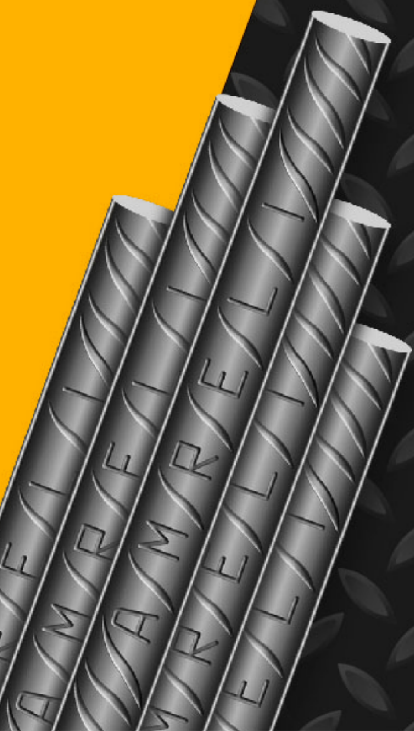


AMRELI STEELS LIMITED

**REPORT FOR THE FIRST
QUARTER ENDED**

30 SEPTEMBER 2021



AMRELI STEELS
Building for Life

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Abbas Akberali	Chairman, Non-Executive Director
Mr. Shayan Akberali	Chief Executive Officer
Mr. Badar Kazmi	Independent Director
Mr. Zafar Ahmed Taji	Independent Director
Mr. Teizoon Kisat	Independent Director
Ms. Kinza Shayan	Non-Executive Director
Ms. Mariam Akberali	Non-Executive Director

AUDIT COMMITTEE

Mr. Teizoon Kisat	Chairman
Mr. Badar Kazmi	Member
Mr. Zafar Ahmed Taji	Member
Ms. Kinza Shayan	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF OPERATING OFFICER (STRATEGY)

Mr. Hadi Akberali

CHIEF OPERATING OFFICER (OPERATIONS) & CHIEF FINANCIAL OFFICER

Mr. Fazal Ahmed

COMPANY SECRETARY

Mr. Adnan Abdul Ghaffar

HEAD OF INTERNAL AUDIT

Ms. Alina Osama Ali

EXTERNAL AUDITORS

EY Ford Rhodes, Chartered Accountants
Progressive Plaza, Beaumont Road, Karachi, Pakistan

INTERNAL AUDITORS

BDO Ebrahim & Co. Chartered Accountants
2nd Floor, Block-C, Lakson Square, Building No. 1,
Sarwar Shaheed Road, Karachi - 74200, Pakistan
Tel: 92-21-35683030, Fax: 92-21-35684239

SHARE REGISTRAR

THK Associates (Pvt) Limited
Plot No. 32-C, Jami Commercial Street - 2, D.H.A.,
Phase -VII, Karachi-75500.
UAN: (021) 111-000-322 Direct No: (021) 35310187
Email: sfc@thk.com.pk

CORPORATE ADVISOR

Moore Shekha Mufti
C-253, P.E.C.H.S, Block-6,
Off Shahrah-e-Faisal, Karachi, Pakistan
Tel: 021-34374811-5

BANKERS

Al-Baraka Bank Pakistan Limited	JS Bank Limited
Askari Bank Limited	MCB Islamic Bank Limited
Allied Bank Limited	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan
Bank Islami Pakistan Limited	Pak China Investment Company Limited
Dubai Islamic Bank Pakistan Limited	Pak Kuwait Investment Company (Private) Limited
Faysal Bank Limited	Samba Bank Limited
Habib Bank Limited	Standard Chartered Bank (Pakistan) Limited
Habib Metropolitan Bank Limited	United Bank Limited

REGISTERED OFFICE

A-18, S.I.T.E, Karachi, Pakistan
UAN: (+92-21) 111-AMRELI (267354)
Fax: 92-21-32587240, 38798328
Email: investor-relations@amrelisteels.com

SHERSHAH ROLLING MILL (SRM)

D-89, Shershah Road, Karachi, Pakistan

STEEL MELT SHOP (SMS) AND DHABEJI ROLLING MILL (DRM)

Industrial Land, Deh Ghara, Tapo Ghara,
Taluka Mirpur Sakro
(Distt: Thatta), Sindh, Pakistan

SYMBOL AT PAKISTAN STOCK EXCHANGE LIMITED

ASTL

WEBSITE INFORMATION

www.amrelisteels.com

DIRECTORS' REVIEW REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

The Board of Directors of your Company are pleased to present their review on the financial and operational performance of the Company for the quarter ended 30 September 2021.

