

AMRELI STEELS LIMITED

**FOR THE NINE MONTHS AND
QUARTER ENDED**

31 MARCH 2025



**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. Zueb 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. Zueb 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, Barristors & 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
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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 PERIOD ENDED 31 MARCH 2025

The Board of Directors present the Directors' Report for the third quarter ended 31 March 2025. This report provides an overview of the Company's operational performance during the period, while also contextualizing the broader economic headwinds afflicting the local steel industry.

Despite a year marked by significant economic headwinds, recent macroeconomic developments provide grounds for cautious optimism. The government's concerted efforts to stabilize the economy have started to yield encouraging results. The rupee has shown resilience, interest rates are on a downward trajectory, and electricity tariffs have been recently reduced, offering much-needed relief to the industrial sector. On the global front, the stability in scrap prices and a decline in oil prices have further alleviated cost pressures, creating a more favorable environment for businesses.

Looking ahead, GDP growth projections for 2026, estimated between 3.0% and 3.6%, signal a gradual but steady recovery in economic activity. These positive trends, coupled with structural reforms and improved external conditions, are expected to foster a more conducive business environment. While challenges remain, the Company is optimistic about its ongoing financial restructuring efforts under the Master Restructuring Agreement which hold the promise of enhanced financial flexibility. This, in turn, will enable the Company to address operational hurdles, sustain its commitments, and position itself for a stronger recovery.

The industry also anticipates government support through targeted relief measures, including the introduction of equitable tax regimes, discontinuation of preferential tax treatment in the FATA and PATA regions to ease the burden on documented businesses, and stricter enforcement to curb smuggling from neighboring countries that disrupts market dynamics. Additionally, implementing structural reforms to ensure a level playing field for all stakeholders is essential. These steps would significantly strengthen the industry's ability to recover and compete effectively, ultimately contributing to higher revenues for the exchequer and the creation of more employment opportunities.

Company Performance

An analysis of the key financial indicators of the Company for the nine months' period and quarter ended 31 March 2025, compared with the corresponding period last year, is tabulated below:

	Nine months Ended 31 March 2025 (Rs. in million)	Nine months Ended 31 March 2024 (Restated) (Rs. in million)	Quarter Ended 31 March 2025 (Rs. in million)	Quarter Ended 31 March 2024 (Restated) (Rs. in million)
Net Sales	12,910	33,433	4,109	11,182
Gross Profit	339	3,376	94	888
Operating (loss) / Profit	(791)	1,695	(440)	351
Finance Costs	(3,140)	(3,554)	(900)	(1,288)
Loss before taxation	(3,932)	(1,859)	(1,340)	(937)
Loss after taxation	(2,858)	(1,298)	(985)	(666)
Loss per share - basic and diluted	(9.62)	(4.37)	(3.32)	(2.24)

During the nine-month period, net sales declined sharply to Rs. 12,910 million, a significant 61% drop compared to Rs. 33,433 million in the same period last year. Gross profit also saw a considerable reduction, decreasing to Rs. 339 million from Rs. 3,376 million in the corresponding period of the previous year. This downturn was primarily driven by rising production costs, largely stemming from unabsorbed fixed expenses due to low capacity utilization. The latter was a direct consequence of ongoing financial restructuring and the resulting unavailability of working capital lines. These financial constraints disrupted operations and delayed critical imports, further deteriorating the Company's financial standing.

The operating loss for the period amounted to Rs. 791 million, in contrast to an operating profit of Rs. 1,695 million reported during the same period last year. Finance costs continued to weigh heavily, standing at Rs. 3,140 million, slightly lower than the Rs. 3,554 million incurred in the same period last year. Loss before and after taxation amounted to Rs. 3,932 million and Rs. 2,858 million, respectively,

compared to Rs. 1,859 million and Rs. 1,298 million in the corresponding period last year. Consequently, loss per share widened to Rs. 9.62, up from Rs. 4.37 reported in the same nine-month period last year.

The quarterly results for the period ended 31 March 2025 were similarly challenging. Net sales for the quarter were Rs. 4,109 million, representing a 63% decline from Rs. 11,182 million in the corresponding quarter of the previous year. Gross profit for the quarter plummeted by 89% to Rs. 94 million, compared to Rs. 888 million last year. The Company recorded an operating loss of Rs. 440 million for the quarter, as compared to operating profit of Rs. 351 million achieved in the same period last year. Finance costs for the quarter recorded at Rs. 900 million, though slightly lower than Rs. 1,288 million in the previous year's quarter. The loss per share for the quarter expanded to Rs. 3.32, compared to Rs. 2.24 in the corresponding period of the previous year.

