



RESULTS FOR THE  
QUARTER AND HALF  
YEAR ENDED

**31 DECEMBER 2020**

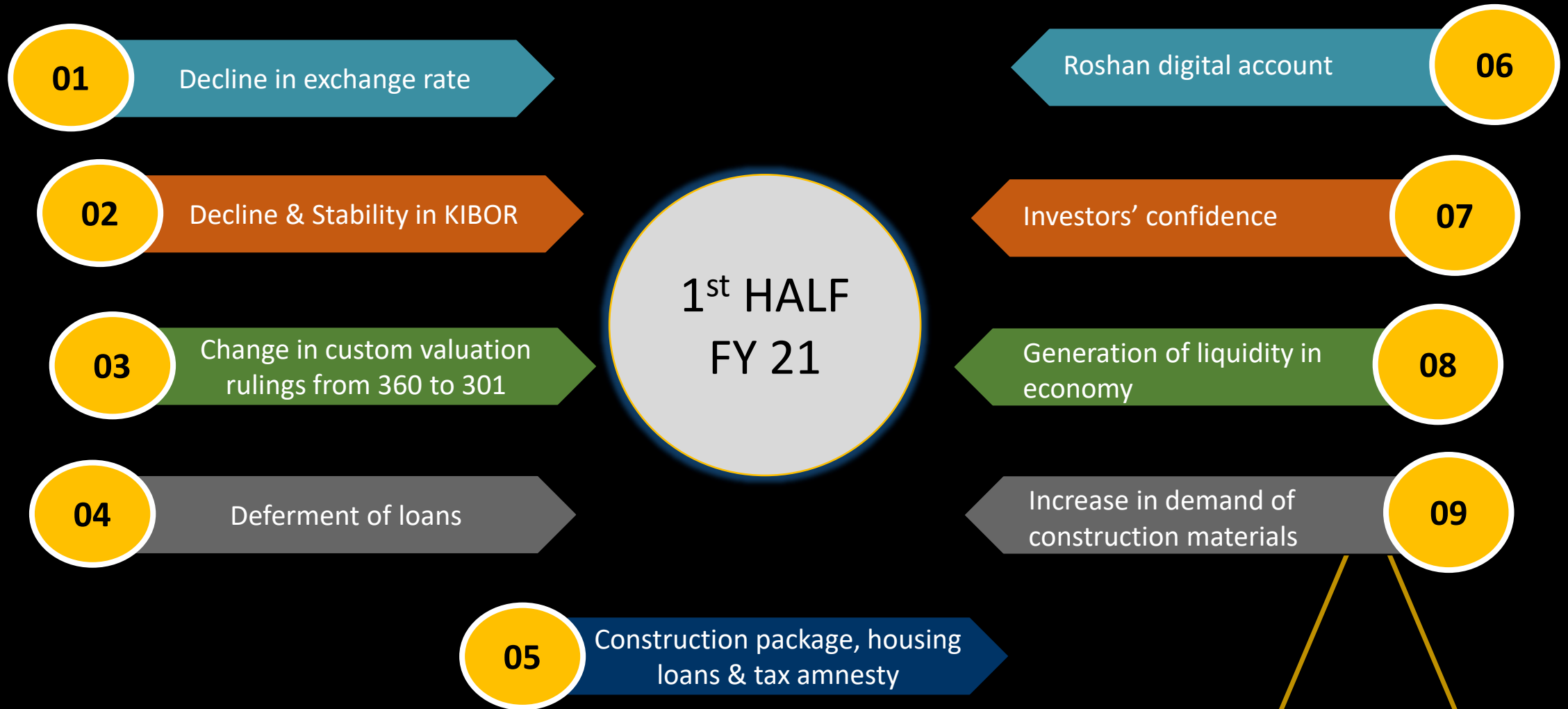
10 February 2021



**AMRELI STEELS**  
Building for Life



# KEY HIGHLIGHTS



HALF YEAR  
FY  
21

Rs. 17.4

SALES  
B

175,725  
REBARS  
SOLD  
Mt  
YOY

Rs. 1.8 B

GROSS PROFIT

Rs. 423 M

NET PROFIT

Rs.  
FPS  
1.42

# MARGINS AND EPS

HALF YEAR ENDED 31 DEC. 2020

Gross Profit Margin 10.83%

Operating Profit Margin 6.82%

Net Profit Margin 2.42%

Earning Per Share 1.42

HALF YEAR ENDED 31 DEC. 2019

Gross Profit Margin 9.26%

Operating Profit Margin 4.58%

Net Loss Margin 2.30%

Loss Per Share 1.06

# MARGINS AND EPS

2<sup>nd</sup> QUARTER ENDED 31 DEC. 2020

Gross Profit Margin 10.78%

Operating Profit Margin 7.16%

Net Profit Margin 3.28%

Earning Per Share 1.05

1<sup>st</sup> QUARTER ENDED 30 SEPT. 2020

Gross Profit Margin 10.90%

Operating Profit Margin 6.40%

Net Profit Margin 1.40%

Earning Per Share 0.37

# PROFIT OR LOSS STATEMENT

	Half year 31 Dec. 2020	%	Half year 31 Dec. 2019	%	Qtr. Ended 31 Dec. 2020	%	Qtr. Ended 30 Sep. 2020	%
	Rs.000		Rs.000		Rs.000		Rs.000	
Sales	17,452,259	100	13,642,337	100	9,538,256	100	7,914,003	100
Cost Of Sales	(15,561,517)	89.17	(12,378,447)	90.74	(8,510,346)	89.22	(7,051,171)	89.10
<b>Gross Profit</b>	<b>1,890,742</b>	<b>10.83</b>	<b>1,263,895</b>	<b>9.26</b>	<b>1,027,910</b>	<b>10.78</b>	<b>862,832</b>	<b>10.90</b>
Distribution Cost	(444,800)	2.55	(327,481)	2.40	(243,314)	2.55	(201,486)	2.55
Administrative Cost	(258,056)	1.48	(241,071)	1.77	(142,383)	1.49	(115,672)	1.46
Expected Credit Loss	24,536	0.14	(68,958)	0.51	58,453	0.61	(33,917)	0.43
Other Charges	(37,045)	0.21	(10,287)	0.08	(26,313)	0.28	(10,732)	0.14
Other Opr. Income	14,040	0.08	8,639	0.06	8,437	0.09	5,603	0.07
<b>Operating Profit</b>	<b>1,189,418</b>	<b>6.82</b>	<b>624,737</b>	<b>4.58</b>	<b>682,790</b>	<b>7.16</b>	<b>506,628</b>	<b>6.40</b>
Finance Cost	(836,746)	4.79	(1,213,839)	8.90	(380,570)	3.99	(456,176)	5.76
Profit / (Loss) Before Tax	<b>352,671</b>	<b>2.02</b>	<b>(589,102)</b>	<b>4.32</b>	<b>302,220</b>	<b>3.17</b>	<b>50,452</b>	<b>0.64</b>
Taxation	70,332	0.40	275,624	2.02	10,160	0.11	60,173	0.76
<b>Profit / (Loss) After Tax</b>	<b>423,004</b>	<b>2.42</b>	<b>(313,478)</b>	<b>2.30</b>	<b>312,379</b>	<b>3.28</b>	<b>110,624</b>	<b>1.40</b>

