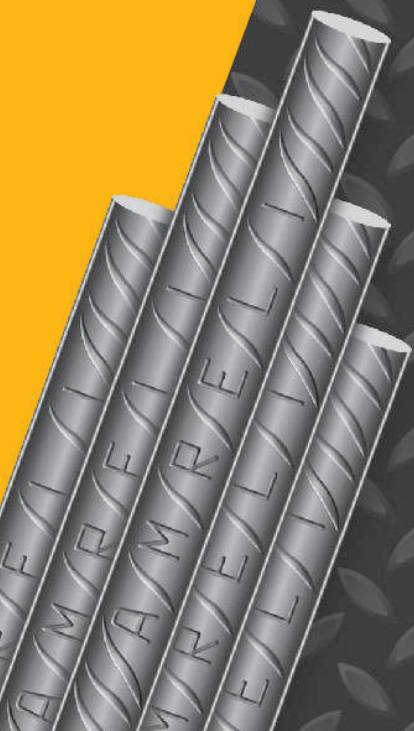


AMRELI STEELS LIMITED

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

31 MARCH 2021



AMRELI STEELS
Building for Life

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Teizoon Kijat	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 Kijat	Member
Mr. Shayan Akberali	Member
Ms. Kinza Shayan	Member

CHIEF OPERATING OFFICER (STRATEGY)

Mr. Hadi Akberali

CHIEF OPERATING OFFICER (OPERATIONS) & CHIEF FINANCIAL OFFICER

Mr. Fazal Ahmed

COMPANY SECRETARY

Mr. Adnan Abdul Ghaffar

HEAD OF INTERNAL AUDIT

Ms. Alina Osama Ali

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

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

SHARE REGISTRAR

THK Associates (Pvt) Limited
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	MCB Islamic Bank Limited
Allied Bank Limited	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan
Bank Islami Pakistan Limited	Pak China Investment Company Limited
Dubai Islamic Bank Pakistan Limited	Pak Kuwait Investment Company Limited
Faysal Bank Limited	Samba Bank Limited
Habib Bank Limited	Standard Chartered Bank (Pakistan) Limited
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

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
FOR THE NINE MONTHS ENDED 31 MARCH 2021**

The Board of Directors of your Company present their review on the financial and operational performance of the Company for the quarter and nine months' period ended 31 March 2021.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Your Company generated net sales of Rs.27.23 billion during the nine months' period under review as compared to Rs.21.39 billion in the similar period last year. The gross profit for the period increased from Rs.1.76 billion (8.23%) to Rs.3.25 billion (11.94%). Operating profit of Rs.2.16 billion (7.93%) was recorded during the period under review as against Rs.623 million (2.91%) in the similar period last year. Profit before and after tax were recorded at Rs.927.5 million and Rs.925.7 million respectively as compared to the loss before and after tax of Rs.1.17 billion and Rs.688 million respectively in the similar period last year.

A record volume of rebars were produced and dispatched during the nine months' period under review. A total of 261,133 metric tons of rebars were produced as compared to 222,453 metric tons produced during the similar period last year, registering 17.38% YoY growth. The sales volumes surged to a new high of 262,381 metric tons as compared to 221,179 metric tons in the similar period last year depicting 18.6% YoY growth.

The third quarter of the current financial year recorded net sales of Rs.9.7 billion as compared to Rs.7.7 billion of the corresponding quarter last year reflecting an increase of 26%. The gross profit was recorded at Rs.1,360 million (13.9%) during the quarter as compared to Rs.496 million (6.4%) in the similar period last year. Based on percentage of revenue, distribution and administrative expenses decreased slightly as compared to the corresponding period last year. Profit before and after tax were recorded at Rs.575 million and Rs.503 million respectively during the quarter under review as compared to the loss before and after tax of Rs.584 million and Rs.375 million respectively in the similar period last year. The positive bottom line of this quarter is mainly attributable to good retention of sales' price and attaining high sales volumes of 86,653 metric tons as compared to 80,603 metric tons in the similar period last year, depicting a 7.51% YoY growth.

