

**AMRELI STEELS LIMITED**

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

31 DECEMBER 2022



**AMRELI  
STEELS**

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# COMPANY INFORMATION

## BOARD OF DIRECTORS

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

## AUDIT COMMITTEE

Mr. Teizoon Kisat	Chairman
Mr. Badar Kazmi	Member
Mr. Zafar Ahmed Taji	Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

## CHIEF OPERATING OFFICER (STRATEGY)

Mr. Hadi Abbas Akberali

## CHIEF OPERATING OFFICER (OPERATIONS)

Mr. Fazal Ahmed

## CHIEF FINANCIAL OFFICER

Mr. Taha Umer

## COMPANY SECRETARY

Mr. Adnan Abdul Ghaffar

## HEAD OF INTERNAL AUDIT

Ms. Alina Osama Ali

## EXTERNAL AUDITORS

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](mailto: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	MCB Bank Limited
Allied Bank Limited	MCB Islamic Bank Limited
Askari Bank Limited	Meezan Bank Limited
Bank Al Habib Limited	National Bank Limited
Bank of Khyber	Samba Bank Limited
Bank Alfalah Limited	Silk Bank Limited
Bank Islami Pakistan Limited	Soneri Bank Limited
Dubai Islamic Bank Pakistan Limited	Standard Chartered Bank (Pakistan) Limited
Faysal Bank Limited	Summit Bank Limited
Habib Bank Limited	The Bank of Punjab
Habib Metropolitan Bank Limited	United Bank Limited
JS Bank Limited	

## REGISTERED OFFICE

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

## DIRECTORS' REVIEW REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2022

The Board of Directors present their review on the financial and operational performance of the Company for the half year ended 31 December 2022 against the backdrop of unfavorable politico-economic conditions.

The global economy is presently facing a challenging period with a possible recession looming on the horizon. Pakistan, like many other nations is not immune to these economic headwinds. The World Bank's recent report, "Global Economic Prospect", has given a wake-up call for both advanced and emerging economies with growth projections of 1.7%, predicting a prolonged and significant slowdown. The said report has projected growth rate to be around 2% for Pakistan for the ongoing fiscal year 2023. This sluggish picture is due to various reasons, including fast depleting forex reserves resulting in a severe LC crisis, a steep rise in inflation and interest rates, and a weakening rupee. Over the past six months under review, the local currency has witnessed a devaluation of 10% from Rs.205 on 01 July 2022 to Rs.226 on 31 December 2022, while inflation has risen by 16%, reaching an all-time high of 25%. Financial charges have also risen from 15% to 17%, further exacerbating the industry's difficulties.

Furthermore, the reserves currently held by the State Bank of Pakistan are at the lowest level since 1998, leaving import cover of less than a month, which has pushed Pakistan into a serious foreign exchange crisis, with both fiscal and current account deficits increasing. The above factors have exerted pressure on Pakistan's already fragile and resource-starved economy, facing devastating flash floods earlier in the first quarter of this financial year, where the economic loss was estimated to be around \$20 billion. It is difficult to predict how the economy will return to normalcy, given its primary focus on avoiding a default on its sovereign liabilities on the international front. Persistent political instability, structural weaknesses, reliance and incentivizing few export segments, coupled with delays in IMF support, tightening of monetary policy, mismanagement of twin deficits, import restrictions and lack of proper planning have shattered the confidence of the business community and forced many of them to shut down their production facilities. Further, the abrupt measures taken to unlock the IMF package by cutting PSDP, removal of subsidies, removing the cap on the USD/PKR parity, and increasing energy costs have blurred the vision for many established and organized businesses.

During the first half of the ongoing financial year, your Company registered net sales of Rs.23 billion, which represents a 13.5% decline in top-line performance when compared to the corresponding period last year. The decline in the top line resulted in decrease in gross profit from Rs.3.4 billion (12.7%) to Rs. 2.4 billion (10.6%). Similarly, the operating profit decreased from Rs.2.4 billion (9.03%) to Rs.1.5 billion (6.7%) when compared to the half-year under review. The Company incurred a loss before and after tax of Rs.417 million and Rs.185 million, respectively. This represents a significant decrease in profitability when compared to the same half-year period last year, where the Company recorded a profit before and after tax of Rs.1.5 billion and Rs.1.3 billion, respectively. The decline in profit is mainly due to a 28% decrease in gross profit and a 129% increase in finance costs when compared to the same half-year period last year. The prime reasons for drop in gross margins were low volumes due to the floods in first quarter, significant increase in cost of inputs due to record inflation of 25% and demand compression due to market uncertainty impacting the Company's ability to pass through the impact of increased cost. The finance cost on the other hand mainly increased due to rise in interest rates from 8.5% to 16.5% and increased borrowing due to increased working capital requirement and decline in net margin.