Future Outlook:

The outlook for the remainder of the current fiscal year remains challenging. The broader economic climate continues to place significant pressure on the steel industry, while inconsistent policy measures further strain an already fragile industrial landscape. Despite these persistent headwinds, the Company remains fully committed to restoring financial health. Stakeholders can be assured that targeted strategic actions are underway to navigate this difficult period, with management firmly focused on long-term sustainability and a return to stable operations.

The Board remains confident in the successful restructuring of financial facilities with lending partners and the restoration of critical financial support previously extended to the Company. Securing this support will allow the Company to utilize available credit lines to open LCs for essential imports, vital toward stabilizing operations. The Board extends its sincere appreciation to all valued stakeholders - including shareholders, lenders, customers, and suppliers - for their continued trust and unwavering support during these challenging times.

For & on behalf of the Board of Directors



Shayan Akberali
Chief Executive Officer



Syed Asghar Jamil Rizvi
Director

29 April 2025
Karachi

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

		March 31, 2025 (Un-audited)	June 30, 2024 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	27,535,309	29,955,370
Right of use asset		66,979	100,238
Intangible assets		1,688	3,187
Long-term deposits and loans		185,203	175,575
		27,789,179	30,234,370
CURRENT ASSETS			
Stores and spares		2,039,945	2,453,480
Stock-in-trade	6	3,772,768	7,162,017
Trade debts	7	1,596,780	2,349,962
Loans and advances		40,483	60,121
Trade deposits and short-term prepayments	8	292,060	30,035
Short term investment		14,389	14,289
Other receivables		690,241	988,633
Taxation – net		2,735,406	2,928,387
Cash and bank balances	9	2,759,660	195,444
		13,941,732	16,182,367
Non current assets held for sale	10	1,640,069	423,170
TOTAL ASSETS		43,370,980	46,839,907
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
500,000,000 ordinary shares of Rs.10 each		5,000,000	5,000,000
Issued, subscribed and paid-up capital		2,970,114	2,970,114
Capital reserve		2,788,742	2,788,742
Revenue reserve - accumulated losses		(3,427,951)	(751,018)
Surplus on revaluation of property, plant and equipment		9,036,492	9,218,163
		11,367,397	14,226,001
NON-CURRENT LIABILITIES			
Long term financing	11	-	-
Loan from related party	12	124,922	124,922
Deferred taxation	13	3,710,211	4,946,265
Deferred liability - defined benefit obligation		398,230	511,949
Lease liabilities		47,905	105,818
		4,281,268	5,688,955
CURRENT LIABILITIES			
Trade and other payables		1,053,629	2,474,553
Contract liabilities		320,069	437,305
Interest / markup accrued		3,784,772	1,457,718
Short-term borrowings - secured	14	17,853,392	17,861,957
Current portion of long-term financing	11	4,016,544	4,002,484
Current portion of long-term provision		282,238	282,189
Current portion of lease liabilities		61,590	34,310
Current portion of government grant		344,826	369,161
Unclaimed dividend		5,255	5,274
		27,722,315	26,924,951
TOTAL EQUITY AND LIABILITIES		43,370,980	46,839,907
CONTINGENCIES AND COMMITMENTS			
	15		

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
(UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2025**

	Note	Nine months period ended		Quarter ended	
		March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
		(Restated)			
----- (Rupees in ‘000) -----					
Sales		12,910,413	33,433,648	4,109,589	11,182,624
Cost of sales	16	(12,570,532)	(30,056,813)	(4,015,532)	(10,294,339)
Gross profit		339,881	3,376,835	94,057	888,285
Distribution costs		(444,051)	(873,158)	(132,692)	(319,714)
Administrative expenses		(572,210)	(643,830)	(187,326)	(202,370)
Reversal / (provision) of expected credit loss		78,177	(76,462)	20,651	(47,293)
Other expenses		(313,520)	(116,311)	(281,803)	6,631
Other income		119,843	28,093	46,260	25,980
Operating (loss) / profit		(791,880)	1,695,167	(440,853)	351,519
Finance costs	17	(3,140,724)	(3,554,612)	(900,087)	(1,288,542)
Loss before taxation, minimum and final tax		(3,932,604)	(1,859,445)	(1,340,940)	(937,023)
Levy		(162,053)	(421,154)	(52,733)	(143,145)
Loss before taxation		(4,094,657)	(2,280,599)	(1,393,673)	(1,080,168)
Taxation	18	1,236,053	981,612	408,130	413,508
Loss for the period		(2,858,604)	(1,298,987)	(985,543)	(666,660)
----- (Rupees) -----					
Loss per share – basic and diluted		(9.62)	(4.37)	(3.32)	(2.24)

