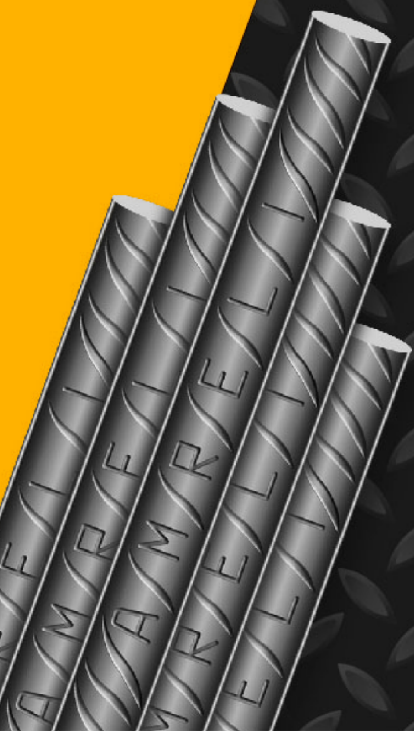


AMRELI STEELS LIMITED

**REPORT FOR THE NINE
MONTHS AND QUARTER ENDED**

31 MARCH 2020



AMRELI STEELS
Building for Life

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF OPERATING OFFICER (STRATEGY)

Mr. Hadi Akberali

CHIEF OPERATING OFFICER (OPERATIONS) & CHIEF FINANCIAL OFFICER

Mr. Fazal Ahmed

COMPANY SECRETARY

Mr. Adnan Abdul Ghaffar

HEAD OF INTERNAL AUDIT

Mr. Fraz Ahmed

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

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1st Floor, 40-C, Block-6, P.E.C.H.S. Karachi - 75400
UAN: 92-21-111-000-322, Tel: 92-21-34168270, Fax: 92-21-34168271
Email: secretariat@thk.com.pk

LEGAL ADVISOR

Mr. Shamim Javaid Shamsi
A-102, Samina Avenue, Shadman No.2,
North Karachi, Karachi

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

Askari Bank Limited	Habib Metropolitan Bank Limited
Allied Bank Limited	JS Bank Limited
Bank Al Habib Limited	MCB Islamic Bank Limited
Bank Alfalah Limited	Meezan Bank Limited
Bank Islami Pakistan Limited	Samba Bank Limited
Dubai Islamic Bank Pakistan Limited	Standard Chartered Bank (Pakistan) Limited
Faysal Bank Limited	United Bank Limited
Habib Bank Limited	

REGISTERED OFFICE

A-18, S.I.T.E, Karachi, Pakistan
UAN: (+92-21) 111-AMRELI (267354)
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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 Gharo, Tapo Gharo,
Taluka Mirpur Sakro
(Distt: Thatta), Sindh, Pakistan

SYMBOL AT PAKISTAN STOCK EXCHANGE LIMITED

ASTL

WEBSITE INFORMATION

www.amrelisteels.com

DIRECTORS' REVIEW REPORT

The Board of Directors of your Company present their review on the financial and operational performance of your Company for the quarter and nine months' period ended 31 March 2020.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Your Company recorded net sales of Rs.21.3 billion during nine months' period under review showing an upsurge of 14.2% largely due to higher sales volumes as compared to the corresponding period last year. However, the cost of sales increased by 16.3% which resulted in decline of gross profit by 4.4% as compared to the corresponding period last year. The operating profit was recorded at Rs.623 million as compared to Rs.1,014 million in the corresponding period last year.

Specifically discussing the performance during third quarter of the ongoing financial year, your Company achieved net sales of Rs.7.7 billion as compared to Rs.6.4 billion of the corresponding quarter last year reflecting an increase of 21%; however, cost of sales increased by 19.1% during the quarter as compared to the similar quarter last year. The gross margins were recorded at Rs.496 million (6.4%) during the quarter under review as compared to Rs.315 million (4.9%) in the similar period last year. Based on percentage of revenue, distribution expense increased slightly, whereas administrative expenses remained under control. However, finance cost significantly increased to Rs.583 million from Rs.370.4 million as compared to the corresponding quarter because of the increase in borrowing costs which has drastically increased in the recent months. The Company recorded loss after tax of Rs.374.6 million for the third quarter under review as compared to loss after tax of Rs.292.8 million of the corresponding quarter last year.

The financial performance for the quarter under review was seriously dampened by retrospective charge of Rs.466 million by K-Electric due to withdrawal of the Industrial Support Package Adjustment (ISPA) for the period July 19 to December 31 2019 and Fuel Charge Adjustment (FCA) for the period from July 2016 to June 2019. The recording of respective provisions has resulted in substantial decline in profitability of the Company for the nine months' period and quarter under review. The retrospective charges levied on the Company have been challenged in the Sindh High Court. Further to the above, the Company faced loss of production and sales for ten days in the month of March 2020 mainly due to lock down related to Coronavirus bringing the results for the quarter into the red.

The key financial highlights of the Company are as follows –

	Nine Months Ended 31 March 2020 (Rs. in millions)	Nine Months Ended 31 March 2019 (Rs. in millions)	Quarter Ended 31 March 2020 (Rs. in millions)	Quarter Ended 31 March 2019 (Rs. in millions)
Net sales	21,390	18,723	7,748	6,406
Gross profit	1,760	1,840	496	315
Operating profit	623	1,014	(1)	26
(Loss) / Profit before tax	(1,174)	154	(584)	(344)
(Loss) / Profit after tax	(688)	224	(375)	(293)
(Loss) / Earnings per share – basic and diluted (in Rupees)	(2.32)	0.75	(1.26)	(0.99)

COVID-19

The novel coronavirus emerged during the period under review and has significantly impacted the global and domestic economy. The International Health Regulations' Emergency Committee of the WHO has declared this outbreak as 'public health emergency of international concern'. The condition has deteriorated and may continue to do so in the coming months of 2020 potentially impacting the earnings and cash flows of the Company. The lockdown with uncertain timelines throughout the country due to COVID-19 pandemic has

increased susceptibilities in various sectors of the economy, both financially as well as non-financially, thus disrupting the entire supply chain. Since the scale and duration of this outbreak still remain uncertain, the Company is evaluating the potential impacts thereof and its response to mitigate the imminent threat.

