

AMRELI STEELS LIMITED

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

31 MARCH 2023



**AMRELI
STEELS**

TABLE OF CONTENTS

Contents	Page No.
Company Information	02
Directors' Review Report	04
Condensed Interim Statement of Financial Position	06
Condensed Interim Statement of Profit or Loss	07
Condensed Interim Statement of Other Comprehensive Income	08
Condensed Interim Statement of Changes in Equity	09
Condensed Interim Statement of Cash Flows	10
Notes to the Condensed Interim Financial Statements	11
Investors' Education (Jama Punji)	17

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
Mr. Hadi Abbas Akberali	Executive Director
Ms. Mariam Akberali	Non-Executive Director

AUDIT COMMITTEE

Mr. Teizoon Kisat	Chairman
Mr. Badar Kazmi	Member
Mr. Zafar Ahmed Taji	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Zafar Ahmed Taji	Chairman
Mr. Teizoon Kisat	Member
Mr. Shayan Akberali	Member

CHIEF OPERATING OFFICER (STRATEGY)

Mr. Hadi Abbas Akberali

CHIEF OPERATING OFFICER (OPERATIONS)

Mr. Fazal Ahmed

CHIEF FINANCIAL OFFICER

Mr. Taha Umer

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

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

LEGAL ADVISOR

Lex Firma
Advocates, Barristers & Legal Consultants
418, Continental Trade Centre, Clifton, Karachi.

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 of Khyber	Samba Bank Limited
Bank Alfalah Limited	Silk Bank Limited
Bank Islami Pakistan Limited	Soneri Bank Limited
Dubai Islamic Bank Pakistan Limited	Standard Chartered Bank (Pakistan) Limited
Faysal Bank Limited	Summit Bank Limited
Habib Bank Limited	The Bank of Punjab
Habib Metropolitan Bank Limited	United Bank Limited
JS 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 PERIOD ENDED 31 MARCH 2023

The Directors of your Company present an assessment over the unaudited condensed interim financial results of the Company for the third quarter and nine months' period ended 31 March 2023.

OVERVIEW OF THE ECONOMY AND BUSINESS ENVIROMENT

The current fiscal year has posed significant difficulties for the economy of Pakistan. The country has experienced a record-high inflation rate, which is the highest it has been in 48 years, while foreign exchange reserves have hit their lowest point in decades, reaching a meagre \$4 billion. In response, the State Bank of Pakistan (SBP) has implemented an unprecedented policy rate hike, raising the base rate to 21%. These measures, combined with the country's dwindling foreign exchange reserves, have further exacerbated the already struggling exchange rate, causing the Pakistani rupee to decline by 39% since the beginning of the fiscal year, reaching a value of 285. These factors have had a devastating impact on nearly all business sectors in Pakistan. Moreover, the global economic downturn has also affected industries in the country, leading to decreased investor confidence and an overall decline in manufacturing activities.

Furthermore, the decline in purchasing power caused by record inflation is exerting a significant impact on product demand, while the unfavorable exchange rate against the US dollar is amplifying the production costs for businesses. As demand remains sluggish, companies are encountering challenges in passing on the effect of cost escalation to consumers. These obstacles have led to a tightening of economic conditions, thereby adversely affecting the business environment, resulting in reduced investments, higher borrowing costs, and slower business activity.

As per the Pakistan Bureau of Statistics, the Large-Scale Manufacturing (LSM) sector in Pakistan has undergone a 4.4% reduction until February 2023 as compared to the corresponding period in the previous year. The decline in this sector is anticipated to have a substantial effect on the country's GDP growth by the end of the current fiscal year.

Similar to other manufacturing industries in Pakistan, the decline in the steel sector's industrial output can be attributed to both domestic and global factors. The import restrictions imposed by the SBP have resulted in severe shortages of raw materials in the market. The reduction in raw material imports by 40% as compared to the previous year also indicates an impending shortage of essential materials. Failure to open LCs will lead to manufacturers being unable to utilize their available capacities, which will further increase production costs. As a result, steel prices may continue to rise, or manufacturers may face losses, and some units may ultimately go out of business. This situation could put millions of jobs at risk and affect 42 related industries. Furthermore, the significant increase in electricity charges has made it the most costly energy source for industries in the region.