**QUANTITY AND PRICE VARIANCE – 1<sup>st</sup> HALF FY21 Vs. 1<sup>st</sup> HALF FY20**

	JULY-DEC 20	JULY-DEC 19	VARIANCE		AMOUNT '000'
<b>SALES</b>					
QUANTITY	182,909	145,831	37,078	93.55	3,468,579
PRICE IN THOUSANDS	95.42	93.55	1.87	182,909	341,343
<b>NET SALES VARIANCE</b>					<b>3,809,922</b>
<b>COST OF SALES</b>					
QUANTITY	182,909	145,831	37,078	(84.88)	(3,147,232)
PRICE IN THOUSANDS	(85.08)	(84.88)	(0.20)	182,909	(35,843)
<b>NET SALES VARIANCE</b>					<b>(3,183,075)</b>
<b>NET CHANGE IN GROSS PROFIT</b>					<b>626,847</b>
<b>GROSS PROFIT</b>					
QUANTITY	182,909	145,831	37,078	8.67	321,347
PRICE IN THOUSANDS	10.34	8.67	1.67	182,909	305,500
<b>NET GROSS PROFIT VARIANCE</b>					<b>626,847</b>

## RECONCILIATION OF PROFIT AFTER TAX

QUANTITY AND PRICE VARIANCE	IMPACT	RUPEES '000'	REMARKS
GROSS PROFIT	INCREASE	626,847	As explained in above slide
DISTRIBUTION COST	INCREASE	(117,319)	Increase is due to Advertisement Rs. 50 million, Cartage & transport Rs.32.7 million, Bundling Rs.14.6 million, wages and salaries 11.8 million, repairs 3.1 million etc.
ADMINISTRATIVE COST	INCREASE	(16,984)	Mainly increase due to salaries Rs.11.2 million, legal expense Rs.4.8 million fuel Rs. 1.17 million etc.
EXPECTED CREDIT LOSS	DECREASE	93,495	The reversal of ECL is due to better recovery post Covid-19 lockdown and resumption of construction activities and improvement in forward looking estimates.
OTHER CHARGES	INCREASE	(26,758)	Mainly increase due to WPPF Rs. 14 million, WWF Rs. 5.6 million because of profit in 1st half as compared to a loss in corresponding 1st half.
OTHER OPERATING INCOME	INCREASE	5,401	Mainly due to amortization of government grant on subsidize salary loan which amounts to Rs. 10.4 million.
FINANCE COST	DECREASE	377,093	Increase in business activity, improvement in receivable collection and maintaining optimum inventory post COVID lockdown period resulted in reduction in short term borrowings during 1st half FY21. (1H21: 11.6 billion Vs 1H20 14.4 billion). Decrease in Average interest rate to 8.4% from 14%.
TAXATION	INCREASE	(205,291)	Reversal is due to generation of income and due to expiry of S.65(b) credit last year earlier availed on DRM capitalization in 2018. During 1st half FY21, only tax credit related to 65-E was availed.
<b>NET VARIANCE</b>		<b>736,482</b>	
PAT 1 <sup>ST</sup> HALF. FY20 less 1 <sup>ST</sup> HALF FY19		736,482	
UNRECONCILED AMOUNT		-	



**QUANTITY AND PRICE VARIANCE – 2<sup>nd</sup> QUARTER FY21 Vs. 1<sup>st</sup> QUARTER FY 21**

	DEC-20	SEPT-20	VARIANCE		AMOUNT Rs '000'
<b>SALES</b>					
QUANTITY	99,397	83,511	15,886	94.77	1,505,429
PRICE IN THOUSANDS	95.96	94.77	1.20	99,397	118,824
<b>NET SALES VARIANCE</b>					<b>1,624,252</b>
<b>COST OF SALES</b>					
QUANTITY	99,397	83,511	15,886	(84.43)	(1,341,298)
PRICE IN THOUSANDS	(85.62)	(84.43)	(1.19)	99,397	(117,877)
<b>NET SALES VARIANCE</b>					<b>(1,459,175)</b>
<b>NET CHANGE IN GROSS PROFIT</b>					<b>165,077</b>
<b>GROSS PROFIT</b>					
QUANTITY	99,397	83,511	15,886	10.33	164,131
PRICE IN THOUSANDS	10.34	10.33	0.01	99,397	946
<b>NET GROSS PROFIT VARIANCE</b>					<b>165,077</b>