The comparative summary of key financial highlights of the Company are as follows –

	Nine Months Ended 31 March 2021 (Rs. in millions)	Nine Months Ended 31 March 2020 (Rs. in millions)	Quarter Ended 31 March 2021 (Rs. in millions)	Quarter Ended 31 March 2020 (Rs. in millions)
Net sales	27,228	21,390	9,776	7,748
Gross profit	3,251	1,760	1,360	496
Operating profit	2,159	623	969	(1)
Profit / (loss) before tax	927	(1,174)	575	(584)
Profit / (loss) after tax	926	(688)	503	(375)
Earnings / (Loss) per share – basic and diluted (in Rupees)	3.12	(2.32)	1.69	(1.26)

FUTURE OUTLOOK

Pakistan's economy is on the track for recovery as main economic indicators are showing positive signs for the ongoing financial year. According to the data of Ministry of Finance for the current fiscal year, the Large Scale Manufacturing sector has registered a healthy growth throughout the nine months' period under review. The central bank, which had projected a GDP growth of 2.1% at the start of the current

fiscal year, is now expecting the economy to grow at a rate of 3%. The inflow from workers' remittances have remained consistent throughout the period. Foreign exchange raised through the issuance of bonds in international markets, inflows via the Roshan Digital Pakistan and the USD 500 million tranche released by the IMF have helped improve foreign exchange reserves of the Country. This has resulted in the PKR gaining value against the USD, which is trading at Rs.153/USD as compared to Rs.165/USD eight months ago. The SBP has also given an indication of stable interest rates for the remaining part of the financial year and we expect eventual devaluation of the green-back to happen in a steady manner. A stable rupee with low interest rates bodes well for the economic growth of the country.

Construction under the Naya Pakistan Housing Scheme is slowly picking up. There were certain roadblocks in financing the projects earlier on, which appear to have been addressed by increasing the limits of housing units, thus creating three financing tiers for various consumer categories and by resolving the issue of pricing through interest rates subsidy offered by GoP. The steps taken have allowed low cost home financing rentals starting as low as 3% with maximum financing up to Rs.10 million for a tenor up to 10 years.

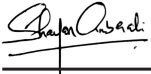
While the demand of steel remains stable, the persistent political noise in the country is affecting the real offtake. The volatility in international raw material prices, rising cost of electricity and gas, along with supply chain disruptions and miss-declaration of imported scrap continue to remain top challenges for the steel industry in the country.

The management of your Company is focused on improving operational efficiencies and reducing cost. Our focus is on increasing the capacity utilization of our plants which will enable us to increase our sales and our distribution footprint across the country. A lot of work is being done on the human resource development side as we believe that efficient and trained manpower is the real engine for growth for any company.

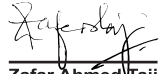
ACKNOWLEDGEMENT

On behalf of the Board, we would like to thank our customers and our employees for their un-paralleled commitment, passion and devotion towards the Company. We also express our high level of gratitude to all our stakeholders including valued shareholders, financial institutions and suppliers for their continuous support.

For & on behalf of Board of Directors



Shayan Akberali
Chief Executive Officer



Zafar Ahmed Taji
Director

20 April 2021
Karachi

پاکستان کی معیشت اب بحالی کی جانب گامزن نظر آتی ہے کیونکہ زیر نظر مالی سال کے ضمن میں تمام معاشی اشاریے مثبت نظر آ رہے ہیں۔ رواں مالی سال سے متعلق وزارت مالیات کی جانب سے فراہم کئے گئے اشاریوں کے مطابق پیداواری سیکٹر کی جانب سے زیر نظر نو ماہی کے پورے دورانے کے دوران مثبت نشوونما دکھائی گئی ہے۔ اسٹیٹ بینک آف پاکستان کی جانب سے رواں مالی سال کے آغاز میں 2.1% کی جی ڈی پی کا اشارہ دیا گیا تھا لیکن اب 3% کی جی ڈی پی کے اشاریے دینے جارہے ہیں۔ زیر نظر پورے عرصے کے دوران بیرون ملک پاکستانیوں کی جانب سے ترسیلات زر میں استقلال نظر آیا۔ بیرون ملک بانڈز کے اجراء سے زرمبادلہ میں اضافے، روٹن ڈیجیٹل اکاؤنٹ کے تحت سرمائے کی آمد اور آئی ایم ایف کی جانب سے 500 ملین ڈالر کی قسط ملنے کے بعد ملکی زرمبادلہ کے ذخائر میں حوصلہ افزا اضافہ ہوا ہے جس کی وجہ سے ڈالر کی جانب سے دباؤ میں کمی واقع ہوئی ہے، نتیجتاً آٹھ ماہ پہلے 165 روپے پر فروخت ہونے والا ڈالر آج 153 روپے پر فروخت ہو رہا ہے۔ اسٹیٹ بینک آف پاکستان کی جانب سے بھی رواں مالی سال کے بتیصر عرصے کے دوران شرح سود میں استحکام کا عندیہ دیا گیا ہے اور ہم امید کرتے ہیں کہ اسی طرح ڈالر کی قدر مزید بھی گرتی رہے گی۔ متوازن روپیہ اور کم شرح سود ملک کی معاشی ترقی کیلئے معاون ثابت ہو سکے۔

