

AMRELI STEELS LIMITED

**REPORT FOR THE FIRST
QUARTER ENDED**

30 SEPTEMBER 2023



**AMRELI
STEELS**

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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
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

EXTERNAL AUDITORS

BDO Ebrahim & Co. Chartered Accountants
Lakson Square Building No. 1,
Sarwar Shaheed 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 Gharo, Tapo Gharo,
Taluka Mirpur Sakro
(Distt: Thatta), Sindh, Pakistan

SYMBOL AT PAKISTAN STOCK EXCHANGE LIMITED

ASTL

WEBSITE INFORMATION

www.amrelisteels.com

DIRECTORS' REVIEW REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2023

The Board of Directors of your Company hereby present their reviews on the financial and operational performance of the Company for the quarter ended 30 September 2023 amidst challenging economic and business landscape that have been witnessed across the country.

The first quarter of FY-2024 has indeed been a challenging period for the Company. A massive demand contraction was witnessed in the quarter under review primarily due to the instability witnessed in the forex market. However, due to the administrative measures taken by the authorities to curb on illegal trade of forex and exchange businesses, the PKR started strengthening on a day to day basis. The buyers went on a total buying pause anticipating that steel prices will come down which caused a massive reduction in the demand of rebars. Along with the negative sentiments prevailing in the local market, the steel market in Punjab also collapsed which sent the rebar prices across the country diving to an all time low.

A comparison of the key financial indicators of the Company for the first quarter of the FY-2024, with the corresponding quarter last year is as under -

	Quarter Ended 30-Sep-23 (Rs. in million)	Quarter Ended 30-Sep-22 (Rs. in million)
Net Sales	10,891	9,820
Gross Profit	1,328	1,589
Operating Profit	754	1,142
(Loss) / Profit Before Taxation	(261)	214
(Loss) / Profit After Taxation	(173)	204
(Loss) / Earning per Share - Basic & Diluted	(0.58)	0.69

During the quarter under review, the Company registered sales of Rs.10.8 billion, which is an 11% increase from the Rs.9.8 billion reported in the same quarter last year. The gross profit for the current quarter amounted to Rs.1.3 billion, in contrast to the Rs.1.5 billion recorded in the equivalent period the previous year. Furthermore, there was an increase in finance costs, which rose from Rs.928 million to Rs.1,015 million during first quarter of ongoing financial year mainly due to increase in average interest rate from 16.18% to 23.36%, thus wiping out entire operational profits earned by the Company during the quarter under review. Resultantly, the Company incurred a loss before and after tax of Rs.261 million and Rs.173 million, respectively, during the quarter under review, while in the same period last year, the Company reported profits before and after tax of Rs.214 million and Rs.204 million, respectively. The results of this quarter can primarily be attributed to reduced demand, higher interest rates, and an uncertain economic landscape in the country.

The Company's operations have grappled with a series of macroeconomic hurdles. These challenges have arisen from increased costs due to inflation, fluctuating exchange rates, a heightened tax burden, steep interest rates, and an uncertain outlook for consumer demand. While there was a momentary relief with the relaxation of import restrictions, the persistent monetary tightening measures have had adverse effects on consumers' buying power, leading to a notable reduction in demand across all sectors of the economy including steel.

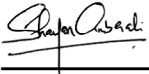
Future Outlook:

The overall demand of graded material has been very low due to reasons mentioned above. With winter months approaching, the demand is likely to remain muted, specially, in northern parts of Pakistan. The exorbitant interest rate and inflation have taken a big toll on the purchasing power of the common man including home buyers and investors in the real estate sector. The high volatility in exchange rates have confused the buyers further who are shying away from making purchase commitments of meaningful quantities of rebar, waiting for a stable exchange rate which will also give stability to the rebar prices. Political stability is also badly needed to get the economic sentiments back in order.

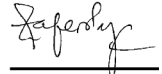
Pakistan's steel sector has always been a vital component of the nation's industrial landscape, and the obstacles hindering its growth need to be addressed as a priority by the federal government. This includes providing affordable energy for steel manufacturing operations across the country, addressing the issue of steel rebar smuggling from neighboring Iran and Afghanistan through stricter checkpoint controls, digitalization to reduce corruption, and penalties for those engaged in illegal trade. Such actions are crucial to prevent substantial revenue losses, bolster local market sales, and ensure the sustainability of steel producers.

