

AMRELI STEELS LIMITED

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

31 DECEMBER 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

HEAD OF INTERNAL AUDIT

Ms. Alina Osama Ali

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
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	Bank Makramah Limited (Formerly 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 HALF YEAR ENDED 31 DECEMBER 2023

The Board of Directors of your Company are pleased to review the Company's financial and operational performance for the half year ended 31 December 2023. The country is going through challenging times where mounting debt burden, a restricted current account, political uncertainty and persistently high inflation with a high interest rate environment has significantly impacted national demand.

The ramifications of the economic unrest were prominent within the steel and allied construction industries, where diminished investment and impediments to infrastructure development projects were witnessed. This has further been exacerbated due to the unprecedented rise in energy prices during the period under review making it difficult to pass through the costs in the current economic cycle. Since the sector relies largely on imported raw materials, continuous disruptions within the global supply chain (especially the recent Red Sea crisis) posed significant challenges to steel manufacturing activities, underscoring the need for localization and robust supply chain management strategies. Over the preceding years, there has been a decrease of almost 50% in steel demand due to the reasons stated above. Moreover, the steel sector grapples with heavy taxation in shape of customs duty, additional customs duty, regulatory duty on raw material, additional sales tax, advance sales tax on minimum production capacity, and a very high and unjustified turnover tax given the low margins of the steel industry. These regressive taxation measures have put immense pressure on cash flows of the companies which are significantly impacting the prices of steel products.

A comparison of the key financial indicators of the Company for the half year ended 31 December 2023, with the corresponding period last year is presented below:

	Half Year Ended 31 December 2023 (Rs. in million)	Half Year Ended 31 December 2022 (Rs. in million)
Net Sales	22,251	23,030
Gross Profit	2,483	2,442
Operating Profit	1,338	1,541
Finance Costs	(2,263)	(1,958)
Loss Before Taxation	(924)	(417)
Loss After Taxation	(634)	(184)
Loss per Share - Basic & Diluted (Rs.)	(2.14)	(0.62)

During the first half of the ongoing financial year, your Company experienced sales totaling Rs.22.2 billion, marking a decrease of 3.38% compared to the previous year. Despite this, the gross profit margin for the period under review saw a slight increase, reaching Rs.2.48 billion compared to Rs.2.44 billion in the previous year.

However, it is important to note that finance costs escalated significantly during this period, rising from Rs.1.9 billion to Rs.2.2 billion. This surge is due to increase in effective interest rate from an average of 16.5% in the corresponding period to 23% in the period under review despite decrease in average short-term loans from Rs.18.6 billion to Rs.15.4 billion achieved through tightening of receivables and reducing inventory levels. Other charges increased significantly from Rs.21 million to Rs.123 million due to exchange loss recorded on Usance Letter of Credits. Such rise in costs resulted in a loss before tax of Rs.924 million and a loss after tax of Rs.634 million for the period under review.

Future Outlook:

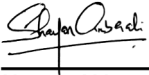
According to the United Nations (UN) and Bloomberg reports, Pakistan will experience a suppressed economic growth in 2024. The UN's "World Economic Situation and Prospects (WESP) 2024" report forecasts a 2% growth for Pakistan in the current year, with a little acceleration to 2.4% in 2025. Similarly, Bloomberg's projections suggest a growth rate of 2.1% in FY 2024.

As we enter a new phase of governance post-elections, prudent fiscal management and institutional reforms are crucial to steering the economy towards sustainable growth and stability. A unified government focused on national interests is essential to effectively address the challenges ahead. However, concerns persist about worsening economic turmoil, rising inflation, job scarcity, and security issues, necessitating steadfast leadership and decisive actions. In conclusion, while challenges persist, the collective efforts of stakeholders coupled with proactive policy measures would position Pakistan towards a path of resilience and economic vitality in coming years.

Considering the critical role of the steel sector in advancing Pakistan's development, the government must pay attention towards the challenges confronting Pakistan's steel industry with immediate action to address them. The menace of smuggling and unscrupulous activities of the undocumented sector of steel is hurting the documented steel industry badly. In addition, there is a need to review import duties and energy costs to lower the cost of manufacturing steel.