نیا پاکستان کے تحت اب تعمیراتی کام بھی رفتار پکڑنے لگا ہے، اس ضمن میں پروجیکٹس کی ترمیم کیلئے کچھ رکاوٹیں موجود تھیں جنہیں دور کرنے کی کوششیں کی گئی ہیں، اس سلسلے میں باؤسنگ پمپس کی تعداد بڑھائی گئی ہے، صارفین کی مختلف اقسام کو مد نظر رکھتے ہوئے تین سطحی تھو پلی اسکیم متعارف کروائی گئی ہے اور سبڈی کے نظام کے تحت قیمتوں کو حل کرنے کی سعی بھی کی گئی ہے۔ ان اقدامات کے اٹھانے جانے کے بعد اب کم والی لاگت والی اقساط ممکن ہو چکی ہے جو کہ کم از کم 3% شرح سود سے شروع ہوتی ہے جس کے تحت 10 سال کیلئے زیادہ سے زیادہ 10 ملین روپے حاصل کئے جاسکتے ہیں۔


اب جبکہ سٹیل کی طلب میں توازن کا رجحان پایا جاتا ہے، ملک میں سیاسی سطح پر پائی جانے والی مسلسل بے چینی مسائل کو ختم دے رہی ہے۔ بین الاقوامی سطح پر خام مال کی قیمتوں میں اتار چڑھاؤ، بجلی اور گیس کی قیمتوں میں اضافہ، سپلائی چین میں آنے والی رکاوٹیں اور درآ مد شدہ اسکرپ کی قیمت کے سلسلے میں غلط بیانی وہ مسائل ہیں جن کی وجہ سے ملک کے اندرائشیل کی صنعت کو مسلسل مسائل درپیش ہیں۔

آپ کی کمپنی کی انتظامیہ اپنی بھر پور توجہ اس جانب مبذول کئے ہوئے ہے کہ کمپنی کے کاروباری افعال کی کارکردگی کو مزید موثر بنایا جائے، انسانی وسائل کو ترقی دینے کیلئے سرمایہ کاری کی جائے، فیصلہ سازی کے عمل میں ٹیکنالوجی کو زیر استعمال لایا جائے اور کمپنی کی پیداواری صلاحیت اور فروخت کے حجم میں اضافہ کیا جائے اور ان اقدامات کے ذریعے پورے ملک میں کمپنی کی موجودگی کو ممکن بنایا جائے۔


انٹھارٹھکر

بورڈ کی جانب سے، ہم اپنے تمام صارفین اور ملازمین کے بے حد شکرگزار ہیں کہ انہی کی جانب سے کمپنی کیلئے بے مثال خدمت، جذبے اور محنت کا مظاہرہ کیا گیا۔ علاوہ ازیں ہم تمام شراکت داروں بشمول شخص داران، مالیاتی اداروں اور ذیلی کاروں کے مسلسل تعاون کے بھی بے حد شکرگزار ہیں۔