As we bring this report to a close, the Board of Directors wishes to convey its appreciation to the management team for their commitment to steer the Company in these difficult times. The Board also extends its gratitude to a broad spectrum of stakeholders, including our esteemed shareholders, loyal customers, trusted financial partners, dedicated employees and dependable suppliers. The Board eagerly anticipates the path ahead with great enthusiasm.

For & on behalf of the Board of Directors



Shayan Akberali
Chief Executive Officer



Zafar Ahmed Taji
Director

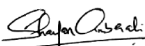
27 October 2023
Karachi

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

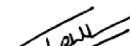
AS AT 30 SEPTEMBER 2023

		30 September 2023 (Un-audited)	30 June 2023 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	22,199,561	22,263,497
Right-of-use-asset		125,637	135,731
Intangible assets		5,255	6,600
Long-term investments		14,289	14,289
Long-term deposits and loans		191,664	193,717
		<u>22,536,406</u>	<u>22,613,834</u>
CURRENT ASSETS			
Stores and spares		2,503,343	2,604,137
Stock-in-trade	6	7,383,486	7,097,218
Trade debts	7	5,007,492	4,973,402
Loans and advances		83,890	45,494
Trade deposits and short-term prepayments		27,466	20,787
Other receivables		1,355	211,236
Taxation – net		2,349,447	2,333,729
Cash and bank balances		315,932	271,913
		<u>17,672,411</u>	<u>17,557,896</u>
TOTAL ASSETS		<u><u>40,208,817</u></u>	<u><u>40,171,730</u></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		5,086,927	5,250,225
Actuarial loss on gratuity fund		(89,629)	(89,629)
Revaluation surplus on property, plant and equipment		3,633,307	3,642,789
		<u>14,389,461</u>	<u>14,562,241</u>
NON-CURRENT LIABILITIES			
Long-term financing		3,339,174	3,704,899
Long-term provision		144,173	146,863
Deferred taxation		803,653	1,028,172
Deferred liability - defined benefit obligation		469,634	452,985
Lease liabilities		119,723	121,797
Government grant		374,965	381,564
		<u>5,251,322</u>	<u>5,836,280</u>
CURRENT LIABILITIES			
Trade and other payables	9	3,160,249	4,979,403
Contract liabilities		388,142	479,226
Interest / markup accrued		886,903	800,284
Short-term borrowings	10	14,057,569	11,331,137
Current portion of long-term financing		1,821,727	1,799,680
Current portion of lease liabilities		36,058	34,529
Current portion of government grant		24,073	27,161
Current portion of loan from related parties		188,000	316,333
Unclaimed dividend		5,313	5,456
		<u>20,568,034</u>	<u>19,773,209</u>
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u><u>40,208,817</u></u>	<u><u>40,171,730</u></u>

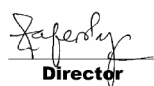
The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 SEPTEMBER 2023
(UN-AUDITED)**

	30 September 2023	30 September 2022
Note	----- (Rupees in '000) -----	
Sales	10,891,115	9,819,863
Cost of sales	(9,563,289)	(8,231,276)
Gross profit	1,327,826	1,588,587
Distribution costs	(244,672)	(219,425)
Administrative expenses	(199,540)	(163,805)
Allowance for expected credit loss	(10,920)	(42,551)
Other expenses	(119,110)	(22,475)
Other income	655	1,887
Operating profit	754,239	1,142,218
Finance costs	(1,015,460)	(927,917)
(Loss) / profit before taxation	(261,221)	214,301
Taxation	12 88,441	(10,238)
Net (loss) / profit for the period	(172,780)	204,063
	----- (Rupees) -----	
(Loss) / earnings per share – basic and diluted	(0.58)	0.69

The annexed notes 1 to 20 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 QUARTER ENDED 30 SEPTEMBER 2023
(UN-AUDITED)**

