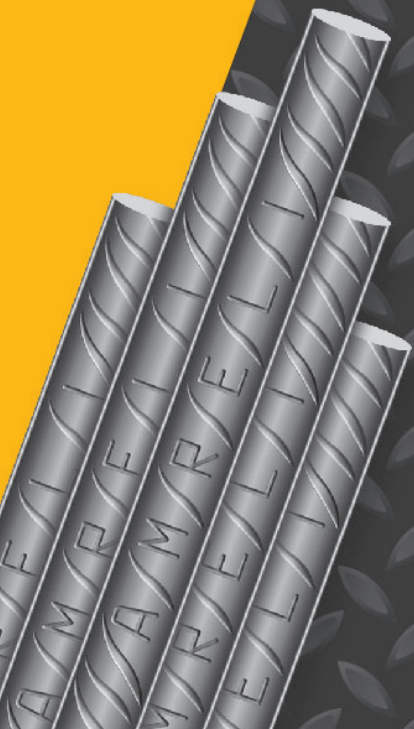


AMRELI STEELS LIMITED

**REPORT FOR THE NINE MONTHS
AND QUARTER ENDED**

31 MARCH 2022



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 Kisat	Independent Director
Ms. Kinza Shayan	Non-Executive Director
Ms. Mariam Akberali	Non-Executive Director

AUDIT COMMITTEE

Mr. Teizoon Kisat	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 Kisat	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 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 NINE MONTHS ENDED 31 MARCH 2022**

The Board of Directors of your Company present their review on the financial and operational performance of the Company for the quarter and nine months' period ended 31 March 2022.

Your Company remained committed towards its objective of maximizing value creation and recorded net sales of Rs.42.5 billion during the nine months of the current financial year, showing a massive growth of 56.2% in the top line as compared to the corresponding period last year. The gross profit for the nine months increased from Rs.3.2 billion to Rs.5.1 billion. The operating profit registered an impressive growth of 67.6% to Rs.3.6 billion during the nine months under review as compared to Rs.2.2 billion in the similar period last year. Profit before tax of Rs.2.1 billion and profit after tax of Rs.1.8 billion have been recorded for the nine months' period under review as compared to profit before tax of Rs.927.5 million and profit after tax of Rs.925.7 million in the corresponding period last year. Consequently, the Company achieved an EPS of Rs.6.18 per share as against Rs.3.12 per share in the similar period last year.

A total of 290,316 metric tons of rebars were produced as compared to 261,133 metric tons produced during the similar period last year, registering 11% YoY growth. Likewise, the sales' volumes also recorded a new high of 275,549 metric tons as compared to 262,381 metric tons in the similar period last year, showing a 5% YoY growth.

Comparing the third quarter of the current financial year with the corresponding quarter last year, your Company recorded net sales of Rs.15.9 billion as against Rs.9.8 billion of the corresponding quarter last year reflecting an increase of 63%. The gross profit was recorded at Rs.1.7 billion during the quarter under review as compared to Rs.1.3 billion in the similar period last year. Profit before and after tax were recorded at Rs.566 million and Rs.531 million respectively during the quarter under review as compared to the profit before and after tax of Rs.575 million and Rs.503 million respectively in the similar period last year. The results of this quarter are mainly attributable to our ever increasing customer-base, retention of sales price and achieving a high sales volumes of 96,637 metric tons as compared to 86,653 metric tons in the similar period last year, reflecting a 12% YoY growth.

The comparative summary of key financial highlights of the Company are as follows –

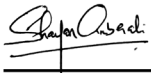
	Nine Months Ended 31 March 2022 (Rs. in millions)	Nine Months Ended 31 March 2021 (Rs. in millions)	Quarter Ended 31 March 2022 (Rs. in millions)	Quarter Ended 31 March 2021 (Rs. in millions)
Net sales	42,537	27,228	15,916	9,776
Gross profit	5,099	3,251	1,708	1,360
Operating profit	3,619	2,159	1,216	969
Profit before tax	2,115	927	566	575
Profit after tax	1,834	926	531	503
Earnings per share – basic and diluted (in Rupees)	6.18	3.12	1.79	1.69