Your Company continued towards delivering strong performance and achieved an impressive growth by registering a turnover of Rs.11.8 billion during the first quarter of FY 22; this is 50% higher than the revenue corresponding to the same period last year. The topline increased due to better price retention and 7% volumetric growth. The improvement in revenue translated into a healthy gross profit of Rs. 1.7 billion, as compared to Rs.863 million in the similar period last year. The GP margins stood at 14.29% as compared to 10.90% in the corresponding period last year.

The operating profit registered an excellent growth of 145.7% to Rs.1,245 million during the quarter under review, as compared to Rs.507 million in the similar quarter last year. Finance cost decreased by 15% during the period under review mainly due to reduction in policy rate by the State Bank of Pakistan and partially because of reduced levels of borrowings in the quarter under review. Operating expenses remained under control to 3.78% of sales for the quarter under review, as compared to 4.5% in the similar quarter last year. Similarly, profit before tax increased from Rs.50 million in the last comparable quarter to Rs.857 million this quarter, registering a phenomenal growth of 1714%. The impressive topline, together with healthy gross margins, allowed the Company to outperform its previous best efforts by registering PAT of Rs.702 million, which is 534% more than the PAT registered in the similar period last year. Consequently, the Company achieved an EPS of Rs.2.36 per share as against Re.0.37 per share in the similar quarter last year.

The key financial highlights of the Company are as follows –

	First Quarter Ended 30 September 2021 (Rs. in million)	First Quarter Ended 30 September 2020 (Rs. in million)
Net sales	11,844	7,914
Gross profit	1,692	863
Operating profit	1,245	507
Profit before tax	857	50
Profit after tax	702	111
Earnings per share (both basic and diluted) (in Rupee(s))	2.36	0.37

Pakistan's economy is on a growth trajectory as the government has set a moderate GDP growth target of 4.8% for this fiscal year. The construction sector is booming with a lot of mega infrastructure projects now in the execution phase. Scrap prices are once again on the rise due to continued supply chain disruption taking the already increased cost of freight further higher. Electricity and gas prices have once again increased thus making the cost of goods manufactured more expensive. For long-term sustainable growth, the expansion of domestic production stands vital. However, for sustainable performance, the government must undertake the much needed structural reforms on the regulatory front, address the issue of circular debt in the power sector, improve tax administration and the widening of the tax base, and manage the current account deficit by incentivizing the production of basic raw materials in Pakistan which are being imported in today's time. The government needs to help the industry to reduce the cost of doing business and provide it with a level playing field for them to further invest in capacity and technology related investments.

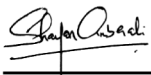
As per recent outlook released by the Ministry of Finance, there are downside risks associated to the Pakistan's economy due to rising inflation, current account deficit, the free fall of the PKR, coupled with increase in international commodity prices and the adverse geopolitical dynamics due to the political situation in Afghanistan. The management of your Company is cognizant of all challenges and doing its best to mitigate the risks as much as it can and is adopting various strategies to counter the rapidly changing business scenarios in today's highly volatile environment. If the constant increase in costs of raw material and other inputs do not give head winds to the steel demand, your Company is well poised to meet its production and sales target for the next quarter and will continue to grow and post a stellar performance for the financial year 2022.

The Board of Directors of your Company are grateful to the Government of Pakistan for addressing long awaited demands of the steel sector by:

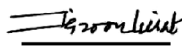
- reducing rate of withholding tax and minimum tax on turnover for steel distributors, dealers, sub-dealers and retailers to 0.25%;
- reducing sales tax rate on import of re-meltable scrap by steel melters to 14%;
- exempting steel sector from payment of further sales tax of 3% on their supplies made to un-registered persons.
- rationalizing minimum sale price of rebars.