Additionally, the Company recorded a loss per share (both basic and diluted) of Re.0.62 during the six month period under review, as compared to earnings per share of Rs.4.39 during the corresponding period.

The key financial highlights of the Company are as follows -

	Half Year Ended 31 December 2022 (Rs. in millions)	Half Year Ended 31 December 2021 (Rs. in millions)
Net sales	23,031	26,621
Gross profit	2,443	3,391
Operating profit	1,542	2,403
Financial charges	1,959	854

(Loss) / Profit before tax	<b>(417)</b>	1,549
(Loss) / Profit after tax	<b>(185)</b>	1,303
Earnings per share (both basic and diluted) (in Rupee(s))	<b>(0.62)</b>	4.39

#### **FUTURE OUTLOOK:**

Pakistan's economy will be going through one of the toughest times in the coming months as structural deficiencies and persistent political uncertainty raise recessionary risks in the country. The rupee has already reached 261 against the greenback and with the recent inflation of 34% and potential increase in interest rates north of 17%, the eco-political instability will exacerbate and may lead to security challenges. The country's foreign exchange reserves are at historic low level leaving the government unable to finance essential imports for oil, gas, medicines, fertilizers and food items. In November 2022, the government imposed import restrictions on various commodities to conserve dollars, which has modestly lowered the current account deficit. This has also slowed industrial operations across Pakistan and has even caused shutdowns and high layoffs in some sectors.

The State Bank of Pakistan (SBP) is experiencing a shortage of foreign currency reserves, which has resulted in delays in opening letters of credit (LCs) for the import of essential raw materials, such as scrap steel and additives, necessary for the indigenous manufacture of steel. These LC issues have caused a shortage of materials, resulting in significant demurrage and detention costs due to the banks' inability to retire the documents promptly. The situation is being exacerbated by the recent confirmation of energy price increases and the hike in the General Sales Tax rate, as part of the International Monetary Fund's conditions. Given that the steel industry is the backbone of the economy and many allied industries are connected to it, the Government and SBP must resolve the steel industry's LC issues on priority to save the industry which is currently in the midst of an unprecedented turmoil and on the brink of collapse.

Currently, the ex-factory prices of deformed rebars are around Rs.302,000 per ton. However, due to inflationary pressures in the steel sector, further price increases may be necessary. This surge in steel prices is due in part to the significant devaluation of the rupee, increase in energy prices and significant increase in interest rates and lower capacity utilization resulting due to LC opening issues, which have increased the overall cost of production and financing.

High steel prices, coupled with the resulting need for high working capital and interest rates, have caused a decline in the market share of informal competitors. Informal players, due to their lower asset base, are unable to borrow significantly from banks. This trend is expected to persist, and listed players will benefit as the market share transitions from ungraded to graded manufacturers.

Despite the economic challenges facing the steel industry and the broader economy, our commitment towards pursuing growth opportunities remains firm. We have taken prudent measures to sustain these economic shocks to generate long-term value for our shareholders. Finally, we express our gratitude to all of our stakeholders, including valued shareholders, customers, financial institutions, and suppliers, for their ongoing encouragement and support.

#### **For & on behalf of Board of Directors**



**Shayan Akberali**  
Chief Executive Officer



**Teizoon Kisat**  
Director

24 February 2023  
Karachi

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AMRELI STEELS LIMITED REPORT ON REVIEW OF 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, 2022** 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 condensed interim financial statements for the six-month 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 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. The figures of condensed interim statement of profit or loss, condensed interim statement of comprehensive income and the notes forming part thereof for the three month period ended 31 December 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 31 December 2022.


### **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 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mr. Omer Chughtai.



