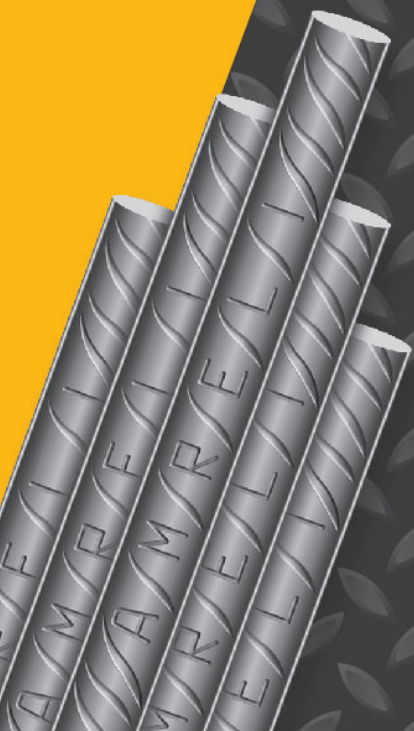


AMRELI STEELS LIMITED

**REPORT FOR THE HALF YEAR
AND QUARTER ENDED**

31 DECEMBER 2021



AMRELI STEELS
Building for Life

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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. Kinza Shayan	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

Ms. Alina Osama Ali

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
Plot No. 32-C, Jami Commercial Street - 2, D.H.A.,
Phase -VII, Karachi-75500.
UAN: (021) 111-000-322 Direct No: (021) 35310187
Email: sfc@thk.com.pk

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

Al Baraka Bank Pakistan Limited	MCB Bank Limited
Allied Bank Limited	MCB Islamic Bank Limited
Askari Bank Limited	Meezan Bank Limited
Bank Al Habib Limited	National Bank Limited
Bank Alfalah Limited	Samba Bank Limited
Bank Islami Pakistan Limited	Silk Bank Limited
Dubai Islamic Bank Pakistan Limited	Soneri Bank Limited
Faysal Bank Limited	Standard Chartered Bank (Pakistan) Limited
Habib Bank Limited	Summit Bank Limited
Habib Metropolitan Bank Limited	The Bank of Punjab
JS Bank Limited	United 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 Ghara, Tapo Ghara,
Taluka Mirpur Sakro
(Distt: Thatta), Sindh, Pakistan

SYMBOL AT PAKISTAN STOCK EXCHANGE LIMITED

ASTL

WEBSITE INFORMATION

www.amrelisteels.com

**DIRECTORS' REVIEW REPORT
FOR THE HALF YEAR ENDED 31 DECMEBER 2021**

The Board of Directors of your Company present their review on the financial and operational performance of the Company for the half year ended 31 December 2021 and the future outlook.

Your Company registered net sales of Rs.26.6 billion during the first half of ongoing financial year showing a growth of 52.5% in the top line as compared to the corresponding period last year. The gross profit for the half year increased from 1.9 billion (10.8%) to 3.4 billion (12.7%) due to better price retention and increase in operational efficiencies. The operating profit registered an impressive growth of 102% to Rs.2.4 billion during the half year under review as compared to Rs.1.2 billion in the similar period last year. The Company registered profit before tax of Rs.1.55 billion and profit after tax of Rs.1.3 billion as compared to profit before tax of Rs.353 million and profit after tax of Rs.423 million in the corresponding period last year. Consequently, the Company achieved an EPS of Rs.4.39 per share as against Rs.1.42 per share in the similar period last year.

While comparing operational results of the second quarter with the first quarter of the ongoing financial year, net sales of your Company increased from Rs.11.8 billion to Rs.14.7 billion showing growth of Rs.2.9 billion (24.7%). The operating profit for the second quarter was Rs.1.16 billion (7.8%), slightly lower than the operating profit reported in the first quarter this year, which was Rs.1.24 billion (10.5%) mainly because of increase in distribution costs. The Company registered profit before tax of Rs.691 million (4.7%) as compared to Rs.857 million in the first quarter (7.2%) and profit after tax of Rs.601 million (4.1%) compared to Rs.701 million in the first quarter (5.9%).