برائے دلچسپی اور ڈاؤن لوڈ آف ڈائریکٹرز



ظفر احمد تاجی
ڈائریکٹر



شایان اسلم علی
چیف ایگزیکٹو آفیسر

20 اپریل 2021

کراچی

ڈائریکٹرز کی جائزہ رپورٹ بابت نو ماہی اختتامیہ 31 مارچ 2021

بورڈ آف ڈائریکٹرز 31 مارچ 2021 کو ختم ہونے والی سہ ماہی و 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 27.23 ارب روپے کی صافی فروخت کا حجم درج کیا گیا ہے جو گزشتہ سال کی نو ماہی کے دوران 21.39 ارب روپے درج کیا گیا تھا۔ زیر نظر عرصے کے دوران خام منافع 1.76 ارب روپے (8.23%) سے بڑھ کر 3.25 ارب روپے (11.94%) ہو چکا ہے۔ آپ کی کمپنی کی جانب سے زیر نظر دورانے میں 2.16 ارب روپے (7.93%) کا کاروباری منافع کمایا گیا ہے، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران کمپنی کا کاروباری منافع 623 ملین روپے (2.91%) درج کیا گیا تھا۔ زیر نظر عرصے کے دوران قبل از ٹیکس و بعد از ٹیکس منافع بالترتیب 927.5 ملین روپے اور 925.7 ملین روپے درج کیا گیا ہے، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران قبل از ٹیکس و بعد از ٹیکس نقصان بالترتیب 1.17 ارب روپے اور 688 ملین روپے درج کیا گیا تھا۔

آپ کی کمپنی کی جانب سے زیر نظر نو ماہی کے دوران ریکارڈ ریکارڈ پیداوار اور تزیل کی گئی ہے۔ زیر نظر عرصے کے دوران کمپنی کی جانب سے 261,133 میٹرک ٹن ریکارڈ بنائے گئے، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران یہ پیداوار 222,453 میٹرک ٹن تھی، اس طرح سال بہ سال کی بنیاد پر شرح نمو 17.38% درج کی گئی ہے۔ فروخت کے حجم میں بھی ریکارڈ اضافہ درج کیا گیا ہے جو کہ زیر نظر عرصے کے دوران 262,381 میٹرک ٹن رہا، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران یہ حجم 221,179 میٹرک ٹن درج کیا گیا تھا اور اس طرح سال بہ سال کی بنیاد پر اس ضمن میں 18.6% کی شرح نمو درج کی گئی ہے۔

زیر نظر دورانے میں محض تیسری سہ ماہی کے دوران صافی فروخت کا حجم 9.7 ارب روپے درج کیا گیا ہے، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران یہ حجم 7.7 ارب روپے درج کیا گیا تھا اور اس طرح صافی فروخت میں دونوں متعلقہ عرصوں کے مابین 26% کا اضافہ ہوا ہے۔ زیر نظر سہ ماہی کے دوران 1,360 ملین روپے (13.9%) کا خام منافع درج کیا گیا ہے جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران 496 ملین روپے (6.4%) کا خام منافع کمایا گیا تھا۔ آمدن کی شرح فیصد کی بنیاد پر اگر دیکھا جائے تو تزیل اور انتظامی امور کے اخراجات میں گزشتہ مالی سال کے اسی عرصے کے مقابلے میں معمولی کمی آئی ہے۔ زیر نظر سہ ماہی کے دوران قبل از ٹیکس و بعد از ٹیکس منافع بالترتیب 575 ملین روپے اور 503 ملین روپے درج کیا گیا ہے، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران نقصان بالترتیب 584 ملین روپے اور 375 ملین روپے درج کیا گیا تھا۔ کمپنی کی نقصان سے نفع میں آنے کی بنیادی وجہ یہ ہے کہ قیمت فروخت اچھی سطح پر برقرار رہی اور 86,653 میٹرک ٹن کی خاطر خواہ فروخت بھی کی گئی، جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران 80,603 میٹرک ٹن کی فروخت کی گئی تھی اور سال بہ سال کی بنیاد پر یہ شرح نمو 7.51% درج کی گئی ہے۔