The Board of Directors of your Company also expresses its gratitude to all stakeholders including our valued shareholders, employees, customers, financial institutions and suppliers for their encouragement and continued support.

For & on behalf of Board of Directors



Shayan Akberali
Chief Executive Officer



Teizoon Kisat
Director

26 October 2021
Karachi

پاکستان کی معیشت بہتر شرح نمو کی جانب گامزن ہے اور حکومت کی جانب سے رواں سال کیلئے 4.8% جی ڈی پی کا معتدل ہدف مقرر کیا گیا ہے۔ چونکہ بڑے صنعتی منصوبوں پر عمل درآمد شروع ہو چکا ہے لہذا ملک میں تعمیرات کی صنعت میں زبردست تیزی متوقع ہے۔ خام مال یعنی اسکرپ کی قیمت میں اب بھی مسلسل اضافے کا رجحان ہے جس کی وجہ عالمی سطح پر پرنسپل کاری کا نظام درہم برہم ہوتا ہے، نیز پمپ سے بلند مال برداری کے اخراجات میں بھی مزید اضافہ دیکھنے کو مل رہا ہے۔ علاوہ ازیں بجلی اور گیس کی قیمت میں مزید اضافے کے بعد پیداواری لاگت میں بھی اضافہ ہوا ہے۔ طویل المیعاد مستقل نشوونما کیلئے مقامی طور پر پیداوار میں اضافہ ایک اہم جزو ہے۔ تاہم مستقل پیداواری شرح نمو میں بہتری کیلئے اب حکومت کو ریگولیٹری کے میدان میں بنیادی تبدیلیاں روشناس کروانے، پاوریکٹر میں گردش قرضوں کے مسائل حل کرنے، لگس کے معاملات میں بہتری لانے اور ٹیکس میں کٹشادہ کرنے کی ضرورت ہے اور اس کے علاوہ کرنٹ اکاؤنٹ خسارے کو قابو میں رکھنا بھی ضروری ہے جس کے لیے مقامی سطح پر ہی خام مال کی پیداوار کیلئے مراعات دینا ہوں گی جو کہ آج کی تاریخ تک درآمد کیا جا رہا ہے۔ ضرورت اس امر کی ہے کہ حکومت کی جانب سے اس قسم کے اقدامات اٹھانے کا جس کی مدد سے ملک میں کاروباری لاگت میں کمی واقع ہو، تیز پیداواری صلاحیت میں اضافے اور ٹیکنالوجی میں بہتری لانے کیلئے سرمایہ کاری کے سلسلے میں تمام شراکت داروں کو یکساں مواقع فراہم کئے جائیں۔

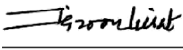
وزارت مالیات کی جانب سے حالیہ ماہانہ معاشی رپورٹ میں جس قسم کے اشارے دیئے گئے ہیں انہیں مد نظر رکھتے ہوئے دیکھا جاسکتا ہے کہ پاکستانی معیشت کے ساتھ منفی خطرات جڑے ہوئے ہیں جن کی وجوہات میں افراط زر کی بلند شرح، کرنٹ اکاؤنٹ خسارہ، پاکستانی روپے کی تیزی سے گرتی ہوئی قدر بعد عالمی سطح پر تیزی سے اشیاء کی قیمتوں میں اضافہ اور افغانستان میں غیر یقینی صورتحال کے پیش نظر خطے کی صورتحال وغیرہ شامل ہیں۔ آپ کی کمپنی کی انتظامیہ ان تمام مسائل سے پوری طرح آگاہ ہے اور کاروبار سے منسلک خطرات کو کم از کم حد تک رکھنے کیلئے ہر لحاظ سے کوشاں ہے کہ تیزی سے بدلتے ہوئے حالات کے تحت بہتر سے بہتر حکمت عملی کو مرتب کیا جائے۔ اگر خام مال کی قیمتوں میں ہونے والا مسلسل اضافہ اور دیگر اخراجات کی وجہ سے اسٹیل کی طلب پر کوئی منفی اثرات نہیں پڑتے تو آپ کی کمپنی اگلی سہ ماہی کے دوران اپنے پیداواری اور فروخت کے اہداف حاصل کرنے کیلئے ہر لحاظ سے تیار ہے۔ آپ کی کمپنی مالی سال 2022 کے دوران زبردست کارکردگی کا مظاہرہ کرنے اور اپنی شرح نمو کو برقرار رکھنے کیلئے کمر بستہ ہے۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز حکومت پاکستان کے بے حد شکرگزار ہیں کہ اسٹیل کی صنعت کے مندرجہ ذیل دیرینہ مطالبات پر توجہ دی گئی جن کے ہم عرصہ دراز سے منتظر تھے۔

