

AMRELI STEELS LIMITED

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

31 DECEMBER 2024



**AMRELI
STEELS**

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Abbas Akberali	Chairman, Non-Executive Director
Mr. Shayan Akberali	Chief Executive Officer
Syed Asghar Jamil Rizvi	Independent Director
Mr. Sohail Feroz Shamsi	Independent Director
Mr. Zoeb Salemwala	Non-Executive Director
Mr. Hadi Abbas Akberali	Executive Director
Ms. Mariam Akberali	Non-Executive Director

AUDIT COMMITTEE

Syed Asghar Jamil Rizvi	Chairman
Mr. Sohail Feroz Shamsi	Member
Mr. Zoeb Salemwala	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Sohail Feroz Shamsi	Chairman
Syed Asghar Jamil Rizvi	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
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 2024

The Board of Directors are presenting the Directors' Report for the half year ended 31 December 2024. This report provides an overview of the Company's performance during the period, highlighting key economic factors and challenges affecting the steel industry. The sector continues to face significant hurdles, including discriminatory tax policies, weak demand and soaring electricity costs, which severely impact its growth and sustainability.

A major concern is the rampant smuggling of steel products from neighboring countries. This illegal trade undermines local manufacturer competitiveness, eroding market share and causing substantial revenue losses. Additionally, steel manufacturers face exorbitant electricity costs, which have surged by 267% over the past four years, forcing many mills to shut down or operate below 40% capacity, leading to widespread job losses.

Compounding these challenges is the presence of lenient tax regimes in regions of FATA and PATA, which create significant market imbalances. Most of the steel produced in these regions is transported to settled areas without the payment of sales tax, leading to an annual revenue loss of billions of rupees for the national exchequer. These unfair and discriminatory tax exemptions place an undue burden on compliant and documented businesses, stifling growth and discouraging investment in the sector.

Economic instability, declining infrastructure development, and shrinking rebar demand pose additional threats to an already struggling steel industry, exacerbating the crisis and jeopardizing its long-term viability. Given these challenges, the industry stands at a critical juncture, necessitating urgent reforms and strategic interventions. Implementing comprehensive measures to curb smuggling, ensure tax uniformity, and supporting the documented businesses are essential to revitalizing the sector and restoring its sustainability.

During the half-year under review, the Company experienced a notable decline in sales, decreasing by 60.4%, alongside a sharp reduction in gross profit of 90.12%. This downturn was primarily driven by escalating production costs, largely attributable to unabsorbed fixed expenses resulting from low capacity utilization due to the in-process financial restructuring and consequently unavailability of working capital lines. This financial constraint disrupted operations and delayed essential imports, further deteriorating the Company's financial position. As a result, the auditors have included an emphasis of matter paragraph in their review report, referring to Note 2 of the condensed interim financial statements, which highlights material uncertainties regarding the Company's ability to continue as a going concern. However, the Company's management remains confident that proposed financial restructuring and liquidity injection, as outlined in Note 2 above, will help navigate these challenges. Management firmly believes that with the resumption of working capital lines, it would be able to increase capacity utilization leading to an improved financial position over the next few years.

The Company's gross margin declined from 11.18% in 1H-FY24 to 2.79% in 1H-FY25, primarily due to the inability to pass rising costs onto consumers amid intense market competition. Consequently, the Company recorded an operating loss of Rs.351 million, underscoring the substantial operational challenges encountered during the period. Despite a marginal reduction in finance costs by 1%, the Company's losses before and after taxation have increased by 125% and 196%, respectively, compared to the same period last year. A comparison of the key financial indicators of the Company for the half year ended 31 December 2024, with the corresponding period last year is presented below:

	Half Year Ended 31 December 2024 (Rs. in million)	Half Year Ended 31 December 2023 (Rs. in million)
Net Sales	8,800	22,251
Gross Profit	246	2,489
Operating (Loss)/ Profit	(351)	1,344
Finance Costs	(2,240)	(2,266)
Loss Before Taxation and Levies	(2,592)	(922)
Loss After Taxation	(1,873)	(632)
Loss per Share - Basic & Diluted (Rs.)	(6.31)	(2.13)

Future Outlook:

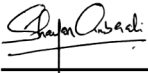
The future remains challenging for the steel sector, and stakeholders must adjust their expectations accordingly. While Pakistan's economic indicators show some signs of stabilization, such as a decline in inflation from 28.8% in H1-FY2024 to 7.2% in H1-FY2025, this improvement alone is insufficient to drive a significant positive impact on the industrial sector in the near term. Although these developments lay the groundwork for potential recovery, substantial growth is more realistically expected beyond FY-2026, offering a more promising horizon for meaningful improvements.