The Board wishes to convey its gratitude to all esteemed stakeholders, comprising shareholders, customers, financial institutions, and valued suppliers, for their unwavering trust and steadfast support. The Board express its sincere acknowledgment for the dedication and commitment consistently demonstrated by our management team and dedicated employees. We remain committed to upholding the highest standards of corporate governance and ethical business practices to ensure that we continue to maintain your trust in the years ahead.

For & on behalf of the Board of Directors



Shayan Akberali
Chief Executive Officer



Teizoon Kisat
Director

27 February 2024
Karachi

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AMRELI STEELS LIMITED

Report on review of the Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of AMRELI STEELS LIMITED ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the quarters ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The financial statements of the Company for the year ended June 30, 2023 were audited by another auditor who had expressed an unmodified opinion thereon vide their report dated October 02, 2023.

The engagement partner on the review resulting in this independent auditor's review report is Zulfikar Ali Causer

KARACHI

DATED: 27 FEBRUARY 2024

UDIN: RR202310067PYzjbZG2D



CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	21,949,688	22,263,497
Right of use asset		115,741	135,731
Intangible assets		4,357	6,600
Long-term investments		14,289	14,289
Long-term deposits and loans		196,081	193,717
		<u>22,280,156</u>	<u>22,613,834</u>
CURRENT ASSETS			
Stores and spares		2,245,194	2,604,137
Stock-in-trade	6	9,955,041	7,097,218
Trade debts	7	5,714,449	4,973,402
Loans and advances		66,945	45,494
Trade deposits and short-term prepayments		23,871	20,767
Other receivables		1,449	211,236
Taxation – net		2,371,630	2,333,729
Cash and bank balances		263,551	271,913
		<u>20,642,130</u>	<u>17,557,896</u>
TOTAL ASSETS		<u><u>42,922,286</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 reserve - accumulated profit		4,647,216	5,250,225
Actuarial loss on gratuity fund		(89,629)	(89,629)
Revaluation surplus on property, plant and equipment – net of tax		3,488,707	3,642,789
		<u>13,805,150</u>	<u>14,562,241</u>
NON-CURRENT LIABILITIES			
Long-term financing		2,929,564	3,704,899
Long-term provision	8	151,433	146,863
Loan from related parties	9	142,118	-
Deferred taxation	10	460,069	1,028,172
Deferred liability - defined benefit obligation		487,419	452,985
Lease liabilities		117,530	121,797
Government grant		352,722	381,564
		<u>4,640,855</u>	<u>5,836,280</u>
CURRENT LIABILITIES			
Trade and other payables	11	4,164,927	4,979,403
Contract liabilities		554,709	479,226
Interest / markup accrued		1,077,749	800,284
Short-term borrowings - secured	12	16,718,973	11,331,137
Current portion of long-term financing		1,694,047	1,799,680
Current portion of loan from related parties		188,000	316,333
Current portion of lease liabilities		37,876	34,529
Current portion of government grant		34,701	27,161
Unclaimed dividend		5,299	5,456
		<u>24,476,281</u>	<u>19,773,209</u>
TOTAL EQUITY AND LIABILITIES		<u><u>42,922,286</u></u>	<u><u>40,171,730</u></u>
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The annexed notes from 1 to 22 form an integral part of these financial statements



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Note	----- (Rupees in '000) -----			
Sales	22,251,024	23,030,883	11,359,909	13,211,020
Cost of sales	<u>(19,767,428)</u>	<u>(20,588,408)</u>	<u>(10,204,139)</u>	<u>(12,357,132)</u>
Gross profit	2,483,596	2,442,475	1,155,770	853,888
Distribution costs	(553,444)	(499,045)	(308,772)	(279,621)
Administrative expenses	(441,460)	(334,626)	(241,920)	(170,821)
Provision of expected credit loss	(29,169)	(52,540)	(18,249)	(9,989)
Other expenses	(122,942)	(21,348)	(3,832)	1,127
Other income	2,113	6,898	1,458	5,011
Operating profit	1,338,694	1,541,814	584,455	399,595
Finance costs	<u>(2,263,129)</u>	<u>(1,958,972)</u>	<u>(1,247,669)</u>	<u>(1,031,054)</u>
Loss before taxation	(924,435)	(417,158)	(663,214)	(631,459)
Taxation	290,094	232,414	201,653	242,652
Loss for the period	<u>(634,341)</u>	<u>(184,744)</u>	<u>(461,561)</u>	<u>(388,807)</u>
	----- (Rupees) -----			
Loss per share – basic and diluted	<u>(2.14)</u>	<u>(0.62)</u>	<u>(1.55)</u>	<u>(1.31)</u>