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

(UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2025

	Nine months period ended		Quarter Ended	
	March 31, 2025	March 31, 2024 (Restated)	March 31, 2025	March 31, 2024 (Restated)
	----- (Rupees in '000) -----			
Loss for the period	(2,858,604)	(1,298,987)	(985,543)	(666,660)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(2,858,604)</u>	<u>(1,298,987)</u>	<u>(985,543)</u>	<u>(666,660)</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 (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2025

	Share Capital	Capital reserve		Revenue reserve		
	Issued, subscribed and paid-up capital	Share premium	Surplus on revaluation of property, plant and equipment	Accumulated (loss) / unappropriated profit	Actuarial loss on gratuity fund	Total
(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	-	-	-	(1,298,987)	-	(1,298,987)
Loss for the period - restated	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	-	(1,298,987)	-	(1,298,987)
Transferred to accumulated profit in respect of						
- incremental depreciation during the period – net of tax	-	-	(46,999)	46,999	-	-
- deficit on revaluation of land	-	-	(122,750)	-	-	(122,750)
- deletion of land	-	-	(62,000)	62,000	-	-
Balance as at March 31, 2024- as restated	2,970,114	2,788,742	3,290,212	3,903,380	-	12,954,448
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	-	-	-	(2,858,604)	-	(2,858,604)
Loss for the period	-	-	-	-	-	-
Other comprehensive loss for the year	-	-	-	(2,858,604)	-	(2,858,604)
Transferred to accumulated profit in respect of						
- incremental depreciation during the period – net of tax	-	-	(181,671)	181,671	-	-
Balance as at March 31, 2025 (Un-audited)	2,970,114	2,788,742	9,036,492	(3,427,951)	-	11,367,397

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 (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2025

		March 31, 2025	March 31, 2024 (Restated)
	Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(4,094,657)	(2,280,599)
Adjustments for:			
Depreciation on:			
- Operating fixed assets	5.1	1,009,814	755,653
- Right-of-use assets		27,368	30,100
Amortization on:			
- Intangible assets		1,499	2,855
- Government grant		(24,335)	(32,245)
Bad debt written off	7.1	-	(3,997)
Unrealized exchange gain		-	(19,805)
(Reversal)/Provision of expected credit loss	7.1	(78,177)	76,461
Provision for gratuity		98,446	90,826
Provision/(Reversal) of GIDC		49	(385)
Loss/ (Gain) on disposal of operating fixed assets		275,870	(25,783)
Finance costs		3,131,269	3,541,334
Interest expenses on leases		9,455	13,278
Net cash from operating profit before working capital changes		4,451,257	4,428,293
Decrease/ (increase) in current assets:			
Stores and spares		413,535	426,217
Stock-in-trade		3,389,249	(1,188,919)
Trade debts		771,359	(59,202)
Loans and advances		19,638	(48,038)
Trade deposits and short-term prepayments		(262,025)	(1,061)
Other receivables		298,392	(4,671)
		4,630,148	(875,674)
Decrease in current liabilities:			
Trade and other payables		(934,968)	(2,766,225)
Contract liabilities		(117,236)	(16,534)
		(1,052,204)	(2,782,759)
Cash generated from / (used in) operations		3,934,545	(1,510,738)
Income taxes paid		(292,078)	(427,695)
Gratuity paid		(212,165)	(31,265)
Finance costs paid		(804,215)	(3,000,252)
Long-term deposits – net		(9,628)	989
Net cash from / (used in) operating activities		2,616,459	(4,968,961)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(38,580)	(461,098)
Proceeds from disposal of operating fixed assets		16,058	195,129
Short-term investment		(100)	-
Net cash used in investing activities		(22,622)	(265,969)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(19)	(175)
Short-term borrowings – net		691,958	5,317,077
Long-term financing – net		(137,572)	(1,218,762)
Loan from directors		-	(174,215)
Lease rentals paid		(34,198)	(15,325)
Net cash from financing activities		520,169	3,908,600
Net increase / (decrease) in cash and cash equivalents		3,114,006	(1,326,330)
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	61,481	(3,027,214)

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 (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2025

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. 2,858.604 million (March 31, 2024: Rs. 1,298.987 million) and, as of that date, the Company's accumulated losses stood at Rs. 3,427.951 million (June 30, 2024: Rs. 751.018 million) and the current liabilities exceeded its current assets by Rs. 13,780.583 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 80% 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 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:

**March 31,
2024
(Un-audited)
Rs in 000**

Effect on condensed interim statement of profit or loss:

Change in accounting policy:

Increase in levy	
Minimum tax	(420,191)
Final tax	(963)
	<u>(421,154)</u>
Decrease in income tax	421,154

Corrections:

Decrease in cost of sales	4,954
Increase in finance cost	(3,797)
	<u>1,157</u>

Net effect on condensed interim statement of profit or loss

Net effect to equity	<u><u>1,157</u></u>
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(Rupees)

Decrease in loss per share	0.01
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	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 nine months period ended March 31, 2025

The following standards, amendments and interpretations are effective for the nine months period ended March 31, 2025. 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.