While the current challenges persist, the Company is fully committed to restoring financial stability. Stakeholders can be assured that strategic measures are being implemented to navigate this difficult period, with management focused on achieving long-term sustainability and operational recovery. The Board reaffirms its commitment to maintaining the highest standards of corporate governance, transparency, and ethical business practices.

The Board remains optimistic about successfully restructuring financial facilities with lenders and securing the necessary financial support previously extended to the Company. This will enable the Company to utilize available credit lines to open LCs for critical imports, which is essential for sustaining its financial stability. The Board extends its appreciation to all esteemed stakeholders, including shareholders, lenders, customers, and suppliers, for their continued trust and support during this challenging half-year.

For & on behalf of the Board of Directors

27 February 2025
Karachi



Shayan Akberali
Chief Executive Officer



Zoeb Salemwala
Director

INDEPENDENT AUDITORS 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, 2024 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 six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with 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.

Emphasis of matter

We draw attention to the contents of note 2 to the draft condensed interim financial statements, that the Company incurred a net loss of Rs. 1,873.061 million during the six months period ended December 31, 2024 and, as of that date, the Company's accumulated losses stood at Rs. 2,502.966 million and the current liabilities exceeded its current assets by Rs. 12,937.481 million. These events or conditions along with other matters disclosed in the above-mentioned note indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

Other Matters

The figures for the quarters ended December 31, 2024 and December 31, 2023 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and accordingly we do not express a conclusion on them.

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

KARACHI
BDO EBRAHIM & CO.
DATED: 27 FEB 2025
CHARTERED ACCOUNTANTS
UDIN: RR202410067DbMSZhCam


CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

		December 31, 2024 (Un-audited)	June 30, 2024 (Audited)
		----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	28,145,618	29,955,370
Right of use asset		75,079	100,238
Intangible assets		2,071	3,187
Long-term deposits and loans		200,553	175,575
		<u>28,423,321</u>	<u>30,234,370</u>
CURRENT ASSETS			
Stores and spares		2,164,631	2,453,480
Stock-in-trade	6	4,580,589	7,162,017
Trade debts	7	1,749,929	2,349,962
Loans and advances		29,808	60,121
Trade deposits and short-term prepayments	8	409,555	30,035
Short term investment		14,289	14,289
Other receivables		877,935	988,633
Taxation – net		2,668,320	2,928,387
Cash and bank balances	9	1,879,981	195,444
		<u>14,375,037</u>	<u>16,182,367</u>
Non current assets held for sale	10	1,580,069	423,170
TOTAL ASSETS		<u><u>44,378,427</u></u>	<u><u>46,839,907</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
500,000,000 ordinary shares of Rs.10 each		<u>5,000,000</u>	<u>5,000,000</u>
Issued, subscribed and paid-up capital		2,970,114	2,970,114
Capital reserve		2,788,742	2,788,742
Revenue reserve - accumulated losses		(2,502,966)	(751,018)
Surplus on revaluation of property, plant and equipment		9,097,050	9,218,163
		<u>12,352,940</u>	<u>14,226,001</u>
NON-CURRENT LIABILITIES			
Long term financing	11	-	-
Loan from related party	12	124,922	124,922
Deferred taxation	13	4,118,343	4,946,265
Deferred liability - defined benefit obligation		395,837	511,949
Lease liabilities		73,867	105,818
		<u>4,712,969</u>	<u>5,688,955</u>
CURRENT LIABILITIES			
Trade and other payables		1,012,392	2,474,553
Contract liabilities		327,775	437,305
Interest / markup accrued		3,014,022	1,457,718
Short-term borrowings - secured	14	18,206,845	17,861,957
Current portion of long-term financing	11	4,053,802	4,002,484
Current portion of long-term provision		282,238	282,189
Current portion of lease liabilities		56,866	34,310
Current portion of government grant		353,323	369,161
Unclaimed dividend		5,255	5,274
		<u>27,312,518</u>	<u>26,924,951</u>
TOTAL EQUITY AND LIABILITIES		<u><u>44,378,427</u></u>	<u><u>46,839,907</u></u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer

