

**AMRELI STEELS LIMITED**

**REPORT FOR THE HALF YEAR ENDED**

**31 DECEMBER 2016**



**AMRELI STEELS**  
Building for Life



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## COMPANY INFORMATION

### Board of Directors

Mr. Abbas Akberali	Chairman & Chief Executive Officer
Mr. Shayan Akberali	Managing Director
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. Badar Kazmi	Chairman
Mr. Teizoon Kijat	Member
Ms. Kinza Shayan	Member

### Human Resource and Remuneration Committee

Mr. Zafar Ahmed Taji	Chairman
Mr. Badar Kazmi	Member
Mr. Shayan Akberali	Member
Ms. Mariam Akberali	Member

### 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

### Legal Advisor

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

## Share Registrar

THK Associates (Private) Limited,  
1st Floor, 40-C, Block-6, P.E.C.H.S. Karachi-75400  
UAN: (021) 111-000-322, Direct: (021) 34168270, Fax No: (021) 34168271

## 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

## Bankers

Askari Bank Limited	JS Bank Limited
Bank Al Habib Limited	MCB Bank Limited
Bank Alfalah Limited	Meezan Bank Limited
Bank Islami Pakistan Limited	Standard Chartered Bank (Pakistan) Limited
Dubai Islamic Bank (Pakistan) Limited	The Bank of Punjab Limited
Habib Bank Limited	United Bank Limited

## Registered Office

A-18, S.I.T.E, Karachi, Pakistan  
Tel: 92-21-111-267-354,  
92-21-32587232-9  
Fax: 92-21-32587240, 38798328  
E-mail: [info@amrelisteels.com.pk](mailto:info@amrelisteels.com.pk)

## Rolling Mill

D-89, Shershah Road, Karachi, Pakistan  
Tel: 92-68-5786420-9  
Fax: 92-21-32587240

## Melt Shop

Industrial Land, Deh Ghara, Tapo Ghara  
Taluka Mirpur Sakro  
(Distt: Thatta), Sindh, Pakistan  
Tel: 92-723-661500-09  
Fax: 92-723-661462

## Website Information

[www.amrelisteels.com](http://www.amrelisteels.com)

# DIRECTORS' REVIEW REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2016

The Directors of your Company are pleased to present their review on the financial and operational performance of the Company for the first half ended December 31, 2016.

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

Your Company recorded a turnover of Rs. 6,558 million in the first half of the financial year 2016-17, which was Rs. 1,105 million more than the sales made in the same period last half year. The main reason for increase in turnover was sales of trading goods that were part of inventory as at June 30, 2016. The trading goods contributed Rs. 918 million towards net sales for the period which were nil in the first half last financial year.

The sale quantity of in-house manufactured rebars increased by 16% as compared to the period last half year. Though, the benefit of increase in quantity was off-set by decrease in sales price by 13%. However, the cost of sales per ton of in-house manufactured rebars also reduced by 7.50% resulting in drop in gross profit of in-house manufactured rebars by 5.12% as compared to the last half year. Overall gross margins for the half year under review dropped by 18.6% as a result of sales of trading goods and billets which were sold at a much lower margin as compared to in-house manufactured Rebars as explained in note number 10 and 11 of the profit and loss account.

The key financial highlights of the Company are as follows –

	Half Year ended December 31, 2016 (Rs. in millions)	Half Year ended December 31, 2015 (Rs. in millions)
Net Sales	6,558	5,453
Gross Profit	1,040	1,278
Operating profit	684	914
Profit before tax	555	693
Profit after taxation	482	550
Earnings per share - basic and diluted (Rs.)	1.62	2.34
Number of Ordinary shares	297,011,427	235,134,046

## EXPANSION AT DHABEJI

The management of your company is confident of meeting the revised time line for the completion of ongoing expansion project at Dhabeji. The Steel Melting Capacity to produce 400,000 tons of billets will be available in May 2017, and by September 2017 we are expecting to start commercial operation of the new rolling mill of 300,000 tons.