## RECONCILIATION OF PROFIT AFTER TAX

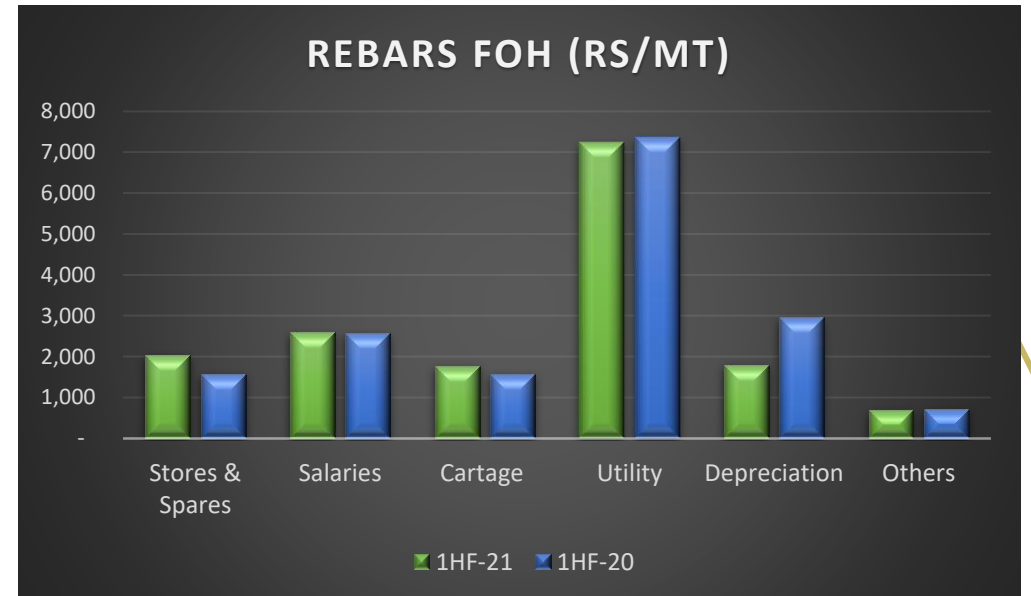
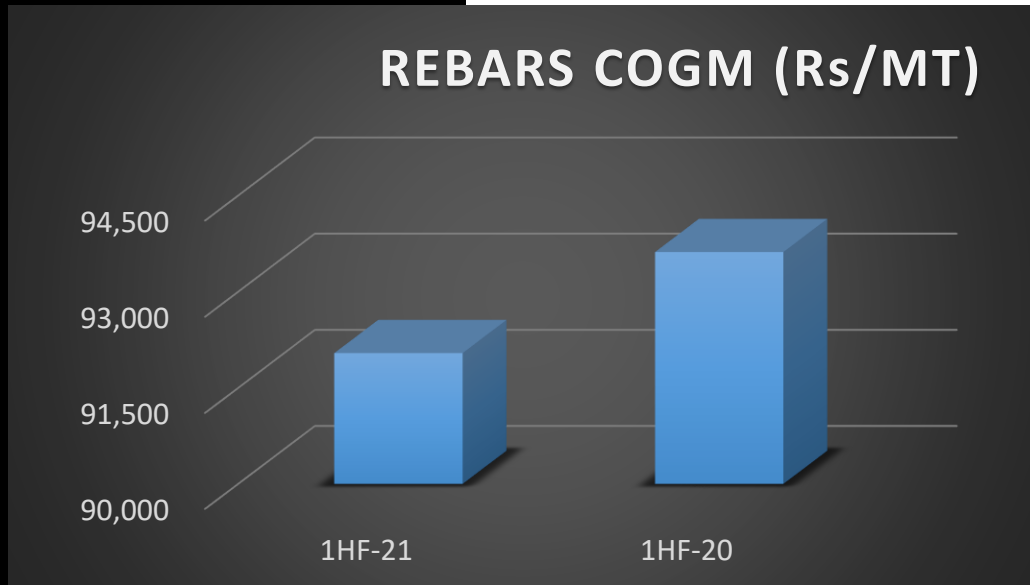
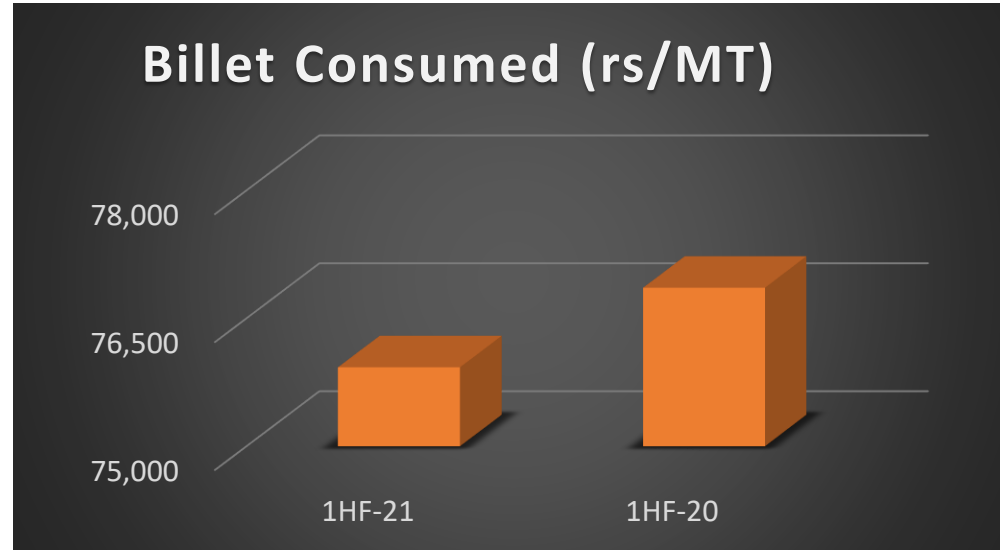
QUANTITY AND PRICE VARIANCE	IMPACT	Rs. '000'	REMARKS
GROSS PROFIT	INCREASE	165,077	As explained in above slide
DISTRIBUTION COST	INCREASE	(41,827)	Increase due to cartage Rs.15.8 million, Advertisement Rs.7 million, Bundling Rs.4.9 million, packing 4 million, salaries 5.6 million etc.
ADMINISTRATIVE COST	INCREASE	(26,711)	Mainly increase due to salaries Rs. 6.3 million, depreciation 7.7 million, research expenses Rs. 8.0 million up, legal and professional 5 million etc.
EXPECTED CREDIT LOSS	DECREASE	92,370	The reversal of ECL is due to better recovery post Covid-19 lockdown and resumption of construction activities and improvement in forward looking estimates.
OTHER CHARGES	INCREASE	(15,581)	Mainly increase due to WPPF/WWF Rs. 12.27 million because of higher profit in current qtr. as compared to corresponding qtr.
OTHER OPERATING INCOME	INCREASE	2,834	Mainly due to amortization of govt. grant in 2nd Quarter FY 21
FINANCE COST	DECREASE	75,606	(1) Decrease in Short-term borrowing From Rs. 12.5 billion to Rs. 10.8 billion in 2QFY21 due to improved cash collection. (2) Decrease in Average interest rate from 8.5% to 8.35%.
TAXATION	INCREASE	(50,013)	Due to increase in profitability.
<b>NET VARIANCE</b>		<b>201,755</b>	
PAT 2 <sup>nd</sup> QUARTER FY 21 less 1st QUARTER FY21		201,755	
UNRECONCILED AMOUNT		-	

## STATEMENT OF FINANCIAL POSITION

ASSETS	31 DEC 2020	%	30 JUNE 2020	%
<b><u>Non-current assets</u></b>	-----Rs. '000'-----		-----Rs. '000'-----	
Property, Plant & Equipment	18,017,930	54.58	17,650,951	49.76
Intangibles	20,952	0.06	24,266	0.07
Long-term Investment	15,289	0.05	15,289	0.04
Long term deposits	153,800	0.47	134,962	0.38
Right of use assets	110,197	0.33	72,455	0.20
	<b>18,318,168</b>	<b>55.49</b>	<b>17,897,924</b>	<b>50.46</b>
<b><u>Current assets</u></b>				
Stores and spares	1,445,257	4.38	1,683,505	4.75
Stock in-trade	5,862,528	17.76	8,040,331	22.67
Trade debts	5,207,785	15.77	4,900,333	13.82
Loans and advances	33,911	0.10	28,916	0.08
Trade deposits and prepayments	320,980	0.97	642,890	1.81
Other receivables	249,834	0.76	527,960	1.49
Taxation - net	1,366,017	4.14	1,238,228	3.49
Cash and bank balances	209,228	0.63	509,360	1.44
	<b>14,695,541</b>	<b>44.51</b>	<b>17,571,522</b>	<b>49.54</b>
<b>TOTAL ASSETS</b>	<b>33,013,709</b>	<b>100</b>	<b>35,469,446</b>	<b>100</b>