**Chartered Accountants**

**Place:** Karachi

**Date:** 28 February 2023

**UDIN:** RR2022101203psmnb7Ku

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2022

		31 December 2022 (Un-audited)	30 June 2022 (Audited)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	21,818,018	21,578,251
Right of use asset		156,557	76,410
Intangible assets		10,313	11,872
Long-term investments		14,289	14,289
Long-term deposits and loans		202,630	203,993
		<u>22,201,807</u>	<u>21,884,815</u>
<b>CURRENT ASSETS</b>			
Stores and spares		2,309,887	2,756,628
Stock-in-trade	5	10,242,076	11,017,657
Trade debts	6	5,914,196	5,680,426
Short term investments	7	1,499,713	-
Loans and advances		50,324	53,447
Trade deposits and short-term prepayments		35,875	31,260
Other receivables		174,851	266
Taxation – net		2,024,484	1,769,109
Cash and bank balances		281,400	356,869
		<u>22,532,806</u>	<u>21,665,662</u>
		<u>44,734,613</u>	<u>43,550,477</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		2,970,114	2,970,114
Capital reserve		2,788,742	2,788,742
Revenue reserve - accumulated profit		5,715,581	5,865,798
Actuarial loss on gratuity fund		(75,607)	(75,607)
Revaluation surplus on property, plant and equipment – net of tax		3,671,132	3,705,659
		<u>15,069,962</u>	<u>15,254,706</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	8	4,525,944	4,820,914
Long-term provision	9	155,187	154,463
Loan from related parties		-	341,333
Deferred taxation	10	264,810	641,128
Deferred liability - defined benefit obligation		399,656	369,916
Lease liabilities		133,225	72,416
Government grant		198,132	170,641
		<u>5,676,954</u>	<u>6,570,811</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	3,749,737	6,238,325
Contract liabilities		833,153	975,994
Interest / markup accrued		846,768	521,139
Short-term borrowings - secured	12	16,391,928	12,573,272
Current portion of long-term financing		1,762,820	1,353,626
Current portion of loan from related parties		316,333	-
Current portion of lease liabilities		30,293	14,351
Current portion of government grant		51,203	42,643
Unclaimed dividend		5,462	5,610
		<u>23,987,697</u>	<u>21,724,960</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>44,734,613</u>	<u>43,550,477</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 PROFIT OR LOSS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022  
(UN-AUDITED)**

	Half-year ended		Quarter-ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Note	----- (Rupees in '000) -----			
Sales	23,030,883	26,621,541	13,211,020	14,777,840
Cost of sales	(20,588,408)	(23,230,051)	(12,357,132)	(13,078,541)
<b>Gross profit</b>	<b>2,442,475</b>	<b>3,391,490</b>	<b>853,888</b>	<b>1,699,299</b>
Distribution costs	(499,045)	(502,917)	(279,621)	(264,028)
Administrative expenses	(334,626)	(354,463)	(170,821)	(176,873)
Provision of expected credit loss	(52,540)	(27,762)	(9,989)	(47,127)
Other expenses	(21,348)	(124,824)	1,127	(54,496)
Other income	6,898	21,325	5,011	5,508
<b>Operating profit</b>	<b>1,541,814</b>	<b>2,402,849</b>	<b>399,595</b>	<b>1,162,283</b>
Finance costs	14 (1,958,972)	(853,864)	(1,031,054)	(470,602)
<b>(Loss) /profit before taxation</b>	<b>(417,158)</b>	<b>1,548,985</b>	<b>(631,459)</b>	<b>691,681</b>
Taxation	15 232,414	(245,502)	242,652	(90,053)
<b>Net (loss) / profit for the period</b>	<b>(184,744)</b>	<b>1,303,483</b>	<b>(388,807)</b>	<b>601,628</b>
	----- (Rupees) -----			
<b>(Loss) / earnings per share – basic and diluted</b>	<b>(0.62)</b>	<b>4.39</b>	<b>(1.31)</b>	<b>2.03</b>

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 HALF YEAR ENDED 31 DECEMBER 2022  
(UN-AUDITED)**

	Half-year ended		Quarter-ended	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	----- (Rupees in '000) -----			
Net (loss) / profit for the period	(184,744)	1,303,483	(388,807)	601,628
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(184,744)</b>	<b>1,303,483</b>	<b>(388,807)</b>	<b>601,628</b>

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

  
\_\_\_\_\_  
**Chief Executive Officer**

  
\_\_\_\_\_  
**Chief Financial Officer**

  
\_\_\_\_\_  
**Director**

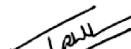
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022  
(UN-AUDITED)**

