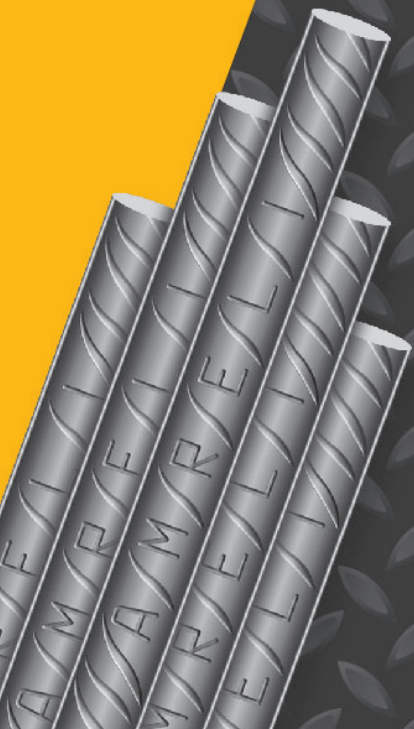


AMRELI STEELS LIMITED

**REPORT FOR THE FIRST
QUARTER ENDED**

30 SEPTEMBER 2019



AMRELI STEELS
Building for Life

TABLE OF CONTENTS

Contents	Page No.
Company Information	02
Directors' Review Report (English & Urdu)	04
Condensed Interim Statement of Financial Position	08
Condensed Interim Statement of Profit or Loss	09
Condensed Interim Statement of Comprehensive Income	10
Condensed Interim Statement of Changes in Equity	11
Condensed Interim Statement of Cash Flows	12
Notes to the Condensed Interim Financial Statements	13
Investors' Education (Jama Punji)	19

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Abbas Akberali	Chairman, Non-Executive Director
Mr. Shayan Akberali	Chief Executive Officer
Mr. Badar Kazmi	Independent Director
Mr. Zafar Ahmed Taji	Independent Director
Mr. Teizoon Kijat	Independent Director
Ms. Kinza Shayan	Non-Executive Director
Ms. Mariam Akberali	Non-Executive Director

AUDIT COMMITTEE

Mr. Teizoon Kijat	Chairman
Mr. Badar Kazmi	Member
Mr. Zafar Ahmed Taji	Member
Ms. Kinza Shayan	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Zafar Ahmed Taji	Chairman
Mr. Teizoon Kijat	Member
Mr. Shayan Akberali	Member
Ms. Mariam Akberali	Member

CHIEF OPERATING OFFICER (STRATEGY)

Mr. Hadi Akberali

CHIEF OPERATING OFFICER (OPERATIONS) & CHIEF FINANCIAL OFFICER

Mr. Fazal Ahmed

COMPANY SECRETARY

Mr. Adnan Abdul Ghaffar

HEAD OF INTERNAL AUDIT

Mr. Fraz Ahmed

EXTERNAL AUDITORS

EY Ford Rhodes, Chartered Accountants
Progressive Plaza, Beaumont Road, Karachi, Pakistan

INTERNAL AUDITORS

BDO Ebrahim & Co. Chartered Accountants
2nd Floor, Block-C, Lakson Square, Building No. 1,
Sarwar Shaheed Road, Karachi - 74200, Pakistan
Tel: 92-21-35683030, Fax: 92-21-35684239

SHARE REGISTRAR

THK Associates (Pvt) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S. Karachi - 75400
UAN: 92-21-111-000-322, Tel: 92-21-34168270, Fax: 92-21-34168271
Email: secretariat@thk.com.pk

LEGAL ADVISOR

Mr. Shamim Javaid Shamsi
A-102, Samina Avenue, Shadman No.2,
North Karachi, Karachi

CORPORATE ADVISOR

Moore Shekha Mufti
C-253, P.E.C.H.S, Block-6,
Off Shahrah-e-Faisal, Karachi, Pakistan
Tel: 021-34374811-5