- ☆ اسٹیل ڈسٹری بیوٹرز، سب ڈیلرز اور ریٹیلرز کے کاروباری حجم پر ٹیکس اور ان سے متعلقہ دودھ لنگ ٹیکس کی شرح میں 0.25% تک کمی۔
- ☆ اسٹیل میٹرز کیلئے دوبارہ پگھلائے جانے کے قابل خام مال کی درآمد پر پیئر ٹیکس کو کم کرنے کے 14% کی شرح تک لانا۔
- ☆ غیر رجسٹرڈ شدہ افراد کو پلائی وے پر اسٹیل سیل کو اضافی 3% پیئر ٹیکس ادا کرنے سے استثناء۔
- ☆ ریلواری کم از کم قیمت فروخت کو قرین قیاس رکھنے کا اقدام۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز تمام شراکت داروں بشمول قابل قدر حصص داران، ملازمین، صارفین، مالیاتی اداروں اور تریل کاروں کے تہہ دل سے مشکور ہیں کہ ان کی حوصلہ افزائی، حمایت اور تعاون ہمارے شامل حال رہا ہے۔

برائے دُعا و خیر خواہی



تیزوان کت

ڈائریکٹر



شیان اکبر علی

چیف ایگزیکٹو آفیسر

20 اپریل 2021

کراچی

ڈائریکٹرز جائزہ رپورٹ برائے سہ ماہی اختتامیہ 30 ستمبر 2021

بورڈ آف ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والی سہ ماہی سے متعلق کمپنی کے مالیاتی و کاروباری امور کی بابت اپنی جائزہ رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔

آپ کی کمپنی کی جانب سے زبردست کارکردگی کا مظاہرہ جاری رہا اور مالی سال 2022 کی پہلی سہ ماہی کے دوران کمپنی کی جانب سے کاروباری حجم 11.8 ارب روپے رہا جو کہ زبردست شرح نمو کا اظہار ہے۔ کمپنی کی یہ آمدن گزشتہ مالی سال کی پہلی سہ ماہی کے مقابلے میں 50% زائد ہے۔ قیمتوں کی بہتری میں استحکام اور کاروباری حجم بڑھنے کے باعث کمپنی کی خام آمدن میں اضافہ ہوا اور خام آمدن میں اضافے کی وجہ سے کمپنی کا خام منافع 1.7 ارب روپے رہا جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران خام منافع 863 ملین روپے ریکارڈ کیا گیا تھا۔ گزشتہ مالی سال کی پہلی سہ ماہی کے خام منافع کی شرح 10.90% کے مقابلے میں رواں سال کی زیر نظر سہ ماہی کے دوران خام منافع کی شرح 14.29% ریکارڈ کی گئی ہے۔