	Capital reserve	Revenue reserve	Actuarial loss on gratuity fund	Revaluation surplus on property, plant and equipment	Total	
	Share premium	Accumulated profit				
------(Rupees in '000)-----						
<b>Balance as at 30 June 2021 - (Audited)</b>	<b>2,970,114</b>	<b>2,788,742</b>	<b>4,471,374</b>	<b>(64,168)</b>	<b>3,774,568</b>	<b>13,940,630</b>
Net Profit for the period	-	-	1,303,483	-	-	1,303,483
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	1,303,483	-	-	1,303,483
Incremental depreciation relating to revaluation surplus on property, plant and equipment – net of tax	-	-	36,311	-	(36,311)	-
<b>Balance as at 31 December 2021 (Un-audited)</b>	<b>2,970,114</b>	<b>2,788,742</b>	<b>5,811,168</b>	<b>(64,168)</b>	<b>3,738,257</b>	<b>15,244,113</b>
<b>Balance as at 30 June 2022 (Audited)</b>	<b>2,970,114</b>	<b>2,788,742</b>	<b>5,865,798</b>	<b>(75,607)</b>	<b>3,705,659</b>	<b>15,254,706</b>
Net loss for the period	-	-	(184,744)	-	-	(184,744)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(184,744)	-	-	(184,744)
Transferred to accumulated profit in respect of incremental depreciation during the period – net of tax	-	-	34,527	-	(34,527)	-
<b>Balance as at 31 December 2022 (Un-audited)</b>	<b>2,970,114</b>	<b>2,788,742</b>	<b>5,715,581</b>	<b>(75,607)</b>	<b>3,671,132</b>	<b>15,069,962</b>


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 CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022  
(UN-AUDITED)**

	31 December 2022	31 December 2021
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(417,158)	1,548,985
<b>Adjustments for:</b>		
Depreciation on:		
- Operating fixed assets	4.1 453,970	336,696
- Right-of-use assets	21,673	11,942
Amortization	3,906	3,793
Bad debts written off	6.1 -	(52,441)
Reversal of provision for security deposits	-	(12,750)
Increase in long term provision	723	-
Provision of expected credit loss	6.1 52,540	27,762
Provision for gratuity	46,169	35,115
Gain on disposal of operating fixed assets	(3,525)	(1,003)
Finance costs	1,949,258	849,321
Interest expenses on leases	9,714	4,543
	<u>2,534,428</u>	<u>1,202,978</u>
	2,117,270	2,751,963
<b>Decrease/ (increase) in current assets:</b>		
Stores and spares	446,740	(801,344)
Stock-in-trade	775,580	(5,932,844)
Trade debts	(286,309)	697,313
Loans and advances	3,123	(41,464)
Trade deposits and short-term prepayments	(4,615)	(10,460)
Other receivables	(174,584)	258,235
	759,935	(5,830,564)
<b>(Decrease)/ increase in current liabilities:</b>		
Trade and other payables	(630,436)	199,841
Contract liabilities	(142,840)	101,092
<b>Cash generated from/ (used in) operating activities</b>	<u>2,103,929</u>	<u>(2,777,668)</u>
Income taxes paid	(399,285)	(327,795)
Gratuity paid	(16,429)	(10,522)
Finance costs paid	(1,623,628)	(780,532)
Long-term deposits – net	1,363	(11,931)
<b>Net Cash generated from /(used in) operating activities</b>	<u>65,950</u>	<u>(3,908,448)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(696,384)	(1,013,192)
Proceeds from disposal of operating fixed assets	6,172	18,008
Additions to intangible assets	(2,347)	(891)
<b>Net cash used in investing activities</b>	<u>(692,559)</u>	<u>(996,075)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(148)	(77)
Short-term borrowings – net	2,177,970	4,601,146
Long-term financing – net	125,282	(59,634)
Lease rentals paid	(34,784)	(14,521)
<b>Net cash generated from financing activities</b>	<u>2,268,320</u>	<u>4,526,914</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<u>1,641,711</u>	<u>(377,609)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>(1,660,342)</u>	<u>(1,845,683)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>16 (18,631)</u>	<u>(2,223,292)</u>

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 HALF YEAR ENDED 31 DECEMBER 2022 (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 situated at Plot No. A-18, S.I.T.E., Karachi

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

These condensed interim financial statements of the company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- Provisions of and directives issued under the Companies Act, 2017 (the Act);
- 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 Company's annual audited financial statements for the year ended June 30, 2022.