## FUTURE OUTLOOK

The economic outlook of Pakistan looks good in general and steel sector in particular. The Government has targeted a GDP growth rate of 5.7% for the current financial year riding on strong domestic demand. The Cement sector to which steel is closely linked is expected to add some 26 million tons in its existing production capacity in next three to four years which will certainly add to the demand of steel in future. Your Company is well positioned to take advantage of this growth.

For & on behalf of the Board of Directors

Karachi  
February 2<sup>nd</sup>, 2017



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Abbas Akberali  
Chairman

\* اُردو کے لیے اگلی صفحات ملاحظہ فرمائیے۔

دھاتیجی میں توسیعی منصوبہ:-

آپ کی کمپنی کی انتظامیہ دھاتیجی میں جاری توسیعی منصوبہ کو مقررہ مدت میں مکمل کرنے کے لیے پُر امید ہے۔ چار لاکھ (۲۰۰,۰۰۰) ٹن بلٹس (Billets) بنانے کے لیے اسٹیل پگھلانے کی صلاحیت مئی ۲۰۱۷ سے میسر ہوگی اور ستمبر ۲۰۱۷ تک تین لاکھ (۳۰۰,۰۰۰) ٹن کی نئی رولنگ مل کے تجارتی آپریشن کی شروعات کے لیے کمپنی پُر عزم ہے۔

مستقبل کے امکانات:-

پاکستان میں عمومی طور پر اور اسٹیل سیکٹر میں خصوصاً، مستقبل میں اقتصادی کامیابی کے روشن امکانات ہیں۔ مضبوط مقامی طلب کو مد نظر رکھتے ہوئے حکومت نے رواں مالی سال کے لیے GDP کے ہدف کی شرح ۷.۵ فیصد مقرر کی ہے۔ سینٹ سیکٹر، جس سے اسٹیل سیکٹر کا گہرا تعلق ہے، کی موجودہ پیداواری صلاحیت میں آئندہ تین سے چار سال تک ۲۶ بلین ٹن کا اضافہ متوقع ہے جس سے یقیناً اسٹیل کی طلب میں اضافہ ہوگا۔ آپ کی کمپنی اس صورتحال سے بھرپور فائدہ اٹھانے کے لیے پوری طرح تیار ہے۔

از طرف بورڈ آف ڈائریکٹرز



عباس اکبر علی  
چیئر مین

کراچی

۲ فروری، ۲۰۱۷



ڈائریکٹرز کی جائزہ رپورٹ  
برائے اختتام پہلی ششماہی از ۳۱ دسمبر ۲۰۱۶

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز مسرت کے ساتھ، کمپنی کی مالیاتی اور انتظامی کارکردگی، برائے نصف مالیاتی سال جو کہ ۳۱ دسمبر ۲۰۱۶ کو اختتام پذیر ہوا، پر جائزہ رپورٹ پیش کرتے ہیں۔

مالیاتی اور انتظامی جھلکیاں:-

مالی سال ۱۷-۲۰۱۶ کی پہلی ششماہی میں آپ کی کمپنی کی آمدنی ۶,۵۵۸ ملین روپے رہی جو کہ گزشتہ مالی سال کی پہلی ششماہی کے دوران حاصل کی گئی آمدنی سے ۱,۰۵۵ ملین روپے زیادہ ہے۔ آمدنی میں اس اضافہ کی بنیادی وجہ اس تجارتی مال کی فروخت ہے جو کہ گزشتہ مالی سال، جس کا اختتام ۳۰ جون ۲۰۱۶ کو ہوا تھا، کے مالوں کے ذخیرہ کا حصہ تھا۔ اس تجارتی مال کی فروخت سے آمدن میں ۹۱۸ ملین روپے کا اضافہ ہوا۔ اس کے برعکس پچھلے مالی سال کی اسی مدت میں تجارتی مال کی فروخت صفر تھی۔