The key financial highlights of the Company are as follows –

	Half Year Ended 31 December 2021 (Rs. in millions)	Half Year Ended 31 December 2020 (Rs. in millions)
Net sales	26,621	17,452
Gross profit	3,391	1,891
Operating profit	2,403	1,189
Profit before tax	1,549	353
Profit after tax	1,303	423
Earnings per share (both basic and diluted) (in Rupees)	4.39	1.42

According to the latest Economic Update and Outlook from the Finance Division of Government of Pakistan, the overall LSM posted a growth of 3.3 percent during the period Jul-Nov FY-2022. The Iron & Steel sector posted a positive growth of 25.3 percent with an array of construction activities being witnessed in the said period.

As per the recent publication from the State Bank of Pakistan, the banks' outstanding credit for housing and construction increased by Rs.163 billion (from Rs.192 billion to Rs.355 billion) during the calendar year 2021, recording an exceptional growth of 85%. Within the housing and construction portfolio, disbursements under Government Markup Subsidy scheme (Mera Pakistan Mera Ghar - MPMG) increased by Rs.38 billion. The State Bank has also taken a number of steps to create an enabling regulatory environment for banks to increase the flow of financing to the housing sector which augers well for the construction steel industry in Pakistan. The construction industry, wherein steel serves as a primary commodity, is expected to maintain its upward trajectory in the foreseeable future, albeit a number of economic and geo political challenges are being seen on the horizon.

On a macro perspective, the current account deficit is under continuous pressure and sustainable growth can only be possible if the GoP is able to increase exports in new and non-traditional sectors. The ever increasing cost of production due to increase in energy costs does not bode well for the economic and industrial growth of the country.

The management is working persistently to improve efficiencies in the operations, increase capacity utilization and enhance its sales footprint across the country to hold its position as the top brand of choice for all stakeholders in the country.

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

For & on behalf of Board of Directors



Shayan Akberali
Chief Executive Officer



Teizoon Kisat
Director

03 February 2022
Karachi

حکومت پاکستان کے فنانس ڈویژن کی جانب سے شائع کی جانے والی حالیہ ماہانہ رپورٹ کے مطابق جولائی تا نومبر 2021 میں بڑے پیداواری پونیس کی جانب سے شرح نمو 3.3% درج کی گئی ہے جبکہ لوہے اور اسٹیل کی انڈسٹری کی جانب سے شرح نمو 25.3% رہی جس کی وجہ زیر نظر عرصے کے دوران تعمیراتی کاموں کا جاری رہنا تھا۔

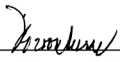
اسٹیٹ بینک آف پاکستان کی جانب سے شائع کردہ اشاعت کے مطابق سال 2021 کے دوران بینکوں کی جانب سے گھروں اور تعمیرات کیلئے دیئے جانے والے قرضوں کے حجم میں 163 ارب روپے کا اضافہ ہوا جو کہ 192 ارب روپے سے بڑھ کر 355 ارب روپے ہو گیا جو کہ 85% کا خاطر خواہ اضافہ بنتا ہے۔ گھروں اور ان کی تعمیرات کے منصوبے کے تحت حکومت کی نیا پاکستان ہاؤسنگ اسکیم "میرا پاکستان میرا گھر" کے تحت دیئے جانے والے قرضوں میں 38 ارب روپے کا اضافہ ہوا۔ اسٹیٹ بینک کی جانب سے بھی ہاؤسنگ فنانس کیلئے فنڈ مختص کئے جانے کے سلسلے میں بینکوں کیلئے قواعد مرتب کئے گئے ہیں جو پاکستان میں اسٹیل کی انڈسٹری کے فروغ کیلئے بہت اہمیت کے حامل ہیں۔ تعمیراتی صنعت، جس میں اسٹیل کی انڈسٹری بنیادی حیثیت کی حامل ہے، مستقبل میں بہتری کی جانب گامزن ہوتی نظر آ رہی ہے۔ البتہ ابھی تک معاشی اور سیاسی مسائل ہمارے سامنے بطور مبینہ حقائق موجود ہیں۔