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

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they have reviewed the cumulative figures for the six months ended December 31, 2022 and December 31, 2021.

## 2.2 ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual audited financial statements for the year ended June 30, 2022.

## 2.3 Adoption of amendments to accounting standards and framework for financial reporting effective during the period.

The Company has adopted the certain amendments and improvements to the International Financial Reporting Standards (IFRSs) which became effective for the current period as disclosed below. The said amendments did not have any material impact on these condensed interim unconsolidated financial statements.

### Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

### 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 liabilities
IFRS 16	Leases: Lease incentives
IAS-41	Agriculture - Taxation in fair value measurements

### 3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements is in conformity with the approved accounting standards as applicable in Pakistan. It is the responsibility of the management to make estimates, assumptions and use judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the company's annual unconsolidated financial statements for the year ended 30 June 2022.

The company follows the practice to conduct actuarial valuation as at year end. Hence the impact of re-measurement of staff retirement benefit fund has not been incorporated in these condensed interim financial statements

	Note	31 December 2022 (Un-audited)	30 June 2022 (Audited)
----- (Rupees in '000) -----			
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	19,495,183	19,791,171
Capital work-in-progress	4.2	2,322,835	1,787,080
		<u>21,818,018</u>	<u>21,578,251</u>

#### 4.1 Operating fixed assets

Balance at the beginning of the period / year		19,791,171	18,778,019
Additions during the period / year	4.1.1	160,629	1,838,279
Disposals during the period / year	4.1.1	(2,647)	(117,880)
Depreciation charged during the period / year		(453,970)	(707,247)
Balance at the end of the period / year		<u>19,495,183</u>	<u>19,791,171</u>

##### 4.1.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (Net book value)	
	31 December 2022 (Unaudited)	31 December 2021 (Unaudited)	31 December 2022 (Unaudited)	31 December 2021 (Unaudited)
----- (Rupees in '000) -----				
Leasehold land	-	-	-	-
Buildings on leasehold land	-	77,092	-	-
Plant and machinery	117,304	103,886	181	15,088
Furniture and fittings	1,110	6,443	7	-
Office equipment	5,046	8,768	319	612
Vehicles	28,332	33,430	2,053	1,146
Computers	8,837	4,200	87	159
	<u>160,629</u>	<u>233,819</u>	<u>2,647</u>	<u>17,005</u>

#### 4.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating fixed assets	Closing balance
----- (Rupees in '000) -----				
Leasehold land	75,000	44,500	-	119,500
Plant and machinery	668,542	521,239	(117,304)	1,072,477
Civil works	1,043,538	87,320	-	1,130,858
	<u>1,787,080</u>	<u>653,059</u>	<u>(117,304)</u>	<u>2,322,835</u>