After the Russian invasion of Ukraine, the commodity prices world over have risen sharply and so have the cost of funds. The situation has been further aggravated with Covid-19 lockdowns in China which have thrown the global supply chain in a complete disarray. These challenges have fueled global inflation in most countries resulting in an unprecedented increase in both energy and non-energy prices, and have resultantly lowered the growth outlook. Such pressures on currencies and inflation are impacting the domestic economy which has recently witnessed a turbulent political transition. Moreover, the recent hike in policy rate by the State Bank of Pakistan has pushed KIBOR to 12.25 percent with the PKR touching its all-time low against the USD (Rs.186 in April 2022). This has dampened the local demand and consumer confidence and has negatively impacted the overall growth in the country. There is an urgent need to take decisive actions by the new government by rolling out prudent fiscal policies to put Pakistan back on a sustained recovery path.

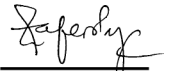
The management is focused on consolidating its business resources to enhance operational flexibility, optimizing cost structure and adopting strategies to align itself swiftly with the changing political and economic outlook.

The Board of Directors of your Company expresses its gratitude to the management team for their sincere and tireless efforts in maintaining high standards of excellence. The Board would also like to thank all its stakeholders including our valued shareholders, employees, customers, financial institutions and suppliers for their continued support and cooperation.

For & on behalf of Board of Directors



Shayan Akberali
Chief Executive Officer



Zafar Ahmed Taji
Director

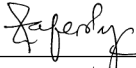
21 April 2022
Karachi

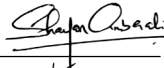
روس کی جانب سے یوکرین پر حملہ کئے جانے کے بعد نہ صرف ایشیاء کی قیمتیں عالمی سطح پر تیزی کے ساتھ بڑھی ہیں بلکہ فنڈز کی لاگت میں بھی بہت اضافہ ہو گیا ہے۔ مزید برآں، چین میں کوڈ-19 کے بعد لاک ڈاؤن لگائے جانے سے صورتحال مزید ابتر ہو گئی جس کے بعد عالمی سطح پر سپلائی چین بری طرح متاثر ہوئی ہے۔ اس صورتحال کے نتیجے میں دنیا میں کمی ممالک میں توانائی اور دیگر شعبوں میں ایشیاء کی قیمتوں میں ہوشربا اضافہ ہوا ہے جس کی کوئی نظیر نہیں ملتی، اس صورتحال میں شرح نمو بری طرح متاثر ہوئی ہے۔ ان تمام باتوں کے ساتھ ساتھ کئی کرنسی پر بڑھتے دباؤ اور پمپلے سے سیاسی عدم استحکام کا شکار معاشرہ، جس میں رونما ہونے والی حالیہ سیاسی تبدیلی سے مقامی معیشت کو مزید تذبذب کا شکار کر دیا ہے۔ اسی کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریش میں اضافہ کئے جانے کے بعد اب KIBOR بھی 12.25% تک جا پہنچا ہے جبکہ دوسری جانب ڈالر کے مقابلے میں پاکستانی روپیہ اپنی بہت ترین سطح کو چھو رہا ہے (186 روپیہ فی ڈالر برطانیہ اپریل 2022)۔ ان حالات میں مقامی سطح پر طلب اور صارفین کا اعتماد بری طرح متاثر ہوا ہے اور مجموعی طور پر ملک کی شرح نمو پر بھی منفی اثرات مرتب ہوئے ہیں۔ ضرورت اس امر کی ہے کہ ملک کو ایک مرتبہ پھر معاشی بحالی کے راستے پر گامزن کرنے کیلئے نئی حکومت کو زبردست مالیاتی پالیسیاں متعارف کرانا ہوں گی۔