اس ششماہی میں پچھلے سال کی ششماہی کے مقابلے میں کمپنی کی تیار کردہ ری بارز کی مقدار فروخت میں ۱۶ فیصد کا اضافہ ہوا اور قیمت فروخت میں ۱۳ فیصد کمی واقع ہوئی جس نے مقدار کے اضافے کے فوائد کو تقریباً ختم کر دیا۔ دوسری جانب کمپنی کی تیار کردہ ری بارز کی فی ٹن پیداواری لاگت میں ۵۰.۵۰ فیصد کمی واقع ہوئی۔ لہذا کمپنی کی تیار کردہ ری بارز کا مجموعی منافع ۵.۱۲ فیصد سے کم رہا۔ مزید یہ کہ کمپنی کی تیار کردہ ری بارز کے مقابلے میں تجارتی اشیاء اور بیلٹس (Billets) کی قدرے کم قیمت میں فروخت، مجموعی منافع میں ۱۸.۶ فیصد کمی کا باعث بنی۔ جس کی وضاحت نفع و نقصان اکاؤنٹ کے نوٹ نمبر ۱۱ اور ۱۱ میں موجود ہے۔

کمپنی کی مالیاتی کارکردگی مندرجہ ذیل ہے۔

پہلی ششماہی ۳۱ دسمبر، ۲۰۱۵ (ملین روپے میں)	پہلی ششماہی ۳۱ دسمبر، ۲۰۱۶ (ملین روپے میں)	
۵,۴۵۳	۶,۵۵۸	صافی آمدنی
۱,۲۷۸	۱,۰۳۰	مجموعی منافع
۹۱۴	۶۸۴	آپریٹنگ منافع
۶۹۳	۵۵۵	منافع قبل از ٹیکس
۵۵۰	۴۸۲	منافع بعد از ٹیکس
۲.۳۴	۱.۶۲	آمدنی فی حصص - بنیادی اور ڈائریکٹوریٹڈ (روپے میں)
۲۳۵,۱۳۳,۰۴۶	۲۹۷,۰۱۱,۴۲۷	مجموعی شیئرز کی تعداد

# AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Amreli Steels Limited (the Company) as at 31 December 2016, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (herein after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



**EY Ford Rhodes**

**Chartered Accountants**

Review Engagement Partner: Khurram Jameel

Date: 2<sup>nd</sup> February 2017

Place: Karachi

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
AS AT 31 DECEMBER 2016

		31 December 2016 (Un-audited)	30 June 2016 (Audited)
<u>ASSETS</u>	Note	----- ( Rupees ) -----	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	9,985,774,287	8,441,597,274
Intangibles		23,669,944	26,742,912
Long-term investments		15,289,370	15,289,370
Long-term deposits		126,141,308	131,404,376
		<u>10,150,874,909</u>	<u>8,615,033,932</u>
<b>CURRENT ASSETS</b>			
Stores and spares		655,562,106	599,892,883
Stock-in-trade	5	3,329,350,405	4,410,123,514
Trade debts	6	1,615,244,734	2,070,501,848
Loans and advances		33,181,000	125,635,829
Trade deposits and short-term prepayments		58,547,034	48,886,841
Other receivables		208,905,761	427,987,469
Short-term investments		-	300,000,000
Taxation – net		163,865,057	86,246,015
Cash and bank balances		111,427,210	81,124,343
		<u>6,176,083,307</u>	<u>8,150,398,742</u>
<b>TOTAL ASSETS</b>		<u><u>16,326,958,216</u></u>	<u><u>16,765,432,674</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share Capital		2,970,114,270	2,970,114,270
Reserves		5,815,257,235	5,890,507,263
		<u>8,785,371,505</u>	<u>8,860,621,533</u>
Surplus on revaluation of property, plant and equipment		1,792,914,665	1,829,580,914
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		395,521,770	524,524,754
Deferred taxation	7	1,140,459,048	1,139,415,427
Deferred liability		80,775,469	72,176,237
		<u>1,616,756,287</u>	<u>1,736,116,418</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,259,643,571	1,080,934,801
Interest / markup accrued		37,977,357	48,221,865
Short-term borrowings		2,573,313,244	2,726,371,085
Current portion of long-term financing		260,981,587	483,586,058
		<u>4,131,915,759</u>	<u>4,339,113,809</u>
<b>CONTINGENCIES &amp; COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>16,326,958,216</u></u>	<u><u>16,765,432,674</u></u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
**Abbas Akberali**  
Chief Executive