کلی معاشی تناظر میں، کرنٹ اکاؤنٹ خسارہ مسلسل دباؤ کا شکار ہے اور درپور پائشر نمو کیلئے لازم ہوگا کہ حکومت پاکستان کی جانب سے نہ صرف برآمدات کو بڑھایا جائے بلکہ غیر روایتی سیکٹرز کو بھی برآمدات میں شامل کیا جائے۔ توانائی کی بڑھتی ہوئی قیمت کے پیش نظر پیداواری لاگت میں مسلسل اضافہ ہو رہا ہے جو کہ ملک کی معاشی اور صنعتی ترقی کیلئے ایک بڑی رکاوٹ ہے۔

کمپنی کی انتظامیہ انتھک محنت کر رہی ہے تاکہ کمپنی کے کاروباری افعال میں مزید بہتری لائی جائے، پیداواری صلاحیتوں میں اضافہ کیا جائے اور ملک کے طول عرض میں اپنی فروخت کا دائرہ پھیلا یا جائے تاکہ کمپنی وطن عزیز میں، تمام شراکت داروں کیلئے، ایک اعلیٰ معیار کے برانڈ کی حیثیت کو برقرار رکھ سکے۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز تمام شراکت داروں بشمول حصص داران، ملازمین، صارفین، مالیاتی اداروں اور ترسیل کاروں کے تہہ دل سے مشکور ہیں کہ کمپنی کو تقویت پہنچانے کیلئے ان کی حوصلہ افزائی اور حمایت ہمیشہ ہمارے شامل حال رہی۔

برائے و محابب بورڈ آف ڈائریکٹرز


تیزون کست
ڈائریکٹرز


شایان اکبر علی
چیف ایگزیکٹو آفیسر

3 فروری 2022

کراچی

یورڈ آف ڈائریکٹرز آپ کی کمپنی کی مالیاتی کاروباری کارکردگی برائے ششماہی اختتامیہ 31 دسمبر 2021 سے متعلق رپورٹ اور مستقبل کا جائزہ آپ کی خدمت میں پیش کر رہے ہیں۔

رواں مالی سال کی پہلی ششماہی کے دوران آپ کی کمپنی کی جانب سے صاف فروخت کا حجم 26.6 ارب روپے درج کیا گیا ہے جو کہ گزشتہ مالی سال کے اسی عرصے کے مقابلے میں 52.5% زائد ہے۔ دوران ششماہی خام منافع گزشتہ مالی سال کی ششماہی کے خام منافع کے مقابلے میں 1.9 ارب روپے (10.8%) سے بڑھ کر 3.4 ارب روپے (12.7%) ہو گیا جس کی وجہ قیمتوں میں استحکام اور کاروباری افعال کی بہتر کارکردگی رہی۔ زیر نظر ششماہی کے دوران کاروباری منافع میں زبردست اضافہ دیکھا گیا جو کہ گزشتہ مالی سال کی ششماہی کے مقابلے میں 102% اضافے کے ساتھ 2.4 ارب روپے رہا، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران یہ منافع 1.2 ارب روپے درج کیا گیا تھا۔ دوران ششماہی کمپنی کی جانب سے بالترتیب قبل از ٹیکس و بعد از ٹیکس منافع 1.55 ارب روپے درج کیا گیا ہے جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران منافع قبل از ٹیکس اور منافع بعد از ٹیکس بالترتیب 353 ملین اور 423 ملین روپے درج کیا گیا تھا۔ منافع میں ہونے والے اس اضافے کی وجہ سے زیر نظر ششماہی کے دوران آمدن فی حصص 4.39 روپے درج کی گئی ہے جو کہ گزشتہ مالی سال کی ششماہی کے دوران 1.42 روپے درج کی گئی تھی۔