		31 December 2022 (Un-audited)	30 June 2022 (Audited)
	Note	----- (Rupees in '000) -----	
<b>5 STOCK-IN-TRADE</b>			
<b>Raw materials</b>			
- In hand		2,377,853	5,085,067
- In transit		<u>1,601,281</u>	<u>768,436</u>
		3,979,134	5,853,503
<b>Work-in-process</b>		2,315,295	1,245,729
<b>Finished Goods</b>		<u>3,947,647</u>	<u>3,918,425</u>
		<u><u>10,242,076</u></u>	<u><u>11,017,657</u></u>
<b>6 TRADE DEBTS - UNSECURED</b>			
Considered good		5,914,196	5,680,426
Considered doubtful		<u>239,551</u>	<u>187,011</u>
		6,153,747	5,867,437
Allowance for expected credit loss	6.1	<u>(239,551)</u>	<u>(187,011)</u>
Trade debts - net		<u><u>5,914,196</u></u>	<u><u>5,680,426</u></u>
<b>6.1 Allowance for expected credit loss</b>			
The movement in expected credit loss during the year is as follows:			
Balance at the beginning of the period/year		187,011	282,395
Charge during the period/ year		52,540	5,177
Write-off during the period / year		-	(100,561)
Balance at end of the period / year		<u><u>239,551</u></u>	<u><u>187,011</u></u>
<b>7 SHORT-TERM INVESTMENT</b>			
These represent term deposit receipts with commercial banks and carries interest at rates ranging from 15.25% to 16.00% per annum with maturity of 31 days.			
<b>8 LONG-TERM FINANCING</b>			
<b>8.1</b>	During the period, the Company made drawdowns on Islamic Temporary Economic Refinance Facility (ITERF) obtained from an Islamic Bank for purchase of plant & machinery amounting to Rs.141.13 million (2022: Rs.760.740 million) repayable in equal quarterly installments latest by July 2032 at markup of SBP rate plus 2.25% per annum. This facility is secured by first pari passu hypothecation charge over plant and machinery and mortgage charge over land and building amounting to Rs.1,436.2 million.		
	The loan obtained under Islamic Temporary Economic Refinance Facility (ITERF) has been recognised at the present value by discounting at the effective rate of interest. The differential mark-up has been recognised as government grant which will be amortised to interest income over the period of facility.		
<b>8.2</b>	During the period, the Company obtained new term finance facility from commercial bank to fund project cost in relation to establishment of full scale aluminum plant.The facility carry markup rate of 3 months KIBOR plus 1.1% and repayable in 8 quarterly installments.The facility is secured by Pari Passu Hypothecation charge charge over all present and future fixed assets of the company of Rs. 533.33 million and 4th ranking charge over all present and future fixed assets of the company of Rs. 293.33 million with 25% margin on facility amount.		
<b>8.3</b>	During the period, the Company onbtained another term finance facility from commercial bank to finance the renovation of Company's office at Sky Tower.These facility are repayable in eighteen equal quarterly installments latest by December 2027.The facility carries markup rate of 3 months KIBOR plus 1% and is secured by 1st equitable mortgage charge of Rs.333.334 million over subject office premises.		
<b>8.4</b>	During the period, the company made drawdowns on Diminishing Musharaka facility obtained from Islamic financial institution amounting to Rs. 204.06 million.The facility is repayable in equal bi-annual installments latest by August 2027 and carries markup rate of 6 months KIBOR plus 1.75%. The facility is secured by First Pari Passu Hypothecation charge over Plant & Machinery & Mortgage charge over land & Building amounting to Rs.498.66 million with 25% Margin .		

## 9 LONG-TERM PROVISION

Represents non-current portion of provision for Gas Infrastructure Development Cess (GIDC). During the year ended 30 June 2022, the Honourable Supreme Court of Pakistan (SCP) has upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intravires allowing settlement of GIDC over a period of forty-eight monthly installments. However, the Company has filed an appeal before the Honourable High Court of Sindh (The Court) on the grounds that no burden of GIDC had been passed to its customers and thus, the Company is not liable to pay GIDC under GIDC Act 2015. The Court vide its order dated September 22, 2020 has granted stay to the Company.

The Company without prejudice to the suit filed, carries provision amounting to Rs. 221.746 million under the relevant accounting standards and ICAP guidelines in this regard.

31 December 2022 (Un-audited)	30 June 2022 (Audited)
----- (Rupees in '000) -----	----- (Rupees in '000) -----

## 10 DEFERRED TAXATION

### Deductible temporary differences arising in respect of:

Provisions	(338,530)	(330,640)
Unused tax credits	(2,920,607)	(2,525,467)
	<u>(3,259,137)</u>	<u>(2,856,107)</u>

### Taxable temporary differences arising in respect of:

Accelerated tax depreciation / amortization	2,553,081	2,535,812
Right-of-use-assets	51,664	25,215
Surplus on revaluation of property, plant and equipment	919,202	936,208
	<u>3,523,947</u>	<u>3,497,235</u>
	<u>264,810</u>	<u>641,128</u>

## 11 TRADE AND OTHER PAYABLES

11.1 Includes murabaha amounting to Rs. 2,198 million (30 June 2022: Rs. 4,056 million)

11.2 Includes current portion of provision for gas infrastructure development cess amounting to Rs. 66.560 (2022: 66.501) million.

31 December 2022 (Un-audited)	30 June 2022 (Audited)
----- (Rupees in '000) -----	----- (Rupees in '000) -----

## 12 SHORT-TERM BORROWINGS - secured

Cash finance		303,640	5,069
Running finance		1,799,744	2,017,211
Istisna	12.1	3,989,604	2,906,882
Finance against trust receipt	12.2	9,823,940	7,019,110
Short term loan		475,000	625,000
		<u>16,391,928</u>	<u>12,573,272</u>

12.1 During the period, the company made drawdowns to working capital facilities availed from various Islamic banks amounting to Rs.3,989.6 million carrying profit ranging from 6 month KIBOR plus 0.75% to 6 months KIBOR plus 1% per annum (2022: 6 month KIBOR plus 0.75% to 6 months KIBOR plus 1% per annum). As at 31 December 2022, the unutilized portion of the facilities is Rs. 10.4 million.