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

نو ماہی اختتامیہ 31 مارچ 2021 (روپے ملین میں)	نو ماہی اختتامیہ 31 مارچ 2020 (روپے ملین میں)	نو ماہی اختتامیہ 31 مارچ 2021 (روپے ملین میں)	سہ ماہی اختتامیہ 31 مارچ 2020 (روپے ملین میں)
27,288	21,390	9,776	7,748
3,251	1,760	1,360	496
2,159	623	969	(1)
927	(1,174)	575	(584)
926	(688)	503	(375)
3.12	(2.32)	1.69	(1.26)

کل فروختگی
خام منافع
کاروباری منافع
منافع (نقصان) قبل از ٹیکس
منافع (نقصان) بعد از ٹیکس
آمدن (نقصان) فی حصص
بنیادی و تزیلی (روپے میں)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		31 March 2021 (Un-audited)	30 June 2020 (Audited)
		----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	18,027,986	17,650,951
Right of use asset		104,360	72,455
Intangible assets		20,142	24,266
Long-term investments		15,289	15,289
Long-term deposits		151,777	134,962
		18,319,554	17,897,923
CURRENT ASSETS			
Stores and spares		1,274,597	1,683,504
Stock-in-trade	5	9,423,705	8,040,331
Trade debts	6	5,375,398	4,900,333
Loans and advances		35,857	28,916
Trade deposits and short-term prepayments		32,135	642,890
Other receivables		474,074	527,960
Taxation – net		1,411,509	1,238,228
Cash and bank balances		145,903	509,361
		18,173,178	17,571,523
TOTAL ASSETS		36,492,732	35,469,446
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		4,095,029	3,125,905
Actuarial loss on gratuity fund		(60,186)	(60,186)
Revaluation surplus on property, plant and equipment – net of tax		2,245,221	2,288,611
		12,038,920	11,113,186
NON-CURRENT LIABILITIES			
Long-term financing	7	4,897,965	5,429,984
Loan from related party		341,333	341,333
Long-term provision	8	166,368	-
Deferred taxation		93,855	243,874
Deferred liability		272,903	254,748
Lease liabilities		89,550	63,600
Government grant		2,737	7,627
		5,864,711	6,341,166
CURRENT LIABILITIES			
Trade and other payables	9	5,353,466	3,731,308
Contract liabilities		414,125	962,783
Interest / markup accrued		312,397	577,719
Short-term borrowings - secured	10	10,897,142	11,912,828
Current portion of long-term financing		1,572,702	811,503
Current portion of government grant		15,894	4,215
Current portion of lease liabilities		17,619	8,748
Unclaimed dividend		5,756	5,990
		18,589,101	18,015,094
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		36,492,732	35,469,446

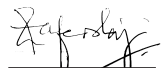
The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2021
(UN-AUDITED)

	Note	Nine months ended		Quarter-ended	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
----- (Rupees in '000) -----					
Sales		27,227,909	21,390,265	9,775,650	7,747,928
Cost of sales		(23,977,040)	(19,630,105)	(8,415,523)	(7,251,658)
Gross profit		3,250,869	1,760,160	1,360,127	496,270
Distribution costs		(660,419)	(540,955)	(215,618)	(213,474)
Administrative expenses		(390,855)	(363,253)	(132,800)	(122,187)
Reversal of / (allowance for) expected credit loss		26,789	(99,318)	2,253	(30,359)
Other expenses		(88,891)	(139,265)	(51,846)	(128,979)
Other income	12	21,367	5,904	7,327	(2,736)
Operating profit		2,158,860	623,273	969,443	(1,465)
Finance costs	13	(1,231,389)	(1,796,829)	(394,644)	(582,990)
Profit / (loss) before taxation		927,471	(1,173,556)	574,799	(584,455)
Taxation	14	(1,738)	485,512	(72,070)	209,889
Net Profit / (loss) for the period		925,733	(688,044)	502,729	(374,566)
----- (Rupees) -----					
Earnings / (loss) per share – basic and diluted		3.12	(2.32)	1.69	(1.26)

The annexed notes 1 to 20 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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2021
(UN-AUDITED)

	Nine months ended		Quarter-ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	----- (Rupees in '000) -----			
Net profit / (loss) for the period	925,733	(688,044)	502,729	(374,566)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	925,733	(688,044)	502,729	(374,566)