<b>EQUITIES AND LIABILITIES</b>	<b>31 DEC. 2020</b>	<b>%</b>	<b>30 JUNE 2020</b>	<b>%</b>
	-----Rs. '000'-----		-----Rs. '000'-----	
<b>Share capital &amp; reserves</b>	<b>11,536,190</b>	<b>34.94</b>	<b>11,113,186</b>	<b>31.33</b>
<b><u>Non-current liabilities</u></b>				
Long-term finances	5,032,802	15.24	5,429,984	15.31
Lease liability	95,943	0.29	63,600	0.18
Long-term provision	166,368	0.50	-	-
Loan from related party	341,333	1.03	341,333	0.96
Deferred taxation	72,524	0.22	243,874	0.69
Government grant	5,396	0.02	7,627	0.02
Deferred liability	268,668	0.81	254,748	0.72
	<b>5,983,035</b>	<b>18.12</b>	<b>6,341,166</b>	<b>17.88</b>
<b><u>Current liabilities</u></b>				
Trade and other payables	4,310,279	13.06	3,731,308	10.52
Contract liabilities	676,756	2.05	962,783	2.71
Accrued Interest	250,871	0.76	577,719	1.63
Short term finance - secured	8,746,506	26.49	11,912,828	33.59
Current portion of long term finance	1,467,477	4.45	811,503	2.29
Current portion of lease liability	17,619	0.05	8,748	0.02
Current portion of government grant	19,188	0.06	4,215	0.01
Unclaimed dividend	5,788	0.02	5,990	0.02
	<b>15,494,484</b>	<b>46.93</b>	<b>18,015,094</b>	<b>50.79</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>33,013,709</b>	<b>100</b>	<b>35,469,446</b>	<b>100</b>

# REBARS



## Reasons for Variance in Cost

### 6MFY21 Vs 6MFY20:

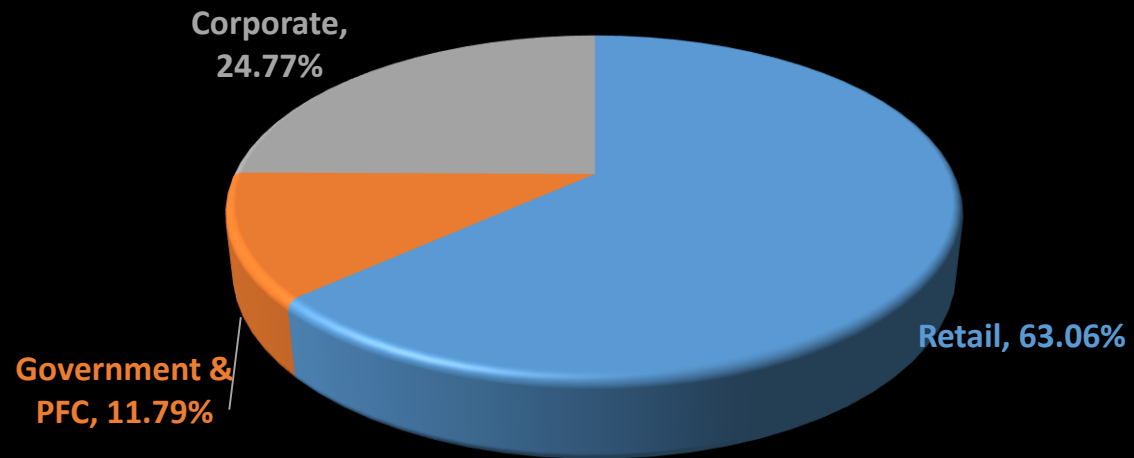
Cost of sale remained under control when compared to corresponding period. The positive impact in cost were change in custom valuation ruling from 360 \$ to 301 \$, change of depreciation estimates, saving in Ferro alloys unit consumption, reduction in RLNG prices from Rs. 1600 mmbtu to Rs. 1080 mmbtu and increased production resulting in economies of scale. The adverse factors in cost was increase in electricity tariff due to ISAP withdrawal of Rs. 3/kwh on off-peak units which was present in corresponding half and increase in tariff by Rs. 2.89 from September 1QFY21.

### 2Q Vs 1Q:

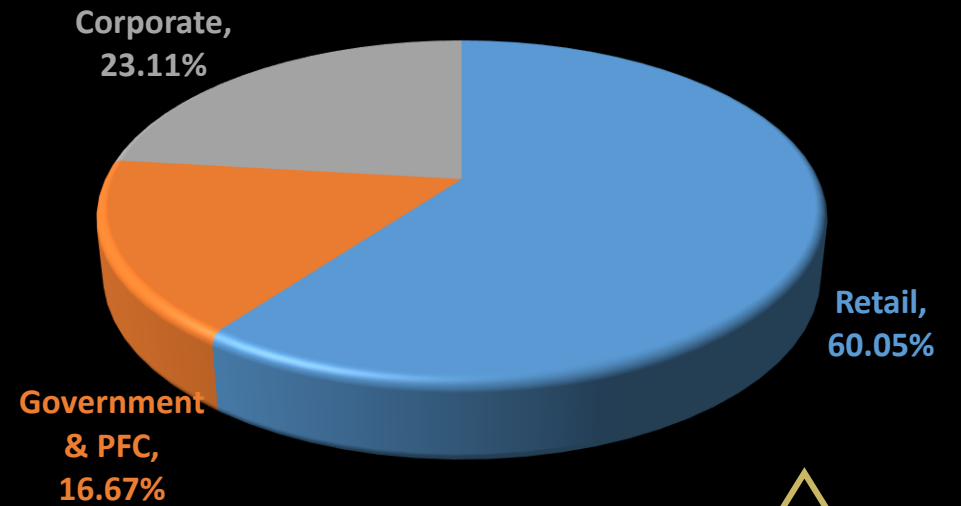
Cost when compared to 1Q, increased primarily because of increase in electricity tariff by Rs. 2.89. The major benefit in cost in 2Q taken away by above increase was the reduction in scrap cost due to decline in exchange rate from 167 to 160.