To further exacerbate the agony, the steel industry is facing the persistent threat of smuggling of steel from neighboring countries. According to the Pakistan Association of Large Steel Producers, nearly 500,000 metric tons of steel are smuggled annually from Iran and Afghanistan, representing roughly 10% of the total steel production in the country. This has resulted in an estimated revenue loss of approximately Rs.25 billion per annum for the exchequer.

OPERATIONAL PERFORMANCE

In the prevailing economic climate where the steel sector has been grappling with the issues of scarcity of raw materials, massive depreciation of currency, high energy costs, heightened financial costs and dampening demand, your Company managed to smartly navigate its way to report a positive bottom line. A comparative summary of the key financial highlights of the Company is presented as under -

	Nine Months Ended 31 March 2023 (Rs. in million)	Nine Months Ended 31 March 2022 (Rs. in million)	Quarter Ended 31 March 2023 (Rs. in million)	Quarter Ended 31 March 2022 (Rs. in million)
Net Sales	34,697	42,537	11,666	15,915
Gross Profit	4,549	5,099	2,107	1,707
Operating Profit	3,079	3,619	1,538	1,216
Profit before tax	129	2,115	546	566
Profit after tax	290	1,834	475	530
Earnings per share-basic and diluted (in rupees)	0.98	6.18	1.60	1.79

The Company's gross profit for the nine-months' period ended 31 March 2023 was Rs.4,549 million, reflecting a decrease of Rs.550 million in comparison to the previous year's corresponding figure. However, the gross margin for the current nine-months' period improved to 13.11%, from 11.98% reported in the corresponding period of the prior year. The Company's gross margin for the third quarter ended 31 March 2023 was recorded at 18.06%, which is significantly higher than the 10.73% achieved in the corresponding quarter, owing to enhanced price retention. While the selling and distribution expenses decreased to Rs.745.39 million from Rs.810.58 million (due to a drop in sales volume), the administrative expenses experienced a slight increase but remained under control.

The Company's financial charges have significantly increased, reaching Rs.2,950 million, which can be attributed to two factors: a sharp rise in the policy rate to 21% and an increased average utilization of working capital caused by the devaluation of the rupee during the first nine months of the fiscal year. While the net profits for the nine-month period under review remained at Rs.290.96 million, compared to Rs.1,834 million in the corresponding period of the previous year, the profit before tax and profit after tax figures for the current quarter were lower than the same period of the previous year. This decline can be attributed to the aforementioned challenges.

FUTURE OUTLOOK

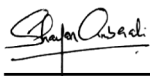
The World Bank has revised Pakistan's growth forecast for the current fiscal year from 2% to 0.8%, citing the impact of tighter economic conditions. The repeated delays in the International Monetary Fund (IMF) bailout program, along with political and economic turmoil, could push Pakistan into a recession. In order to secure the much-needed IMF bailout package, Pakistani authorities have raised interest rates to a 25-year high, increased direct and indirect taxes, and reduced energy subsidies. These developments have significant implications for businesses, especially those heavily reliant on raw material imports and with high levels of leverage. Moreover, the restrictions on the import of raw materials through legal channels have provided opportunities for informal businesses to thrive at the expense of formal ones.

There is a ray of hope that the IMF program in Pakistan may be nearing completion, with China's \$2bn deposit renewal and other positive signs suggesting that the SLA may be signed soon. The unwinding of the swap book has also resulted in an improvement in foreign exchange liquidity in the interbank market, which, in turn, may help improve the import situation. Given the challenging political and economic environment prevailing in Pakistan, the steel sector will continue to face headwinds for the next couple of years. Your Company's Board is however optimistic about a very positive outlook regarding the future of steel business once internal political differences are sorted out and a charter of economy is chalked out.

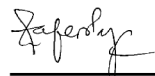
ACKNOWLEDGMENT

The Board extends its sincere gratitude to the management team for their unwavering commitment and dedicated endeavors. The Board also expresses deep appreciation to stakeholders, including shareholders, employees, customers, financial institutions, and suppliers, for their continued support and collaboration, which has enabled the Company to navigate through these unprecedented challenging times while providing value to almost all its stakeholders.