کینیڈا کی انتظامیہ کی توجہ اس جانب مبذول ہے کہ اپنے کاروباری ذرائع کو مہلک اور خطرناک جذبے پر مہارکبا پیش کرتے ہیں۔ مزید برآں، یورڈمبر ان تمام شراکت داروں بشمول حصص داران، ملازمین، صارفین، مالیاتی اداروں اور خود کو بدلتے سیاسی اور معاشی ماحول کے مطابق ڈھال سکے۔

یورڈ آف ڈائریکٹرز کینیڈا کی انتظامیہ کو آگے اٹھانے اور خطرناک جذبے پر مہارکبا پیش کرتے ہیں۔ مزید برآں، یورڈمبر ان تمام شراکت داروں بشمول حصص داران، ملازمین، صارفین، مالیاتی اداروں اور تزیل کاروں کے تعاون اور حمایت پر اس کے صدر شکر گزار ہیں۔

برائے دلچسپ اور ڈائریکٹرز


ظفر اقبال
ڈائریکٹر


شایان اکبر
چیف ایگزیکٹو آفیسر

مؤرخہ 21 اپریل 2022
ہتمام کراچی

بورڈ آف ڈائریکٹرز 31 مارچ 2022 کو ختم ہونے والی سرمایہ نوامی سے متعلق کمپنی کے مالیاتی و کاروباری امور کی بابت اپنی جائزہ رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔

زیر نظر نوامی کے دوران آپ کی کمپنی سرمایہ کاری کی قدر میں اضافے کے بنیادی مقصد کے حصول کیلئے پرعزم رہی اور کمپنی کی جانب سے 42.5 ارب روپے کی صافی فروخت درج کی گئی ہے جو گزشتہ مالی سال کی نوامی کے مقابلے میں 56.2% زائد ہے۔ زیر نظر دورانے کے دوران خام منافع 3.6 ارب روپے کا کاروباری منافع کمایا گیا ہے، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران کمپنی کا کاروباری منافع 2.2 ارب روپے درج کیا گیا تھا۔ زیر نظر عرصے کے دوران منافع قبل از ٹیکس و منافع بعد از ٹیکس بالترتیب 2.1 ارب روپے اور 1.8 ارب روپے درج کیا گیا ہے، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران منافع قبل از ٹیکس و منافع بعد از ٹیکس بالترتیب 927.5 ملین روپے اور 925.7 ملین روپے درج کیا گیا تھا۔ نتیجتاً کمپنی کی فی شخص آمدن 6.18 روپے رہی جبکہ گزشتہ مالی سال کی نوامی کے دوران آمدن فی شخص 3.12 روپے درج کی گئی تھی۔

زیر نظر نوامی کے دوران کمپنی کی جانب سے 290,316 میٹرک ٹن ریمارڈ بنائے گئے، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران یہ پیداوار 261,133 میٹرک ٹن تھی، اس طرح سال بہ سال کی بنیاد پر شرح نموہ 11% درج کی گئی ہے۔ اسی طرح فروخت کے حجم میں بھی ریکارڈ اضافہ درج کیا گیا ہے جو کہ زیر نظر عرصے کے دوران 275,549 میٹرک ٹن رہا، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران یہ حجم 262,381 میٹرک ٹن درج کیا گیا تھا اور اس طرح سال بہ سال کی بنیاد پر اس ضمن میں 5% کی شرح نمو درج کی گئی ہے۔

زیر نظر دورانے میں مختصر تیسری سرمایہ کے دوران صافی فروخت کا حجم 15.9 ارب روپے درج کیا گیا ہے، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران 9.8 ارب روپے کی صافی فروخت درج کی گئی تھی اور اس طرح صافی فروخت میں دونوں متعلقہ عرصوں کے مابین 63% کا اضافہ ہوا ہے۔ زیر نظر سرمایہ کے دوران 1.7 ارب روپے کا خام منافع درج کیا گیا ہے جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران 1.3 ارب روپے کا خام منافع کمایا گیا تھا۔ زیر نظر سرمایہ کے دوران منافع قبل از ٹیکس و منافع بعد از ٹیکس بالترتیب 566 ملین روپے اور 531 ملین روپے درج کیا گیا ہے، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران یہ منافع بالترتیب 575 ملین روپے اور 503 ملین روپے درج کیا گیا تھا۔ زیر نظر سرمایہ کے نتائج کی بنیادی وجوہات میں کمپنی کی فروخت کے دائرہ کار میں مسلسل اضافہ، قیمت فروخت میں استحکام اور فروخت کی گیم میں زبردست اضافہ شامل ہیں اور اس زیر نظر سرمایہ میں کمپنی کی جانب سے 12% اضافے کے ساتھ 96,637 میٹرک ٹن کی خاطر خواہ فروخت کی گئی، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران 86,653 میٹرک ٹن درج کی گئی تھی۔