زیر نظر سہ ماہی کے دوران کاروباری منافع 145.7% کی شرح کے ساتھ 1,245 ملین روپے رہا، جبکہ بنی کاروباری منافع گزشتہ مالی سال کی پہلی سہ ماہی کے دوران 507 ملین روپے ریکارڈ کیا گیا تھا۔ زیر نظر سہ ماہی کے دوران لاگت برائے متوہل میں 15% کی کمی واقع ہوئی ہے جس کی ایک وجہ تو اسٹیٹ بینک آف پاکستان کی جانب سے شرح سود میں کمی تھی اور چڑی طور پر اس سہ ماہی کے دوران کمپنی کی جانب سے قرضوں پر کم انحصار کیا گیا۔ کاروباری اخراجات زیر نظر سہ ماہی میں قابو میں رہے اور گزشتہ مالی سال کی سہ ماہی کے دوران 4.5% کاروباری اخراجات کے مقابلے میں زیر نظر سہ ماہی کے دوران کاروباری اخراجات فروخت کا 3.78% رہے۔ اسی طرح منافع قبل از ٹیکس بھی گزشتہ پہلی سہ ماہی کے 50 ملین روپے کے مقابلے میں زیر نظر سہ ماہی کے دوران 857 ملین روپے رہا یعنی منافع قبل از ٹیکس میں 1714% کا زبردست اضافہ ریکارڈ کیا گیا ہے۔ کمپنی کی خام آمدن زبردست رہی اور اس کے ساتھ ساتھ خام منافع بھی 702 ملین روپے ریکارڈ کیا گیا جو کہ گزشتہ پہلی سہ ماہی کے منافع بعد از ٹیکس کے مقابلے میں 534% زائد ہے۔ نتیجتاً کمپنی کی فی حصص آمدن 2.36 روپے رہی جو کہ گزشتہ مالی سال کی پہلی سہ ماہی کے دوران 0.37 روپے ریکارڈ کی گئی تھی۔

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

پہلی سہ ماہی اختتامیہ 30 ستمبر 2020 (روپے ملین میں)	پہلی سہ ماہی اختتامیہ 30 ستمبر 2021 (روپے ملین میں)	
7,914	11,844	کل فروختگی
863	1,692	خام منافع
507	1,245	کاروباری منافع
50	857	منافع قبل از ٹیکس
111	702	منافع بعد از ٹیکس
0.37	2.36	آمدن فی حصص (بنیادی و تحلیل) (روپے)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

		30 September 2021 (Un-audited)	30 June 2021 (Audited)
		----- (Rupees in '000) -----	
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	5	20,571,869	20,146,267
Right of use asset		94,154	100,334
Intangible assets		16,740	18,624
Long-term investments		15,289	15,289
Long-term deposits		162,012	152,349
		20,860,064	20,432,863
CURRENT ASSETS			
Stores and spares		1,771,043	1,455,826
Stock-in-trade	6	8,088,014	5,992,162
Trade debts	7	4,706,823	6,320,346
Loans and advances		58,333	34,044
Trade deposits and short-term prepayments		50,895	21,072
Other receivables		211,403	275,213
Taxation – net		1,573,507	1,456,362
Cash and bank balances		215,287	378,573
		16,675,305	15,933,598
TOTAL ASSETS		37,535,369	36,366,461
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		5,191,581	4,471,374
Actuarial loss on gratuity fund		(64,168)	(64,168)
Revaluation surplus on property, plant and equipment – net of tax		3,756,216	3,774,568
		14,642,485	13,940,630
NON-CURRENT LIABILITIES			
Long-term financing	8	5,104,237	4,820,910
Long-term provision		166,963	166,963
Loan from related parties		341,333	341,333
Deferred taxation		313,906	213,003
Deferred liability - defined benefit obligation		321,501	309,193
Lease liabilities		79,478	84,963
Government grant		925	925
		6,328,343	5,937,290
CURRENT LIABILITIES			
Trade and other payables	9	5,878,398	5,077,126
Contract liabilities		668,970	499,708
Interest / markup accrued		255,470	267,271
Short-term borrowings	10	8,509,682	9,474,081
Current portion of long-term financing		1,218,015	1,129,289
Current portion of lease liabilities		20,258	22,854
Current portion of government grant		8,058	12,494
Unclaimed dividend		5,690	5,718
		16,564,541	16,488,541
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		37,535,369	36,366,461

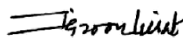
The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 SEPTEMBER 2021
(UN-AUDITED)

		30 September 2021	30 September 2020
	Note	----- (Rupees in '000) -----	-----
Sales		11,843,701	7,914,003
Cost of sales		(10,151,510)	(7,051,171)
Gross profit		1,692,191	862,832
Distribution costs		(238,889)	(201,486)
Administrative expenses		(177,590)	(115,672)
Reversal of / (allowance for) expected credit loss		19,365	(33,917)
Other expenses		(70,328)	(10,732)
Other income	12	20,253	5,603
Operating profit		1,245,002	506,628
Finance costs	13	(387,698)	(456,176)
Profit before taxation		857,304	50,452
Taxation	14	(155,449)	60,173
Net profit for the period		701,855	110,625
		----- (Rupees) -----	
Earnings per share – basic and diluted		2.36	0.37