For & on behalf of Board of Directors



Shayan Akberali
Chief Executive Officer



Zafar Ahmed Taji
Director

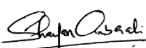
27 April 2023
Karachi

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

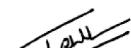
AS AT 31 MARCH 2023

		31 March 2023 (Un-audited)	30 June 2022 (Audited)
		----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	22,139,946	21,578,251
Right of use asset	5	145,429	76,410
Intangible assets		8,223	11,872
Long-term investments		14,289	14,289
Long-term deposits and loans		266,538	203,993
		<u>22,574,425</u>	<u>21,884,815</u>
CURRENT ASSETS			
Stores and spares		2,370,923	2,756,628
Stock-in-trade	6	9,973,431	11,017,657
Trade debts	7	4,777,433	5,680,426
Short term investments	8	65,000	-
Loans and advances		50,185	53,447
Trade deposits and short-term prepayments		23,482	31,260
Other receivables		724,780	266
Taxation – net		2,117,455	1,769,109
Cash and bank balances		270,960	356,869
		<u>20,373,649</u>	<u>21,665,662</u>
TOTAL ASSETS		<u>42,948,074</u>	<u>43,550,477</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		2,970,114	2,970,114
Capital reserve		2,788,742	2,788,742
Revenue reserves - Accumulated profit		6,208,559	5,865,798
Actuarial loss on gratuity fund		(75,607)	(75,607)
Revaluation surplus on property, plant and equipment – net of tax		3,653,869	3,705,659
		<u>15,545,677</u>	<u>15,254,706</u>
NON-CURRENT LIABILITIES			
Long-term financing	9	4,274,304	4,820,914
Long-term provision	10	156,461	154,463
Loan from related parties		-	341,333
Deferred taxation		262,586	641,128
Deferred liability - defined benefit obligation	11	411,423	369,916
Lease liabilities		131,695	72,416
Government grant		195,647	170,641
		<u>5,432,116</u>	<u>6,570,811</u>
CURRENT LIABILITIES			
Trade and other payables	12	3,227,463	6,238,326
Contract liabilities		618,167	975,994
Interest / markup accrued		826,774	521,139
Short-term borrowings - secured	13	15,108,898	12,573,272
Current portion of long-term financing		1,783,532	1,353,625
Current portion of loan from related parties		316,333	-
Current portion of lease liabilities		31,874	14,351
Current portion of government grant		51,778	42,643
Unclaimed dividend		5,462	5,610
		<u>21,970,281</u>	<u>21,724,960</u>
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		<u>42,948,074</u>	<u>43,550,477</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2023
(UN-AUDITED)**

	Nine-months ended		Quarter-ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Note	----- (Rupees in '000) -----			
Sales	34,697,823	42,537,223	11,666,940	15,915,682
Cost of sales	(30,148,298)	(37,438,087)	(9,559,890)	(14,208,036)
Gross profit	4,549,525	5,099,136	2,107,050	1,707,646
Distribution costs	(745,398)	(810,584)	(246,353)	(307,667)
Administrative expenses	(526,460)	(511,289)	(191,834)	(156,826)
(Provision) / Reversal of expected credit loss	(155,075)	(10,618)	(102,535)	17,144
Other expenses	(55,011)	(170,668)	(33,663)	(45,844)
Other income	12,400	23,329	5,502	2,004
Operating profit	3,079,981	3,619,306	1,538,167	1,216,457
Finance costs	15 (2,950,535)	(1,504,100)	(991,563)	(650,236)
Profit before taxation	129,446	2,115,206	546,604	566,221
Taxation	16 161,523	(281,155)	(70,891)	(35,653)
Profit for the period	290,969	1,834,051	475,713	530,568
	----- (Rupees) -----			
Earnings per share – basic and diluted	0.98	6.18	1.60	1.79

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2023
(UN-AUDITED)**

	Nine-months ended		Quarter-ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	----- (Rupees in '000) -----			
Net profit for the period	290,969	1,834,051	475,713	530,568
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	290,969	1,834,051	475,713	530,568

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 MARCH 2023 (UN-AUDITED)

	Capital reserve		Revenue reserve	Actuarial loss on gratuity fund	Revaluation surplus on property, plant and equipment	Total
	Issued, subscribed and paid-up capital	Share premium	Accumulated profit			
------(Rupees in '000)-----						
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
Incremental depreciation relating to revaluation surplus on property, plant and equipment – 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
Balance as at 30 June 2022 (Audited)	2,970,114	2,788,742	5,865,799	(75,607)	3,705,660	15,254,708
Net profit for the period	-	-	290,969	-	-	290,969
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	290,969	-	-	290,969
Transferred to accumulated profit in respect of incremental depreciation during the period – net of tax	-	-	51,791	-	(51,791)	-
Balance as at 31 March 2023 (Un-audited)	2,970,114	2,788,742	6,208,559	(75,607)	3,653,869	15,545,677