The annexed notes from 1 to 22 form an integral part of these financial statements



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Half Year Ended		Quarter Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----			
Loss for the period	(634,341)	(184,744)	(461,561)	(388,807)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(634,341)</u>	<u>(184,744)</u>	<u>(461,561)</u>	<u>(388,807)</u>

The annexed notes from 1 to 22 form an integral part of these financial statements



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Share Capital	Capital reserve	Revenue reserve			
	Issued, subscribed and paid-up capital	Share premium	Accumulated profit	Actuarial loss on gratuity fund	Revaluation surplus on property, plant and equipment	Total
(Rupees in '000)						
Balance as at July 01, 2022 - (Audited)	2,970,114	2,788,742	5,865,798	(75,607)	3,705,659	15,254,706
Loss for the period	-	-	(184,744)	-	-	(184,744)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(184,744)	-	-	(184,744)
Incremental depreciation relating to revaluation surplus on property, plant and equipment – net of tax			34,527	-	(34,527)	-
Balance as at December 31, 2022 (Un-audited)	2,970,114	2,788,742	5,715,581	(75,607)	3,671,132	15,069,962
Balance as at July 01, 2023 (Audited)	2,970,114	2,788,742	5,250,225	(89,629)	3,642,789	14,562,241
Loss for the period	-	-	(634,341)	-	-	(634,341)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(634,341)	-	-	(634,341)
Transferred to accumulated profit in respect of - incremental depreciation during the period – net of tax - Deficit on revaluation of land	-	-	31,332	-	(31,332) (122,750)	- (122,750)
Balance as at December 31, 2023 (Un-audited)	2,970,114	2,788,742	4,647,216	(89,629)	3,488,707	13,805,150

The annexed notes from 1 to 22 form an integral part of these financial statements



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	December 31, 2023	December 31, 2022
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(924,435)	(417,158)
Adjustments for:		
Depreciation on:		
- Operating fixed assets	500,848	453,970
- Right-of-use assets	19,990	21,673
Amortization	2,243	3,906
Bad debt written off	(3,997)	-
Unrealized exchange gain	(24,338)	-
Increase in long term provision	4,569	723
Provision of expected credit loss	29,169	52,540
Provision for gratuity	60,551	46,169
Gain on disposal of operating fixed assets	(221)	(3,525)
Finance costs	2,254,363	1,949,258
Interest expenses on leases	8,766	9,714
	2,851,943	2,534,428
Decrease/ (increase) in current assets:		
Stores and spares	358,942	446,740
Stock-in-trade	(2,857,822)	775,580
Trade debts	(766,218)	(286,309)
Loans and advances	(21,450)	3,123
Trade deposits and short-term prepayments	(3,104)	(4,615)
Other receivables	209,787	(174,584)
	(3,079,865)	759,935
Decrease in current liabilities:		
Trade and other payables	(2,523,704)	(630,436)
Contract liabilities	75,483	(142,840)
	(2,448,221)	(773,276)
Cash (used in) / generated from operations	(3,600,578)	2,103,929
Income taxes paid	(315,911)	(399,285)
Gratuity paid	(26,117)	(16,429)
Finance costs paid	(1,976,902)	(1,623,628)
Long-term deposits – net	(2,364)	1,363
Net cash (used in) / generated from operating activities	(5,921,872)	65,950
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(310,907)	(696,384)
Proceeds from disposal of operating fixed assets	1,340	6,172
Additions to intangible assets	-	(2,347)
Net cash used in investing activities	(309,567)	(692,559)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(156)	(148)
Short-term borrowings – net	6,206,910	2,177,970
Long-term financing – net	(902,270)	125,282
Loan from directors	13,785	-
Lease rentals paid	(9,686)	(34,784)
Net cash generated from financing activities	5,308,583	2,268,320
Net (decrease) / increase in cash and cash equivalents	(922,857)	1,641,711
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	(2,623,740)	(18,631)

The annexed notes from 1 to 22 form an integral part of these financial statements


Chief Executive Officer


Chief Financial Officer


Director

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

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);
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Act; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are 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, 2023.

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

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and December 31, 2022 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they have reviewed the cumulative figures for the six months ended December 31, 2023 and December 31, 2022.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are carried at amortized cost or at fair value through other comprehensive income.