The annexed notes 1 to 20 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 NINE MONTHS ENDED 31 MARCH 2021
(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)-----						
Balance as at 30 June 2019 (Audited)	2,970,114	2,788,742	4,179,935	(56,405)	2,361,200	12,243,586
Net Loss for the period	-	-	(688,044)	-	-	(688,044)
Other comprehensive loss for the year	-	-	-	-	-	-
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	-	-	56,003	-	(56,003)	-
Balance as at 31 March 2020 (Un-audited)	2,970,114	2,788,742	3,547,894	(56,405)	2,305,197	11,555,542
Balance as at 30 June 2020 (Audited)	2,970,114	2,788,742	3,125,906	(60,186)	2,288,611	11,113,187
Net profit for the period	-	-	925,733	-	-	925,733
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	925,733	-	-	925,733
Transferred to accumulated profit in respect of incremental depreciation during the period – net of tax	-	-	43,390	-	(43,390)	-
Balance as at 31 March 2021 (Un-audited)	2,970,114	2,788,742	4,095,029	(60,186)	2,245,221	12,038,920

The annexed notes 1 to 20 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 NINE MONTHS ENDED 31 MARCH 2021
(UN-AUDITED)

	31 March 2021	31 March 2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	927,471	(1,173,556)
Adjustments for:		
Depreciation on:		
- Operating fixed assets	389,890	638,677
- Right-of-use assets	16,992	7,548
Amortization	6,803	9,831
(Reversal of) / Provision for expected credit loss	(26,789)	99,318
Provision for gratuity	42,203	45,145
Gain on disposal of operating fixed assets	1,130	(272)
Exchange loss/(gain) on foreign currency	(5)	118,335
Finance costs	1,231,388	1,796,829
	<u>1,661,612</u>	<u>2,715,411</u>
	2,589,083	1,541,855
Decrease in current assets:		
Stores and spares	408,908	138,475
Stock-in-trade	(1,383,374)	(506,089)
Trade debts	(448,276)	(1,763,883)
Loans and advances	(6,941)	(35,847)
Trade deposits and short-term prepayments	610,754	7,682
Other receivables	53,886	(247,485)
	(765,043)	(2,407,147)
Increase / (decrease) in current liabilities:		
Trade and other payables	16,384	551,702
Contract liabilities	(548,657)	206,616
Cash generated from / (used in) operating activities	<u>1,291,767</u>	<u>(106,974)</u>
Income taxes paid	(325,037)	(331,331)
Gratuity paid	(24,048)	(14,057)
Long-term deposits – net	(16,815)	3,242
Net Cash generated from / (used in) operating activities	<u>925,867</u>	<u>(449,120)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(794,457)	(714,081)
Proceeds from disposal of operating fixed assets	26,402	9,092
Additions to intangible assets	(2,679)	(3,592)
Dividends paid	(233)	(537)
Net cash used in investing activities	<u>(770,967)</u>	<u>(709,118)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowings – net	756,461	(177,444)
Long-term financing – net	235,970	3,169,911
Loan from related party	-	(186,667)
Finance costs paid	(1,487,895)	(1,738,414)
Lease rentals paid	(22,892)	(5,514)
Net cash (used in) / generated from financing activities	<u>(518,356)</u>	<u>1,061,872</u>
Net decrease in cash and cash equivalents	<u>(363,456)</u>	<u>(96,366)</u>
Cash and cash equivalents at the beginning of the period	<u>509,359</u>	<u>147,039</u>
Cash and cash equivalents at the end of the period	<u>145,903</u>	<u>50,673</u>

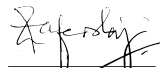
The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2021 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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

2. 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 annual audited financial statements of the Company for the year ended June 30, 2020. These condensed interim financial statements are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017

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, 2020.