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 MARCH 2023
(UN-AUDITED)**

	31 March 2023	31 March 2022
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	129,446	2,115,206
Adjustments for:		
Depreciation on:		
- Operating fixed assets	4.1 684,826	511,716
- Right-of-use assets	32,802	17,906
Amortization	5,996	5,718
Bad debts written off	7.1 (8,899)	(55,116)
Reversal of provision for security deposits	-	(12,750)
Provision of expected credit loss	7.1 155,075	10,618
Provision for gratuity	69,253	52,672
Gain on disposal of operating fixed assets	(5,466)	(1,418)
Finance costs	2,935,690	1,497,057
Unrealized exchange loss	(1,336)	-
Interest expenses on leases	14,845	7,043
	<u>3,882,786</u>	<u>2,033,446</u>
	4,012,232	4,148,652
Increase/ (Decrease) in current assets:		
Stores and spares	385,705	(1,496,168)
Stock-in-trade	1,044,226	(6,321,309)
Trade debts	756,816	507,755
Loans and advances	3,262	(45,508)
Trade deposits and short-term prepayments	7,778	5,456
Other receivables	(724,514)	241,022
	<u>1,473,273</u>	<u>(7,108,752)</u>
(Increase)/ Decrease in current liabilities:		
Trade and other payables	(406,928)	331,205
Contract liabilities	(357,827)	416,549
Cash generated from/ (used in) operating activities	<u>4,720,750</u>	<u>(2,212,346)</u>
Income taxes paid	(565,365)	(505,422)
Gratuity paid	(27,746)	(23,359)
Long-term deposits – net	(62,544)	(14,157)
Net cash generated from / (used in) operating activities	<u>4,065,095</u>	<u>(2,755,284)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,250,858)	(1,673,787)
Proceeds from disposal of operating fixed assets	9,802	19,168
Additions to intangible assets	(2,347)	(891)
Net cash used in investing activities	<u>(1,243,403)</u>	<u>(1,655,510)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(148)	(80)
Short-term borrowings – net	(1,687,961)	6,946,144
Long-term financing – net	(82,563)	67,362
Long-term investment	-	1,000
Loan from director	(25,000)	-
Finance cost paid	(2,630,054)	(1,234,621)
Lease rentals paid	(39,864)	(20,234)
Net cash (used) / generated from financing activities	<u>(4,465,590)</u>	<u>5,759,571</u>
Net decrease/ (increase) in cash and cash equivalents	<u>(1,643,898)</u>	<u>1,348,777</u>
Cash and cash equivalents at the beginning of the period	<u>(1,160,341)</u>	<u>(1,845,682)</u>
Cash and cash equivalents at the end of the period	<u>17 (2,804,239)</u>	<u>(496,905)</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 MARCH 2023 (UN-AUDITED)

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, 2022.

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, 2022.

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

The Company has adopted the certain amendments and improvements to the International Financial Reporting Standards (IFRSs) which became effective for the current period as disclosed below. The said amendments did not have any material impact on these condensed interim unconsolidated financial statements.

Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture - Taxation in fair value measurements

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements is in conformity with the approved accounting standards as applicable in Pakistan. It is the responsibility of 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 2022.

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 2023 (Un-audited)	30 June 2022 (Audited)
----- (Rupees in '000) -----			
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	19,400,457	19,791,171
Capital work-in-progress	4.2	2,739,489	1,787,080
		<u>22,139,946</u>	<u>21,578,251</u>
4.1 Operating fixed assets			
Balance at the beginning of the period / year		19,791,171	18,679,050
Additions during the period / year	4.1.1	298,448	1,838,279
Disposals during the period / year	4.1.1	(4,336)	(18,911)
Depreciation charged during the period / year		(684,826)	(707,247)
Balance at the end of the period / year		<u>19,400,457</u>	<u>19,791,171</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (Net book value)	
	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
----- (Rupees in '000) -----				
Leasehold land	-	-	-	-
Buildings on leasehold land	68,214	80,241	-	-
Plant and machinery	156,172	290,354	214	15,301
Furniture and fittings	1,110	7,426	30	-
Office equipment	6,961	20,968	788	784
Vehicles	52,729	35,116	2,754	1,506
Computers	13,262	8,020	550	159
	<u>298,448</u>	<u>442,125</u>	<u>4,336</u>	<u>17,750</u>

4.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating fixed assets	Closing balance
(Un-audited)				
----- (Rupees in '000) -----				
Leasehold land	75,000	45,000	-	120,000
Plant and machinery	668,542	1,011,919	(156,474)	1,523,987
Civil works	1,043,538	120,178	(68,214)	1,095,502
	<u>1,787,080</u>	<u>1,177,097</u>	<u>(224,688)</u>	<u>2,739,489</u>

5 During the period, the Company entered into rental agreements for office space at Sky Towers Karachi (10th floor), and other offices in Lahore and Islamabad.