BANKERS

Askari Bank Limited	Habib Metropolitan Bank Limited
Allied Bank Limited	JS Bank Limited
Bank Al Habib Limited	MCB Islamic Bank Limited
Bank Alfalah Limited	Meezan Bank Limited
Bank Islami Pakistan Limited	Samba Bank Limited
Dubai Islamic Bank Pakistan Limited	Standard Chartered Bank (Pakistan) Limited
Faysal Bank Limited	United Bank Limited
Habib Bank Limited	

REGISTERED OFFICE

A-18, S.I.T.E, Karachi, Pakistan
UAN: (+92-21) 111-AMRELI (267354)
Fax: 92-21-32587240, 38798328
Email: investor-relations@amrelisteels.com

SHERSHAH ROLLING MILL (SRM)

D-89, Shershah Road, Karachi, Pakistan

STEEL MELT SHOP (SMS) AND DHABEJI ROLLING MILL (DRM)

Industrial Land, Deh Gharo, Tapo Gharo,
Taluka Mirpur Sakro
(Distt: Thatta), Sindh, Pakistan

SYMBOL AT PAKISTAN STOCK EXCHANGE LIMITED

ASTL

WEBSITE INFORMATION

www.amrelisteels.com

DIRECTORS' REVIEW REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019

The Board of Directors of your Company present their review on the financial and operational performance of the Company for the quarter ended 30 September 2019.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

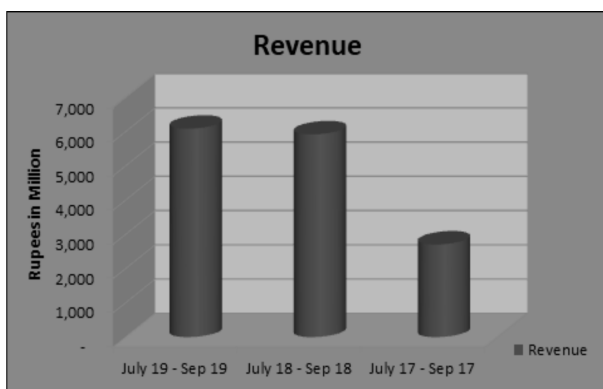
Your Company registered an increase of 3% in revenue to Rs.6,087 million during the first quarter of ongoing financial year as compared to Rs.5,922 million during the similar quarter last year.

The gross profit for the quarter declined from Rs.908 million to Rs.669 million mainly due to higher input and energy costs which could not be passed through due to slow down of the economy resulting in a massive contraction in demand. The operating profit declined to Rs.371 million during first quarter as compared to Rs.629 million in the similar quarter last year. The Company registered a loss before and after tax of Rs.176 million and Rs.81 million respectively during the quarter under review as compared to profit before and after tax of Rs.421 and Rs.409 million, respectively in the similar period last year. This decline in profit is attributable mainly to 4.34% decline in gross margins and 2.62 times increase in finance cost. Administrative and distribution expenses grew by 13.88%, while the finance cost increased as a result of increase in borrowings and a massive jump in the interest rates.

The key financial highlights of the Company are as follows –

	First Quarter Ended 30 September 2019 (Rs. in millions)	First Quarter Ended 30 September 2018 (Rs. in millions)
Net sales	6,087	5,922
Gross profit	669	908
Operating profit	371	629
(Loss)/ Profit before tax	(176)	421
(Loss)/ Profit after tax	(81)	409

The Company recorded loss per share (both basic and diluted) during the quarter under review at Re.0.27 (corresponding period 30 September 2018: Rs.1.38).



FUTURE OUTLOOK

The raw material prices are showing a declining trend internationally which could have been a good sign for the Company, but factors such as the increase in interest rate (KIBOR), PKR/USD parity, fuel charges, current hike in gas rate for the industrial sector and increased transportation cost owing to recent restrictions on axle load by the National Highway Authority have more than offset the positive impact of lowered scrap prices.

Despite all the challenges, your Company has set an ambitious target of achieving a 25% volumetric growth over and above the last financial year. Demand of construction steel is expected to improve towards the second half of the ongoing financial year. The Company has laid the foundation for long term sustainable leadership with its installed capacity and is continuously focusing to increase its market share in multiple territorial areas. The management is hopeful that the right steps on part of the government and a promise of providing a conducive business environment to reform the economy will translate into tangible actions and result in improving the overall economic sentiments.

