and the automobile industry was no exception. Higher unit cost due to devaluation and sinking demand led to cut down in production and in some cases closure of factories. Our business, being heavily dependent on the auto sector also suffered.

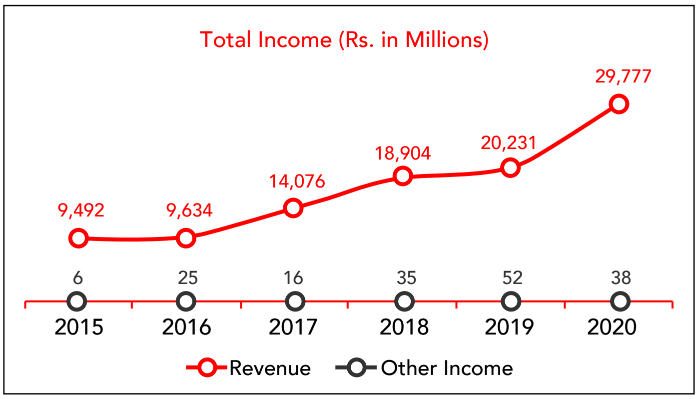
As the international steel market began to pick momentum, and prices started to capture upward trajectory, the COVID-19 related slowdown caused the prices to fall back again to US$ 400 levels. The prices, lately, have started to recover on account of gradual opening up of business in China and Europe and is now around US$ 500 per ton.

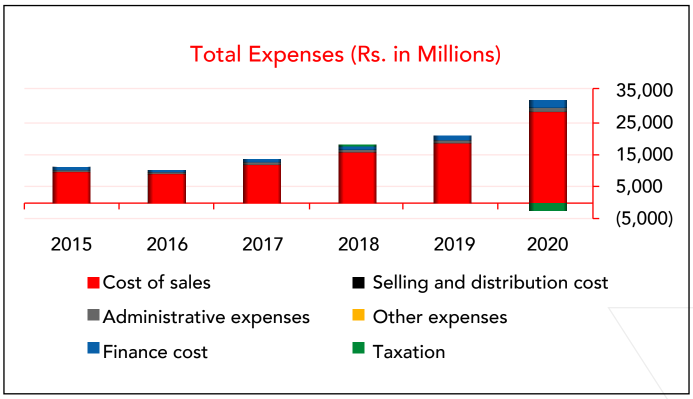
With the onset of COVID-19 in Pakistan, lock down was enforced, thus, businesses were muted and demand was eroded. These developments called for a drastic review of the policies both at the macro and micro level. After a comprehensive review, the government took measures to gradually open the economy and enacted much needed policy changes including reduction in policy rate to 8%. As the lock down was eased, demand started to return back. Sales for the month of June 2020 were 26,614 tons, accounting for 60% of the quarter's sale.