# SEGMENT WISE SALES

## 1ST HALF FY 21

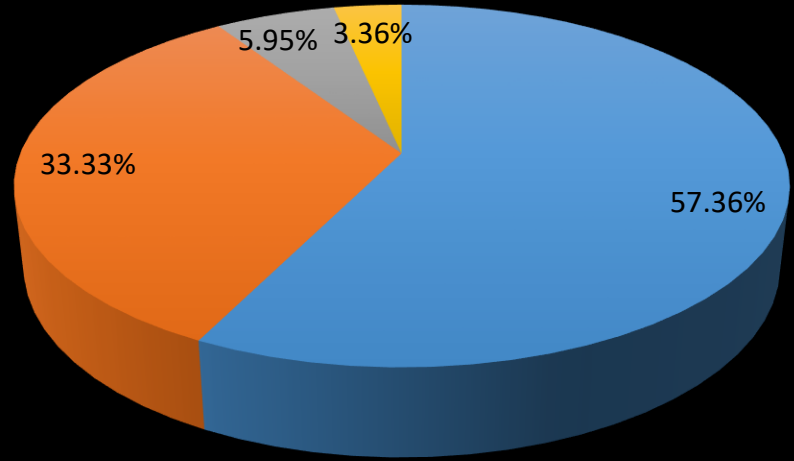


## 1ST HALF FY 20



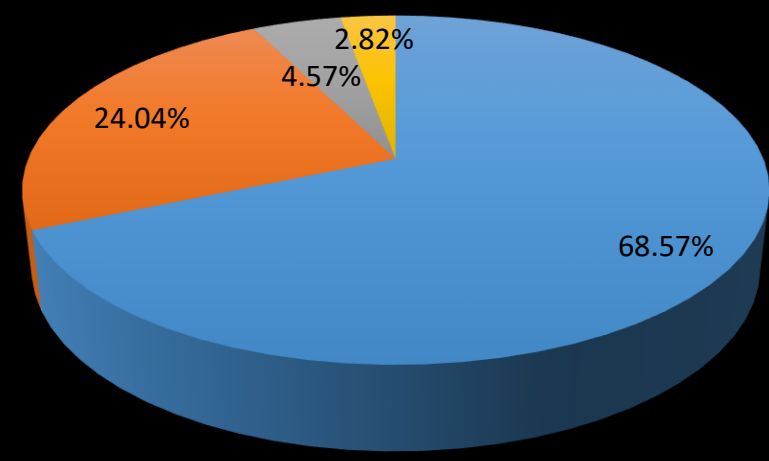
# PROVINCE WISE SALES

## 1<sup>ST</sup> HALF FY 21



■ Sindh ■ Punjab ■ Balochistan ■ KPK

## 1<sup>ST</sup> HALF FY 20



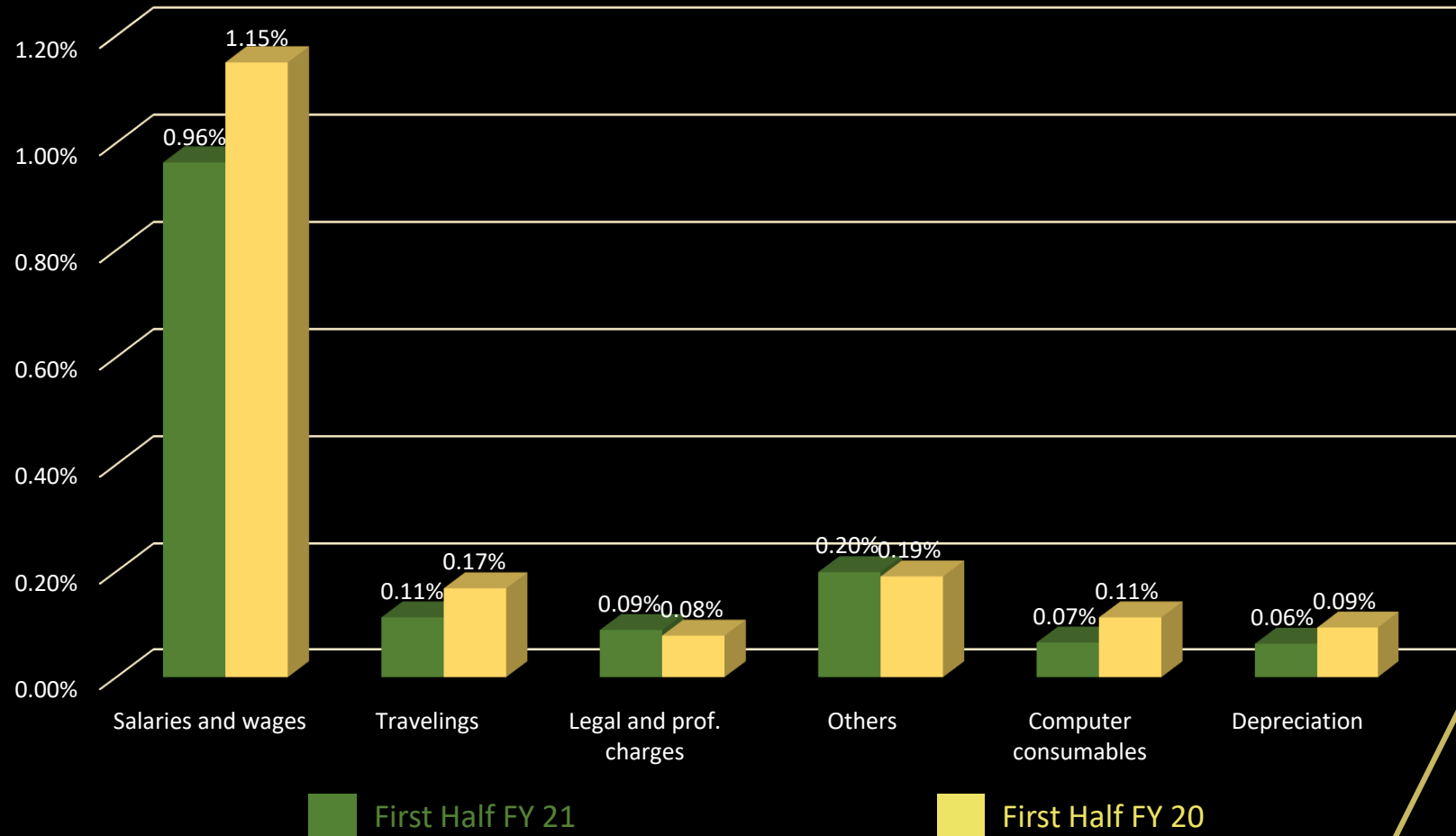
■ Sindh ■ Punjab ■ Balochistan ■ KPK



# ADMINISTRATION EXPENSE AS % OF SALES

1.50% of  
Sales in 1<sup>st</sup>  
Half FY21

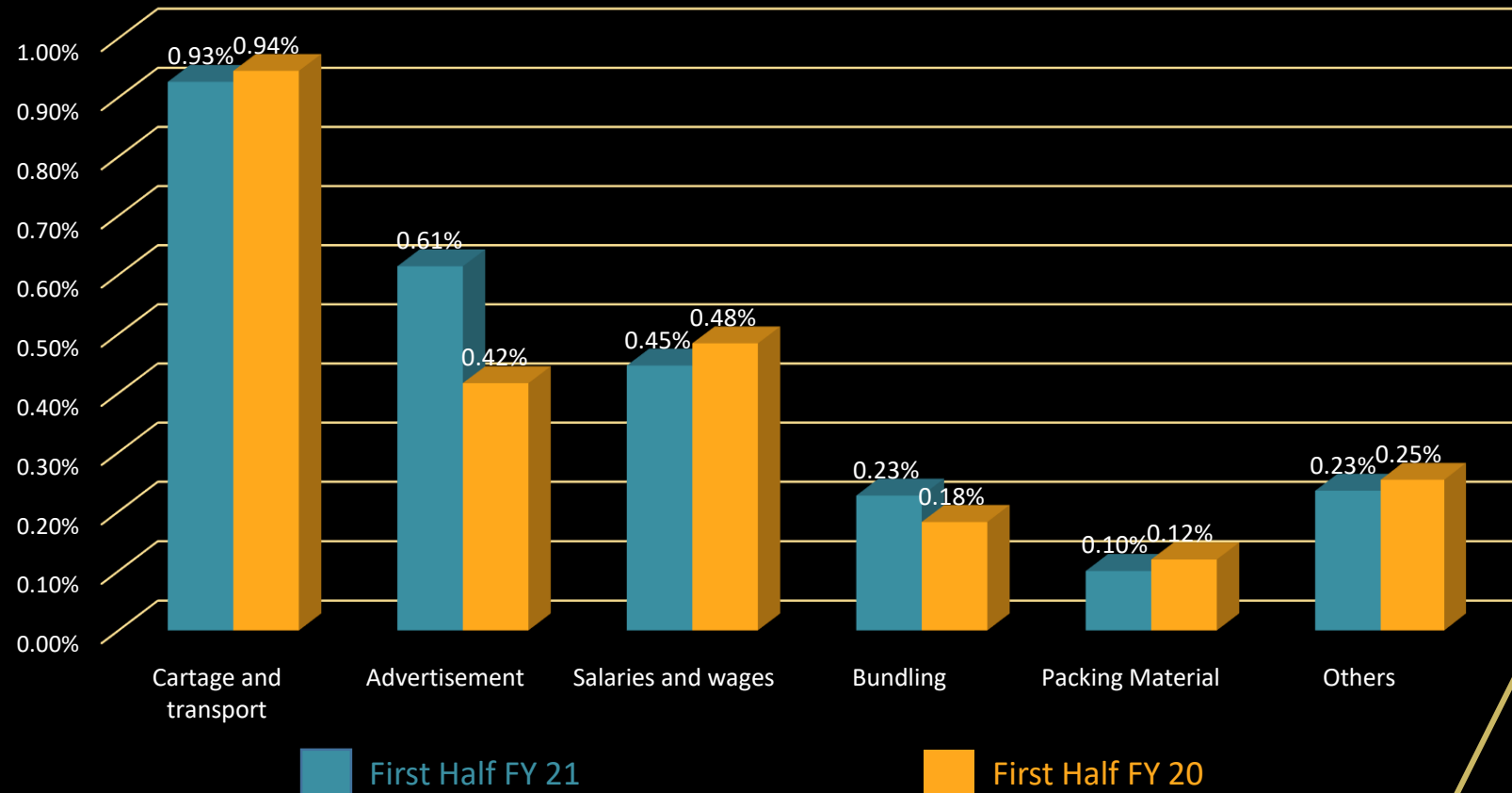
1.80% of  
Sales in 1<sup>st</sup>  
Half FY20