The management of your Company is fully committed towards managing current challenges by taking all necessary steps to bring the Company on the path of recovery and prosperity.

Acknowledgement

The Board of Directors of your Company express their gratitude to all stakeholders including our valued shareholders, employees customers, financial institutions and suppliers for their encouragement and continued support to strengthen the Company.

For & on behalf of Board of Directors

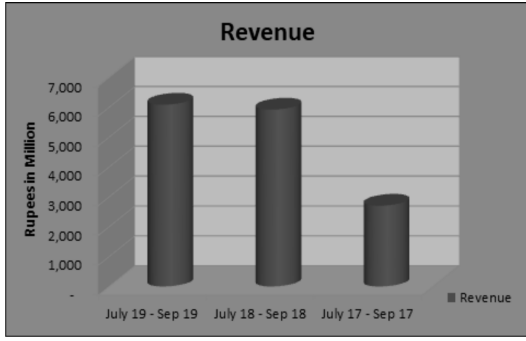


Shayan Akberali
Chief Executive Officer



Zafar Ahmed Taji
Director

Date: 30 October 2019
Place: Karachi



مستقبل پر نظر

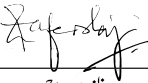
بین الاقوامی سطح پر خام مال کی قیمتوں میں کمی کا رجحان ہے جو کہ کمپنی کیلئے خوش آئند ہو سکتا تھا لیکن شرح سود میں ہونے والے اضافے (KIBOR)، ڈالر کے مقابلے میں روپے کی قدر میں کمی، ایندھن اور صنعتی شیبے کیلئے گیس کی قیمتوں میں اضافہ اور پیشگی وے اتھارٹی کی جانب سے ایکسل اوڈ کے تحت ٹرانسپورٹ کے اخراجات میں ہونے والا اضافہ وہ عوامل ہیں جن کی وجہ سے خام مال کی قیمتوں میں آنے والی کمی کے مثبت اثرات ماند پڑ چکے ہیں۔ ان تمام مسائل کے باوجود آپ کی کمپنی اس بات کیلئے پر عزم ہے کہ گزشتہ مالی سال کے مقابلے میں 25% زائد پیداواری حجم کا ہدف حاصل کیا جاسکے۔ توقع کی جارہی ہے کہ رواں مالی سال کی دوسری شش ماہی سے آئیل کی طلب میں بہتری آنا شروع ہو جائے گی۔ کمپنی نے اپنی موجودہ پیداواری صلاحیت کے تناظر میں مستقل بنیادوں پر طویل المدتی لیڈرشپ کی بنیاد رکھ دی ہے اور اس بات کی جانب بھرپور توجہ دی جارہی ہے کہ مختلف جغرافیائی علاقوں میں کمپنی کے حصے کو مارکیٹ میں بڑھایا جائے۔ کمپنی کی انتظامیہ اس بات سے پر امید ہے کہ حکومت کی جانب سے صحیح سمت میں اٹھائے جانے والے اقدامات اور معیشت کی بحالی کیلئے سازگار کاروباری ماحول پیدا کرنے جیسے اقدامات بالآخر ٹھوس نتائج برآمد کرنے میں معاون ثابت ہونگے اور ان اقدامات کی وجہ سے مجموعی معاشی صورتحال بھی بہتری کی جانب گامزن ہوگی۔

آپ کی کمپنی کی انتظامیہ کی جانب سے ہر ممکن کوشش کی جارہی ہے کہ موجودہ مسائل سے نبرد آزما ہونے کیلئے تمام ضروری وسائل کو بروئے کار لایا جائے تاکہ کمپنی بحالی اور خوشحالی کی راہ پر گامزن ہو سکے۔

انتہا رشک

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز تمام شرائط داروں بشمول قابل قدر حصص داران، ملازمین، صارفین، مالیاتی اداروں اور ترسیل کاروں کے تہہ دل سے مشکور ہیں کہ ان کی حوصلہ افزائی، حمایت اور تعاون ہمارے شامل حال رہا ہے۔