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


Chief Executive Officer



Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2021
(UN-AUDITED)

	30 September 2021 ----- (Rupees in '000) -----	30 September 2020 -----
Net profit for the period	701,855	110,625
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>701,855</u>	<u>110,625</u>

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


Chief Executive Officer


Chief Financial Officer


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED 30 SEPTEMBER 2021

(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 2020 (Audited)	2,970,114	2,788,742	3,125,905	(60,186)	2,288,611	11,113,186
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Net profit for the period	-	-	110,625	-	-	110,625
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the period	-	-	110,625	-	-	110,625

Transferred to accumulated profit in respect of:						
- incremental depreciation during the period – net of tax	-	-	18,865	-	(18,865)	-

Balance as at 30 September 2020 (Un-audited)	2,970,114	2,788,742	3,255,395	(60,186)	2,269,746	11,223,811
---	------------------	------------------	------------------	-----------------	------------------	-------------------

Balance as at 30 June 2021 (Audited)	2,970,114	2,788,742	4,471,374	(64,168)	3,774,568	13,940,630
---	------------------	------------------	------------------	-----------------	------------------	-------------------

Net profit for the period	-	-	701,855	-	-	701,855
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	701,855	-	-	701,855

Transferred to accumulated profit in respect of:						
- incremental depreciation during the period – net of tax	-	-	18,352	-	(18,352)	-

Balance as at 30 September 2021 (Un-audited)	2,970,114	2,788,742	5,191,581	(64,168)	3,756,216	14,642,485
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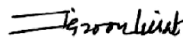
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Chief Executive Officer



Chief Financial Officer




Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2021
(UN-AUDITED)

		30 September 2021	30 September 2020
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Cash generated from operating activities	17	917,411	2,350,171
Income taxes paid		(171,691)	(112,599)
Gratuity paid		(5,249)	(5,406)
Long-term deposits – net		(9,661)	(12,478)
Net cash generated from operating activities		730,810	2,219,688
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(591,308)	(214,387)
Proceeds from disposal of operating fixed assets		133	2,877
Deletion in intangible assets		-	(1,205)
Net cash used in investing activities		(591,175)	(212,715)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings – net		60,058	(1,605,345)
Long-term financing – net		367,616	250,179
Dividend paid		(28)	(79)
Finance costs paid		(397,503)	(560,051)
Lease rentals paid		(9,873)	(9,211)
Net cash generated / (used in) from financing activities		20,270	(1,924,507)
Net increase in cash and cash equivalents		159,905	82,466
Cash and cash equivalents at the beginning of the period	18	(1,845,683)	(1,458,891)
Cash and cash equivalents at the end of the period		(1,685,778)	(1,376,425)

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


Chief Executive Officer


Chief Financial Officer


Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2021 (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, 2021. 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, 2021.

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

The Company has adopted the following amendments of IFRSs and the framework for financial reporting which became effective for the current period:

IFRS 3	Business Combination, Definition of a Business (amendments)
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (amendments)
IAS 1 / IAS 8	Definition of Material (amendments)
Conceptual framework of financial reporting	

The adoption of above amendments to the approved accounting standards and the framework for financial reporting did not have any material impact on the Company's unconsolidated financial statements.