رواں مالی سال کی پہلی سہ ماہی کے مقابلے میں دوسری سہ ماہی کے دوران آپ کی کمپنی کی جانب سے صاف فروخت کا حجم 11.8 ارب روپے سے بڑھ کر 14.7 ارب روپے درج کیا گیا ہے جو کہ گزشتہ سہ ماہی کے مقابلے میں 2.9 ارب روپے (24.7%) زائد ہے۔ دوسری سہ ماہی کے دوران کاروباری منافع 1.16 ارب روپے (7.8%) رہا جو کہ پہلی سہ ماہی کے دوران حاصل کئے گئے کاروباری منافع سے معمولی سا کم ہے جو کہ 1.24 ارب روپے (10.5%) درج کیا گیا تھا اس کی بنیادی وجہ مال کی ترسیل کے اخراجات میں اضافہ تھا۔ کمپنی کی جانب سے منافع قبل از ٹیکس 691 ملین روپے (4.7%) درج کیا گیا، جبکہ پہلی سہ ماہی کے دوران یہ منافع 857 ملین روپے (7.2%) درج کیا گیا تھا، زیر نظر عرصے کے دوران منافع بعد از ٹیکس 601 ملین روپے (4.1%) رہا جبکہ بعد از ٹیکس منافع پہلی سہ ماہی کے دوران 701 ملین روپے (5.9%) درج کیا گیا تھا۔

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

ششماہی اختتامیہ	ششماہی اختتامیہ	
31 دسمبر 2020	31 دسمبر 2021	
(روپے ملین میں)	(روپے ملین میں)	
17,452	26,621	صاف فروخت
1,891	3,391	خام منافع
1,189	2,403	کاروباری منافع
353	1,549	منافع قبل از ٹیکس
423	1,303	منافع بعد از ٹیکس
1.42	4.39	آمدن فی حصص (بنیادی و تخلیقی) (روپے میں)

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AMRELI STEELS LIMITED REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Amreli Steels Limited (the Company)** as at **December 31, 2021** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 condensed interim financial statements based on our review. The figures of condensed interim statement of profit or loss, condensed interim statement of comprehensive income and the notes forming part thereof for the three month period ended 31 December 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 31 December 2021.

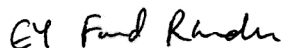
Scope of Review

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

The engagement partner on the review resulting in this independent auditor's review report is Mr. Omer Chugtai.



Chartered Accountants

Place: Karachi

Date: 15 February 2022

UDIN: RR2021101207LntX6RdS

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		31 December 2021 (Un-audited)	30 June 2021 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	20,805,758	20,146,267
Right of use asset		88,314	100,334
Intangible assets		15,722	18,624
Long-term investments		15,289	15,289
Long-term deposits		164,280	152,349
		<u>21,089,363</u>	<u>20,432,863</u>
CURRENT ASSETS			
Stores and spares		2,257,170	1,455,826
Stock-in-trade	5	11,925,006	5,992,162
Trade debts	6	5,647,712	6,320,346
Loans and advances		75,508	34,044
Trade deposits and short-term prepayments		44,282	21,072
Other receivables		16,978	275,213
Taxation – net		1,657,002	1,456,362
Cash and bank balances		184,596	378,573
		<u>21,808,254</u>	<u>15,933,598</u>
TOTAL ASSETS		<u>42,897,617</u>	<u>36,366,461</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		2,970,114	2,970,114
Capital reserve		2,788,742	2,788,742
Accumulated profit		5,811,168	4,471,374
Actuarial loss on gratuity fund		(64,168)	(64,168)
Revaluation surplus on property, plant and equipment – net of tax		3,738,257	3,774,568
		<u>15,244,113</u>	<u>13,940,630</u>
NON-CURRENT LIABILITIES			
Long-term financing	7	4,866,730	4,820,910
Long-term provision	8	160,497	166,963
Loan from related party		341,333	341,333
Deferred taxation	9	331,352	213,003
Deferred liability - defined benefit obligation		333,786	309,193
Lease liabilities		75,710	84,963
Government grant		103,056	925
		<u>6,212,464</u>	<u>5,937,290</u>
CURRENT LIABILITIES			
Trade and other payables	10	5,438,424	5,077,126
Contract liabilities		600,800	499,708
Interest / markup accrued		336,060	267,271
Short-term borrowings - secured	11	14,097,402	9,474,081
Current portion of long-term financing		913,748	1,129,289
Current portion of lease liabilities		22,049	22,854
Current portion of government grant		26,916	12,494
Unclaimed dividend		5,641	5,718
		<u>21,441,040</u>	<u>16,488,541</u>
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		<u>42,897,617</u>	<u>36,366,461</u>