	March 31, 2025 (Un-audited)	June 30, 2024 (Audited)
Note	----- (Rupees in '000) -----	

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	25,818,428	28,196,929
Capital work-in-progress	5.2	1,716,881	1,758,441
		<u>27,535,309</u>	<u>29,955,370</u>

5.1 Operating fixed assets

Balance at beginning of the period / year		28,196,929	20,632,188
Additions during the period / year	5.1.2	4,045	38,892
Disposals during the period / year	5.1.2	(291,928)	(390,954)
Assets held for sale	10	(1,156,899)	(423,170)
Transfer from capital work-in-progress	5.2 & 5.1.2	76,095	347,483
Surplus on revaluation of property, plant and equipment		-	9,030,439
Depreciation charged during the period / year		<u>(1,009,814)</u>	<u>(1,037,949)</u>
Balance at end of the period / year	5.1.1	<u>25,818,428</u>	<u>28,196,929</u>

- 5.1.1 This includes plant and machinery having book value of Rs. 1,381.600 million located at Shershah, Karachi which was temporary shutdown due to financial constraints and market and operational challenges and was notified to Pakistan Stock Exchange on March 20, 2025.

5.1.2 Details of additions and disposal for the nine months period ended are as follows:

	Additions		Deletions (NBV)	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	Un-Audited			
Leasehold land	-	-	-	250,000
Buildings	1,750	39,580	(12,832)	-
Plant and machinery	74,100	224,584	(275,784)	-
Furniture and fixtures	2,748	10,337	(618)	-
Office equipments	760	10,778	(1,531)	-
Vehicles	596	7,932	(1,011)	1,211
Computers	186	18,304	(152)	430
	80,140	311,515	(291,928)	251,641

5.2 Captial work-in-progress	Opening balance	Additions	Transfer to operating fixed assets	Closing balance
	-----Un-audited-----			
	-----Rupees in '000-----			
Leasehold Land	120,000	-	-	120,000
Civil Works	266,369	2,235	(1,750)	266,854
P&M and Others	1,372,072	32,300	(74,345)	1,330,027
	1,758,441	34,535	(76,095)	1,716,881

	March 31, 2025	June 30, 2024
	(Un-audited)	(Audited)
	----- (Rupees in ‘000) -----	

6 STOCK-IN-TRADE

Raw materials - scrap

- In hand	1,179,123	4,196,151
- In transit	111,126	644,404
	<u>1,290,249</u>	<u>4,840,555</u>

Work-in-process	270,920	253,890
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Finished goods

- Manufactured	2,211,599	2,067,571
	<u>3,772,768</u>	<u>7,162,017</u>

		March 31, 2025 (Un-audited)	June 30, 2024 (Audited)
Note		----- (Rupees in ‘000) -----	
7	TRADE DEBTS - UNSECURED		
	Considered good	1,596,781	2,349,962
	Considered doubtful	594,744	672,922
		<u>2,191,525</u>	<u>3,022,884</u>
	Allowance for expected credit loss	7.1 (594,745)	(672,922)
	Trade debts - net	<u>1,596,780</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	(78,177)	379,205
Write-off during the period / year	-	(3,997)
Balance at end of the period / year	<u>594,745</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. 262.250 million (June 30, 2024: Nil).

9 CASH AND BANK BALANCES

Cash-In-Hand	12,299	60,607
Bank balances		
-Current accounts	101,384	134,195
-Saving accounts	2,645,977	642
	<u>2,747,361</u>	<u>134,837</u>
	<u>2,759,660</u>	<u>195,444</u>

10 NON CURRENT ASSETS HELD FOR SALE

Karachi - Sky Tower	882,338	-
Lahore - warehouse	274,561	-
Islamabad - warehouse	423,170	423,170
Karachi - Plots	60,000	-
	<u>1,640,069</u>	<u>423,170</u>

10.1

- 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 acquired two plots from one of its customers in exchange for settlement of outstanding trade receivables. 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, and Karachi-Plots Rs. 60 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 March 31, 2025, 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 80% 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.