برائے دلچسپی بورڈ آف ڈائریکٹرز


 زعفر احمد تاجی
 ڈائریکٹر


 شایان اکبر علی
 چیف ایگزیکٹو آفیسر

مؤرخہ 30 اکتوبر 2019

ہرقام کراچی

ڈائریکٹرز کی جائزہ رپورٹ

برائے سہ ماہی اختتامیہ 30 ستمبر 2019

بورڈ آف ڈائریکٹرز 30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی سے متعلق کمپنی کے مالیاتی و کاروباری امور کی بابت اپنی جائزہ رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔

مالیاتی و کاروباری امور کی اہم جھلکیاں

آپ کی کمپنی کی جانب سے رواں مالی سال کی پہلی سہ ماہی کے دوران فروختگی %3 اضافے کے ساتھ 6,087 ملین روپے رہی جبکہ گزشتہ مالی سال کی پہلی سہ ماہی کے دوران یہ فروختگی 5,922 ملین روپے درج کی گئی تھی۔

گزشتہ مالی سال کی پہلی سہ ماہی کے مقابلے میں رواں مالی سال کی پہلی سہ ماہی کے دوران خام منافع 908 ملین روپے سے کم ہو کر 669 ملین روپے درج کیا گیا ہے جس کی بنیادی وجوہات میں پیداواری لاگت میں اضافہ اور توانائی کی بڑھتی ہوئی قیمتیں شامل ہیں جس کے اثرات کو معاشی سست روی اور طلب میں آنے والی کمی کی وجہ سے صارفین تک منتقل کرنا ممکن نہ ہو سکا۔ زیر نظر سہ ماہی کے دوران کاروباری منافع گزشتہ مالی سال کی پہلی سہ ماہی کے مقابلے میں کمی کے بعد 371 ملین روپے درج کیا گیا جو کہ گزشتہ مالی سال کے اسی عرصے کے دوران 629 ملین روپے درج کیا گیا تھا۔ کمپنی کی جانب سے قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب 176 ملین روپے اور 81 ملین روپے درج کیا گیا ہے جبکہ گزشتہ مالی سال کی اسی سہ ماہی کے دوران قبل از ٹیکس اور بعد از ٹیکس منافع بالترتیب 421 ملین روپے اور 409 ملین روپے تھا۔ منافع میں کمی کی بنیادی وجہ خام منافع کی شرح میں %4.34 کی اور تمولی لاگت میں 2.62 گنا اضافہ ہے۔ انتظامی اخراجات اور لاگت برائے ترسیل مال میں %13.88 اضافہ درج کیا گیا ہے، جبکہ تمولی لاگت میں اضافہ قرضوں کے حجم اور شرح سود میں ہونے والے اضافے کی وجہ سے ہوا ہے۔

کمپنی کی مالیاتی کارکردگی سے متعلق اہم جھلکیاں ذیل میں پیش خدمت ہیں:

پہلی سہ ماہی اختتامیہ	پہلی سہ ماہی اختتامیہ
30 ستمبر 2018	30 ستمبر 2019
(روپے ملین میں)	(روپے ملین میں)
5,922	6,087
908	669
629	371
421	(176)
409	(81)

زیر نظر عرصے کے دوران کمپنی کی جانب سے 0.27 روپے نقصان فی حصص (بنیادی و تھیلی) درج کیا گیا ہے۔ (گزشتہ سال یعنی 30 ستمبر 2018 کے اسی عرصے کے دوران آمدنی فی حصص 138 روپے درج کی گئی تھی)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