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Half-year ended		Quarter-ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Note	----- (Rupees in '000) -----			
Sales	26,621,541	17,452,259	14,777,840	9,538,256
Cost of sales	(23,230,051)	(15,561,517)	(13,078,541)	(8,510,346)
Gross profit	3,391,490	1,890,742	1,699,299	1,027,910
Distribution costs	(502,917)	(444,801)	(264,028)	(243,315)
Administrative expenses	(354,463)	(258,055)	(176,873)	(142,383)
(Provision) / reversal of expected credit loss	(27,762)	24,536	(47,127)	58,453
Other expenses	(124,824)	(37,045)	(54,496)	(26,313)
Other income	21,325	3,599	5,508	1,699
Operating profit	2,402,849	1,178,976	1,162,283	676,051
Finance costs	13 (853,864)	(826,304)	(470,602)	(373,831)
Profit before taxation	1,548,985	352,672	691,681	302,220
Taxation	14 (245,502)	70,332	(90,053)	10,159
Net Profit for the period	1,303,483	423,004	601,628	312,379
	----- (Rupees) -----			
Earnings per share – basic and diluted	4.39	1.42	2.03	1.05

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Half-year ended		Quarter-ended	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Net profit for the period	1,303,483	423,004	601,628	312,379
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,303,483	423,004	601,628	312,379

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



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Capital reserve	Revenue reserve	Actuarial loss on gratuity fund	Revaluation surplus on property, plant and equipment	Total	
	Share premium	Accumulated profit				
------(Rupees in '000)-----						
Balance as at 30 June 2020 - Restated	2,970,114	2,788,742	2,963,238	(60,186)	2,288,611	10,950,519
Net Profit for the period	-	-	423,004	-	-	423,004
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	423,004	-	-	423,004
Incremental depreciation relating to revaluation surplus on property, plant and equipment – net of tax	-	-	28,816	-	(28,816)	-
Balance as at 31 December 2020 (Un-audited)	2,970,114	2,788,742	3,415,058	(60,186)	2,259,795	11,373,523
Balance as at 30 June 2021 (Audited)	2,970,114	2,788,742	4,471,374	(64,168)	3,774,568	13,940,630
Net profit for the period	-	-	1,303,483	-	-	1,303,483
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	1,303,483	-	-	1,303,483
Transferred to accumulated profit in respect of incremental depreciation during the period – net of tax	-	-	36,311	-	(36,311)	-
Balance as at 31 December 2021 (Un-audited)	2,970,114	2,788,742	5,811,168	(64,168)	3,738,257	15,244,113

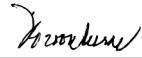
The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	31 December 2021	31 December 2020
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,548,985	352,672
Adjustments for:		
Depreciation on:		
- Operating fixed assets	4.1 336,696	254,776
- Right-of-use assets	11,942	11,154
Amortization	3,793	4,518
Bad debts written off	6.1 (52,441)	-
Reversal of provision for security deposits	(12,750)	-
Provision / (reversal) of expected credit loss	6.1 27,762	(24,536)
Provision for gratuity	35,115	28,135
Gain on disposal of operating fixed assets	(1,003)	(584)
Exchange loss on foreign currency	-	327
Finance costs	849,321	830,873
Interest expenses on leases	4,543	5,872
	<u>1,202,978</u>	<u>1,110,535</u>
	2,751,963	1,463,207
(Increase) / decrease in current assets:		
Stores and spares	(801,344)	238,247
Stock-in-trade	(5,932,844)	2,177,803
Trade debts	697,313	(282,916)
Loans and advances	(41,464)	(4,995)
Trade deposits and short-term prepayments	(10,460)	321,910
Other receivables	258,235	278,126
	<u>(5,830,564)</u>	<u>2,728,175</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	199,841	(41,460)
Contract liabilities	101,092	(286,027)
Cash (used in) / generated from operating activities	<u>(2,777,668)</u>	<u>3,863,895</u>
Income taxes paid	(327,795)	(228,808)
Gratuity paid	(10,522)	(14,215)
Finance costs paid	(780,532)	(1,157,721)
Long-term deposits – net	(11,931)	(18,838)
Net cash (used in) / generated from operating activities	<u>(3,908,448)</u>	<u>2,444,313</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,013,192)	(633,073)
Proceeds from disposal of operating fixed assets	18,008	11,902
Additions to intangible assets	(891)	(1,204)
Net cash used in investing activities	<u>(996,075)</u>	<u>(622,375)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(77)	(202)
Short-term borrowings – net	4,601,146	(2,047,393)
Long-term financing – net	(59,634)	271,535
Lease rentals paid	(14,521)	(13,554)
Net cash generated from / (used in) financing activities	<u>4,526,914</u>	<u>(1,789,614)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(377,609)</u>	<u>32,324</u>
Cash and cash equivalents at the beginning of the period	<u>(1,845,683)</u>	<u>(1,458,890)</u>
Cash and cash equivalents at the end of the period	<u>15 (2,223,292)</u>	<u>(1,426,566)</u>