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

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

		Effective Date (annual periods beginning on after)
Amendment or Improvement		
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	01 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	01 April 2021
IFRS 3	Reference to conceptual framework (Amendments)	01 January 2021
IFRS 10/IAS 28	Sale or contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 16	Proceeds before Intended Use (Amendments)	01 January 2022
IAS 8	Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 37	Onerous contracts - Cost of fulfilling a contract (Amendments)	01 January 2022
Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)		
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liab	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

The above standards and amendments and improvements are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

'Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

		Effective Date (annual periods Beginning on after)
Standards		
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

		Note	30 September 2021 (Un-audited) ----- (Rupees in '000) -----	30 June 2021 (Audited)
5. PROPERTY, PLANT AND EQUIPMENT				
Operating fixed assets	5.1		18,570,252	18,679,050
Capital work-in-progress	5.2		2,001,617	1,467,217
			<u>20,571,869</u>	<u>20,146,267</u>

30 September
2021
(Un-audited)

30 June
2021
(Audited)

----- (Rupees in '000) -----

5.1 Operating fixed assets	Note		
Balance at the beginning of the period / year		18,679,050	14,930,576
Additions during the period / year	5.1.1	17,592	57,428
Transfer from CWIP during the period / year	5.2	39,317	2,468,871
Revaluation during the period / year		-	1,863,973
Disposals during the period / year	5.1.1	(76)	(112,996)
Depreciation charged during the period / year		(165,631)	(528,802)
Balance at the end of the period / year		<u>18,570,252</u>	<u>18,679,050</u>

5.1.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (Net book value)	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	-----(Un-audited)----		-----(Un-audited)----	
	----- (Rupees in '000) -----			
Buildings on leasehold land	4,362	-	-	-
Plant and machinery	36,523	44,219	-	-
Furniture and fittings	378	-	-	-
Office equipment	2,042	1,490	-	-
Vehicles	10,997	9,973	-	9,973
Computers	2,607	2,199	76	213
	<u>56,909</u>	<u>57,881</u>	<u>76</u>	<u>10,186</u>

5.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating fixed assets	Closing balance
	Un-audited			
	----- (Rupees in '000) -----			
Plant and machinery	526,802	520,692	(34,955)	1,012,539
Civil works	940,415	53,025	(4,362)	989,078
	<u>1,467,217</u>	<u>573,717</u>	<u>(39,317)</u>	<u>2,001,617</u>

30 September
2021
(Un-audited)

30 June
2021
(Audited)

----- (Rupees in '000) -----

6. STOCK-IN-TRADE

Raw materials			
- In hand		1,566,559	2,024,381
- In transit		2,933,842	1,391,467
		<u>4,500,401</u>	<u>3,415,848</u>
Work-in-process		753,899	790,973
Finished goods		<u>2,833,714</u>	<u>1,785,341</u>
		<u>8,088,014</u>	<u>5,992,162</u>

		30 September 2021 (Un-audited)	30 June 2021 (Audited)
		----- (Rupees in '000) -----	
7.	TRADE DEBTS - unsecured		
	Note		
	Considered good	4,706,823	6,320,346
	Considered doubtful	263,030	282,395
		<u>4,969,853</u>	<u>6,602,741</u>
	Allowance for expected credit Loss	(263,030)	(282,395)
	Trade debts - net	<u>4,706,823</u>	<u>6,320,346</u>
7.1	It includes receivable from related parties amounting to Rs. 1.096 million (30 June 2021: Rs.0.258 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	282,395	351,993
	Reversal during the period/year	(19,365)	(69,598)
	Balance at end of the period/year	<u>263,030</u>	<u>282,395</u>
8.	LONG-TERM FINANCING		
	During the period, the Company obtained long-term financing from a Islamic bank under the refinance scheme by State Bank of Pakistan amounting to Rs.467.340 million. These carry markup rate at the rates ranging from 3.25% to 3.95%.However, these facilities are secured by way of first pari passu over fixed assets of the company with 25% margin over the facility amount.		
9.	TRADE AND OTHER PAYABLES		
	It includes Murahaba amounting to Rs. 3,937 million (30 June 2021: Rs.3,235 million).		
		30 September 2021 ----- (Rupees in '000) -----	30 June 2021 -----
10.	SHORT-TERM BORROWINGS - secured		
	Cash Finance	596,554	712,513
	Finance against trust receipts	4,108,649	4,756,612
	Running finance	1,901,065	2,224,256
	Istisna	1,903,414	1,780,700
		<u>8,509,682</u>	<u>9,474,081</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 2021.		
		30 September 2021 (Un-audited)	30 June 2021 (Audited)
		----- (Rupees in '000) -----	
11.2	Commitments		
11.2.1	Outstanding letters of credit		
	-Materials	7,467,048	5,069,790
	-Capex	1,039,301	1,629,189
		<u>8,506,349</u>	<u>6,698,979</u>
11.2.2	Outstanding letters of guarantee	<u>479,458</u>	<u>495,819</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	63,641	60,914
	Later than one year but not later than five years	<u>87,193</u>	<u>88,407</u>
12.	OTHER INCOME		
	It includes income from government grant amounting to Rs.4.436 million (30 September 2020: Rs.3.703 million) and reversal of allowance for expected credit losses related to security deposit amounting to Rs.12.750 million (30 September 2020: Rs. Nil)		
13.	FINANCE COSTS		
	Includes mark up on long-term financing and short-term borrowings amounting to Rs.126.001 million and Rs. 250.426 million (30 September 2020: Rs.138.953 million and Rs.304.485 million) respectively.		