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

نوامی اختتامیہ	نوامی اختتامیہ	نوامی اختتامیہ	نوامی اختتامیہ	
31 مارچ 2022	31 مارچ 2022	31 مارچ 2021	31 مارچ 2021	
(روپے ملین میں)	(روپے ملین میں)	(روپے ملین میں)	(روپے ملین میں)	
42,537	15,916	27,288	9,776	صافی فروخت
5,099	1,708	3,251	1,360	خام منافع
3,619	1,216	2,159	969	کاروباری منافع
2,115	566	927	575	منافع قبل از ٹیکس
1,834	531	926	503	منافع بعد از ٹیکس
6.18	1.79	3.12	1.69	آمدن فی شخص بنیادی و تھیلی (روپے میں)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		31 March 2022 (Un-audited)	30 June 2021 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	21,290,588	20,146,267
Right of use asset		82,379	100,334
Intangible assets		13,797	18,624
Long-term investments		14,289	15,289
Long-term deposits		166,507	152,349
		21,567,560	20,432,863
CURRENT ASSETS			
Stores and spares		2,951,994	1,455,826
Stock-in-trade	5	12,113,999	5,992,162
Trade debts	6	5,857,089	6,320,346
Loans and advances		79,553	34,044
Trade deposits and short-term prepayments		28,366	21,072
Other receivables		34,191	275,213
Taxation – net		1,763,300	1,456,362
Cash and bank balances		266,951	378,573
		23,095,443	15,933,598
		44,663,003	36,366,461
TOTAL ASSETS			
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		6,360,092	4,471,374
Actuarial loss on gratuity fund		(64,168)	(64,168)
Revaluation surplus on property, plant and equipment – net of tax		3,719,901	3,774,568
		15,774,681	13,940,630
NON-CURRENT LIABILITIES			
Long-term financing	7	4,668,914	4,820,910
Long-term provision	8	159,641	166,963
Loan from related party		341,333	341,333
Deferred taxation	9	295,677	213,003
Deferred liability - defined benefit obligation		338,506	309,193
Lease liabilities		72,611	84,963
Government grant		155,237	925
		6,031,919	5,937,290
CURRENT LIABILITIES			
Trade and other payables	10	5,834,517	5,077,126
Contract liabilities		916,259	499,708
Interest / markup accrued		529,706	267,271
Short-term borrowings - secured	11	14,341,487	9,474,081
Current portion of long-term financing		1,168,413	1,129,289
Current portion of lease liabilities		21,965	22,854
Current portion of government grant		38,419	12,494
Unclaimed dividend		5,637	5,718
		22,856,403	16,488,541
CONTINGENCIES AND COMMITMENTS			
	12		
TOTAL EQUITY AND LIABILITIES		44,663,003	36,366,461

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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2022

	Nine-months ended		Quarter-ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Note	----- (Rupees in '000) -----			
Sales	42,537,223	27,227,909	15,915,682	9,775,650
Cost of sales	(37,438,087)	(23,977,040)	(14,208,036)	(8,415,523)
Gross profit	5,099,136	3,250,869	1,707,646	1,360,127
Distribution costs	(810,584)	(660,419)	(307,667)	(215,618)
Administrative expenses	(511,289)	(390,855)	(156,826)	(132,800)
(Provision) / reversal of expected credit loss	(10,618)	26,789	17,144	2,253
Other expenses	(170,668)	(88,891)	(45,844)	(51,846)
Other income	23,329	21,367	2,004	7,327
Operating profit	3,619,306	2,158,860	1,216,457	969,443
Finance costs	13 (1,504,100)	(1,231,389)	(650,236)	(394,644)
Profit before taxation	2,115,206	927,471	566,221	574,799
Taxation	14 (281,155)	(1,738)	(35,653)	(72,070)
Net Profit for the period	1,834,051	925,733	530,568	502,729
	----- (Rupees) -----			
Earnings per share – basic and diluted	6.18	3.12	1.79	1.69