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


Chief Executive Officer


Chief Financial Officer


Director

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

1. THE COMPANY AND ITS OPERATIONS

Amreli Steels Limited (the Company) was incorporated under repealed Companies Ordinance 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 registered office of the Company is situated at Plot No. A-18, S.I.T.E., Karachi

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements of the company 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:

- Provisions of and directives issued under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Act; and
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Act.

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

These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2021.

These condensed interim financial statements are unaudited, but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they have reviewed the cumulative figures for the six months ended December 31, 2021 and December 31, 2020.

2.2 ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended June 30, 2021.

2.3 Adoption of amendments to accounting standards and framework for financial reporting effective during the period.

The Company has adopted the following amendments of IFRSs and the framework for financial reporting which became effective for the current period:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendment)
- IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of the above amendments to accounting standards and framework did not have any effect on these condensed interim financial statements.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements is in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the company's annual unconsolidated financial statements for the year ended 30 June 2021.

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

Note	31 December 2021 (Un-audited)	30 June 2021 (Audited)
------	-------------------------------------	------------------------------

----- (Rupees in '000) -----

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.1	18,559,168	18,679,050
Capital work-in-progress	4.2	2,246,590	1,467,217
		<u>20,805,758</u>	<u>20,146,267</u>

4.1 Operating fixed assets

Balance at the beginning of the period / year		18,679,050	14,930,576
Additions during the period / year	4.1.1	233,819	2,526,299
Revaluation of fixed assets		-	1,863,973
Disposals during the period / year	4.1.1	(17,005)	(112,996)
Depreciation charged during the period / year		(336,696)	(528,802)
Balance at the end of the period / year		<u>18,559,168</u>	<u>18,679,050</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (Net book value)	
	31 December 2021 (Un-audited)	31 December 2020 (Un-audited)	31 December 2021 (Un-audited)	31 December 2020 (Un-audited)

----- (Rupees in '000) -----

Leasehold land	-	6,965	-	-
Buildings on leasehold land	77,092	2,694	-	-
Plant and machinery	103,886	238,812	15,088	33
Furniture and fittings	6,443	216	-	60
Office equipment	8,768	2,787	612	21
Vehicles	33,430	11,539	1,146	10,960
Computers	4,200	5,460	159	244
	<u>233,819</u>	<u>268,473</u>	<u>17,005</u>	<u>11,318</u>

4.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating fixed assets	Closing balance
	Un-audited			
	----- (Rupees in '000) -----			
Plant and machinery	526,802	871,199	(112,894)	1,285,107
Civil works	940,415	94,362	(73,294)	961,483
	1,467,217	965,561	(186,188)	2,246,590

	31 December 2021 (Un-audited)	30 June 2021 (Audited)
	----- (Rupees in '000) -----	
5 STOCK-IN-TRADE		
Raw materials		
- In hand	2,398,862	2,024,381
- In transit	3,008,018	1,391,467
	5,406,880	3,415,848
Work-in-process	1,955,082	790,973
Finished Goods	4,563,044	1,785,341
	11,925,006	5,992,162