Safety Measures

As a responsible citizen, we immediately stopped production at our both plants and all our employees were asked to stay at home. The top management worked from home making effective use of technology. Some skeleton staff was allowed to go to the office after taking all precautionary measures. No visitors are allowed to come into the premises of the Company. Staff who attended the offices were provided with masks, gloves and hand sanitizers at all locations. Maintaining social distance is now a new norm at Amreli.

Salaries & benefits and lay offs

Though production facilities are closed and cash collection cycle has come to a grinding halt, the interest costs never stops to accrue; the management of your Company has timely paid salaries and wages for the month of March and has decided to pay salaries for the remaining period of the financial year without any deduction or delay. No one from the work force has been laid off and we continue to support our workforce during these difficult times.

FUTURE OUTLOOK

According to the recent Report by the State Bank of Pakistan (SBP) issued on 14 April 2020, the stabilization efforts and regulatory measures taken by the Federal Government has resulted in prominent development in the country's economy. The SBP earlier projected a GDP growth rate at 3.3% for the Fiscal Year 2020 that was subsequently revised to 3.0%; however due to persisting COVID-19 pandemic condition, it is expected that GDP growth rate would further fall by the year end. To control the damage to some extent, the SBP has thrice reduced interest rate from 13.25% to 9% in the last couple of months against the wishes of the industries to bring it to 5% to support the sustainability of the economy during these difficult times. The SBP also took the initiative of deferment of payments due to the banks for a period of one year under BPRD Circular Letter No. 13 of 2020 dated 26 March 2020 without considering it a rescheduling which certainly will help companies in meeting their cash flows. To safeguard employment and to further help companies retain employees, the SBP took another good initiative to offer three months' salary as a long term loan to the business units at a nominal interest rate of 3% for those on active taxpayers' list and 5% for those who are not on the list.

On the date of writing this report, the lockdown continues to remain in full force. Our factories at Dhabeji and SITE are under complete shutdown. There has been no production in the entire month of April and the management is aggressively following up with the government using various forums to allow steel industry to commence its operations without which construction activities cannot take place, and the incentive announced by the Federal Government for the construction industry will remain a distant dream. With the loss of April, we are only left with two months of the financial year 2020 to reduce our losses to the maximum extent possible. How much we can achieve will largely depend upon the opening of steel industry and the entire supply chain to support its operation.

However, with the recent relief package announced by the Federal Government for the construction sector, it is expected that steel demand will increase after resumption of lockdown and upcoming Eid-ul-Fitr as builders and developers have been allowed to avail economic incentives of direct & indirect taxes and exemption of capital gains. Moreover, substantial tax reductions for Naya Pakistan Housing Projects should increase demand for the steel industry. Considering the expected demand, the management of your Company is hopeful that the relief package will give a boost to steel sector in the near to medium term which would enable your Company to come out of the crisis caused by the macro-economic factors related to COVID-19. The decrease in interest rate by the SBP will also support the Company in reducing its interest cost and to cope up with working capital requirements in the next financial year.

SUGGESTIONS TO REVIVE THE STEEL INDUSTRY


Amreli Steels, one of the largest rebar manufacturers of the country, suggests following measures for the revival of steel industry :-

- a) Interest rates should be brought down to 5%;
- b) The benefit of current reduction in the policy rates should be passed on to the customers from the date of announcement by the SBP by both the conventional and Islamic banks;
- c) Credit rating agencies should be asked to maintain the last ratings of the entity for another year, if not two;
- d) Turnover tax should be reduced to zero for the steel industry and its downstream business;
- e) Alternate Corporate Tax should be abolished for five years;
- f) Existing turnover tax of past years should be allowed to be carried forward from 5 to 10 years;
- g) All tax credits, such as under section 65-B of the Income Tax Ordinance, 2001, lapsing on 30 June 2020, should be allowed to be carried forward upto June 2023;
- h) All pending verifiable income tax refunds should be released immediately;
- i) Adjustment of sales tax refunds pertaining to closing inventory as on 30 June 2019 (due to change of sales tax regime) should be allowed immediately;
- j) Hundred percent input sales tax should be allowed adjustment against output sales tax;
- k) There should be no restriction on a manufacturer to sell to an un-registered person over and above Rs.100 million in a year and Rs.10 million in a month;
- l) Cost of electricity, which is the second largest cost in steel making after the raw material (scrap), should be reduced by restoring Industrial Support Package;
- m) On the custom's side, fixed ITP of US \$ 360 on scrap, having no justification, should be abolished immediately and all taxes should be charged on transactional value;
- n) Scrap being the raw material, which is not available locally in the required quantities, should not be subject to regulatory duty;
- o) The detention and demurrage charges at the port during the lockdown period must be waived.

ACKNOWLEDGEMENT

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

For & on behalf of Board of Directors



Shayan Akberali
Chief Executive Officer



Teizoon Kisat
Director

25 April 2020
Karachi

اسٹیل کی صنعت کی بحالی کیلئے تجاویز

ملک میں ریبار (سریا) بنانے والے سب سے بڑے صنعتی پینٹس میں شامل امریلی اسٹیل کی جانب سے اسٹیل کی صنعت کی بحالی کیلئے درج ذیل اقدامات تجویز کئے جاتے ہیں:

ا۔ شرح سود کو 5% کی سطح تک لایا جائے؛

ب۔ پالیسی ریش میں کمی کی جانے والی حالیہ کی کواٹریٹیٹی بینک آف پاکستان کی جانب سے اعلان کردہ تاریخ سے ہی صارفین کو منتقل کیا جانا چاہئے اور اس کا اطلاق روایتی اور اسلامی بینک دونوں پر ہونا چاہئے۔

ج۔ کریڈٹ ریٹنگ ایجنسیوں سے کہا جائے کہ اگر وہ پینٹس تو کم از کم اگلے ایک سال تک کیلئے ہی پینٹوں کی گزشتہ کریڈٹ ریٹنگ کو برقرار رکھا جائے۔

د۔ اسٹیل کی صنعت اور اس کے ذیلی کاروبار کیلئے مجموعی ٹیکس پریکٹس (Turnover Tax) کی شرح کو صفر فیصد تک لایا جانا چاہئے۔