	30 September 2023	30 September 2022
	----- (Rupees in '000) -----	
Net (loss) / profit for the period	(172,780)	204,063
Other comprehensive income for the period	-	-
Total comprehensive (loss) / income for the period	<u><u>(172,780)</u></u>	<u><u>204,063</u></u>

The annexed notes 1 to 20 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 QUARTER ENDED 30 SEPTEMBER 2023 (UN-AUDITED)

Issued, subscribed and paid-up capital	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 2022 (Audited)	2,970,114	2,788,742	5,865,798	(75,607)	3,705,659	15,254,706
Net profit for the period	-	-	204,063	-	-	204,063
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the period	-	-	204,063	-	-	204,063
Transferred to accumulated profit in respect of: -incremental depreciation during the period – net of tax	-	-	17,263	-	(17,263)	-
Balance as at 30 September 2022 (Un-audited)	2,970,114	2,788,742	6,087,124	(75,607)	3,688,396	15,458,769
Balance as at 30 June 2023 (Audited)	2,970,114	2,788,742	5,250,225	(89,629)	3,642,789	14,562,241
Net loss for the period	-	-	(172,780)	-	-	(172,780)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(172,780)	-	-	(172,780)
Transferred to accumulated profit in respect of: -incremental depreciation during the period – net of tax	-	-	9,482	-	(9,482)	-
Balance as at 30 September 2023 (Un-audited)	2,970,114	2,788,742	5,086,927	(89,629)	3,633,307	14,389,461

The annexed notes 1 to 20 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 QUARTER ENDED 30 SEPTEMBER 2023
(UN-AUDITED)**

		30 September 2023	30 September 2022
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Cash used in operating activities	15	(959,417)	(1,649,581)
Income taxes paid		(151,797)	(159,877)
Gratuity paid		(13,626)	(6,206)
Long-term deposits – net		2,052	1,462
Net cash used in operating activities		(1,122,788)	(1,814,202)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(175,827)	(277,922)
Proceeds from disposal of operating fixed assets		1,032	2,771
Addition in intangibles		-	(360)
Net cash used in investing activities		(174,795)	(275,511)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings – net		1,352,933	1,733,675
Long-term financing – net		(353,365)	29,021
Related party loan		(128,333)	(25,000)
Dividend paid		(141)	(12)
Finance costs paid		(924,410)	(697,239)
Lease rentals paid		(4,975)	(11,331)
Net cash (used in) / generated from financing activities		(58,291)	1,029,114
Net decrease in cash and cash equivalents		(1,355,874)	(1,060,599)
Cash and cash equivalents at the beginning of the period		(1,700,884)	(1,660,342)
Cash and cash equivalents at the end of the period	16	(3,056,758)	(2,720,941)


The annexed notes 1 to 20 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 QUARTER ENDED 30 SEPTEMBER 2023 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Amreli Steels Limited (the Company) was incorporated in 1984 as a private limited company and converted into a public unquoted company in 2009. The Company enlisted on Pakistan Stock Exchange in 2015. The Company is engaged in manufacture and sale of steel bars and billets. The registered office of the Company is situated at Plot No. A-18, S.I.T.E., Karachi.

2. 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 annual audited financial statements of the Company for the year ended June 30, 2022. These condensed interim financial statements are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017

3. BASIS OF PREPARATION

- 3.1 These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.
- 3.2 These financial statements are prepared in Pak Rupees, which is the Company's functional and presentation currency.

4. ACCOUNTING POLICIES AND ACCOUNTING STANDARDS

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, 2023.

New standards, amendments, improvements to approved accounting standards and the framework for financial reporting.