6 TRADE DEBTS - UNSECURED

Considered Good		5,647,712	6,320,346
Considered Doubtful		257,716	282,395
		5,905,428	6,602,741
Allowance for expected credit Loss	6.1	(257,716)	(282,395)
Trade debts - net		5,647,712	6,320,346

6.1 Allowance for expected credit loss

The movement in expected credit loss during the year is as follows:

Balance at the beginning of the period/year	282,395	351,993
Provision / (reversal) recognised during the period / year	27,762	(69,598)
Written off during the period / year	(52,441)	-
Balance at end of the period / year	257,716	282,395

7 LONG-TERM FINANCING

7.1 During the period, the Company made drawdowns on Islamic Temporary Economic Refinance Facility (ITERF) obtained from an Islamic Bank for purchase of plant & machinery amounting to Rs. 421.155 million repayable in equal quarterly installments latest by October 2031 at markup of SBP rate plus 2.25% per annum. This facility is secured by first pari passu hypothecation charge over plant and machinery and mortgage charge over land and building.

The loan obtained under Islamic Temporary Economic Refinance Facility (ITERF) has been recognised at the present value by discounting at the effective rate of interest. The differential mark-up has been recognised as government grant which will be amortised to interest income over the period of facility.

7.2 During the period, the Company obtained financing from an Islamic bank under State Bank of Pakistan's renewable energy initiative for purchase of plant & machinery amounting to Rs. 214.880 million These carry markup at SBP rate plus 0.95% per annum repayable in equal quarterly installments latest by December 2029. These facility is secured by charge on all present and future current and fixed assets with 25% margin.

8 LONG-TERM PROVISION

Represents non-current portion of provision for Gas Infrastructure Development Cess (GIDC). During the year ended 30 June 2021, the Honourable Supreme Court of Pakistan (SCP) has upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intravires allowing settlement of GIDC over a period of forty-eight monthly installments. However, the Company has filed an appeal before the Honourable High Court of Sindh (The Court) on the grounds that no burden of GIDC had been passed to its customers and thus, the Company is not liable to pay GIDC under GIDC Act 2015. The Court vide its order dated September 22, 2020 has granted stay to the Company.

The Company without prejudice to the suit filed, has provided provision amounting to Rs. 227.482 million under the relevant accounting standards and ICAP guidelines in this regard.

31 December 2021 (Un-audited)	30 June 2021 (Audited)
----- (Rupees in '000) -----	

9 DEFERRED TAXATION

Deductible temporary differences arising in respect of:

Provisions	(266,255)	(274,728)
Unused tax credits	(2,288,089)	(2,357,543)
	<u>(2,554,344)</u>	<u>(2,632,271)</u>

Taxable temporary differences arising in respect of:

Accelerated tax depreciation / amortization	1,904,768	1,845,099
Right-of-use-assets	25,611	29,096
Surplus on revaluation of property, plant and equipment	955,317	971,079
	<u>2,885,696</u>	<u>2,845,274</u>
	<u>331,352</u>	<u>213,003</u>

10 TRADE AND OTHER PAYABLES

10.1 Includes murabaha amounting to Rs. 3,397 million (30 June 2021: 3,235 million) and Industrial Support Packages payable amounting to Rs. 272.671 million (30 June 2021: 272.671 million).

10.2 Includes current portion of provision for gas infrastructure development cess amounting to Rs. 66.985 million.

31 December 2021 (Un-audited)	30 June 2021 (Audited)
----- (Rupees in '000) -----	

11 SHORT-TERM BORROWINGS - secured

Cash Finance	774,977	712,513
Running Finance	2,407,888	2,224,256
Istisna	2,207,307	1,780,700
Finance against Trust Receipt	8,207,230	4,756,612
Money Market Loan	500,000	-
	<u>14,097,402</u>	<u>9,474,081</u>

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There were no material changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2021 except as described below.

During the period, the Additional Commissioner Inland Revenue (ACIR), Large Taxpayer Office (LTO), Karachi passed an Order under section 122(5A) of the Income Tax Ordinance, 2001 and raised an alleged demand of Rs. 150.207 million for the tax year 2017. The Company led an appeal against the Order at the Commissioner Inland Revenue (Appeals) – [CIR-(Appeals)] and had secured an interim stay from the CIR (Appeals) under Section 140 of the Income Tax Ordinance, 2001. Although the case is still pending adjudication, the Company based on the merits of the case and as per the advice of the tax advisor expects a favorable outcome on this matter and accordingly, no provision has been made in these financial statements.