		30 September 2019 (Un-audited)	30 June 2019 (Audited)
	Note	(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	17,122,580,941	16,965,602,305
Intangibles		28,808,128	31,925,876
Long-term investments		15,289,370	15,289,370
Long-term deposits		139,893,832	137,746,032
		<u>17,306,572,271</u>	<u>17,150,563,583</u>
CURRENT ASSETS			
Stores and spares		1,084,712,604	1,337,909,615
Stock-in-trade	6	8,318,880,250	6,586,598,119
Trade debts		3,674,091,227	3,402,721,624
Short-term Investment	7	32,437,500	-
Loans and advances		22,911,747	18,798,361
Trade deposits and short-term prepayments	8	52,768,460	35,939,701
Other receivables	9	546,337,645	127,402,134
Taxation – net		929,417,118	803,803,350
Cash and bank balances		102,612,153	147,038,804
		<u>14,764,168,704</u>	<u>12,460,211,708</u>
TOTAL ASSETS		<u>32,070,740,975</u>	<u>29,610,775,291</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		2,970,114,270	2,970,114,270
Reserves		2,788,741,922	2,788,741,922
Revenue reserves – accumulated profit		4,116,452,134	4,179,933,539
Actuarial loss on gratuity fund		(56,405,671)	(56,405,671)
Revaluation surplus on property, plant and equipment – net of tax		2,343,623,945	2,361,200,451
		<u>12,162,526,600</u>	<u>12,243,584,511</u>
NON-CURRENT LIABILITIES			
Long-term financing	10	2,390,948,301	1,506,913,763
Loan from related party	11	62,222,222	280,000,000
Deferred taxation		805,119,210	900,142,946
Deferred liability		214,988,867	205,420,228
		<u>3,473,278,600</u>	<u>2,892,476,937</u>
CURRENT LIABILITIES			
Trade and other payables	10	3,354,738,183	3,560,081,041
Contract liabilities		316,294,944	280,782,509
Interest / markup accrued	12	480,125,699	352,787,278
Short-term borrowings		10,926,480,378	9,087,930,113
Current portion of long-term financing		1,148,694,520	1,186,553,740
Current portion of related party loan		202,222,223	-
Unclaimed dividend		6,379,828	6,579,162
		<u>16,434,935,775</u>	<u>14,474,713,843</u>
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		<u>32,070,740,975</u>	<u>29,610,775,291</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

		30 September 2019	30 September 2018
	Notes	----- (Rupees) -----	
Sales – net		6,086,981,687	5,922,361,265
Cost of sales		(5,417,747,684)	(5,014,188,143)
Gross profit		669,234,003	908,173,122
Distribution costs		(170,911,673)	(155,967,131)
Administrative expenses		(131,066,930)	(109,208,870)
Other expenses	14	(3,681,289)	(36,287,106)
Other income	15	7,174,586	22,527,897
Operating profit		370,748,697	629,237,912
Finance costs	16	(546,698,409)	(208,610,567)
(Loss) / profit before taxation		(175,949,712)	420,627,345
Taxation	17	94,891,801	(12,039,277)
Net (loss) / profit for the period		(81,057,911)	408,588,068
Earnings per share – basic and diluted		(0.27)	1.38

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	30 September 2019	30 September 2018
	----- (Rupees) -----	
Net (loss) / profit after taxation	(81,057,911)	408,588,068
Other comprehensive income / (loss)	-	-
Total comprehensive (loss) / income for the period	<u>(81,057,911)</u>	<u>408,588,068</u>

The annexed notes from 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2019
(UN-AUDITED)

	Capital reserve	Revenue reserves	Actuarial loss on gratuity fund	Revaluation surplus on property, plant and equipment	Total	
	Share premium	Accumulated profit				
	(Rupees)					
Balance as at 01 July 2018	2,970,114,270	2,788,741,922	4,727,294,416	(40,439,405)	2,434,441,250	12,880,152,453
Net profit for the period	-	-	408,588,068	-	-	408,588,068
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	408,588,068	-	-	408,588,068
Incremental depreciation relating to revaluation surplus on property, plant and equipment– net of tax	-	-	18,731,048	-	(18,731,048)	-
Balance as at 30 September 2018	<u>2,970,114,270</u>	<u>2,788,741,922</u>	<u>5,154,613,532</u>	<u>(40,439,405)</u>	<u>2,415,710,202</u>	<u>13,288,740,521</u>
Balance as at 01 July 2019	2,970,114,270	2,788,741,922	4,179,933,539	(56,405,671)	2,361,200,451	12,243,584,511
Net loss for the period	-	-	(81,057,911)	-	-	(81,057,911)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(81,057,911)	-	-	(81,057,911)
Incremental depreciation relating to revaluation surplus on property, plant and equipment– net of tax	-	-	17,576,506	-	(17,576,506)	-
Balance as at 30 September 2019	<u>2,970,114,270</u>	<u>2,788,741,922</u>	<u>4,116,452,134</u>	<u>(56,405,671)</u>	<u>2,343,623,945</u>	<u>12,162,526,600</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2019
(UN-AUDITED)