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

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

- IFRS 3 - Definition of a Business (amendments);
- IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (amendments);
- IAS 1 / IAS 8 - Definition of Material (amendments);

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The adoption of the above amendments to accounting standards and framework did not have any effect on these condensed interim financial statements.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

- 3.1 The preparation of condensed interim financial statements is in conformity with the approved accounting standards as applicable in Pakistan requires 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 2020, except as disclosed in note 3.2

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

- 3.2 During the period, as a result of annual assessment of the review of remaining useful lives of operating fixed assets, management identified that buildings on leasehold land and plant and machinery require a revision in useful lives. Resultantly, depreciation rates for buildings on leasehold land have been revised from 10% to 2.5% and for plant and machinery, from 2%-50% to 2.5%-20% and such changes have been accounted for as a change in accounting estimate in accordance with IAS 8 'Accounting policies, Changes in accounting estimates and errors'. Had there been no change in the accounting estimate, the profit before tax for the period ended March 31 2021 would have been lower by Rs. 252.680 million and carrying value of operating fixed assets as at that date would have been lower by the same amount. Consequently, due to the above change in accounting estimate, future profits before tax would decrease by Rs. 252.680 million.

Note	31 March 2021 (Un-audited)	30 June 2020 (Audited)
	----- (Rupees in '000) -----	

4 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4.1	14,827,849	14,930,576
Capital work-in-progress	4.2	3,200,137	2,720,375
		<u>18,027,986</u>	<u>17,650,951</u>

4.1 Operating fixed assets

Balance at the beginning of the period / year		14,930,576	14,729,718
Additions during the period / year	4.1.1	314,696	1,072,614
Disposals during the period / year	4.1.1	(27,533)	(12,404)
Depreciation charged during the period / year		(389,890)	(859,352)
Balance at the end of the period / year		<u>14,827,849</u>	<u>14,930,576</u>

4.1.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (Net book value)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	(Un-audited)			
	----- (Rupees in '000) -----			
Freehold land	6,965	222,153	-	-
Buildings on leasehold land	2,694	90,020	-	-
Plant and machinery	271,992	382,365	15,487	-
Furniture and fittings	265	1,261	59	27
Office equipment	4,362	11,317	22	781
Vehicles	21,050	11,941	11,715	7,792
Computers	7,368	8,941	250	221
	<u>314,696</u>	<u>727,998</u>	<u>27,533</u>	<u>8,821</u>

4.2 Capital work-in-progress

	Opening balance as at 1st July 2020	Additions	Transfers to operating fixed assets	Closing balance as at 31st March 2021
	Un-audited			
	----- (Rupees in '000) -----			
Freehold land	6,965	-	(6,965)	-
Plant and machinery	1,850,672	700,655	(298,568)	2,252,760
Civil works	862,738	87,333	(2,694)	947,377
	<u>2,720,375</u>	<u>787,988</u>	<u>(308,227)</u>	<u>3,200,137</u>

	31 March 2021 (Un-audited)	30 June 2020 (Audited)
	----- (Rupees in '000) -----	

5 STOCK-IN-TRADE

Raw materials

- In hand	3,433,354	1,349,086
- In transit	1,790,358	3,376,081
	<u>5,223,712</u>	<u>4,725,167</u>

Work-in-process

2,007,682 1,023,943

Finished Goods

2,192,311 2,291,221

9,423,705 8,040,331

6 TRADE DEBTS - UNSECURED

Considered Good	6.1	5,375,398	4,900,333
Considered Doubtful		325,203	351,993
		<u>5,700,601</u>	<u>5,252,326</u>
Allowance for expected credit Loss	6.2	(325,203)	(351,993)
Trade debts - net		<u>5,375,398</u>	<u>4,900,333</u>

6.1 It includes receivable from related party amounting to Rs. 0.258 million (June 20 Rs.0.594 million)

6.2 Allowance for expected credit loss

The movement in expected credit loss during the year is as follows:

Balance at the beginning of the period/year	351,992	166,750
(Reversal) / Provision recognised during the period/year	(26,789)	185,243
Balance at end of the period/year	<u>325,203</u>	<u>351,993</u>

7 LONG-TERM FINANCING

During the period, the Company obtained four further tranches of long-term financing from a conventional bank under the refinancing scheme for payment of wages and salaries by State Bank of Pakistan. These carry markup rate at the rates ranging from 1.5% to 2.5% however, these loans have been recognised at the present value. The loans are repayable in 8 equal quarterly installments commencing from January 2021 discounted at effective rate of interest. The differential markup has been recognised as government grant which will be amortised to interest income over the period of facility. These facilities are secured by way of first pari passu over fixed assets of the company with 25% margin over the facility amount.