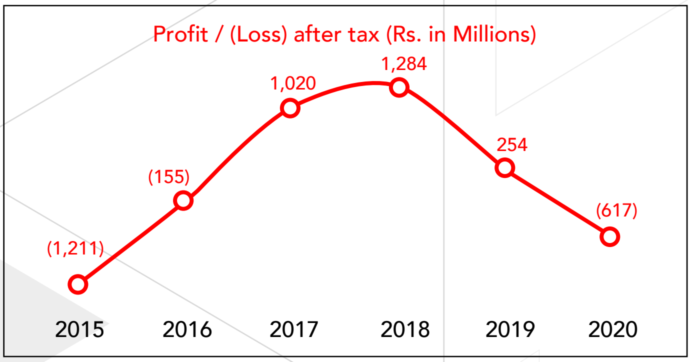
Graphical Representation of ASML

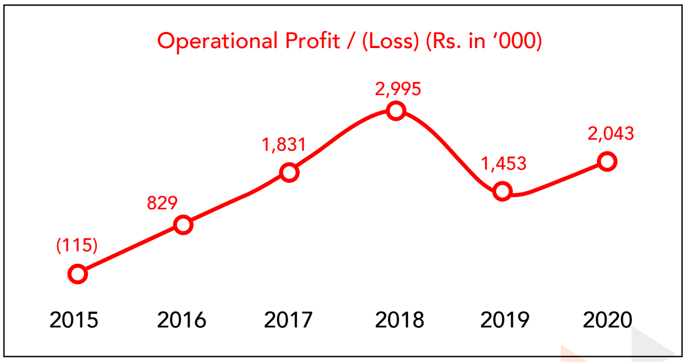


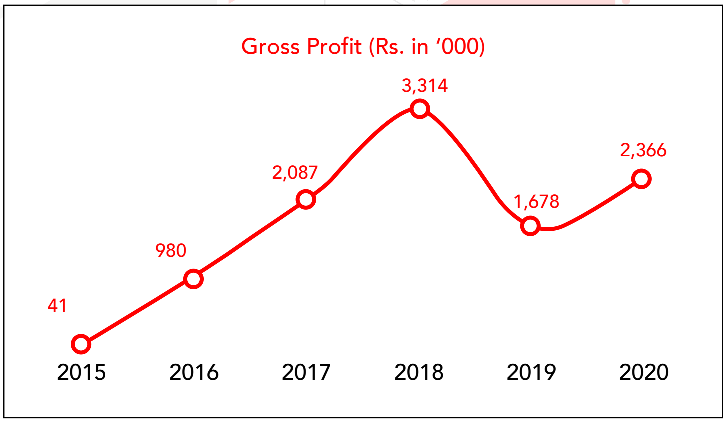


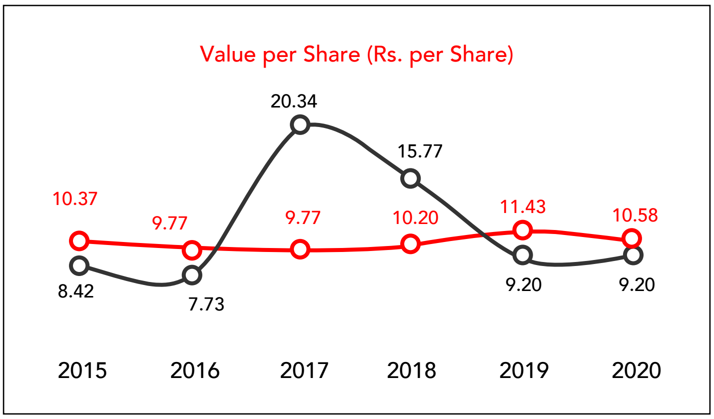


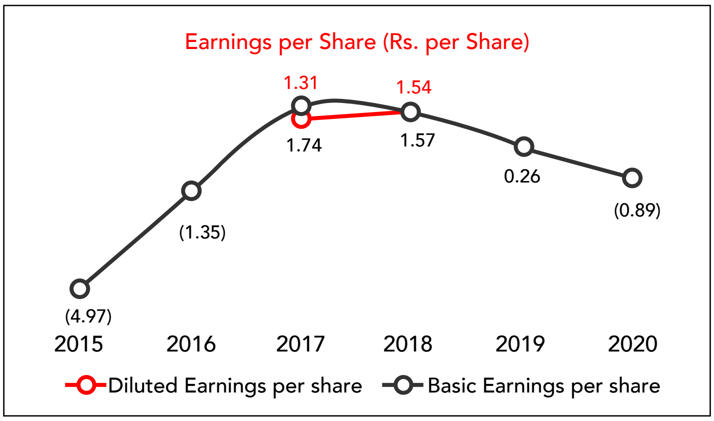


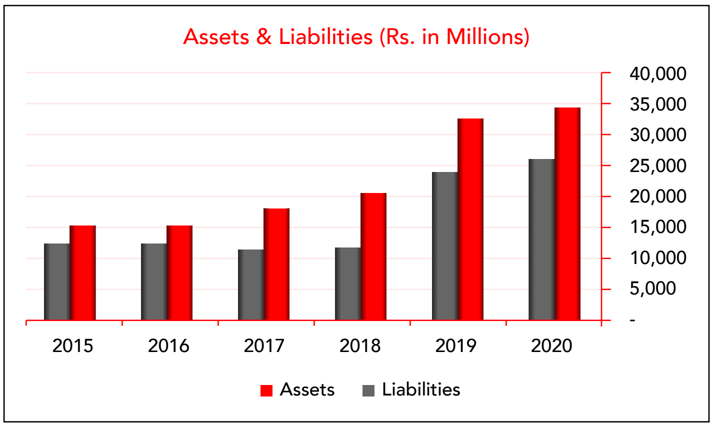


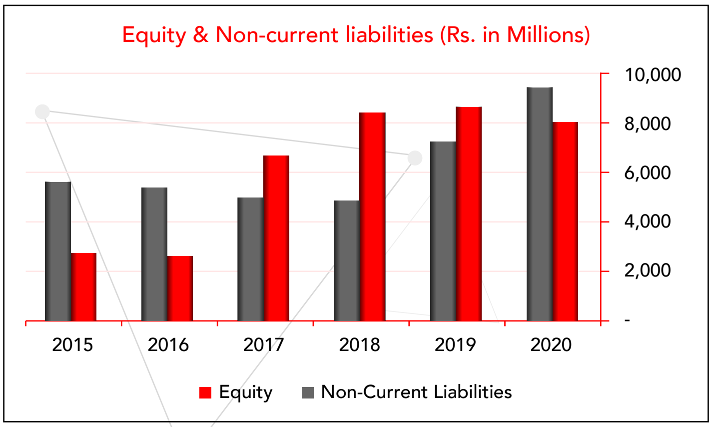