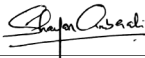


Director

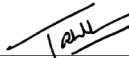
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024
(UN-AUDITED)**

	Six months period ended		Quarter ended	
	December 31, 2024	December 31, 2023 (Restated)	December 31, 2024	December 31, 2023 (Restated)
Note	----- (Rupees in '000) -----			
Sales	8,800,824	22,251,024	4,573,119	11,359,909
Cost of sales	16 (8,555,000)	(19,762,474)	(4,556,074)	(10,199,185)
Gross profit	245,824	2,488,550	17,045	1,160,724
Distribution costs	(311,359)	(553,444)	(150,907)	(308,772)
Administrative expenses	(384,884)	(441,460)	(193,953)	(241,920)
Reversal / (provision) of expected credit loss	57,526	(29,169)	50,570	(18,249)
Other expenses	(31,717)	(122,942)	(13,307)	(3,832)
Other income	73,583	2,113	48,193	1,458
Operating (loss) / profit	(351,027)	1,343,648	(242,359)	589,409
Finance costs	17 (2,240,637)	(2,266,070)	(1,027,534)	(1,250,610)
Loss before taxation, minimum and final tax	(2,591,664)	(922,422)	(1,269,893)	(661,201)
Levy	(109,320)	(278,009)	(53,822)	(141,932)
Loss before taxation	(2,700,984)	(1,200,431)	(1,323,715)	(803,133)
Taxation	18 827,923	568,104	442,365	343,585
Loss for the period	<u>(1,873,061)</u>	<u>(632,327)</u>	<u>(881,350)</u>	<u>(459,548)</u>
	----- (Rupees) -----			
Loss per share – basic and diluted	<u>(6.31)</u>	<u>(2.13)</u>	<u>(2.97)</u>	<u>(1.55)</u>

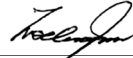
The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024
(UN-AUDITED)**

	Six months period ended		Quarter Ended	
	December 31, 2024	December 31, 2023 (Restated)	December 31, 2024	December 31, 2023 (Restated)
	----- (Rupees in '000) -----			
Loss for the period	(1,873,061)	(632,327)	(881,350)	(459,548)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(1,873,061)</u>	<u>(632,327)</u>	<u>(881,350)</u>	<u>(459,548)</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer




Director

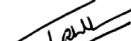
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 (UN-AUDITED)

	Share Capital	Capital reserve		Revenue reserve	Actuarial loss on gratuity fund	Total
	Issued, subscribed and paid-up capital	Share premium	Surplus on revaluation of property, plant and equipment	Accumulated (loss) / unappropriated profit		
(Rupees in '000)						
Balance as at June 30, 2023 (as previously report)	2,970,114	2,788,742	3,642,789	5,250,225	(89,629)	14,562,241
Effect of restatements- Note 3.5	-	-	(120,828)	(154,857)	89,629	(186,056)
Balance as at July 01, 2023- as restated	2,970,114	2,788,742	3,521,961	5,095,368	-	14,376,185
Total comprehensive loss for the period	-	-	-	(632,327)	-	(632,327)
Loss for the period - restated	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	-	(632,327)	-	(632,327)
Transferred to accumulated profit in respect of - incremental depreciation during the period - net of tax - deficit on revaluation of land	-	-	(31,332) (122,750)	31,332 -	-	- (122,750)
Balance as at December 31, 2023 - as restated	2,970,114	2,788,742	3,367,879	4,494,373	-	13,621,108
Balance as at July 01, 2024 (Audited)	2,970,114	2,788,742	9,218,163	(751,018)	-	14,226,001
Total comprehensive loss for the period	-	-	-	(1,873,061)	-	(1,873,061)
Loss for the period	-	-	-	-	-	-
Other comprehensive loss for the year	-	-	-	(1,873,061)	-	(1,873,061)
Transferred to accumulated profit in respect of - incremental depreciation during the period - net of tax	-	-	(121,113)	121,113	-	-
Balance as at December 31, 2024 (Un-audited)	2,970,114	2,788,742	9,097,050	(2,502,066)	-	12,352,940