ه۔ اگلے پانچ سالوں کیلئے متبادل کارپوریٹ ٹیکس (Alternate Corporate Tax) کو مکمل ختم کر دینا چاہئے۔

و۔ مجموعی کاروباری ٹیکس پر لاگو کیے گئے سالوں میں ادا کئے جانے والے ٹیکس (Turnover Tax) کو اگلے 5 سے 10 سالوں تک استعمال میں لانے کی اجازت ہونی چاہئے۔

ز۔ تمام ٹیکس کریڈٹس (جیسا کہ انکم ٹیکس آرڈیننس 2001 کے سیکشن B-65 کے تحت) جن کی میعاد 30 جون 2020 کو ختم ہو رہی ہے کو جون 2023 تک بڑھا دینا چاہئے۔

ح۔ تمام زراعت اور قابل توثیق ٹیکس ریٹیفیکیشن کی ادائیگیاں فی الفور کر دینی چاہئیں۔

ط۔ سیلز ٹیکس ایڈجسٹمنٹ کی ادائیگیوں بابت اختتامی انویٹری تاریخ 30 جون 2019 (سیلز ٹیکس ریٹیم میں تبدیلی کی وجہ سے) کی بھی فوراً اجازت دینی چاہئے۔

ی۔ مال کی فروخت پر لاگو سیلز ٹیکس کو سو فیصدی پیداوار پر سیلز ٹیکس میں ایڈجسٹ کرنے کی اجازت دی جانی چاہئے۔

ک۔ صنعت کار پر یہ پابندی نہیں ہونی چاہئے کہ وہ ایک سال میں 100 ملین روپے اور ایک ماہ میں 10 ملین روپے سے زائد کا مال صرف رجسٹرڈ شدہ افراد کو ہی دینے کا پابند ہو۔

ل۔ خام مال کے بعد اسٹیل کی صنعت میں سب سے بڑا خرچ چیلنج کی مد میں ہوتا ہے، اس ضمن میں کمی لانے کیلئے انڈسٹریل سپورٹ کیلج کو بحال کیا جانا چاہئے۔

م۔ کسٹم کی جانب سے خام مال پر 360 امریکی ڈالر کے متعین شدہ آئی ٹی ٹی کوئی انڈسٹریل سپورٹ بنانا اور تمام ٹیکسوں کا نفاذ لین دین کی قدر پر ہونی چاہئے۔

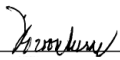
ن۔ اسکرپ (ایک خام مال ہے جو کہ مقامی سطح پر طلب کے مطابق دستیاب نہیں ہوتا) کو ریگولیری ڈیوٹی سے مستثنیٰ قرار دیا جانا چاہئے۔


س۔ لاک ڈاؤن کے دوران بندرگاہ پر مال کو رکھے بارو کے جانے کے چارجز کو ختم کیا جانا چاہئے۔

اظہار تشکر

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

برائے و مخائب بورڈ آف ڈائریکٹرز


تیزون کسٹ
ڈائریکٹرز


شایان اکبر علی
چیف ایگزیکٹو آفیسر

25 اپریل 2020

کراچی

زیر نظر عرصے کے دوران ہی کورونا وائرس ظاہر ہوا اور اس وائرس کی وجہ سے مقامی اور بین الاقوامی معیشتیں بری طرح متاثر ہوئی ہیں۔ عالمی ادارہ صحت کی انٹرنیشنل ہیلتھ ریگولیشنز ایمریٹس کمیٹی نے اس وائرس کو عالمی سطح پر صحت عامہ کیلئے ایک بڑا خطرہ قرار دے دیا ہے۔ صورتحال خراب سے خراب تر ہو چکی ہے اور توقع کی جارہی ہے کہ مالی سال 2020 کے آئندہ ہفتوں کے درمیان بھی صورتحال خرابی کی جانب ہی جائے گی جس کے منفی اثرات کمپنی کی آمدن اور نقد رقم کی ترسیل پر پڑے گا۔ کورونا وائرس کے پیش نظر غیر معینہ مدت کیلئے لگائے جانے والے اس لاک ڈاؤن کی وجہ سے ہماری معیشت کے کئی سیکٹرز میں غیر یقینی صورتحال ہے۔ یہ منفی اثرات مالیاتی اور غیر مالیاتی دونوں ہی اندازے سے سامنے آ رہے ہیں اور ترسیل کا پورا نظام بھی بری طرح متاثر ہو رہا ہے۔ چونکہ اس وائرس کے ختم اور طوالت کے بارے میں ابھی تک یقین سے کچھ بھی نہیں کہا جا سکتا لہذا کمپنی کی جانب سے اس وائرس کے نتیجے میں پہنچنے والے ممکنہ نقصان کو تخمینے لگائے جا رہے ہیں اور منصوبہ بندی کی جارہی ہے کہ ممکنہ نقصانات کو کم سے کم کیا جاسکے۔

حفاظتی اقدامات

بطور مددگار شہری کمپنی کی جانب سے اپنے دونوں پائیس پر پیداواری عمل کو فی الفور روک دیا گیا اور ہماری جانب سے تمام ملازمین سے کھردہ دیا گیا کہ وہ اپنے گھروں میں ہی رہیں۔ جدہ پینڈیا کو بیجا کا استعمال کرتے ہوئے اعلیٰ انتظامی عہدیداران نے اپنے گھروں سے ہی اپنے فرائض منصبی سر انجام دیئے۔ تاہم تمام تر حفاظتی اقدامات اٹھانے کے بعد انتہائی ضروری اسٹاف نے دفاتر میں اپنی ذمہ داریاں سر انجام دیں۔ کمپنی کے احاطے میں کسی بھی مہمان کو آنے کی اجازت نہیں ہے۔ دفاتر میں آنے والے تمام اسٹاف کو ماسک، دستاں اور جراثیم کش مہلول ان کے مقامات پر فراہم کئے گئے۔ سماجی فاصلوں کی پاسداری کرنا اب امر لی میں ایک نیا ضابطہ بن چکا ہے۔