March 31, 2025 (Un-audited)	June 30, 2024 (Audited)
----- (Rupees in '000) -----	

13 DEFERRED TAXATION

Deductible temporary differences arising in respect of:

Deferred liability- Gratuity	(155,310)	(199,660)
GIDC provisions	(110,073)	(110,054)
Unused tax credits	(2,813,026)	(1,796,118)
Trade debts	(231,950)	(262,440)
Right of use asset - lease	(42,703)	(54,650)
Others	(537)	(391)
	<u>(3,353,599)</u>	<u>(2,423,312)</u>

		March 31, 2025 (Un-audited)	June 30, 2024 (Audited)
	Note	----- (Rupees in '000) -----	
Taxable temporary differences arising in respect of:			
Accelerated tax depreciation / amortization		3,107,838	3,284,485
Right-of-use-assets		26,122	39,092
Surplus on revaluation of property, plant and equipment		3,929,850	4,046,000
		<u>7,063,810</u>	<u>7,369,577</u>
		<u>3,710,211</u>	<u>4,946,265</u>
14	SHORT-TERM BORROWINGS		
Secured			
Conventional mode			
Cash finance		776,435	891,487
Running finance		2,298,727	2,435,960
Short term loan		-	151,632
Finance against trust receipts		<u>9,208,247</u>	<u>7,903,905</u>
		12,283,409	11,382,984
Islamic		<u>5,569,983</u>	<u>6,478,973</u>
	14.1	<u>17,853,392</u>	<u>17,861,957</u>

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	<u>173,094</u>	<u>2,883,937</u>
15.2.2	Outstanding letters of guarantee	<u>484,855</u>	<u>487,856</u>
15.2.3	Capital expenditure	<u>-</u>	<u>34,860</u>
15.2.4	Commitments for rentals payable under Ijarah contracts in respect of vehicles and plant and machinery with Islamic banks are as follows:		

March 31,	June 30,
2025	2024
(Un-audited)	(Audited)
----- (Rupees in ‘000) -----	

Not later than one year	<u>1,392</u>	<u>25,243</u>
Later than one year but not later than five years	<u>-</u>	<u>-</u>

16 COST OF SALES

This includes overheads amounting to Rs. 161 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. 489.577 million and Rs. 2,608.552 million (March 31, 2024: Rs. 764.532 million and Rs. 2,712.262 million) respectively.

Nine months period ended		Quarter ended	
March 31,	March 31,	March 31,	March 31,
2025	2024	2025	2024
----- (Un-audited)-----		----- (Un-audited)-----	
	(Restated)		(Restated)
----- (Rupees in ‘000) -----			

18 TAXATION

Current	-	-	-	-
Deferred	1,236,053	981,612	408,130	413,508
	<u>1,236,053</u>	<u>981,612</u>	<u>408,130</u>	<u>413,508</u>

March 31,	March 31,
2025	2024
----- (Un-audited)-----	
----- (Rupees in ‘000) -----	

19 CASH AND CASH EQUIVALENTS

Cash and bank balances	2,759,660	235,815
Running finance facilities	<u>(2,698,179)</u>	<u>(3,263,029)</u>
	<u>61,481</u>	<u>(3,027,214)</u>

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:

		Nine months period ended		Quarter ended	
		(Un-audited)			
		(Rupees in '000)			
Name of related party	Nature of transactions	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
Employees	Remuneration and other benefits	253,622	395,101	217,614	114,863
Various	Contribution to staff gratuity fund	98,462	90,826	25,132	30,275
			-	-	-
Mr. Hadi Akberali	Charged interest on Loan	15,077	10,907	(526)	7,581
Mr. Abbas Akberali	Charged interest on Loan	-	4,636	4,636	-
			-	-	-
Various directors	Meeting fee	2,350	3,350	3,175	900
		-	-	-	-
Mr. Hadi Akberali	Payment of interest	-	9,441	9,441	-
Mr. Abbas Akberali	Payment of interest	-	17,482	17,482	-
		-	-	-	-
Mr. Hadi Akberali	Principal repayment	-	45,000	45,000	-
Mr. Abbas Akberali	Principal repayment	-	83,333	83,333	-
		-	-	-	-
Hobnob Bakeries	Entertainment expense	736	964	262	-
		-	-	-	-
Hunar Foundation	Donation	-	524	524	-
		-	-	-	-
Mr. Abbas Akberali	Sale of bars	-	5,717	5,717	2,681

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 March 31, 2025 and 2024 are located in Pakistan.

Sales made by the Company to its 20 major customers during the period constituted 13% (March 31, 2024: 15%) of total sales.

24 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 29 April 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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