		31 March 2023 (Un-audited)	30 June 2022 (Audited)
	Note	----- (Rupees in '000) -----	
6 STOCK-IN-TRADE			
Raw materials			
- In hand		1,056,038	5,085,067
- In transit		<u>277,218</u>	<u>768,436</u>
		1,333,256	5,853,503
Work-in-process		1,924,211	1,245,729
Finished Goods		<u>6,715,964</u>	<u>3,918,425</u>
		<u>9,973,431</u>	<u>11,017,657</u>
7 TRADE DEBTS - UNSECURED			
Considered good		4,777,433	5,680,426
Considered doubtful		<u>333,187</u>	<u>187,011</u>
		5,110,620	5,867,437
Allowance for expected credit Loss	7.1	<u>(333,187)</u>	<u>(187,011)</u>
Trade debts - net		<u>4,777,433</u>	<u>5,680,426</u>

7.1 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	187,011	282,395
Charge during the period/ year	155,075	5,177
Write-off during the period / year	<u>(8,899)</u>	<u>(100,561)</u>
Balance at end of the period / year	<u>333,187</u>	<u>187,011</u>

8 SHORT-TERM INVESTMENT

This is a term deposit receipt with a commercial bank and carries interest at rates ranging from 15% per annum with a maturity of 60 days

9 LONG-TERM FINANCING

- 9.1** 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. 165.93 million (2022:Rs. 760.740 million) repayable in equal quarterly installments latest by July 2032 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 amounting to Rs.1,436.2 million.

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.

- 9.2** During the period, the Company obtained new term finance facility from commercial bank to fund project cost in relation to establishment of full scale aluminum plant. The facility carry markup rate of 3 months KIBOR plus 1.1% and repayable in 8 quarterly installments. The facility is secured by Pari Passu Hypothecation charge over all present and future fixed assets of the company of Rs. 533.33 million and 4th ranking charge over all present and future fixed assets of the company of Rs. 293.33 million with 25% margin on facility amount.
- 9.3** During the period, the Company obtained another term finance facility from a commercial bank to finance the renovation of Company's office at Sky Tower. These facility are repayable in eighteen equal quarterly installments latest by December 2027. The facility carries markup rate of 3 months KIBOR plus 1.65% and is secured by 1st equitable mortgage charge of Rs.333.334 million over subject office premises.
- 9.4** During the period, the company made drawdowns on Diminishing Musharaka facility obtained from Islamic financial institution amounting to Rs. 204.06 million. The facility is repayable in equal bi-annual installments latest by August 2027 and carries markup rate of 6 months KIBOR plus 1.75%. The facility is secured by First Pari Passu Hypothecation charge over Plant & Machinery & Mortgage charge over land & Building amounting to Rs.498.66 million with 25% Margin .

10 LONG-TERM PROVISION

Represents non-current portion of provision for Gas Infrastructure Development Cess (GIDC). During the year ended 30 June 2022, 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, carries provision amounting to Rs. 221.746 million under the relevant accounting standards and ICAP guidelines in this regard

31 March 2023 (Un-audited)	30 June 2022 (Audited)
----- (Rupees in '000) -----	

11 DEFERRED TAXATION

Deductible temporary differences arising in respect of:

Provisions	(373,771)	(330,640)
Unused tax credits	<u>(2,895,504)</u>	<u>(2,525,467)</u>
	<u>(3,269,275)</u>	<u>(2,856,107)</u>

Taxable temporary differences arising in respect of:

Accelerated tax depreciation / amortization	2,573,171	2,535,812
Right-of-use-assets	47,991	25,215
Surplus on revaluation of property, plant and equipment	<u>910,699</u>	<u>936,208</u>
	<u>3,531,861</u>	<u>3,497,235</u>
	<u>262,586</u>	<u>641,128</u>

12 TRADE AND OTHER PAYABLES

12.1 Includes murabaha amounting to Rs. 1,456 million (30 June 2022: Rs. 4,056 million)

12.2 Includes current portion of provision for gas infrastructure development cess amounting to Rs. 65.285 million (2022: 66.501) million.