12.2 During the period, the company made drawdowns to working capital facilities obtained from various Islamic and conventional banks amounting to Rs. 13,056 million carrying profit / markup ranging from 1 month KIBOR plus 0.65% to 3 month KIBOR plus 1.35% per annum (2022: 1 month KIBOR plus 0.5% to 3 month KIBOR plus 1.35% per annum). As at 31 December 2022, the unutilized portion of the facilities is Rs.5,427 million.



### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

There were no material changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2022.

	31 December 2022 (Un-audited)	30 June 2022 (Audited)
	----- (Rupees in '000) -----	
<b>13.2 Commitments</b>		
13.2.1 Outstanding letters of credit	<u>3,517,256</u>	<u>5,814,377</u>
13.2.2 Outstanding letters of guarantee	<u>483,356</u>	<u>583,356</u>
13.2.3 Capital expenditure	<u>241,447</u>	<u>229,048</u>
13.2.4 Commitments for rentals payable under Ijarah contracts in respect of vehicles and plant and machinery with Islamic banks are as follows:		

	31 December 2022 (Un-audited)	30 June 2022 (Audited)
	----- (Rupees in '000) -----	
Not later than one year	<u>40,377</u>	<u>45,343</u>
Later than one year but not later than five years	<u>42,807</u>	<u>56,373</u>

#### 14 FINANCE COSTS

Includes mark up on long-term financing and short-term borrowings amounting to Rs. 431.259 million and Rs. 1,464.884 million (31 December 2021: Rs. 253.83 million and Rs.574.099 million) respectively.

	Half year ended		Quarter ended	
	31 December 2022 (Un-audited)	31 December 2021	31 December 2022 (Un-audited)	31 December 2021
	----- (Rupees in '000) -----			
<b>15 TAXATION</b>				
Current	<u>287,964</u>	332,616	<u>213,222</u>	278,070
Deferred	<u>(520,378)</u>	(87,114)	<u>(455,874)</u>	(188,017)
	<u>(232,414)</u>	245,502	<u>(242,652)</u>	<u>90,053</u>

	31 December 2022	31 December 2021
	----- (Rupees in '000) -----	
<b>16 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>281,400</u>	184,596
Running finance	<u>(1,799,744)</u>	(2,407,888)
Short-term Investments	<u>1,499,713</u>	-
	<u>(18,631)</u>	<u>(2,223,292)</u>

## 17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2022. There have been no change in any risk management policies since the year end.

## 18 FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no transfers amongst levels during the period.

## 19 TRANSACTION WITH RELATED PARTIES

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

Nature of transaction	Relationship with the company	Half Year Ended		Quarter Ended	
		31 December		31 December	
		2022	2021	2022	2021
		(Un-audited)		(Un-audited)	
		---(Rupees in '000)---		---(Rupees in '000)---	
Meeting fee	Directors	1,700	2,100	900	800
Remuneration and other benefits	Key management personnel	242,388	236,537	143,860	142,539
Sale of vehicle	Key management personnel	1,762	775	1,762	775
Interest expense charged on loan from related party	Chairman, Non-Executive Director and shareholder	26,198	15,762	13,555	9,352
Contribution to staff gratuity fund	Retirement benefit fund	46,169	35,115	23,085	17,558
Sales of goods	Shareholder	7,110	5,300	1,650	2,810
Payment of interest on related parties loan	Director and shareholder	10,966	5,897	10,966	3,007
Purchases	Associate	119	389	26	-
Payment of office security deposit	Associate	3,398	-	2,398	-
Donation to related party	Associate	3,500	-	2,500	-
Advance given for rented office	Shareholder	-	8,190	-	8,190
Payment for rented office	Shareholder	18,894	-	18,894	-

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

## 20 OPERATING SEGMENTS

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

All non-current assets of the Company as at 31 December 2022 and 2021 are located in Pakistan.

Sales made by the Company to its 20 major customers during the period constituted 27% (December 31, 2021: 17%) of total sales.


## 21 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 24 February 2023 by the Board of Directors of the Company.

## 22 GENERAL

22.1 Figures have been rounded off to the nearest thousand, unless otherwise

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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







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