The annexed notes from 1 to 25 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 (UN-AUDITED)

		December 31, 2024	December 31, 2023 (Restated)
	Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(2,700,984)	(1,200,431)
Adjustments for:			
Depreciation on:			
- Operating fixed assets	5.1	679,393	500,848
- Right-of-use assets		19,269	19,990
Amortization on:			
- Intangible assets		1,116	2,243
- Government grant		(15,838)	(21,303)
Bad debt written off	7.1	-	(3,997)
Unrealized exchange gain		-	(24,338)
Increase/(decrease) in long term provision		49	(384)
(Reversal)/Provision of expected credit loss	7.1	(57,526)	29,169
Provision for gratuity		65,694	60,551
Gain on disposal of operating fixed assets		(7,873)	(221)
Finance costs		2,233,734	2,257,303
Interest expenses on leases		6,903	8,766
Net cash from operating profit before working capital changes		<u>2,924,920</u>	<u>2,828,626</u>
Decrease/ (increase) in current assets:			
Stores and spares		288,849	358,942
Stock-in-trade		2,581,427	(2,857,822)
Trade debts		657,559	(766,218)
Loans and advances		30,313	(21,450)
Trade deposits and short-term prepayments		(379,520)	(3,104)
Other receivables		110,698	209,787
		<u>3,289,326</u>	<u>(3,079,865)</u>
Decrease/ (increase) in current liabilities:			
Trade and other payables		(976,204)	(2,245,694)
Contract liabilities		(109,530)	75,483
		<u>(1,085,734)</u>	<u>(2,170,211)</u>
Cash generated from / (used in) operations		<u>2,427,529</u>	<u>(3,621,881)</u>
Income taxes paid		(224,991)	(315,911)
Gratuity paid		(181,807)	(26,117)
Finance costs paid		(677,430)	(1,976,902)
Long-term deposits – net		(24,978)	(2,364)
Net cash from / (used in) operating activities		<u>1,318,324</u>	<u>(5,943,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(29,705)	(310,907)
Proceeds from disposal of operating fixed assets		11,037	1,340
Additions to intangible assets		-	-
Net cash (used in) investing activities		<u>(18,668)</u>	<u>(309,567)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(19)	(156)
Short-term borrowings – net		842,552	6,206,910
Long-term financing – net		51,319	(880,967)
Loan from directors		-	13,785
Lease rentals paid		(10,408)	(9,686)
Net cash from financing activities		<u>883,444</u>	<u>5,329,886</u>
Net increase / (decrease) in cash and cash equivalents		2,183,100	(922,856)
Cash and cash equivalents at beginning of the period		(3,052,525)	(1,700,884)
Cash and cash equivalents at end of the period	19	<u>(869,425)</u>	<u>(2,623,740)</u>

The annexed notes from 1 to 25 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2024 (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 at Plot No. A-18, S.I.T.E., Karachi.

2 MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

During the year ended June 30, 2024 and the current period, the Company faced various challenges included, but were not limited to, a tight monetary policy, constrained fiscal space, high inflation, exorbitant energy costs, mounting external and domestic debt burdens, and stringent conditions associated with International Monetary Fund (IMF) support. These unprecedented external factors placed considerable pressure on the construction sector, leading to reduced demand and capacity utilization. Further, the Company has shutdown its plant located at Shershah and due to unfavourable financial position of the Company, the Company breached the covenant of all long term loan (refer note 11.2). As a result the Company has incurred a substantial net loss for the period amounting to Rs. 1,873.061 million (December 31, 2023: Rs. 632.327 million) and, as of that date, the Company's accumulated losses stood at Rs. 2,502.966 million (June 30, 2024: Rs. 751.018 million) and the current liabilities exceeded its current assets by Rs. 12,937.481 million (June 30, 2024: Rs. 10,742.584 million).