4.1 Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

4.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

There were certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

	Note	30 September 2023 (Un-audited) ----- (Rupees in '000) -----	30 June 2023 (Audited)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		20,445,662	20,632,188
Capital work-in-progress		1,753,899	1,631,309
		<u>22,199,561</u>	<u>22,263,497</u>

	Note	30 September 2023 (Un-audited) ----- (Rupees in '000) -----	30 June 2023 (Audited)
5.1 Operating fixed assets			
Balance at the beginning of the period / year		20,632,188	19,791,171
Additions during the period / year		6,715	109,880
Transfer from CWIP during the period / year	5.2	56,210	1,663,740
Revaluation during the period / year		-	-
Disposals during the period / year	5.1.1	(946)	(11,857)
Depreciation charged during the period / year		(248,505)	(920,746)
Balance at the end of the period / year		<u>20,445,662</u>	<u>20,632,188</u>

5.1.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (Net book value)	
	30 September 2023 -----(Un-audited)----	30 September 2022	30 September 2023 -----(Un-Audited)----	30 September 2022
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Buildings on leasehold land	-	-	-	-
Plant and machinery	56,250	42,777	-	-
Furniture and fittings	-	576	-	-
Office equipment	783	2,300	-	175
Vehicles	228	11,000	797	1,135
Computers	5,664	1,689	149	-
	<u>62,925</u>	<u>58,342</u>	<u>946</u>	<u>1,310</u>

5.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating fixed assets	Closing balance
	Un-audited ----- (Rupees in '000) -----			
Leasehold land	120,000	-	-	120,000
Plant and machinery	1,240,402	172,847	(56,210)	1,357,039
Civil works	270,907	5,953	-	276,860
	<u>1,631,309</u>	<u>178,800</u>	<u>(56,210)</u>	<u>1,753,899</u>

6. STOCK-IN-TRADE

	30 September 2023 (Un-audited) ----- (Rupees in '000) -----	30 June 2023 (Audited)
Raw materials		
- In hand	2,031,032	1,911,763
- In transit	995,893	1,485,233
	<u>3,026,925</u>	<u>3,396,996</u>
Work-in-process	1,147,486	967,718
Finished goods	3,209,075	2,732,504
	<u>7,383,486</u>	<u>7,097,218</u>

		30 September 2023 (Un-audited)	30 June 2023 (Audited)
		----- (Rupees in '000) -----	
7. TRADE DEBTS - unsecured	Note		
Considered good	7.1	5,007,492	4,973,402
Considered doubtful		<u>304,636</u>	<u>297,714</u>
		5,312,128	5,271,116
Allowance for expected credit loss	7.2	<u>(304,636)</u>	<u>(297,714)</u>
Trade debts - net		<u><u>5,007,492</u></u>	<u><u>4,973,402</u></u>

7.1 It includes receivable from related parties amounting to Rs. 6.36 million (30 June 2023: Rs. 4.91 million)

7.2 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	297,713	187,011
Charge for the period/year	10,920	119,602
Write off during the period/year	<u>(3,997)</u>	<u>(8,899)</u>
Balance at end of the period/year	<u><u>304,636</u></u>	<u><u>297,714</u></u>

8 OTHER RECEIVABLE

It included the sales tax receivable amounting to Rs. Nil (30 June 2023: Rs. 210.43 million)

9. TRADE AND OTHER PAYABLES

It includes foreign trade creditors amounting to Rs.1,382 million (30 June 2023: Rs.3,384 million).

		30 September 2023	30 June 2023
		----- (Rupees in '000) -----	
10. SHORT-TERM BORROWINGS - secured			
Cash Finance		863,232	766,716
Finance against trust receipts		5,216,199	3,580,724
Running finance		3,372,690	1,972,797
Istisna		3,494,000	3,606,900
Short term loan		<u>1,111,448</u>	<u>1,404,000</u>
		<u><u>14,057,569</u></u>	<u><u>11,331,137</u></u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There were no material changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2023.

		30 September 2023 (Un-audited)	30 June 2023 (Audited)
		----- (Rupees in '000) -----	
11.2 Commitments			
11.2.1 Outstanding letters of credit			
-Materials		5,523,682	5,564,811
-Capex		<u>222,532</u>	<u>356,567</u>
		<u><u>5,746,214</u></u>	<u><u>5,921,378</u></u>
11.2.2 Outstanding letters of guarantee		<u><u>486,356</u></u>	<u><u>486,356</u></u>

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

Not later than one year	<u><u>40,339</u></u>	<u><u>40,043</u></u>
Later than one year but not later than five years	<u><u>15,411</u></u>	<u><u>24,461</u></u>

	30 September 2023	30 September 2022 (Un-audited) ----- (Rupees in '000) -----
12. TAXATION		
Current	136,078	74,742
Deferred	<u>(224,519)</u>	<u>(64,504)</u>
	<u>(88,441)</u>	<u>10,238</u>

13. 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 2023. There have been no change in any risk management policies since the year end.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no transfers amongst levels during the period.