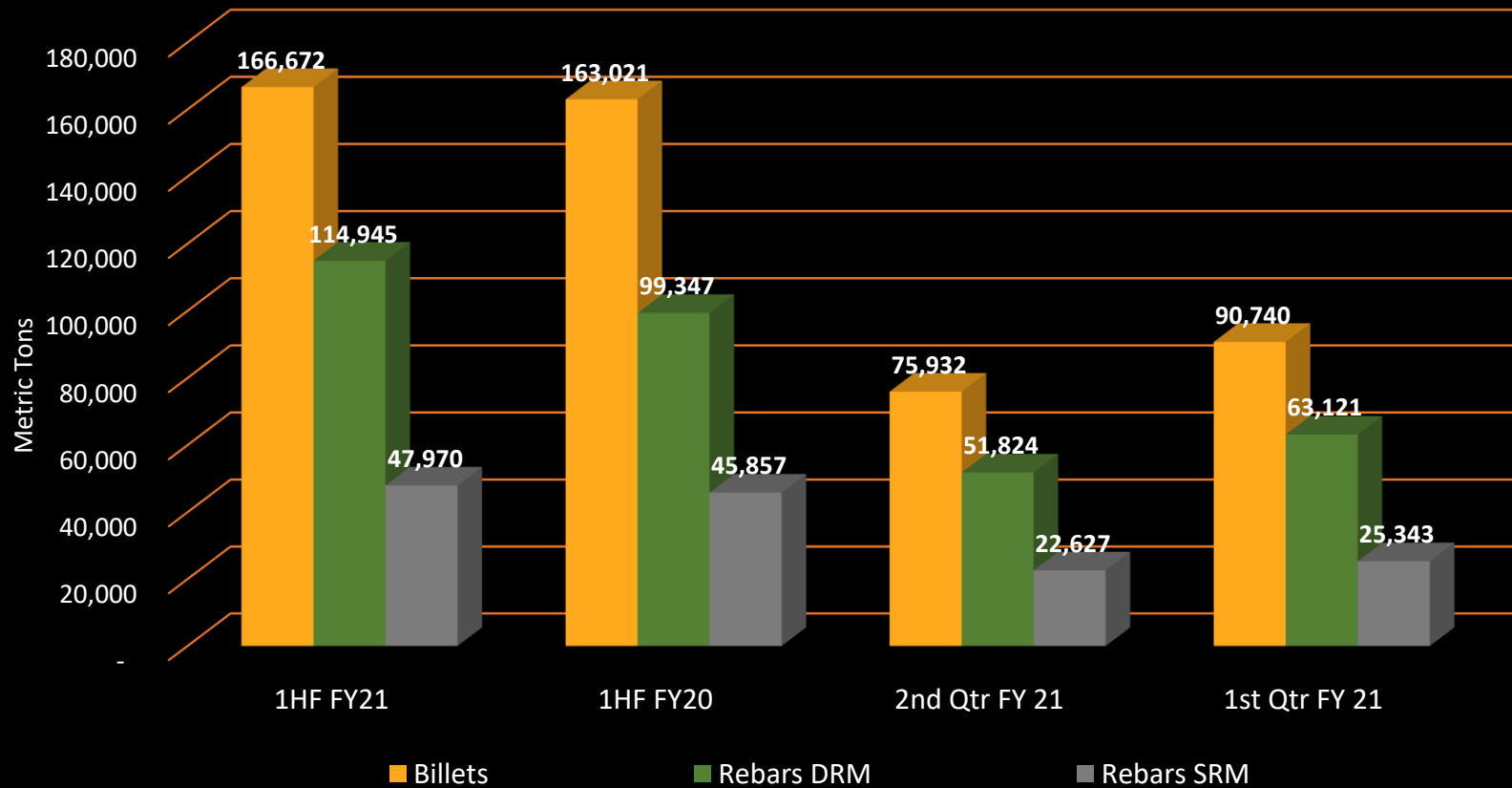
# DISTRIBUTION EXPENSE AS % OF SALES

2.55% of  
Sales in 1<sup>st</sup>  
half FY21

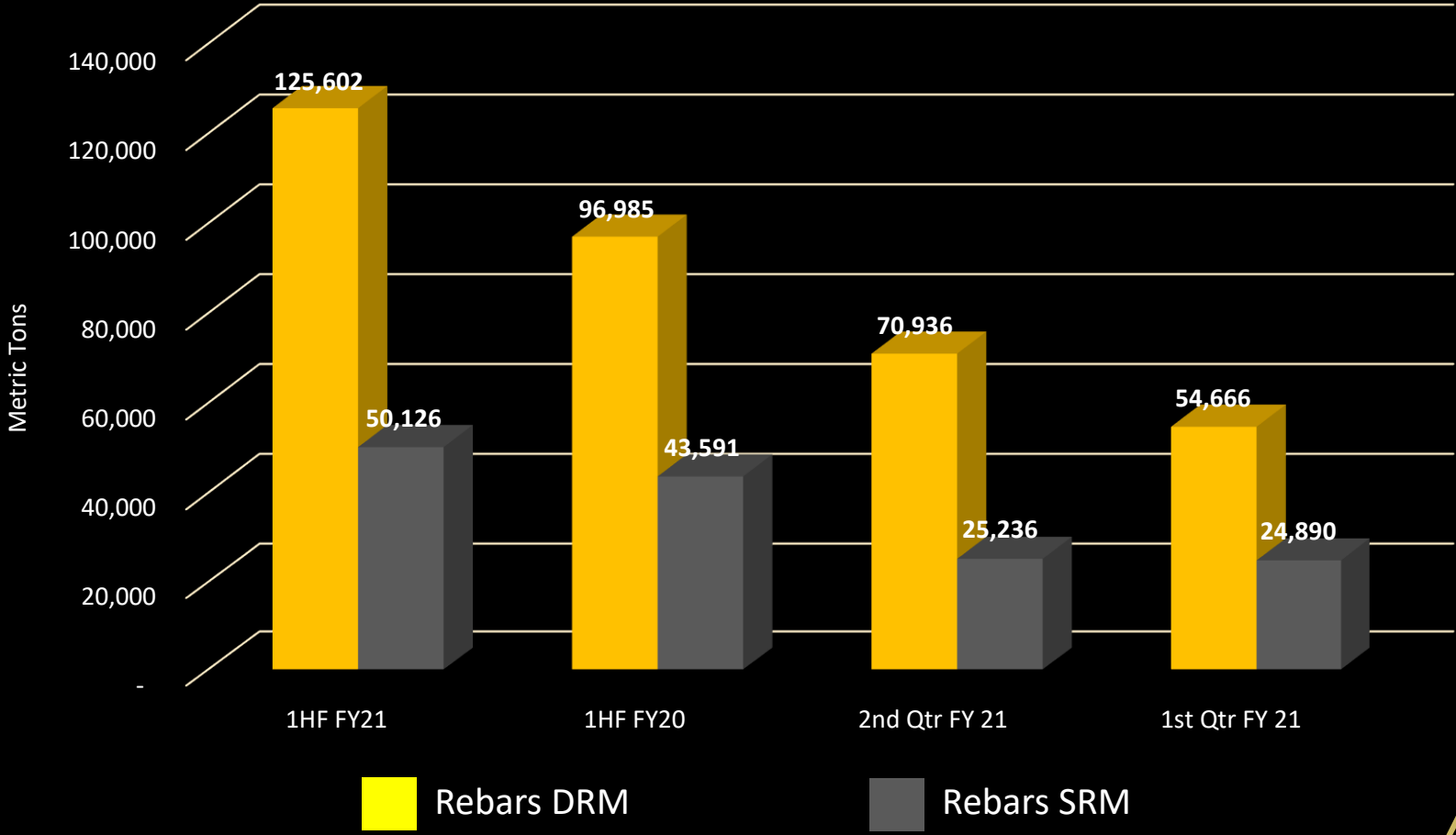
2.40% of  
Sales in 1<sup>st</sup>  
half FY20