31 December 2021 (Un-audited)	30 June 2021 (Audited)
----- (Rupees in '000) -----	

12.2 Commitments

12.2.1 Outstanding letters of credit	<u>5,934,836</u>	<u>5,069,790</u>
12.2.2 Outstanding letters of guarantee	<u>483,356</u>	<u>495,819</u>
12.2.3 Capital expenditure	<u>689,182</u>	<u>1,629,189</u>

12.2.4 Commitments for rentals payable under Ijarah contracts in respect of vehicles and plant and machinery with Islamic banks are as follows:

	31 December 2021 (Un-audited)	30 June 2021 (Audited)
	----- (Rupees in '000) -----	
Not later than one year	<u>58,456</u>	<u>60,914</u>
Later than one year but not later than five years	<u>75,509</u>	<u>88,407</u>

13 FINANCE COSTS

Includes mark up on long-term financing and short-term borrowings amounting to Rs. 253.83 million and Rs. 574.099 million (31 December 2020: Rs. 264.396 million and Rs. 543.222 million) respectively.

	Half year ended		Quarter ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	(Un-audited)		(Un-audited)	
	----- (Rupees in '000) -----			

14 TAXATION

Current	332,616	261,286	278,070	212,247
Deferred	<u>(87,114)</u>	<u>(331,618)</u>	<u>(188,017)</u>	<u>(440,830)</u>
	<u>245,502</u>	<u>(70,332)</u>	<u>90,053</u>	<u>(228,583)</u>

15 CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
	(Un-audited)	
	----- (Rupees in '000) -----	
Cash and bank balances	184,596	209,228
Running Finance	<u>(2,407,888)</u>	<u>(1,635,794)</u>
	<u>(2,223,292)</u>	<u>(1,426,566)</u>

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. 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 2021. There have been no change in any risk management policies since the year end.

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no transfers amongst levels during the period.

18 TRANSACTION WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, directors, shareholders, key management personnel and retirement benefit fund. Details of transactions with related parties during the period, other than those disclosed elsewhere in these condensed interim financial statements are as follows:

Nature of transaction	Relationship with the company	Half Year Ended		Quarter Ended	
		31 December		31 December	
		2021	2020	2021	2020
		(Un-audited)		(Un-audited)	
		----(Rupees in '000)----		----(Rupees in '000)----	
Meeting fee	Directors	2,100	2,825	800	800
Remuneration and other benefits	Key management personnel	236,537	139,300	142,539	76,565
Sale of vehicle	Key management personnel	775	-	775	-
Interest expense charged on loan from related party	Chairman, Non-Executive Director and shareholder	15,762	12,449	9,352	6,220
Contribution to staff gratuity fund	Retirement benefit fund	35,115	28,135	17,558	14,067
Sales of goods	Shareholder	5,300	230	2,810	-
Payment of interest on related parties loan	Director and shareholder	5,897	-	3,007	-
Purchases	Associates	389	29	-	-
Advance given for Rented office	Shareholder	8,190	-	8,190	-

18.1 All the transactions with related parties are entered in accordance with the terms of agreement as approved by Board of Directors of the Company.

19 OPERATING SEGMENTS

These condensed interim financial statements have been prepared on the basis of a single reportable segment.

Revenue from export sales represents 0.07% (December 31, 2020: 0.23%) of the total gross revenue of the Company.

All non-current assets of the Company as at 31 December 2021 and 2020 are located in Pakistan.

Sales made by the Company to its 20 major customers during the period constituted 17% (December 31, 2020: 25%) of total sales.

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 03 February 2022 by the Board of Directors of the Company.

21 GENERAL

21.1 Figures have been rounded off to the nearest thousand, unless otherwise stated.

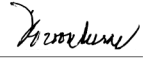
21.2 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison.



Chief Executive Officer



Chief Financial Officer



Director

Investors' Education

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