تختواہیں، مراعات اور ملازمتوں سے برخاستگی

گوکہ پیداواری صلاحیت اس وقت بندش کا شکار ہے اور رقم کی محصولات کا عمل بھی تقریباً رک گیا ہے نیز سود کا اطلاق کبھی نہیں رکتا۔ اس کے باوجود آپ کی کمپنی کی انتظامیہ کی جانب سے مارچ کے مہینے کی تختواہیں اور اجرتیں بروقت ادا کی جا چکی ہیں اور یہ فیصلہ کیا گیا ہے کہ رواں مالی سال کے بقیہ عرصے کے دوران بھی بلاتا خر و ٹونوئی ملازمتی کو ان کی تختواہیں دی جانی رہیں گی۔ ملازمتیوں میں سے کسی کی ملازمت بھی ختم نہیں کی گئی اور ہم اس کڑے وقت میں اپنے ملازمتیوں کا خیال رکھنے کیلئے پرعزم ہیں۔

مستقبل پر نظر

اسٹیٹ بینک آف پاکستان کی حالیہ رپورٹ بحریہ 14 اپریل 2020 کے مطابق حکومت پاکستان کی جانب سے معیشت کے توازن کیلئے کی جانے والی کوششوں اور معیشت کو توازن کے تحت لانے کیلئے اٹھائے جانے والے اقدامات کی وجہ سے پاکستان کی معیشت میں بہتری کے واضح اشارے مل رہے ہیں۔ اسٹیٹ بینک آف پاکستان کی جانب سے پہلے مالی سال 2020 کیلئے جی ڈی پی کا ہدف 3.3% مقرر کیا گیا تھا جسے نظر ثانی کے بعد 3.0% مقرر کیا گیا لیکن کورونا کی واپس چھوٹنے کی وجہ سے مالی سال کے آخر تک جی ڈی پی کی شرح مزید گرنے کی توقع ہے۔ اس نقصان سے قدرے بچنے کی غرض سے گزشتہ چند ماہ کے دوران اسٹیٹ بینک آف پاکستان کی جانب سے تین مرتبہ شرح سود میں کمی کی گئی اور شرح سود کو 13.25% کی حد سے گرا کر 9% تک لایا جا چکا ہے۔ جبکہ اس مشکل وقت سے تیز آگے بڑھنا ہونے کیلئے صنعت کاروں کی یہ خواہش تھی کہ شرح سود کو کم کر کے 5% فیصد کی حد تک گرایا جانا چاہیے تھا۔ اسٹیٹ بینک آف پاکستان کی جانب سے BRPD سرکل نمبر 13 بابت 2020 بحریہ 26 مارچ 2020 کے تحت اس بات کی سہولت بھی فراہم کی گئی ہے کہ بینکوں کو واجب الادا قسط کو بغیر کسی ریڈیو لنک کے ایک سال تک مؤخر کیا جاسکتا ہے، اس اقدام سے بلاشبہ بینکوں کو اپنی نقد رقم کی ترسیلات سے متعلق مسائل حل کرنے میں مدد ملے گی۔ ملازمتوں کی حفاظت اور کمپنیوں کو مزید سہولیات فراہم کرنے کیلئے اسٹیٹ بینک آف پاکستان کی جانب سے ایک اور احسن قدم اٹھایا گیا ہے جس کے تحت کمپنیاں ملازمتیوں کی تین ماہ کی تختواہیں ادا کی گئیں کیلئے طویل المیعاد قرضے 3% شرح سود پر لے سکیں گی یہ شرح سود ان کیلئے ہے جو آئندہ کسی کی ایکٹیو فہرست پر موجود ہیں اور فہرست پر عدم موجودگی کی صورت میں یہ شرح سود 5% ہوگی۔

رپورٹ نڈا کی تحریر کی تاریخ تک لاک ڈاؤن اپنی پوری قوت کے ساتھ جاری وساری ہے۔ دہائیوں اور سائنٹ پروجیکٹ ہمارے فیکٹریاں مکمل بندش کا شکار ہیں۔ اپریل کے مہینے میں کسی قسم کی کوئی پیداوار نہیں کی گئی اور کمپنی کی انتظامیہ ہر فورم پر حکومت سے رابطے کر رہی ہے کہ اسٹیٹ سیکٹر میں کمپنیوں کو جلد از جلد پیداواری عمل شروع کرنے کی اجازت دی جائے جس کے بغیر تعمیرات کے شعبے میں سرگرمیوں کا آغاز نہیں کیا جاسکتا اور اس کے بغیر وفاقی حکومت کی جانب سے تعمیراتی صنعت کیلئے فراہم کی جانے والی حالیہ مراعات بھی محض ایک خواب ہی ثابت ہوگی۔ اپریل میں نقصان برداشت کرنے کے بعد اب رواں مالی سال کے نقصان کو کسی حد تک کم کرنے کیلئے ہمارے پاس صرف دو ماہ ہی بچے ہیں۔ اس نقصان پر قابو پانے میں ہمیں حکم حد تک کامیاب ہو پائیں گے اس کا دار و مدار اس بات پر ہوگا کہ اسٹیٹل کی صنعت اور سپلائی چین کے اس پورے نظام کو کب کھولا جاتا ہے جس پر یہ صنعت انحصار کرتی ہے۔

تاہم وفاقی حکومت کی جانب سے تعمیراتی صنعت کیلئے اعلان کردہ حالیہ ریلیف پیکیج سے یہ امید ہے کہ لاک ڈاؤن کے اختتام پر اور تعمیراتی صنعت کے بعد اسٹیٹل کی طلب میں اضافہ ہوگا کیونکہ اس پیکیج کے ذریعے ہلدز اور ڈبلیو زکو بلاوا اور بلاواسطہ ٹیکسوں میں چھوٹ دی گئی ہے اور اس کے ساتھ ساتھ ہیلتھ کیٹنگ گین ٹیکس کی چھوٹ بھی دی جا چکی ہے۔ مزید برآں، نیا پاکستان باؤسنگ پروڈیکٹ کے ضمن میں دی جانے والی مزید چھوٹ بھی اسٹیٹل کی طلب میں اضافے کا باعث بنے گی۔ مزید یہ کہ ریلیف پیکیج کو مدنظر رکھتے ہوئے آپ کی کمپنی کی انتظامیہ اس بات سے پر امید ہے کہ درمیانی مدتی عرصے میں اسٹیٹل سیکٹر میں چڑھاؤ آئے گا جس کے باعث آپ کی کمپنی کورونا وائرس سے پیدا شدہ کلی معاشی بحران کی کیفیت سے باہر آنے کے قابل ہو جائے گی۔ اسٹیٹ بینک آف پاکستان کی جانب سے شرح سود میں کمی کے فیصلے سے بھی آپ کی کمپنی اپنی توجہ ملی لگت میں کمی کر پائے گی اور آئندہ مالی سال کے دوران کمپنی اپنے ورکنگ کپٹیل کی ضروریات پوری کرنے کے قابل ہوگی۔