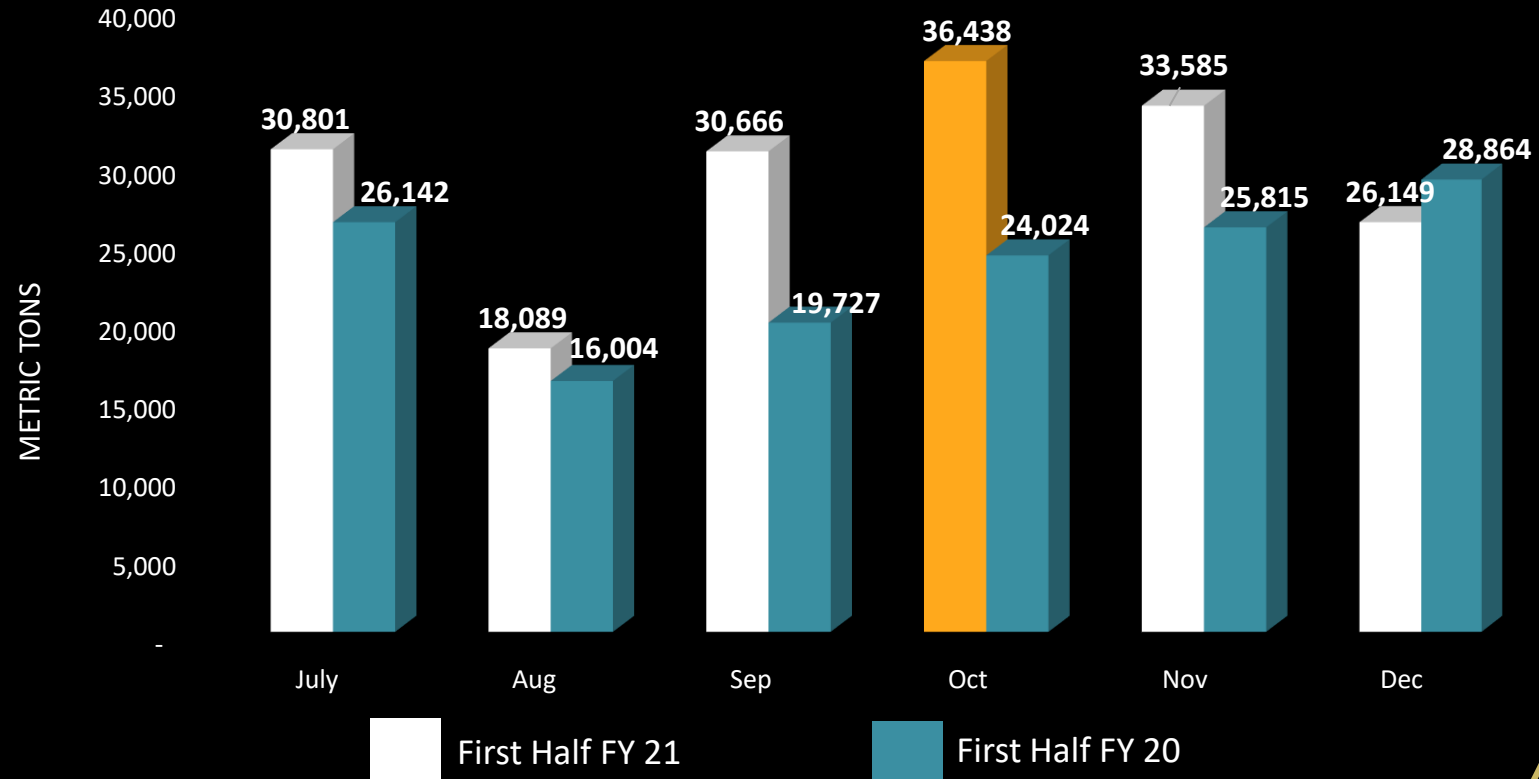
# PRODUCTION QUANTITIES



# SALES QUANTITIES



# MONTHLY SALES QUANTITIES



## Reasons for Variance in Sales

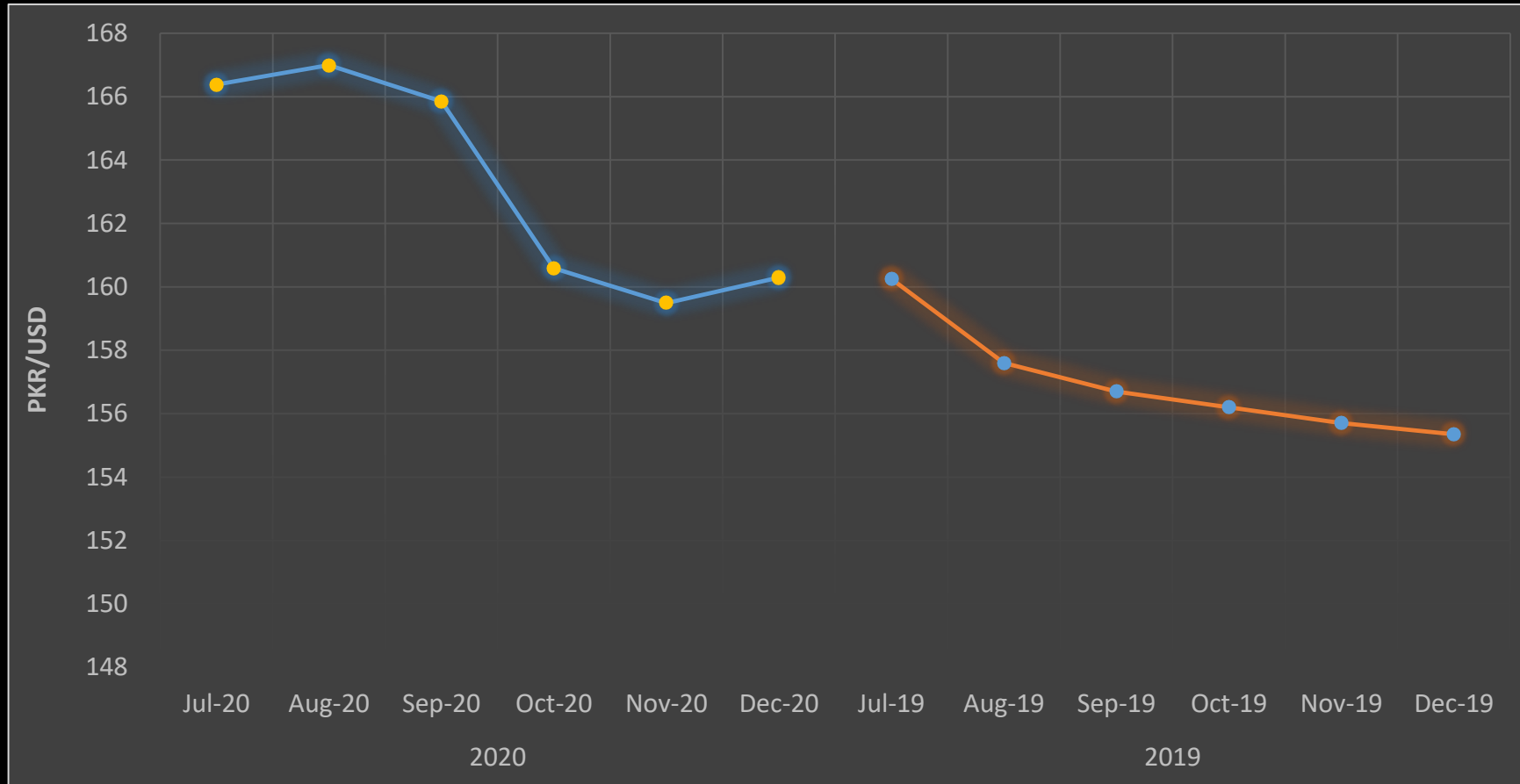
### 6MFY21 Vs 6MFY20:

Sales revenue observed an inclining trajectory in 1st half of FY 21. The sales revenue increased by 28% and sales quantity increased by 25% when compared to same period of last year. Prices also increased due to uptick in demand. The above increase was resulted from various incentives taken by GoP and SBP in shape of reduce rate housing loans, tax amnesty, construction packages and controlled macro-economic factors i.e. inflation, exchange