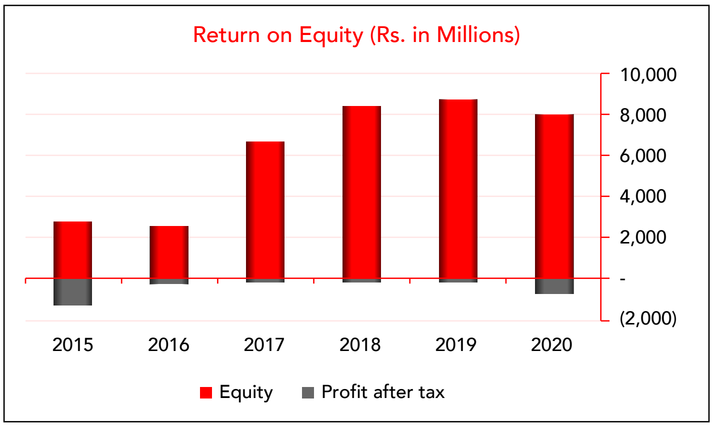

Gross Profit (Rs. in '000)
41
980
2,087
3,314
1,678
2,366
2015
2016
2017
2018
2019
2020

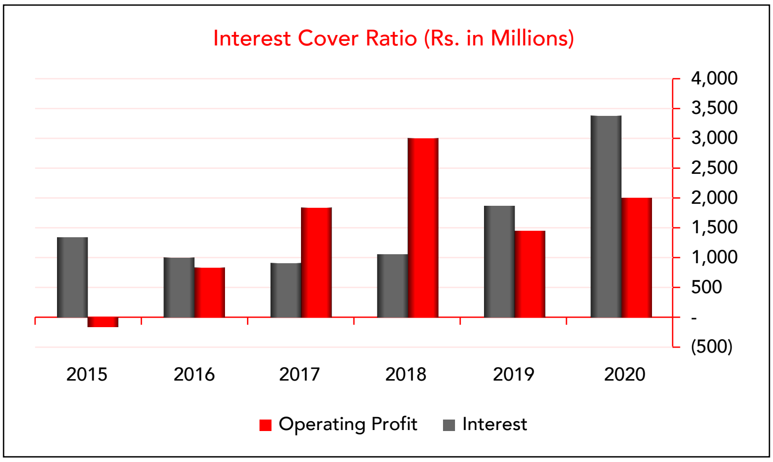

Value per Share (Rs. per Share)
20.34
15.77
10.37
9.77
9.77
10.20
11.43
10.58
8.42
7.73
9.20
9.20
2015
2016
2017
2018
2019
2020