بورڈ آف ڈائریکٹرز نے 31 مارچ 2020 کو ختم ہونے والی سہ ماہی نو ماہی سے متعلق کمپنی کے مالیاتی و کاروباری امور کی بابت اپنی جائزہ رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔

مالیاتی و کاروباری امور کی اہم جھلکیاں

زیر نظر نو ماہی کے دوران آپ کی کمپنی کی جانب سے 21.3 ارب روپے کی صافی فروختی درج کی گئی ہے جو گزشتہ مالی سال کی نو ماہی کے مقابلے میں 14.2% زائد ہے۔ جس کی وجہ گزشتہ نو ماہی کے مقابلے میں فروخت کے حجم میں اضافہ تھا۔ تاہم زیر نظر عرصے کے دوران لاگت برائے فروختی میں 3.3% کا اضافہ ہوا جس کی وجہ سے گزشتہ مالی سال کی نو ماہی کے مقابلے میں زیر نظر نو ماہی کے دوران خام منافع میں 4.4% کی کمی واقع ہوئی ہے۔ گزشتہ مالی سال کی نو ماہی کے کاروباری منافع 1,014 ملین روپے کے مقابلے میں زیر نظر نو ماہی کے دوران کاروباری منافع 623 ملین روپے درج کیا گیا ہے۔

رواں مالی سال کی تیسری سہ ماہی کے دوران آپ کی کمپنی کی کل فروخت کا حجم 7.7 ارب روپے درج کیا گیا ہے جبکہ گزشتہ مالی سال کی تیسری سہ ماہی کے دوران فروخت 6.4 ارب روپے درج کی گئی تھی اور اس طرح فروخت کے حجم میں 21% اضافہ ہوا ہے۔ اس کے برعکس، گزشتہ مالی سال کی تیسری سہ ماہی کے مقابلے میں زیر نظر سہ ماہی کے دوران لاگت برائے فروخت میں 19.1% اضافہ درج کیا گیا ہے اور اس زیر نظر سہ ماہی کے دوران کمپنی کا خام منافع 496 ملین روپے (6.4%) درج کیا گیا ہے جو گزشتہ مالی سال کے اس سہ ماہی کے دوران 315 ملین روپے (4.9%) درج کیا گیا تھا۔ بلحاظ شرح آمدن مال کی ترسیل کے اخراجات میں معمولی سا اضافہ درج کیا گیا ہے جبکہ انتظامی امور کے اخراجات کنٹرول میں رہے۔ تاہم توپلی لاگت غیر معمولی اضافے کے ساتھ بڑھ کر 583 ملین روپے تک جا پہنچی جو کہ گزشتہ مالی سال کی سہ ماہی کے دوران 370.4 ملین روپے درج کی گئی تھی جس کی بنیادی وجہ حصول قرض کی لاگت میں اضافہ ہے جس میں حالیہ مہینوں کے دوران زبردست اضافہ دیکھنے میں آیا ہے۔ کمپنی کی جانب سے زیر نظر نو ماہی کے دوران 374.6 ملین روپے کا نقصان بعد از ٹیکس درج کیا گیا ہے جبکہ گزشتہ مالی سال کی نو ماہی کے دوران 292.8 ملین روپے کا نقصان بعد از ٹیکس درج کیا گیا تھا۔

انڈسٹریل سپورٹس ٹیکنالوجی اینڈ جسٹمنٹ (ISPA) برائے جولائی 2019 تا 31 دسمبر 2019 واپس لئے جانے اور فیوچل چارج ایڈ جسٹمنٹ (FCA) برائے جولائی 2016 تا جون 2019 کی مدد میں کے ایکٹریکٹ کی جانب سے 466 ملین روپے کے چارجز عائد کئے جانے کی وجہ سے زیر نظر سہ ماہی کے دوران کمپنی کی مالیاتی کارکردگی پر زبردست منفی اثرات مرتب ہوئے ہیں۔ مزکورہ چارجز کو کھاتوں میں درج کئے جانے سے زیر نظر سہ ماہی اور نو ماہی کے منافع میں واضح کمی واقع ہوئی ہے۔ ماضی کی بنیاد پر کمپنی پر عائد کئے جانے والے ان چارجز کو کمپنی کی جانب سے سندھ ہائی کورٹ میں چیلنج کر دیا گیا ہے۔ مزید برآں، مارچ 2020 کے آخری کے دنوں کے دوران کورونا وائرس کی وجہ سے کئے جانے والے لاک ڈاؤن سے کمپنی کو پیداوار اور فروخت کی مدد میں بھی بھاری نقصان کا سامنا کرنا پڑا جس کی وجہ سے کمپنی کی مالی کارکردگی بری طرح متاثر ہوئی۔

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

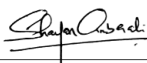
نو ماہی اختتامیہ	نو ماہی اختتامیہ	نو ماہی اختتامیہ	سہ ماہی اختتامیہ
31 مارچ 2020	31 مارچ 2019	31 مارچ 2020	31 مارچ 2019
(روپے ملین میں)	(روپے ملین میں)	(روپے ملین میں)	(روپے ملین میں)
21,390	18,723	7,748	6,406
1,760	1,840	496	315
623	1,014	(1)	26
(1,174)	154	(584)	(344)
(688)	224	(375)	(293)
(2.32)	0.75	(1.26)	(0.99)
آمدن (نقصان) فی حصص بنیادی و تیلیٹی (روپے میں)			