15. CASH GENERATED FROM OPERATIONS

	30 September 2023	30 September 2022 ----- (Rupees in '000) -----
Cash flows from operating activities		
(Loss) / Profit before taxation	(261,221)	214,301
Adjustments for:		
Depreciation – operating fixed assets	238,818	225,688
Depreciation – right-of-use-asset	10,094	5,969
Amortization	1,345	1,955
Bad debts written off	(3,997)	-
Allowance for expected credit loss - trade debt	10,920	42,552
Provision for gratuity	30,275	23,084
(Reversal) / Provision for GIDC	(2,691)	723
Gain on disposal of operating fixed assets	(86)	(1,461)
Unrealised exchange loss	(17,311)	-
Finance Cost:		
- Others	1,011,030	925,837
- Lease liabilities	4,430	2,080
	<u>1,282,827</u>	<u>1,226,427</u>
Operating profit before working capital changes	<u>1,021,606</u>	<u>1,440,728</u>
(Increase) / decrease in current assets:		
Stores and spares	100,794	192,583
Stock-in-trade	(286,269)	(1,945,847)
Trade debts	(41,011)	(185,989)
Loans and advances	(38,396)	4,947
Trade deposits and short-term prepayments	(6,699)	(8,134)
Other receivables	209,881	(13,723)
	<u>(61,700)</u>	<u>(1,956,163)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	(1,828,238)	(759,522)
Contract liabilities	(91,085)	(374,624)
	<u>(1,919,323)</u>	<u>(1,134,146)</u>
Cash used in operations	<u>(959,417)</u>	<u>(1,649,581)</u>
16. CASH AND CASH EQUIVALENTS		
Cash and bank balances	315,932	130,300
Running finance	<u>(3,372,690)</u>	<u>(2,851,241)</u>
	<u>(3,056,758)</u>	<u>(2,720,941)</u>

17. TRANSACTION WITH RELATED PARTIES

Related parties of the Company comprise of directors, associated companies, key management personnel and retirement fund. The related parties with whom the Company had entered into transactions or have arrangement / agreement during the quarter ended 30 September 2023 are same as reported in the annual financial statements for the year ended 30 June 2023. Details of transactions with related parties during the period, other than those disclosed elsewhere in these condensed interim financial statements are as follows:

		30 September 2023	30 September 2022
		(Unaudited)	
		---(Rupees in '000)---	
Nature of transaction	Relationship with the Company		
Remuneration and other benefits	Key management personnel	<u>111,638</u>	<u>98,528</u>
Contribution to staff gratuity fund	Retirement benefit fund	<u>30,275</u>	<u>23,084</u>
Interest expense charged on related parties loan	Directors	<u>17,877</u>	<u>12,643</u>
Payment of related parties interest	Directors	<u>26,923</u>	<u>-</u>
Sales made	Director	<u>1,442</u>	<u>5,460</u>
Meeting fee	Directors	<u>975</u>	<u>800</u>
Purchase of bakery items from Hobnob Bakeries	Associate	<u>-</u>	<u>93</u>
Repayment of related party loans		<u>128,333</u>	<u>-</u>
Donation to related parties		<u>524</u>	<u>1,000</u>

18. OPERATING SEGMENTS

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

Revenue from export sales represents 0.28% (30 September 2022: Nil) of the total gross revenue of the Company.

All non-current assets of the Company as at 30 September 2023 and 2022 are located in Pakistan.

Sales made by the Company to its twenty major customers during the period constituted 19% (30 September 2022: 26%) of total sales.

19. DATE OF AUTHORIZATION FOR ISSUE

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

20. GENERAL

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

20.2 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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