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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2022

	Nine-months ended		Quarter-ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	----- (Rupees in '000) -----			
Net profit for the period	1,834,051	925,733	530,568	502,729
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>1,834,051</u>	<u>925,733</u>	<u>530,568</u>	<u>502,729</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 CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2022

	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 - (Audited)	2,970,114	2,788,742	3,125,906	(60,186)	2,288,611	11,113,187
Net profit for the period	-	-	925,733	-	-	925,733
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	925,733	-	-	925,733
Incremental depreciation relating to revaluation surplus on property, plant and equipment – net of tax	-	-	43,390	-	(43,390)	-
Balance as at 31 March 2021 (Un-audited)	2,970,114	2,788,742	4,095,029	(60,186)	2,245,221	12,038,920
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	-	-	1,834,051	-	-	1,834,051
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	1,834,051	-	-	1,834,051
Transferred to accumulated profit in respect of incremental depreciation during the period – net of tax	-	-	54,667	-	(54,667)	-
Balance as at 31 March 2022 (Un-audited)	2,970,114	2,788,742	6,360,092	(64,168)	3,719,901	15,774,681

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 NINE MONTHS ENDED 31 MARCH 2022

	31 March 2022	31 March 2021
Note	----- (Rupees in '000) -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,115,206	927,471
Adjustments for:		
Depreciation on:		
- Operating fixed assets	4.1 511,716	389,890
- Right-of-use assets	17,906	16,992
Amortization	5,718	6,803
Bad debts written off	6.1 (55,116)	-
Reversal of provision for security deposits	(12,750)	-
Provision / (reversal) of expected credit loss	6.1 10,618	(26,789)
Provision for gratuity	52,672	42,203
(Loss)/Gain on disposal of operating fixed assets	(1,418)	1,130
Exchange loss on foreign currency	-	(5)
Finance costs	1,497,057	1,222,572
Interest expenses on leases	7,043	8,816
	<u>2,033,446</u>	<u>1,661,612</u>
	4,148,652	2,589,083
Increase in current assets:		
Stores and spares	(1,496,168)	408,908
Stock-in-trade	(6,321,309)	(1,383,374)
Trade debts	507,755	(448,276)
Loans and advances	(45,508)	(6,941)
Trade deposits and short-term prepayments	5,456	610,754
Other receivables	241,022	53,886
	<u>(7,108,752)</u>	<u>(765,043)</u>
(Decrease) / Increase in current liabilities:		
Trade and other payables	331,205	16,384
Contract liabilities	416,549	(548,657)
Cash (used in) / generated from operating activities	<u>(2,212,346)</u>	<u>1,291,767</u>
Income taxes paid	(505,422)	(325,037)
Gratuity paid	(23,359)	(24,048)
Long-term deposits – net	(14,157)	(16,815)
Net Cash (used in) / generated from operating activities	<u>(2,755,284)</u>	<u>925,867</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,673,787)	(794,457)
Proceeds from disposal of operating fixed assets	19,168	26,402
Additions to intangible assets	(891)	(2,679)
Net cash used in investing activities	<u>(1,655,510)</u>	<u>(770,734)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings – net	6,946,144	648,072
Long-term financing – net	67,362	235,970
Long-term investment	1,000	-
Dividend paid	(80)	(233)
Finance cost paid	(1,234,621)	(1,487,895)
Lease rentals paid	(20,234)	(22,892)
Net cash generated from / (used in) financing activities	<u>5,759,571</u>	<u>(626,978)</u>
Net Increase/ (decrease) in cash and cash equivalents	<u>1,348,777</u>	<u>(471,845)</u>
Cash and cash equivalents at the beginning of the period	<u>(1,845,682)</u>	<u>(1,458,892)</u>
Cash and cash equivalents at the end of the period	<u>15 (496,905)</u>	<u>(1,930,737)</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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2022

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 30 June 2021.