30 September 2019 30 September 2018
 ----- (Rupees) -----

CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / profit before taxation	(175,949,712)	420,627,345
Adjustments for:		
Depreciation	208,100,347	159,784,987
Amortization	3,215,782	2,420,187
Provision / (reversal) for expected credit loss	21,133,073	(21,746,352)
Un-realised exchange gain	(4,414,322)	-
Provision for gratuity	15,048,471	8,964,304
(Gain) / loss on disposal of operating fixed assets	(354,003)	192
Finance costs	546,698,409	208,610,568
	<u>789,427,757</u>	<u>358,033,886</u>
Operating profit before working capital changes	613,478,045	778,661,231

(Increase) / decrease in current assets:

Stores and spare	253,197,011	30,011,109
Stock-in-trade	(1,732,282,131)	(1,117,502,700)
Trade debts	(292,502,675)	(572,602,382)
Loans and advances	(4,113,386)	3,449,839
Trade deposits and short-term prepayments	(16,828,761)	(9,697,983)
Other receivables	(418,935,511)	96,212,600
	<u>(2,211,465,453)</u>	<u>(1,570,129,517)</u>

(Decrease) / Increase in current liabilities:

Trade and other payables	276,870,472	133,785,188
Contract liabilities	35,512,435	(48,049,034)
Cash used in operations	<u>(1,285,604,501)</u>	<u>(705,732,132)</u>

Income taxes paid	(125,745,700)	(95,974,150)
Gratuity paid	(5,479,831)	(2,206,388)
Long-term deposits – net	(2,147,800)	716,053
Net cash used in operating activities	(1,418,977,832)	(803,196,617)

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(365,646,380)	(400,062,245)
Proceeds from disposal of fixed assets	921,400	4,783
Short-term investment	(32,437,500)	-
Acquisition of intangible assets	(98,036)	-
Net cash used in investing activities	(397,260,516)	(400,057,462)

CASH FLOWS FROM FINANCING ACTIVITIES

Short-term borrowings – net	1,360,751,258	1,294,842,286
Long-term financing – net	846,175,318	(22,469,673)
Loan from related party	(15,555,556)	-
Dividend paid	(199,332)	(15,677)
Finance costs paid	(419,359,991)	(132,997,309)
Net cash generated from financing activities	1,771,811,697	1,139,359,627
Net decrease in cash and cash equivalents	(44,426,651)	(63,894,452)

Cash and cash equivalents at the beginning of the period	147,038,804	131,073,813
Cash and cash equivalents at the end of the period	102,612,153	67,179,361

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

(UN-AUDITED)

1. THE COMPANY AND ITS OPERATION

Amreli Steels Limited (the Company) was incorporated in 1984 as a private limited company and converted into a public unquoted company in 2009. The Company enlisted on Pakistan Stock Exchange in 2015. The Company is engaged in manufacture and sale of steel bars and billets. The geographical location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
Registered office and warehouse	Plot No. A-18, S.I.T.E Karachi (Land measuring area 2.490 Acres)
Production plant	Plot No. D-89 Shershah Karachi (Land measuring area 2.220 Acres)
Production plant and warehouse	Industrial Land, Deh Gharo, Tapo Gharo, Taluka Mirpur Sakro, District Thatta, Sind (Land measuring area 65.00 Acres)
Warehouses	- Plot # F-295 S.I.T.E Karachi (Land measuring area 0.50 Acres) - Noor Road Badami Bagh Lahore (Land measuring 0.79 Acres)

2. BASIS OF PREPARATION

2.1 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.