These events or conditions, along with other matters as stated above, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

However, management has devised strategies to navigate these challenges, including debt restructuring and reducing operational costs, and sales of under-utilized assets including warehouses and building (refer note 10.1). The restructuring process is currently at advanced stage and 71% firm approvals have already been secured by the Company. Furthermore, the management also plans to improve liquidity up to Rs. 4 billion in combination of sale of non core asset and equity. Further, among these assets, the sale of one asset is subject to issuance of NOC from banks. Despite challenges, the management believes the Company's future outlook is positive, citing the GDP growth forecast, a decrease in inflation, and an expected further decline in interest rates to a single digit, which will further boost the construction industry. Accordingly, the management believes that going concern basis of accounting is appropriate, therefore, these condensed interim financial statements have been prepared on a going concern basis.

3 BASIS OF PREPARATION

3.1 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 financial statements as at and for the year ended June 30, 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2024 and December 31, 2023 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 period ended December 31, 2024 and December 31, 2023.

The condensed interim financial statements are unaudited and being submitted to members as required under section 237 of the Companies Act 2017 and Listing Regulations of Pakistan Stock Exchange.

3.2 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.

3.3 MATERIAL ACCOUNTING POLICY INFORMATION

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 financial statements as at and for the year ended June 30, 2024.

3.4 Restatement of comparative and reclassification

As stated in note 5.33 to the annual financial statements as at and for the year ended June 30, 2024, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy'. The Company has also made certain restatement in respect of measurement of deferred tax on revaluation surplus on property, plant and equipment, classification of resmeasurement of defined benefit obligation as separate line item in the statement of changes in equity, and account for unwinding effect of GIDC provision in accordance with the original installment plan.

The above changes were made in accordance with the requirements of IAS 8, 'Accounting Policies, Change in Accounting Estimates and Errors' in the annual financial statements as at and for the year ended June 30, 2024 with retrospective effect. The effect of these on comparatives are as follows:

	December 31, 2023 (Un-audited) Rs in 000
Effect on condensed interim statement of profit or loss:	
Change in accounting policy:	
Increase in levy	
Minimum tax	(277,402)
Final tax	(607)
	(278,009)
Decrease in income tax	278,009
Corrections:	
Decrease in cost of sales	4,954
Increase in finance cost	(2,941)
	2,013
Net effect on condensed interim statement of profit or loss	2,013
Net effect to equity	2,013

(Rupees)

Decrease in loss per share	0.01
----------------------------	------

	June 30, 2023		
	As previously reported	As restated	Restatement
	----- (Rupees in '000) -----		
Effect on statement of changes in equity			
Revenue reserves – unappropriated profit*	5,250,225	5,095,368	(154,857)
Surplus on revaluation of property, plant and equipment	3,642,789	3,521,961	(120,828)
Remeasurement loss on defined benefit obligation	(89,629)	-	89,629

* Restatement represents reclassification of remeasurement loss on defined benefit obligation amounting to Rs. 89.629 million and effect of correction of unwinding of GIDC liability as explained in above, amounting to Rs. 65.228 million.

3.5 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS IN THE ACCOUNTING AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN

3.5.1 New accounting standards, amendments and IFRS interpretations that are effective for the six months period ended December 31, 2024

The following standards, amendments and interpretations are effective for the six months period ended December 31, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have any material impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024

3.5.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
IFRS 17 Insurance Contracts	January 01, 2026

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

4 ACCOUNTING ESTIMATES ASSUMPTION AND JUDGEMENTS

The preparation of condensed interim financial statements is in conformity with the accounting and reporting 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 as at and for the year ended June 30, 2024.