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

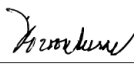
AS AT 31 MARCH 2020

		31 March 2020 (Un-audited)	30 June 2019 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	17,107,908	16,965,602
Intangible assets		25,687	31,926
Long-term investments		15,289	15,289
Long-term deposits		134,504	137,746
		<u>17,283,388</u>	<u>17,150,563</u>
CURRENT ASSETS			
Stores and spares		1,199,434	1,337,910
Stock-in-trade	6	7,092,687	6,586,598
Trade debts		5,067,287	3,402,722
Loans and advances		54,645	18,798
Trade deposits and short-term prepayments		28,258	35,940
Other receivables	7	374,887	127,402
Taxation – net		1,134,614	803,803
Cash and bank balances		50,673	147,039
		<u>15,002,485</u>	<u>12,460,212</u>
TOTAL ASSETS		<u>32,285,873</u>	<u>29,610,775</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		2,970,114	2,970,114
Capital reserve		2,788,742	2,788,742
Accumulated profit		3,547,894	4,179,935
Actuarial loss on gratuity fund		(56,406)	(56,406)
Revaluation surplus on property, plant and equipment – net of tax		2,305,196	2,361,200
		<u>11,555,540</u>	<u>12,243,585</u>
NON-CURRENT LIABILITIES			
Long-term financing		4,614,715	1,506,914
Loan from related party		-	280,000
Deferred taxation		414,108	900,142
Deferred liability		236,511	205,420
Lease liabilities		69,906	-
		<u>5,335,240</u>	<u>2,892,476</u>
CURRENT LIABILITIES			
Trade and other payables	8	2,826,040	3,560,081
Contract liabilities		487,397	280,783
Interest / markup accrued		411,202	352,787
Short-term borrowings	9	10,314,564	9,087,930
Current portion of long-term financing		1,248,663	1,186,554
Current portion of loan from related party		93,333	-
Current portion of lease liabilities		7,852	-
Unclaimed dividend		6,042	6,579
		<u>15,395,093</u>	<u>14,474,714</u>
CONTINGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY AND LIABILITIES		<u>32,285,873</u>	<u>29,610,775</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director




Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2020

Note	Nine months ended		Quarter-ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- (Rupees in '000) -----			
Sales	21,390,265	18,723,109	7,747,928	6,405,881
Cost of sales	(19,630,105)	(16,882,764)	(7,251,658)	(6,090,860)
Gross profit	1,760,160	1,840,345	496,270	315,021
Distribution costs	(540,955)	(438,690)	(213,474)	(153,764)
Administrative expenses	(462,571)	(371,455)	(152,546)	(134,773)
Other expenses	11 (139,265)	(21,792)	(128,979)	23,688
Other income	5,904	5,191	(2,736)	(24,207)
Operating profit	623,273	1,013,599	(1,465)	25,965
Finance costs	12 (1,796,829)	(860,091)	(582,990)	(370,453)
(Loss) / profit before taxation	(1,173,556)	153,508	(584,455)	(344,488)
Taxation - net	13 485,512	70,065	209,889	51,728
Net (loss) / profit for the period	(688,044)	223,573	(374,566)	(292,760)
(Loss) / earnings per share – basic and diluted	Rs. (2.32)	Re. 0.75	Rs. (1.26)	Re.(0.99)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2020

	Nine months ended		Quarter-ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- (Rupees in '000') -----			
Net (loss)/profit for the period	(688,044)	223,573	(374,566)	(292,760)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income for the period	(688,044)	223,573	(374,566)	(292,760)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 MARCH 2020
(UN-AUDITED)

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve	Actuarial loss on gratuity fund	Revaluation surplus on property, plant and equipment	Total
		Share premium	Accumulated profit			
----- (Rupees in '000) -----						
Balance as at 30 June 2018 (Audited)	2,970,114	2,788,742	4,727,294	(40,439)	2,434,441	12,880,152
Final dividend @ Rs.2.2 per Ordinary share of Rs. 10 each for the year ended 30 June 2018	-	-	(653,425)	-	-	(653,425)
Net profit for the period	-	-	223,573	-	-	223,573
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	223,573	-	-	223,573
Transferred to accumulated profit in respect of incremental depreciation during the period – net of tax	-	-	55,704	-	(55,704)	-
Balance as at 31 March 2019 (Un-audited)	2,970,114	2,788,742	4,353,146	(40,439)	2,378,737	12,450,300
Balance as at 30 June 2019 (Audited)	2,970,114	2,788,742	4,179,934	(56,406)	2,361,200	12,243,584
Net loss for the period	-	-	(688,044)	-	-	(688,044)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(688,044)	-	-	(688,044)
Transferred to accumulated profit in respect of incremental depreciation during the period – net of tax	-	-	56,004	-	(56,004)	-
Balance as at 31 March 2020 (Un-audited)	2,970,114	2,788,742	3,547,894	(56,405)	2,305,196	11,555,540

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 31 MARCH 2020

(UN-AUDITED)

	2020	2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(1,173,556)	153,508
Adjustments for:		
Depreciation on:		
- Operating fixed assets	638,677	496,037
- Right-of-use assets	7,548	-
Amortization	9,831	8,489
Provision for expected credit loss	99,318	16,027
Provision for gratuity	45,145	26,893
Gain on disposal of operating fixed assets	(272)	(300)
Exchange loss/(gain) on foreign currency	118,335	-
Finance costs on:		
- Lease liabilities	4,071	-
- Others	1,792,758	860,091
	2,715,411	1,407,237
Increase in current assets:		
Stores and spares	138,475	(142,981)
Stock-in-trade	(506,089)	(1,936,159)
Trade debts	(1,763,883)	(862,771)
Loans and advances	(35,847)	924
Trade deposits and short-term prepayments	7,682	9,695
Other receivables	(247,485)	54,061
	(2,407,147)	(2,877,231)
Increase in current liabilities:		
Trade and other payables	551,702	362,869
Contract liabilities	206,616	-
	758,318	362,869
	(106,974)	(953,617)
Net cash used in operations	(106,974)	(953,617)
Income taxes paid	(331,331)	(274,090)
Gratuity paid	(14,057)	(8,864)
Long-term deposits – net	3,242	(2,110)
Net cash used in operating activities	(449,120)	(1,238,681)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(714,081)	(1,452,080)
Proceeds from disposal of operating fixed assets	9,092	798
Additions to intangible assets	(3,592)	(14,659)
Net cash used in investing activities	(708,581)	(1,465,941)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings – net	(177,444)	3,824,541
Long-term financing – net	3,169,911	(101,117)
Loan from related party	(186,667)	280,000
Finance costs paid	(1,738,414)	(668,610)
Dividend paid	(537)	(649,284)
Lease rentals paid	(5,514)	-
Net cash generated from financing activities	1,061,335	2,685,530
Net decrease in cash and cash equivalents	(96,366)	(19,092)
Cash and cash equivalents at the beginning of the period	147,039	131,074
Cash and cash equivalents at the end of the period	50,673	111,982