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan rupee ('Rupees' or 'Rs.') which is the functional currency of the Company.

2.4 SUMMARY OF SIGNIFICANT 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, 2023.

2.5 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2023, but are considered not to be relevant or did not have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or expected to have any significant effect on the Company's operations and are, therefore, not detailed in 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. 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 financial statements for the year ended June 30, 2023.

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.

4 TAXATION

The provisions for taxation for the half year and quarter ended December 31, 2023 have been made using the best estimated effective rate applicable to expected total earnings. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
----- (Rupees in '000) -----			
5	PROPERTY, PLANT AND EQUIPMENT		
	5.1	20,242,487	20,632,188
	5.2	1,707,201	1,631,309
		<u>21,949,688</u>	<u>22,263,497</u>

5.1 Operating fixed assets

Balance at the beginning of the period / year		20,632,188	19,791,171
Additions during the period / year	5.1.1	235,016	1,773,620
Disposals during the period / year	5.1.1	(1,118)	(11,857)
Deficit on revaluation of land		(122,751)	-
Depreciation charged during the period / year		(500,848)	(920,746)
Balance at the end of the period / year		<u>20,242,487</u>	<u>20,632,188</u>

5.1.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (Net book value)	
	December 31,	December 31,	December 31,	December 31,
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Buildings on leasehold land	4,773	-	-	-
Plant and machinery	188,821	117,304	-	181
Furniture and fittings	10,168	1,110	-	7
Office equipment	9,280	5,046	-	319
Vehicles	6,958	28,332	797	2,053
Computers	15,016	8,837	321	87
	<u>235,016</u>	<u>160,629</u>	<u>1,118</u>	<u>2,647</u>

5.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating fixed assets	Closing balance
----- (Rupees in '000) -----				
Leasehold land	120,000	-	-	120,000
Plant and machinery	270,907	255,113	(203,803)	322,217
Civil works	1,240,402	25,809	(1,227)	1,264,984
	<u>1,631,309</u>	<u>280,922</u>	<u>(205,030)</u>	<u>1,707,201</u>

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
Note	----- (Rupees in '000) -----	
6 STOCK-IN-TRADE		
Raw materials-Scrap		
- In hand	4,396,020	1,911,763
- In transit	869,373	1,485,233
	<u>5,265,393</u>	<u>3,396,996</u>
Work-in-process	889,462	967,718
Finished goods		
- Manufactured	3,799,919	2,727,425
- Trading	267	5,079
	<u>3,800,186</u>	<u>2,732,504</u>
	<u>9,955,041</u>	<u>7,097,218</u>
7 TRADE DEBTS - UNSECURED		
Considered good	5,714,449	4,973,402
Considered doubtful	322,886	297,714
	<u>6,037,335</u>	<u>5,271,116</u>
Allowance for expected credit Loss	7.1 (322,886)	(297,714)
Trade debts - net	<u>5,714,449</u>	<u>4,973,402</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	297,714	187,011
Charge during the period/ year	29,169	119,602
Write-off during the period / year	(3,997)	(8,899)
Balance at end of the period / year	<u>322,886</u>	<u>297,714</u>

8 LONG-TERM PROVISION

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

The Company without prejudice to the suit filed, carries provision amounting to Rs. 217.684 million under the relevant accounting standards and ICAP guidelines in this regard.

9 LOAN FROM RELATED PARTY

Represents long term loan obtained from related party amounting to Rs. 142.118 million at a rate of 3 month KIBOR and is repayable on December 31, 2027. The loan was obtained to meet the financial needs of the Company.

	December 31,	June 30,
	2023	2023
	(Un-audited)	(Audited)
	----- (Rupees in '000) -----	
10 DEFERRED TAXATION		
Deductible temporary differences arising in respect of:		
Provisions	(464,801)	(444,086)
Unused tax credits	<u>(3,367,914)</u>	<u>(2,821,262)</u>
	(3,832,715)	(3,265,348)
Taxable temporary differences arising in respect of:		
Accelerated tax depreciation / amortization	3,371,665	3,344,573
Right-of-use-assets	45,139	52,935
Surplus on revaluation of property, plant and equipment	<u>875,980</u>	<u>896,012</u>
	<u>4,292,784</u>	<u>4,293,520</u>
	<u>460,069</u>	<u>1,028,172</u>

11 TRADE AND OTHER PAYABLES

- 11.1 Includes murabaha amounting to Rs. 2,101 million (June 30, 2023: Rs. 367 million) carries profit at the rates ranging from 6 month KIBOR plus 0.75% to 6 month KIBOR plus 1% per annum (June 30, 2023: 3 month KIBOR plus 0.75% to 3 month KIBOR plus 1.5% per annum).
- 11.2 Includes current portion of provision for gas infrastructure development cess amounting to Rs. 66.250 (June 30, 2023: 65.867) million.