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 30 June 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 March 2022 (Un-audited)	30 June 2021 (Audited)
----- (Rupees in '000) -----			
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	18,591,709	18,679,050
Capital work-in-progress	4.2	2,698,879	1,467,217
		<u>21,290,588</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	442,125	2,526,299
Revaluation of fixed assets		-	1,863,973
Disposals during the period / year	4.1.1	(17,750)	(112,996)
Depreciation charged during the period / year		(511,716)	(528,802)
Balance at the end of the period / year		<u>18,591,709</u>	<u>18,679,050</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (Net book value)	
	31 March 2022 (Un-audited)	31 March 2021 (Un-audited)	31 March 2022 (Un-audited)	31 March 2021 (Un-audited)
----- (Rupees in '000) -----				
Leasehold land	-	6,965	-	-
Buildings on leasehold land	80,241	2,694	-	-
Plant and machinery	290,354	271,992	15,301	15,487
Furniture and fittings	7,426	265	-	59
Office equipment	20,968	4,362	784	22
Vehicles	35,116	21,050	1,506	11,715
Computers	8,020	7,368	159	250
	<u>442,125</u>	<u>314,696</u>	<u>17,750</u>	<u>27,533</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	1,404,388	(305,553)	1,625,637
Civil works	940,415	168,068	(80,241)	1,028,242
Free Land	-	45,000	-	45,000
	<u>1,467,217</u>	<u>1,617,456</u>	<u>(385,794)</u>	<u>2,698,879</u>

		31 March 2022 (Un-audited)	30 June 2021 (Audited)
		----- (Rupees in '000) -----	
5 STOCK-IN-TRADE			
Raw materials			
- In hand		3,963,039	2,024,381
- In transit		<u>2,509,456</u>	<u>1,391,467</u>
		<u>6,472,495</u>	<u>3,415,848</u>
Work-in-process		1,149,013	790,973
Finished Goods		<u>4,492,491</u>	<u>1,785,341</u>
		<u>12,113,999</u>	<u>5,992,162</u>

6 TRADE DEBTS - UNSECURED

Considered good	6.2	5,857,089	6,320,346
Considered doubtful		<u>237,897</u>	<u>282,395</u>
		<u>6,094,986</u>	<u>6,602,741</u>
Allowance for expected credit Loss	6.1	<u>(237,897)</u>	<u>(282,395)</u>
Trade debts - net		<u>5,857,089</u>	<u>6,320,346</u>

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	<u>10,618</u>	<u>(69,598)</u>
Written off during the period / year	<u>(55,116)</u>	<u>-</u>
Balance at end of the period / year	<u>237,897</u>	<u>282,395</u>

6.2 Includes related party balance amounting to Rs.0.258 million (30 June 2021 Rs.0.258 million)

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. 640.899 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. 236.807 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 22 September 2020 has granted stay to the Company.

The Company without prejudice to the suit filed, has provided provision amounting to Rs. 226.559 million under the relevant accounting standards and ICAP guidelines in this regard.

9 DEFERRED TAXATION

Deductible temporary differences arising in respect of:

	31 March 2022 (Un-audited) ----- (Rupees in '000) -----	30 June 2021 (Audited)
Provisions	(260,685)	(274,728)
Unused tax credits	(2,356,531)	(2,357,543)
	<u>(2,617,216)</u>	<u>(2,632,271)</u>

Taxable temporary differences arising in respect of:

	31 March 2022	30 June 2021
Accelerated tax depreciation / amortization	1,941,184	1,845,099
Right-of-use-assets	23,890	29,096
Surplus on revaluation of property, plant and equipment	947,819	971,079
	<u>2,912,893</u>	<u>2,845,274</u>
	<u>295,677</u>	<u>213,003</u>

10 TRADE AND OTHER PAYABLES

10.1 Includes Murabaha amounting to Rs. 3,854 million (30 June 2021: Rs. 3,235 million) and Industrial Support Packages payable amounting to Rs. Nil (30 June 2021: Rs. 272.671 million).