2.2 These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019

2.3 These condensed interim financial statements are being submitted to the shareholders as required by Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2019.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 The preparation of these condensed interim financial statements is in conformity with the approved accounting standards which requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

4.2 During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2019.

4.3 The Company follows the practice to conduct actuarial valuation as at year end. Hence, the impact of re-measurement of staff retirement plan has not been incorporated in these condensed interim financial statements.

		30 September 2019 (Un-audited)	30 June 2019 (Audited)
	Note	----- (Rupees) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	14,597,905,252	14,729,718,176
Capital work-in-progress	5.2	2,524,675,689	2,235,884,129
		<u>17,122,580,941</u>	<u>16,965,602,305</u>
5.1 Operating assets			
Opening net book value (NBV)		14,729,718,176	13,243,636,752
Additions / transfer from CWIP during the period / year	5.1.1	76,854,820	2,171,497,551
Deletions during the period / year (NBV)	5.1.1	(567,397)	(518,475)
Depreciation charged during the period / year		<u>(208,100,347)</u>	<u>(684,897,652)</u>
Closing NBV		<u>14,597,905,252</u>	<u>14,729,718,176</u>

5.1.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (NBV)	
	30 September 2019 (Un-audited)	30 September 2018 (Un-audited)	30 September 2019 (Un-audited)	30 September 2018 (Un-audited)
	----- (Rupees) -----			
Buildings on leasehold land	4,340,572	2,251,975	-	-
Plant and machinery	64,263,932	44,377,418	-	-
Furniture and fittings	436,176	1,127,576	-	-
Office equipment	1,051,140	4,810,518	-	-
Vehicles	6,500,500	4,133,600	552,538	4,975
Computers	262,500	12,387,799	14,859	-
	<u>76,854,820</u>	<u>69,088,886</u>	<u>567,397</u>	<u>4,975</u>

5.2 Capital work-in-progress

During the period, capital work in progress amounting to Rs. 46.14 million (September 2018: 26.41 million) was transferred to operating fixed assets.

	30 September 2019 (Un-audited)	30 June 2019 (Audited)
	----- (Rupees) -----	
6. STOCK-IN-TRADE		
Raw materials		
- In hand	2,863,999,112	1,974,243,847
- In transit	1,446,984,832	1,489,036,888
	<u>4,310,983,944</u>	<u>3,463,280,735</u>
Work-in-process	954,191,801	746,594,467
Finished goods		
- Manufactured	3,053,704,505	2,374,173,266
- Trading	-	2,549,651
	<u>3,053,704,505</u>	<u>2,376,722,917</u>
	<u>8,318,880,250</u>	<u>6,586,598,119</u>

7. SHORT-TERM INVESTMENT

Represents term deposit receipt held by commercial bank as a lien for guarantee issued on behalf of the Company and carry interest of 11.25 % per annum having maturity in October 2019.

8. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Includes security deposits amounting to Rs. 24.26 million (June 30, 2019: Rs.10.40 million)

9. OTHER RECEIVABLE

Includes sales tax refundable amounting to Rs. 545.19 million (June 30, 2019: Rs. 127.05 million)

10. LONG-TERM FINANCES

Includes term finance facilities amounting to Rs.3,114.71 million (June 30, 2019: Rs.2,272.54 million)

11. LOAN FROM RELATED PARTY- Unsecured

Loan from director	264,444,444	280,000,000
Current portion	<u>(202,222,223)</u>	<u>-</u>
	<u>62,222,222</u>	<u>280,000,000</u>

12. ACCRUED INTEREST / MARK UP / PROFIT

Long-term finance	111,700,748	39,274,390
Short-term finance	349,397,926	303,440,491
Loan from related party	<u>19,027,025</u>	<u>10,072,397</u>
	<u>480,125,699</u>	<u>352,787,278</u>

13. CONTINGENCIES AND COMMITMENTS**Contingencies**

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2019 except for note 26.1 as described below.