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2020

(UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Amreli Steels Limited (the Company) was incorporated in 1984 as a private limited company and converted into a public unquoted company in 2009. The Company enlisted on Pakistan Stock Exchange in 2015. The Company is engaged in manufacture and sale of steel bars and billets. The registered office of the Company is situated at Plot No. A-18, S.I.T.E., Karachi

2. BASIS OF PREPARATION

These condensed interim financial statements 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:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act),
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants Pakistan (ICAP) as are notified under the Act; and,
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Companies Act, 2017 and IFAS differs with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and IFAS have been followed.

These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. These condensed interim financial statements are being submitted to the shareholders as required by the listed Companies (Code of Corporate Government) Regulations 2019 and Section 237 of the Companies Act. 2017

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the Company's annual audited financial statements for the year ended 30 June 2019 except as disclosed below:

3.1 New / Revised Standards, Amendments, Interpretations and Improvements

The Company has adopted the following accounting standards, amendments and interpretation of IFRSs and the improvements to accounting standards which became effective for the current period:

Standards, amendments and interpretation

- IFRS 16 - Leases
- IFRIC 23 - Uncertainty over income tax treatments
- IFRS 9 - Financial Instruments
- IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)
- IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

Improvements to Accounting Standards Issued by the IASB in December 2017

IFRS 3 Business Combinations - Previously held Interests in a joint operation
 IFRS 11 Joint Arrangements - Previously held Interests in a joint operation
 IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity
 IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments, interpretation and improvements did not have any effect on the accounting policies of the Company except for IFRS 16. The impact of adoption of IFRS 16 is explained in note 3.2 to these condensed interim financial statements.

3.2 Impact on adoption of IFRS 16 - Leases

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions and will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over properties utilized as office premises and sales offices.

The Company adopted IFRS 16 with effect from 01 July 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Company elected to use the transition practical expedient allowing the Company to use a single discount rate to a portfolio of leases with the similar characteristics.

The right-of-use assets were recognized based on the amount equal to lease liabilities, adjusted for any related prepaid lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The lease liabilities as at 01 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	Rupees in '000
Operating lease commitments as at 30 June 2019	41,806
Impact of discounting	(8,473)
Other adjustment	(3,290)
Lease liabilities at 01 July 2019	30,043
Weighted average incremental borrowing rate as at 01 July 2019	13.72%

The impact of adoption of IFRS 16 as at 01 July 2019 (increase/ (decrease)) is as follows:

	Rupees in '000
Assets	
Property, plant and equipment	33,333
Prepayments	(3,290)
Total assets	<u>30,043</u>
Liabilities	
Lease liabilities	25,043
Current portion of lease liabilities	5,000
	<u>30,043</u>

The impact of adoption of IFRS 16 for the period ended 31 March 2020 is as follows:

Condensed interim statement of profit and loss

Depreciation charge on right-of-use assets	7,548
Interest expense on lease liabilities	4,070
Deferred tax credit on right-of-use assets and corresponding lease liabilities - net	590

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of unconsolidated condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments 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 unconsolidated condensed interim financial statements are same as those applied in the Company's annual unconsolidated financial statements for the year ended 30 June 2019, except as disclosed otherwise.

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

	Note	31 March 2020 (Un-audited)	30 June 2019 (Audited)
----- (Rupees in '000) -----			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	14,810,218	14,729,718
Capital work-in-progress	5.2	2,221,967	2,235,884
Right-of-use of assets		75,723	-
		<u>17,107,908</u>	<u>16,965,602</u>
5.1 Operating fixed assets			
Balance at the beginning of the period / year		14,729,718	13,243,636
Additions during the period / year	5.1.1	727,998	2,171,498
Disposals during the period / year	5.1.1	(8,821)	(518)
Depreciation charged during the period / year		(638,677)	(684,898)
Balance at the end of the period / year		<u>14,810,218</u>	<u>14,729,718</u>

5.1.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (Net book value)	
	31 March 2020 (Un-audited)	31 March 2019 (Un-audited)	31 March 2020 (Un-audited)	31 March 2019 (Un-audited)
----- (Rupees in '000) -----				
leasehold land	222,153	-	-	-
Buildings on leasehold land	90,020	30,073	-	-
Plant and machinery	382,365	468,141	-	-
Furniture and fittings	1,261	12,197	27	-
Office equipment	11,317	10,506	781	13
Vehicles	11,941	10,627	7,792	315
Computers	8,941	16,591	221	171
	<u>727,998</u>	<u>548,135</u>	<u>8,821</u>	<u>499</u>

5.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating fixed assets	Closing balance
	----- (Rupees in '000) -----			
Freehold land	229,618	-	(222,153)	7,465
Plant and machinery	1,068,285	628,837	(358,200)	1,338,922
Civil works	937,981	23,709	(86,110)	875,580
	<u>2,235,884</u>	<u>652,546</u>	<u>(666,463)</u>	<u>2,221,967</u>

31 March 2020 (Un-audited)	30 June 2019 (Audited)
----- (Rupees in '000) -----	

6. STOCK-IN-TRADE

Raw materials

- In hand	1,406,672	1,974,244
- In transit	<u>2,003,656</u>	<u>1,489,037</u>
	<u>3,410,328</u>	3,463,281

Work-in-process

1,364,665	746,594
-----------	---------

Finished Goods

2,317,694	2,376,723
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<u>7,092,687</u>	<u>6,586,598</u>
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7. OTHER RECEIVABLES

Includes sales tax refundable amounting to Rs. 374.062 million (30 June 2019: Rs. 127.055 million). The sales tax refundable amounting to Rs. 428.700 million pertains to closing inventory as of 30 June 2019.