	December 31, 2024 (Un-audited)	June 30, 2024 (Audited)
	----- (Rupees in '000) -----	
6 STOCK-IN-TRADE		
Raw materials - scrap		
- In hand	1,402,544	4,196,151
- In transit	-	644,404
	<u>1,402,544</u>	<u>4,840,555</u>
Work-in-process	274,941	253,890
Finished goods		
- Manufactured	2,903,104	2,067,571
	<u>4,580,589</u>	<u>7,162,017</u>

	December 31, 2024 (Un-audited)	June 30, 2024 (Audited)
	----- (Rupees in '000) -----	
7 TRADE DEBTS - UNSECURED		
Considered good	1,749,929	2,349,962
Considered doubtful	615,396	672,922
	<u>2,365,325</u>	<u>3,022,884</u>
Allowance for expected credit loss	7.1 (615,396)	(672,922)
Trade debts - net	<u>1,749,929</u>	<u>2,349,962</u>

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

Balance at beginning of the period / year	672,922	297,714
(Reversal) / charge during the period / year	(57,526)	379,205
Write-off during the period / year	-	(3,997)
Balance at end of the period / year	<u>615,396</u>	<u>672,922</u>

8 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

8.1 This includes margin held by the bank against letter of credit amounting Rs. 370.844 million (June 30, 2024: Nil).

9 CASH AND BANK BALANCES

Cash-In-Hand	53,850	60,607
Bank balances		
-Current accounts	131,179	134,195
-Saving accounts	1,694,952	642
	1,826,131	134,837
	1,879,981	195,444

10 NON CURRENT ASSETS HELD FOR SALE

Karachi - Sky Tower	882,338	-
Lahore - warehouse	274,561	-
Islamabad - warehouse	423,170	423,170
10.1	1,580,069	423,170

- 10.1 In order to meet the working capital requirements and to settle the liabilities, the Company has decided to sell its office space at Sky Tower and Lahore and Islamabad warehouse which comprise of leasehold land, building and machinery, furniture and office equipment installed therein. The Company has classified these assets, in accordance with the requirement of IFRS-5 "Non-current assets held for sale and discontinued operations".

As per valuation carried out by M/S KG Traders, the market value of the Sky Tower building, Lahore and Islamabad warehouse was Rs. 912.435 million, Rs. 278.773 million and Rs. 423.170 million, respectively.

11 LONG TERM FINANCING

- 11.1 There is no change in the term and conditions as disclosed in the annual financial statements as at and for the year ended June 30, 2024.
- 11.2 As at June 30, 2024, the current ratio of the Company falls below 1:1 which is required to be maintained as per existing loan agreements. As result of breach of condition of these long-term loans become payable on demand. Consequently, these loans along with related deferred grant pertaining to subsidized loan have been classified as current in accordance with the requirements of IAS-1 "Presentation of Financial Statements". As at December 31, 2024, the Company is still in breach of this covenant. The Company is currently engaged in restructuring of its long-term loan with the respective lenders and as disclosed in note 2 to the condensed interim financial statements it is at advanced stage and around 71% firms approvals have already been secured and the Company expects the restructuring would be finalized in near future. Consequently, the classification of long-term loan and deferred grant made in the annual financial statement as at and for the year ended June 30, 2024 have been maintained in these condensed interim financial statements.

12 LOAN FROM RELATED PARTY

12.1 This represents loan obtained from a related party at a rate of 3 month KIBOR, repayable on December 31, 2027. The loan was obtained to meet the financial needs of the Company.

December 31, 2024	June 30, 2024
(Un-audited)	(Audited)
----- (Rupees in '000) -----	

13 DEFERRED TAXATION

Deductible temporary differences arising in respect of:

Deferred liability- Gratuity	(154,376)	(199,660)
GIDC provisions	(110,073)	(110,054)
Unused tax credits	(2,505,951)	(1,796,118)
Trade debts	(240,004)	(262,440)
Right of use asset - lease	(50,986)	(54,650)
Others	(537)	(391)
	(3,061,927)	(2,423,313)

December 31, 2024	June 30, 2024
(Un-audited)	(Audited)
----- (Rupees in '000) -----	

Note

Taxable temporary differences arising in respect of:

Accelerated tax depreciation / amortization	3,182,422	3,284,485
Right-of-use-assets	29,281	39,093
Surplus on revaluation of property, plant and equipment	3,968,566	4,046,000
	7,180,269	7,369,578
	4,118,343	4,946,265