8 LONG-TERM PROVISION

Represents non-current portion of provision for Gas Infrastructure Development Cess (GIDC). During the period, 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, has provided provision amounting to Rs. 233.81 million under the relevant accounting standards and ICAP guidelines in this regard.

9 TRADE AND OTHER PAYABLES

9.1 It includes murabaha amounting to Rs. 3,641 million (30 June 2020: 1,869 million).

	31 March 2021	30 June 2020
	(Rupees in '000)	
10 SHORT-TERM BORROWINGS - secured		
Cash Finance	706,671	1,057,657
Finance against Trust Receipt	6,159,830	6,431,925
Running Finance	2,076,641	1,653,578
Istisna	1,954,000	2,345,668
Short term loan	-	424,000
	<u>10,897,142</u>	<u>11,912,828</u>

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There were no material changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2020 except as described below.

During the period, the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayer's Unit (LTU), 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. 1.723 billion for the tax periods July 2014 to June 2020. The Company filed a Constitutional Petition before the Honourable High Court of Sindh (The Court) which issued an interim order dated December 22, 2020, restraining any coercive action against the Company. The order will remain in force until further directions from the 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 of these condensed interim financial statements.

	31 March 2021 (Un-audited)	30 June 2020 (Audited)
	(Rupees in '000)	
11.2 Commitments		
11.2.1 Outstanding letters of credit	<u>1,644,821</u>	<u>953,766</u>
11.2.2 Outstanding letters of guarantee	<u>497,717</u>	<u>546,927</u>
11.2.3 Capital expenditure	<u>986,275</u>	<u>-</u>

11.2.4 Commitments for rentals payable under Ijarah contracts in respect of vehicles and plant and machinery with Islamic banks are as follows:

	31 March 2021 (Un-audited)	30 June 2020 (Audited)
	(Rupees in '000)	
Not later than one year	<u>53,306</u>	<u>38,223</u>
Later than one year but not later than five years	<u>74,284</u>	<u>47,472</u>

12 OTHER INCOME

It includes income from government grant amounting to Rs. 10,403 million (March 31, 2020: Rs. Nil)

13 FINANCE COSTS

Includes mark up on long-term financing and short-term borrowings amounting to Rs. 395.324 million and Rs. 793.603 million (31 March 2020: Rs. 478.496 million and Rs. 1,239,518 million) respectively.

Nine months ended	
31 March 2021	31 March 2020
(Un-audited)	
-----(Rupees in '000)----	
151,756	204,374
(150,018)	(479,998)
1,738	(275,624)

14 TAXATION

Current
Deferred

15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2020. There have been no change in any risk management policies since the year end.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

There were no transfers amongst levels during the period.

17 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	Nine months ended		Quarter Ended	
		31 March		31 March	
		2021 (Unaudited ---(Rupees in '000)---	2020 (Unaudited ---(Rupees in '000)---	2021 (Unaudited ---(Rupees in '000)---	2020 (Unaudited ---(Rupees in '000)---
Meeting fee	Directors	4,200	1,850	1,375	500
Remuneration and other benefits	Key management personnel	203,915	164,881	64,615	52,935
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 and shareholder	18,577	23,132	6,127	4,939
Contribution to staff gratuity fund	Retirement benefit fund	42,203	45,145	14,068	15,048

18 OPERATING SEGMENTS

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

Revenue from export sales represents 0.17% (March 31, 2020: 0.27%) of the total gross revenue of the Company.

All non-current assets of the Company as at 31 March 2021 and 2020 are located in Pakistan.

Sales made by the Company to its 20 major customers during the period constituted 23% (March 31, 2020: 30%) of total sales.

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 20 April 2021 by the Board of Directors of the Company.

20 GENERAL

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

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



Chief Executive Officer



Chief Financial Officer



Director

Investors' Education

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AMRELI STEELS
Building for Life

A-18, S.I.T.E., Karachi, Pakistan
UAN: 021-111-AMRELI (267354)
Email: investor-relations@amrelisteels.com
www.amrelisteels.com