	30 September 2021	30 September 2020 (Un-audited) ----- (Rupees in '000) -----
14. TAXATION		
Current	54,546	49,039
Deferred	100,903	(109,212)
	<u>155,449</u>	<u>(60,173)</u>
15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES		
The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2021. There have been no change in any risk management policies since the year end.		
16. FAIR VALUE OF FINANCIAL INSTRUMENTS		
There were no transfers amongst levels during the period.		
17. CASH GENERATED FROM OPERATIONS		
	30 September 2021	30 September 2020 ----- (Rupees in '000) -----
Cash flows from operating activities		
Profit before taxation	857,304	50,452
Adjustments for:		
Depreciation – operating fixed assets	165,631	126,198
Depreciation – right-of-use-asset	5,980	4,835
Amortization	1,883	2,332
Reversal of allowance for expected credit loss - security deposit	(12,750)	-
Exchange loss	-	(460)
(Reversal of) / allowance for expected credit loss - Trade debt	(19,365)	33,917
Provision for gratuity	17,557	14,068
Gain on disposal of operating fixed assets	(56)	(44)
Finance Cost:		
- Others	385,702	452,265
- Lease liabilities	1,996	3,911
	<u>546,578</u>	<u>637,022</u>
Operating profit before working capital changes	<u>1,403,882</u>	<u>687,474</u>
(Increase) / decrease in current assets:		
Stores and spares	(315,215)	106,010
Stock-in-trade	(2,095,850)	1,623,837
Trade debts	1,632,888	70,390
Loans and advances	(24,288)	(5,508)
Trade deposits and short-term prepayments	(17,073)	62,474
Other receivables	63,810	(48,387)
	<u>(755,728)</u>	<u>1,808,816</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	99,995	(60,048)
Contract liabilities	169,262	(86,071)
	<u>269,257</u>	<u>(146,119)</u>
Cash generated from operations	<u>917,411</u>	<u>2,350,171</u>
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	215,287	288,465
Running finance	(1,901,065)	(1,664,890)
	<u>(1,685,778)</u>	<u>(1,376,425)</u>

19. 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 2021 are same as reported in the annual financial statements for the year ended 30 June 2021. 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 2021	30 September 2020
		(Unaudited) ---(Rupees in '000)---	
Nature of transaction	Relationship with the Company		
Remuneration and other benefits	Key management personnel	93,998	62,735
Contribution to staff gratuity fund	Retirement benefit fund	17,557	14,068
Interest expense charged on related parties loan	Directors and shareholder	6,410	6,229
Payment of related parties interest	Director and shareholder	2,890	-
Sales made	Shareholder	2,490	230
Meeting fee	Directors	1,300	2,025
Purchase of bakery items from Hobnob Bakeries	Associate	389	29

20. OPERATING SEGMENTS

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

Revenue from export sales represents 0.05% (30 September 2020: 0.24%) of the total gross revenue of the Company.

All non-current assets of the Company as at 30 September 2021 and 2020 are located in Pakistan.

Sales made by the Company to its twenty major customers during the period constituted 16% (30 September 2020: 26.92%) of total sales.

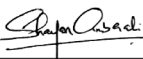
21. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 26 October 2021 by the Board of Directors of the Company.

22. GENERAL

22.1 Figures have been rounded off to the nearest thousand Rupee, 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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