	December 31,	June 30,
	2023	2023
	(Un-audited)	(Audited)
	----- (Rupees in '000) -----	
12 SHORT-TERM BORROWINGS - SECURED		
Cash finance	869,349	766,716
Running finance	2,887,291	1,972,797
Istisna	4,367,420	3,606,900
Finance against trust receipts	8,289,813	3,580,724
Short term loan	<u>305,100</u>	<u>1,404,000</u>
	<u>16,718,973</u>	<u>11,331,137</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 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.

13.2 Commitments

11.2.1 Outstanding letters of credit	<u>2,864,293</u>	<u>5,564,811</u>
11.2.2 Outstanding letters of guarantee	<u>487,856</u>	<u>486,356</u>
11.2.3 Capital expenditure	<u>65,344</u>	<u>356,567</u>
11.2.4 Commitments for rentals payable under Ijarah contracts in respect of vehicles and plant and machinery with Islamic banks are as follows:		

	December 31, 2023	June 30, 2023
	(Un-audited)	(Audited)
	----- (Rupees in '000) -----	
Not later than one year	<u>39,972</u>	<u>40,043</u>
Later than one year but not later than five years	<u>5,708</u>	<u>24,461</u>

14 FINANCE COSTS

Includes mark up on long-term financing and short-term borrowings amounting to Rs. 547.94 million and Rs. 1,674.90 million (31 December 2022: Rs. 431.259 million and Rs. 1,464.88 million) respectively.

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Un-audited)		(Un-audited)	
	----- (Rupees in '000) -----			

15 TAXATION

Current	278,010	287,964	141,932	213,222
Deferred	(568,104)	(520,378)	(343,585)	(455,874)
	<u>(290,094)</u>	<u>(232,414)</u>	<u>(201,653)</u>	<u>(242,652)</u>

16 CASH AND CASH EQUIVALENTS

		December 31, 2023	December 31, 2022
		(Un-audited)	
	Note	----- (Rupees in '000) -----	
Cash and bank balances		263,551	281,400
Running finance facilities	12	(2,887,291)	(1,799,744)
Short-term investments		-	1,499,713
		<u>(2,623,740)</u>	<u>(18,631)</u>

17 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.

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no transfers amongst levels during the period.

19 TRANSACTION WITH RELATED PARTIES

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

Nature of transaction	Relationship with the company	Half Year Ended		Quarter Ended	
		December 31, 2023 (Un-audited)	2022 (Un-audited)	December 31, 2023 (Un-audited)	2022 (Un-audited)
		--(Rupees in '000)--		--(Rupees in '000)--	
Remuneration and other benefits	Key management personnel	280,238	242,388	168,600	143,860
Contribution to staff gratuity fund	Retirement benefit fund	60,551	46,169	30,276	23,085
Interest charged on loans	Directors and shareholder	18,699	26,198	822	13,555
Sale of vehicles	Directors	-	1,762	-	1,762
Meeting fee	Directors	2,450	1,700	1,475	900
Payment of interest on related parties loan	Director and shareholder	26,923	10,966	-	10,966
Repayment of related parties loan	Directors	128,333	-	-	-
Purchases	Associates	964	119	964	26
Donation to related parties	Associates	524	3,500	-	2,500
Payment of office security deposit	Associate	-	3,398	-	3,398
Sales made	Shareholder	3,036	7,110	1,594	1,650
Payment of office rent	Shareholder	-	18,894	-	18,894

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

20 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 December 2023 and 2022 are located in Pakistan.

Sales made by the Company to its 20 major customers during the period constituted 17% (December 31, 2022: 27%) of total sales.

21 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 27 February 2024 by the Board of Directors of the Company.


22 GENERAL

22.1 Figures have been rounded off to the nearest thousands of Rupees, unless otherwise stated.


22.2 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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