- During the year ended 30 June 2016, the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers' Unit (LTU), Karachi passed an Order on the contention that the Company had violated the provisions of Rule 58H of Chapter XI of the Sales Tax Special Procedure Rules, 2007 and raised an alleged demand of Rs. 2,013,620 million for the tax periods July 2013 to December 2014. The Company filed an appeal against the Order at the Appellate Tribunal Inland Revenue (ATIR) and had secured interim stay from the Honorable High Court of Sindh. During the outgoing financial year, the ATIR has decided the case in favour of the Company. However, during the period, the FBR filed reference application at the Honorable High Court of Sindh against the Tribunal's Order. The case is still pending adjudication.

	30 September 2019 (Un-audited)	30 June 2019 (Audited)
	----- (Rupees) -----	
Commitments		
13.1 Outstanding letters of credit	<u>2,891,659,901</u>	<u>3,153,847,202</u>
13.2 Outstanding letters of guarantee	<u>755,666,134</u>	<u>490,541,134</u>
13.3 Post dated cheques issued to Collector of Customs	<u>13,397,145</u>	<u>-</u>
13.4 Commitments for rentals payable under Ijarah contracts in respect of vehicles and plant and machinery with Islamic banks are as follows:		
Not later than one year	<u>52,937,864</u>	<u>56,833,532</u>
Later than one year but not later than five years	<u>76,844,298</u>	<u>85,183,622</u>

	30 September 2019 (Un-audited)	30 September 2018 (Un-audited)
	----- (Rupees) -----	
14. OTHER CHARGES		
Workers' Profit Participation fund	-	22,614,373
Workers' Welfare fund	-	9,045,749
Loss on disposal of property, plant & equipment	-	192
Donation	<u>3,681,289</u>	<u>4,626,792</u>
	<u>3,681,289</u>	<u>36,287,106</u>

	30 September 2019 (Un-audited)	30 September 2018 (Un-audited)
	----- (Rupees) -----	
15. OTHER INCOME		
Income from financial assets		
Profit on deposits accounts/term deposit receipts	1,009,266	277,244
Income from non-financial assets		
Gain on disposal of property, plant & equipment	354,003	-
Exchange gain	4,414,322	504,300
Scrap sales	1,396,995	-
Reversal of Bad debt provision	-	21,746,353
	<u>7,174,586</u>	<u>22,527,897</u>

16. FINANCE COSTS

Includes mark up on short term borrowings amounting to Rs. 423.71 million (September 30, 2018: Rs 161.30 million) and on long term borrowing Rs.116.11 million (September 30, 2018: Rs. 43.54 million)

17. TAXATION

Current	131,935	134,789
Deferred	<u>(95,023,736)</u>	<u>11,904,488</u>
	<u>(94,891,801)</u>	<u>12,039,277</u>

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2019. There have been no changes in any risk management policies since the year end.

The carrying values of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

19. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise directors, key management personnel and retirement fund. Transactions with related parties are as follows:

<u>Relationship</u>	<u>Nature of transaction</u>	30 September	30 September
		2019 (Un-audited)	2018 (Un-audited)
		----- (Rupees) -----	
Key management personnel	Remuneration and other benefits	<u>60,348,676</u>	<u>62,774,597</u>
	Meeting fees	<u>800,000</u>	<u>900,000</u>
Unfunded & Unapproved Gratuity fund	Contribution to fund	<u>15,048,471</u>	<u>8,964,304</u>
Director	Mark up charged on loan	<u>8,954,630</u>	<u>-</u>
	Repayment of principal	<u>15,555,556</u>	<u>-</u>
<u>Balances</u>			
Payable to director against loan & interest		<u>283,471,468</u>	<u>-</u>

20. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on 30 October 2019 by the Board of Directors of the Company.

21. GENERAL

- 21.1 Figures have been rounded off to the nearest Rupee, unless otherwise stated.
21.2 Corresponding figures have been reclassified / rearranged, wherever necessary.



Chief Executive Officer



Director



Chief Financial Officer

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







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