rate, interest rate which increases business community confidence and generated liquidity in the economy. Retail sector witnessed a growth of 32% which also resulted in increase of Retail's share in pie from 60% to 63% due to increased in dealers (Direct) network from 113 to 157. Total dealers added in South and North is 28 and 16 respectively.

### 2Q Vs 1Q:

Revenue increased by 21% which is driven by 21% growth in volume achieved as compared to 1Q due to increase in demand for construction material.

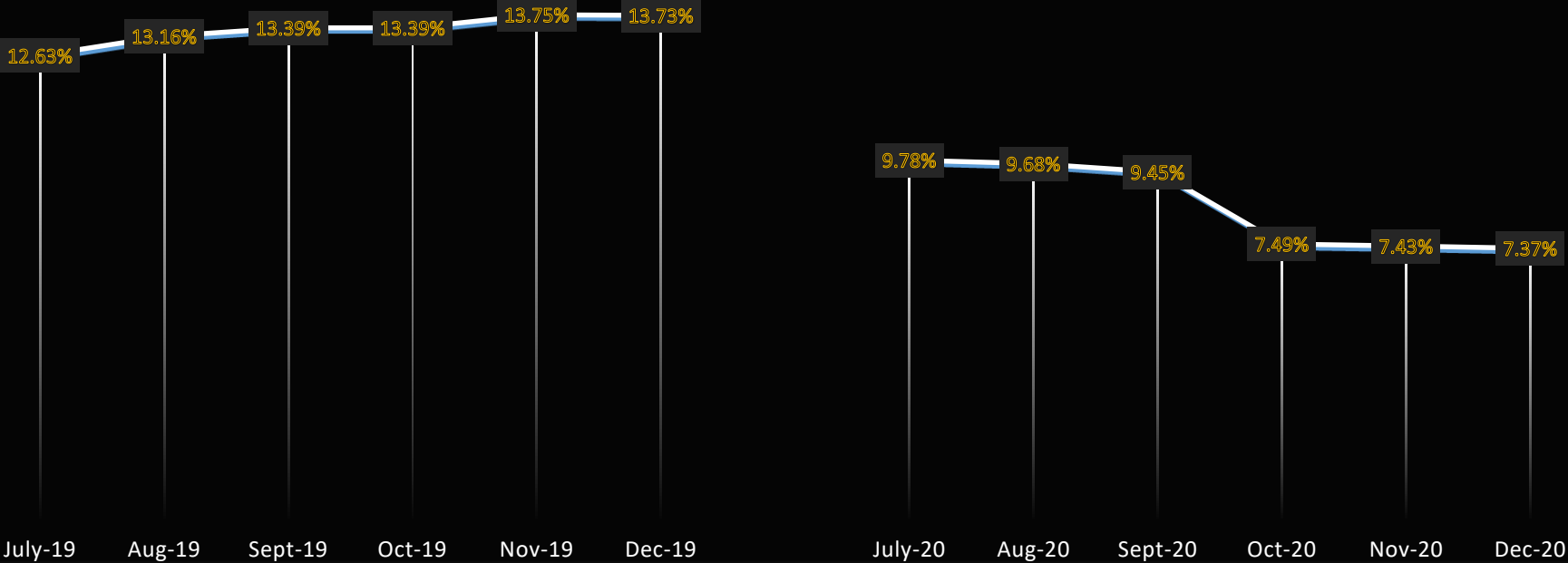
# EXCHANGE RATES



# INTEREST RATES %

**1HF - FY20**  
**13%**

**1HF - FY21**  
**8.5%**







***THANK YOU***