31 March 2023 (Un-audited)	30 June 2022 (Audited)
----- (Rupees in '000) -----	

13 SHORT-TERM BORROWINGS - secured

Cash finance	805,561	5,069
Running finance	3,140,199	2,017,211
Istisna	3,996,940	2,906,882
Finance against trust receipt	6,916,198	7,019,110
Short term loan	<u>250,000</u>	<u>625,000</u>
	<u>15,108,898</u>	<u>12,573,272</u>

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There were no material changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2022.

	31 March 2023 (Un-audited) ----- (Rupees in '000) -----	30 June 2022 (Audited) ----- (Rupees in '000) -----
14.2 Commitments		
14.2.1 Outstanding letters of credit	<u>4,895,945</u>	<u>5,814,377</u>
14.2.2 Outstanding letters of guarantee	<u>486,356</u>	<u>583,356</u>
14.2.3 Capital expenditure	<u>-</u>	<u>229,048</u>
14.2.4 Commitments for rentals payable under ljarah contracts in respect of vehicles and plant and machinery with Islamic banks are as follows:		

	31 March 2023 (Un-audited) ----- (Rupees in '000) -----	30 June 2022 (Audited) ----- (Rupees in '000) -----
Not later than one year	<u>40,279</u>	<u>45,343</u>
Later than one year but not later than five years	<u>33,666</u>	<u>56,373</u>

15 FINANCE COSTS

Includes mark up on long-term financing and short-term borrowings amounting to Rs. 668.647 million and Rs. 2,178.368 million (31 March 2022: Rs. 381.114 million and Rs. 1,069.285 million) respectively.

	Nine-months ended		Quarter ended	
	31 March 2023 (Un-audited)	31 March 2022 (Un-audited)	31 March 2023 (Un-audited)	31 March 2022 (Un-audited)
	----- (Rupees in '000) -----			
16 TAXATION				
Current	(217,018)	(198,481)	70,946	134,135
Deferred	<u>378,541</u>	<u>(82,674)</u>	<u>(141,837)</u>	<u>(169,788)</u>
	<u>161,523</u>	<u>(281,155)</u>	<u>(70,891)</u>	<u>(35,653)</u>

17 CASH AND CASH EQUIVALENTS

	31 March 2023 (Un-audited) ----- (Rupees in '000) -----	31 March 2022 (Un-audited) ----- (Rupees in '000) -----
Cash and bank balances	270,960	266,951
Running finance	(3,140,199)	(763,856)
Short-term Investments	<u>65,000</u>	<u>-</u>
	<u>(2,804,239)</u>	<u>(496,905)</u>

18 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 2022. There have been no change in any risk management policies since the year end.

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no transfers amongst levels during the period.

20 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	
		2023 (Un-audited)	2022	2023 (Un-audited)	2022 (Un-audited)
		---(Rupees in '000)---		---(Rupees in '000)---	
Meeting fee	Directors	2,525	3,400	825	1,300
Remuneration and other benefits	Key management personnel	342,461	325,242	100,073	88,705
Sale of vehicles	Key management personnel	1,762	1,166	-	391
Interest expense charged on loan from related party	Chairman, Non-Executive Director and shareholder	43,342	25,819	17,144	10,058
Contribution to staff gratuity fund	Retirement benefit fund	69,253	52,672	23,084	17,557
Sales of goods	Shareholder	7,110	11,774	-	6,474
Payment of interest on related parties loan	Director and shareholder	10,966	5,897	-	-
Purchases	Associate	194	389	76	-
Payment of office security deposit	Associate	3,398	-	-	-
Donation to related parties	Associate	3,500	-	-	-
Advance given for rented office	Shareholder	-	8,190	-	-
Payment for rented office	Shareholder	18,894	-	-	-

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

21 OPERATING SEGMENTS

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

All non-current assets of the Company as at 31 March 2023 and 2022 are located in Pakistan.

Revenue from export sales represents 0.11% (31 March 2022 : 0.04%) of the total gross revenue of the Company.

Sales made by the Company to its 20 major customers during the period constituted 34% (March 31, 2022: 16%) of total sales.

22 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 27 April 2023 by the Board of Directors of the Company.

23 GENERAL

23.1 Figures have been rounded off to the nearest thousand, unless otherwise

23.2 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.

www.jamapunji.pk















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