Through Finance Act, 2019, Federal Excise Duty in sales tax mode was levied on steel melters under the second schedule of the Federal Excise Act, 2005. Previously, steel melters were discharging their sales tax liability under the Sales Tax Special Procedure Rules, 2007, on the basis of units of electricity consumed.

Currently, the mechanism for adjustment of said amount is in development stage and in accordance with the opinion of its tax advisor, the Company is confident that the amount would be recovered in due course.

8. TRADE & OTHER PAYABLE

Trade and other payable includes provisions for Fuel Adjustment charges amounting to Rs. 128.385 million, and Industrial Support Package adjustment amounting to Rs. 272.670 million (30 June 2019: Nil) and Murahaba Rs. 1,129.700 million (30 June 2019: Rs. 2,415.764 million)

9. SHORT-TERM BORROWING

During the period, the Company utilized a new financing facility in foreign currency amounting to Rs.1691.542 million (30 June 2019: Nil) from commercial and Islamic banks for working capital funding. This carries markup ranging from 3.75% to 5.75% per annum inclusive of LIBOR, and is secured against present and future current assets of the Company.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There were no material changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2019 except as described below.

During the year ended 30 June 2016, the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers' Unit (LTU), Karachi passed an Order on the contention that the Company had violated the provisions of Rule 58H of Chapter XI of the Sales Tax Special Procedure Rules, 2007 and raised an alleged demand of Rs. 2,013.620 million for the tax periods July 2013 to December 2014. The Company filed an appeal against the Order at the Appellate Tribunal Inland Revenue (ATIR) and had secured interim stay from the Honorable High Court of Sindh. However, during preceding financial year, the ATIR has decided the case in favour of the Company. During the period, the Federal Board of Revenue filed reference application at the Honorable High Court of Sindh against ATIR's Order. Although the case is still pending adjudication, the company based on the merit of the case and as per the advice of the legal advisor expects a favourable outcome on this matter and accordingly, no provision has been made in these condensed interim financial statements.

During the period under review, the Deputy Commissioner Inland Revenue, Large Taxpayers' Unit, Karachi issued show-cause notice under Section 11(2) of the Sales Tax Act, 1990 for alleged non-charging of further tax on the supplies made to unregistered persons and raised an alleged demand of Rs.305 million for the tax periods July 2015 to June 2017. The Company had filed a Constitutional Petition before the Hon'ble High Court of Sindh which issued an interim order, restraining any coercive action against the Company. The stay will remain in field until further directions from the High Court. The management, based on legal advice, is confident that the eventual outcome will be in favour of the Company. Accordingly, no provision has been made in this respect in these financial statements.

	31 March 2020 (Un-audited)	30 June 2019 (Audited)
	----- (Rupees in '000) -----	
10.2 Commitments		
10.2.1 Outstanding letters of credit	<u>4,983,623</u>	<u>3,153,847</u>
10.2.2 Outstanding letters of guarantee	<u>520,521</u>	<u>490,521</u>
10.2.3 Commitments for rentals payable under Ijarah contracts in respect of vehicles and plant and machinery with Islamic banks are as follows:		

	31 March 2020 (Un-audited)	30 June 2019 (Audited)
	----- (Rupees in '000) -----	
Not later than one year	<u>42,987</u>	<u>56,834</u>
Later than one year but not later than five years	<u>53,129</u>	<u>85,184</u>

11. OTHER EXPENSES

Includes exchange loss on foreign currency loans amounting to Rs. 126.868 million. (31 March 2019 : Nil)

12. FINANCE COSTS

Includes mark up on long-term financing and short-term borrowings amounting to Rs. 505.699 million and Rs.1239.518 million (31 March 2019: Rs. 161.364 million and Rs. 682.062 million), respectively.

	Nine Months ended	
	31 March	31 March
	2020	2019
	(Un-audited)	
	----- (Rupees in '000) -----	

13. TAXATION – net

Current	320,513	474
Deferred	(806,025)	(70,539)
	(485,512)	(70,065)

14. 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 2019. There have been no change in any risk management policies since the year end.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no transfers amongst levels during the period.

16. TRANSACTION WITH RELATED PARTIES

Related parties of the Company comprise of directors, major shareholders of the Company, key management personnel and retirement benefit funds. 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	Nine Months Ended		Quarter Ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		----(Rupees in '000)----		----(Rupees in '000)----	
Meeting fee	Directors	1,850	2,050	500	550
Remuneration and other benefits	Key management personnel	164,881	180,570	52,935	66,002
Loan taken from related party	Chairman & Non-Executive Director	-	280,000	-	-
Repayment of loan from related party	Chairman & Non-Executive Director	214,932	-	194,376	-
Interest expense charged on loan from related party	Chairman & Non-Executive Director	23,132	10,303	4,939	7,284
Donation to Hunar Foundation	Associate (Common Directorship)	873	200	-	-
Sale of steel bars to Hunar Foundation	Associate (Common Directorship)	777	-	-	-
Purchase of food items from Hobnob Bakeries	Associate (Common Directorship)	124	171	40	30
Contribution to staff gratuity fund	Retirement benefit fund	45,145	26,893	15,048	8,964
Balances					
Loan payable to related party (principal plus interest)	Chairman & Non-Executive Director	98,272	290,303	-	-
Receivable from Hunar Foundation	Associate (Common Directorship)	594	503	-	-

17. OPERATING SEGMENTS

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

Revenue from export sales represents 0.27% (March 31, 2019: 0.25%) of the total gross revenue of the Company.

All non-current assets of the Company as at 31 March 2020 and 2019 are located in Pakistan.

Sales made by the Company to its 20 major customers during the period constituted 30% (31 March 2019: 32%) of total sales.

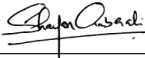
18. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 25 April 2020 by the Board of Directors of the Company.

19. GENERAL

19.1 Figures have been rounded off to the nearest thousand Rupee, unless otherwise stated.

19.2 Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison.



Chief Executive Officer



Director



Chief Financial Officer

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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