10.2 Includes current portion of provision for gas infrastructure development cess amounting to Rs. 66.918 million.

	31 March 2022 (Un-audited) ----- (Rupees in '000) -----	30 June 2021 (Audited)
Cash Finance	203,229	712,513
Running Finance	763,856	2,224,256
Istisna	2,275,744	1,780,700
Finance against Trust Receipt	10,723,658	4,756,612
Short-term financing	375,000	-
	<u>14,341,487</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.

Refer Contingency Note # 31.5 appearing in financial statements for the period ended 30 June 2021. During the year, 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. 72.24 million for the tax year 2015. The Company is currently contesting the said Order at the Appellate Tribunal Inland Revenue. Although the case is still pending adjudication, the Company based on the merits of the case expects a favorable outcome on this matter and accordingly, no provision has been made in these financial statements.

	31 March 2022 (Un-audited) ----- (Rupees in '000) -----	30 June 2021 (Audited)
12.2 Commitments		
12.2.1 Outstanding letters of credit - Material	<u>5,910,747</u>	<u>5,069,790</u>
12.2.2 Outstanding letters of credit - Capex	<u>365,337</u>	<u>1,629,189</u>
12.2.3 Outstanding letters of guarantee	<u>483,356</u>	<u>495,819</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 March 2022 (Un-audited) ----- (Rupees in '000) -----	30 June 2021 (Audited)
Not later than one year	<u>51,881</u>	<u>60,914</u>
Later than one year but not later than five years	<u>65,818</u>	<u>88,407</u>

13 FINANCE COSTS

Includes mark up on long-term financing and short-term borrowings amounting to Rs. 381.114 million and Rs.1,069.285 million (31 March 2021: Rs. 395.324 million and Rs. 793.603 million) respectively.

Nine-months ended		Quarter ended	
31 March 2022 (Un-audited)	31 March 2021	31 March 2022 (Un-audited)	31 March 2021
----- (Rupees in '000) -----			

14 TAXATION

Current	198,481	151,756	(134,135)	(109,530)
Deferred	<u>82,674</u>	<u>(150,018)</u>	<u>169,788</u>	<u>181,600</u>
	<u>281,155</u>	<u>1,738</u>	<u>35,653</u>	<u>72,070</u>

15 CASH AND CASH EQUIVALENTS

	31 March 2022 (Un-audited) ----- (Rupees in '000) -----	31 March 2021
Cash and bank balances	266,951	145,904
Running Finance	<u>(763,856)</u>	<u>(2,076,641)</u>
	<u>(496,905)</u>	<u>(1,930,737)</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	Nine-months Ended		Quarter Ended	
		31 March		31 March	
		2022 (Un-audited) ----(Rupees in '000)----	2021	2022 (Un-audited) ----(Rupees in '000)----	2021
Meeting fee	Directors	3,400	4,200	1,300	1,375
Remuneration and other benefits	Key management personnel	325,242	203,915	88,705	64,615
Sale of vehicle	Key management personnel	1,166	-	391	-
Interest expense charged on loan from related party	Chairman, Non-Executive Director and shareholder	25,819	18,577	10,058	6,128
Contribution to staff gratuity fund	Retirement benefit fund	52,672	42,203	17,557	14,068
Sales of goods	Shareholder	11,774	230	6,474	-
Payment of interest on related parties loan	Director and shareholder	5,897	-	-	-
Purchases	Associates	389	63	-	34
Advance given for Rented office	Shareholder	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 0.04% (31 March 2021: 0.17%) of the total gross revenue of the Company.

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

Sales made by the Company to its 20 major customers during the period constituted 16% (31 March 2021: 23%) of total sales.

20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 21 April 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

In pursuance of SRO 924(1)/2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors.

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







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