14 SHORT-TERM BORROWINGS

Secured

Conventional mode		
Cash finance	839,108	891,487
Running finance	2,349,954	2,435,960
Short term loan	-	151,632
Finance against trust receipts	9,208,247	7,903,905
	12,397,309	11,382,984
Islamic	5,809,536	6,478,973
	18,206,845	17,861,957

14.1

14.1 There is no change in the term and conditions as disclosed in the annual financial statements as at and for the ended year ended June 30, 2024.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

There were no material changes in the status of contingencies as reported in the annual financial statements as at and for the year ended June 30, 2024.

15.2 Commitments

15.2.1 Outstanding letters of credit	172,482	2,883,937
15.2.2 Outstanding letters of guarantee	484,855	487,856
15.2.3 Capital expenditure	-	34,860

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

	December 31, 2024 (Un-audited) ----- (Rupees in '000) -----	June 30, 2024 (Audited)
Not later than one year	5,632	25,243
Later than one year but not later than five years	-	-

16 COST OF SALES

This includes overheads amounting to Rs. 129 million relating to the Shershah factory which was temporary shutdown due to financial constraints and market and operational challenges (refer note 5.1.1).

17 FINANCE COSTS

Includes mark up on long-term financing and short-term borrowings amounting to Rs. 367.512 million and Rs. 1,838.174 million (December 31, 2023: Rs. 547.948 million and Rs. 1,674.904 million) respectively.

Six months period ended		Quarter ended	
December 31, 2024 ----- (Un-audited)-----	December 31, 2023 (Restated)	December 31, 2024 ----- (Un-audited)-----	December 31, 2023 (Restated)
----- (Rupees in '000) -----			

18 TAXATION

Current	-	-	-	-
Deferred	827,923	568,104	442,365	343,585
	827,923	568,104	442,365	343,585

December 31, December 31,
2024 2023
----- (Un-audited)-----
----- (Rupees in '000) -----

19 CASH AND CASH EQUIVALENTS

Cash and bank balances	1,879,981	263,551
Running finance facilities	(2,749,406)	(2,887,291)
	(869,425)	(2,623,740)

20 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 as at and for the year ended June 30, 2024. There have been no change in any risk management policies since the year end.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no transfers amongst levels during the period.

22 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:

Name of related party	Nature of transactions	Relationship with the company	Six months period ended		Quarter ended	
			----- (Un-audited) -----			
			----- (Rupees in '000) -----			
			December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Employees	Remuneration and other benefits	Key management personnel	177,467	280,238	51,158	168,600
Various	Contribution to staff gratuity fund	Retirement benefit fund	65,694	60,551	32,809	30,276
Mr. Hadi Akberali	Charged interest on Loan	Director	11,433	3,326	5,066	823
Mr. Abbas Akberali	Charged interest on Loan	Director	-	4,636	-	-
Various directors	Meeting fee	Directors	175	2,450	-	1,475
Mr. Hadi Akberali	Payment of interest	Director	-	9,441	-	-
Mr. Abbas Akberali	Payment of interest	Director	-	17,482	-	-
Mr. Hadi Akberali	Principal repayment	Director	-	45,000	-	-
Mr. Abbas Akberali	Principal repayment	Director	-	83,333	-	-
Hobnob Bakeries	Entertainment expense	Associate	702	964	407	964
Hunar Foundation	Donation	Associate	-	524	-	-
Mr. Abbas Akberali	Sale of bars	Director	-	3,036	-	1,594

23 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 December 31, 2024 and 2023 are located in Pakistan.

Sales made by the Company to its 20 major customers during the period constituted 14% (December 31, 2023: 17%) of total sales.

24 DATE OF AUTHORIZATION FOR ISSUE

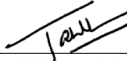
These condensed interim financial statements were authorized for issue on 27 February 2025 by the Board of Directors of the Company.

25 GENERAL

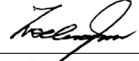
- 25.1 Figures have been rounded off to the nearest thousands of Rupees, unless otherwise stated.
- 25.2 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison.



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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