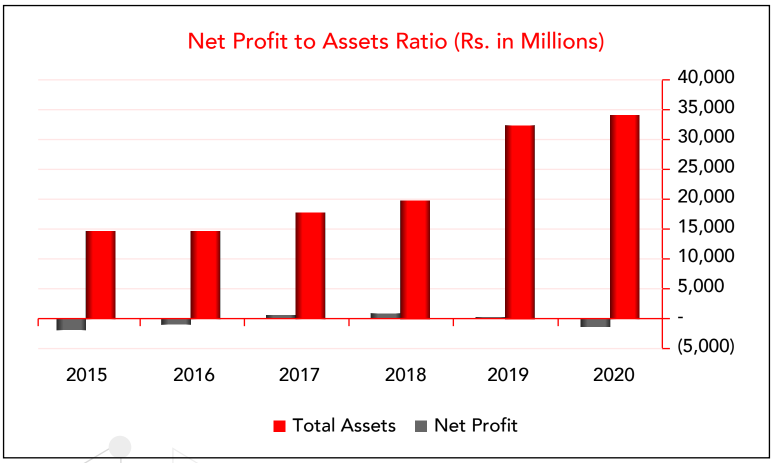

Earnings per Share (Rs. per Share)
1.31
1.54
1.74
1.57
0.26
(0.89)
(1.35)
(4.97)
2015
2016
2017
2018
2019
2020
Diluted Earnings per share
Basic Earnings per share

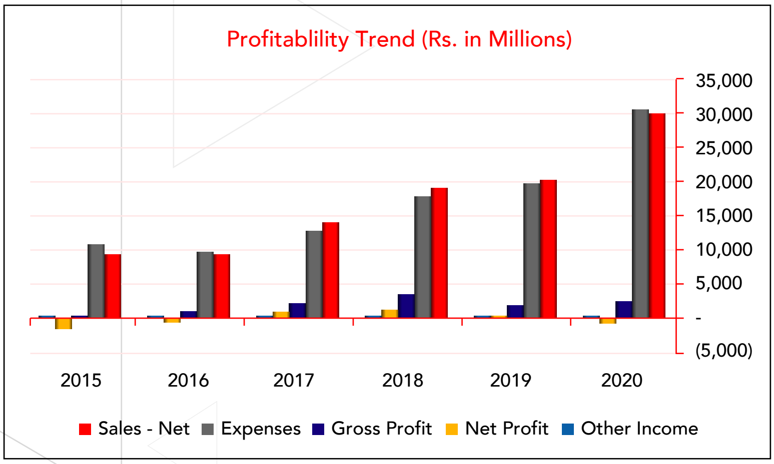

Assets & Liabilities (Rs. in Millions)
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
2015
2016
2017
2018
2019
2020
Assets
Liabilities


Equity & Non-current liabilities (Rs. in Millions)
10,000
8,000
6,000
4,000
2,000
-
2015
2016
2017
2018
2019
2020
Equity
Non-Current Liabilities


Return on Equity (Rs. in Millions)
10,000
8,000
6,000
4,000
2,000
-
(2,000)
2015
2016
2017
2018
2019
2020
Equity
Profit after tax


Interest Cover Ratio (Rs. in Millions)
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
(500)
2015
2016
2017
2018
2019
2020
Operating Profit
Interest


Net Profit to Assets Ratio (Rs. in Millions)
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
(5,000)
2015
2016
2017
2018
2019
2020
Total Assets
Net Profit


Profitablility Trend (Rs. in Millions)
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
(5,000)
2015
2016
2017
2018
2019
2020
Sales - Net
Expenses
Gross Profit
Net Profit
Other Income