  
**Kinza Shayan**  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (UN-AUDITED)

	Note	Half-year ended		Quarter-ended	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
----- (Rupees) -----					
Sales	10	6,558,410,125	5,453,044,138	3,339,924,020	2,021,723,067
Cost of sales	11	(5,518,126,184)	(4,174,873,372)	(2,764,372,754)	(1,397,303,209)
<b>Gross profit</b>		<b>1,040,283,941</b>	<b>1,278,170,766</b>	<b>575,551,266</b>	<b>624,419,858</b>
Distribution costs		(169,657,878)	(155,274,882)	(87,739,488)	(89,166,435)
Administrative expenses		(146,709,356)	(147,906,199)	(76,753,383)	(98,679,807)
Other expenses		(46,669,276)	(65,056,710)	(28,194,706)	(35,965,820)
Other income		6,262,410	3,761,409	1,254,755	2,884,189
<b>Operating profit</b>		<b>683,509,841</b>	<b>913,694,384</b>	<b>384,118,444</b>	<b>403,491,985</b>
Finance costs		(128,532,413)	(220,626,185)	(54,524,759)	(112,526,945)
<b>Profit before taxation</b>		<b>554,977,428</b>	<b>693,068,199</b>	<b>329,593,685</b>	<b>290,965,040</b>
Taxation	12	(72,870,851)	(143,404,820)	(73,128,795)	(73,155,911)
<b>Net profit for the period</b>		<b>482,106,577</b>	<b>549,663,379</b>	<b>256,464,890</b>	<b>217,809,129</b>
<b>Earnings per share – basic and diluted</b>		<b>Rs. 1.62</b>	<b>Rs. 2.34</b>	<b>Rs. 0.86</b>	<b>Rs. 0.88</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**Abbas Akberali**  
Chief Executive



**Kinza Shayan**  
Director

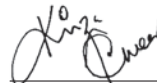
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (UN-AUDITED)**

	<u>Half-year ended</u>		<u>Quarter-ended</u>	
	<u>31 December</u> <u>2016</u>	<u>31 December</u> <u>2015</u>	<u>31 December</u> <u>2016</u>	<u>31 December</u> <u>2015</u>
	----- (Rupees) -----			
<b>Net profit for the period</b>	<b>482,106,577</b>	549,663,379	<b>256,464,890</b>	217,809,129
Other comprehensive income	-	-	-	(534,282)
<b>Total comprehensive income for the period</b>	<b><u>482,106,577</u></b>	<u>549,663,379</u>	<b><u>256,464,890</u></b>	<u>217,274,847</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**Abbas Akberali**  
Chief Executive



**Kinza Shayan**  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT

## FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (UN-AUDITED)

	31 December 2016	31 December 2015
----- ( Rupees ) -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>554,977,428</b>	<b>693,068,200</b>
<b>Adjustments for:</b>		
Depreciation	157,053,301	158,229,058
Amortization	3,265,433	2,475,796
Provision for doubtful debts	1,718,976	811,165
Provision for gratuity	10,516,287	8,260,899
(Gain) / loss on disposal of fixed assets	(121,318)	2,986,563
Finance costs	128,532,413	220,626,185
Finance income	(5,116,867)	(3,159,330)
	<u>295,848,225</u>	<u>390,230,336</u>
	<b>850,825,653</b>	<b>1,083,298,536</b>
<b>Decrease / (increase) in current assets:</b>		
Stores and spare parts	(55,669,223)	15,230,677
Stock-in-trade	1,080,773,109	(562,297,147)
Trade debts	453,538,138	(405,354,644)
Loans and advances	92,454,829	(182,260,410)
Trade deposits and short-term prepayments	(9,660,193)	(11,086,720)
Other receivables	219,081,708	98,355,805
	<u>1,780,518,368</u>	<u>(1,047,412,439)</u>
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	58,950,324	(439,655,336)
	<u>2,690,294,345</u>	<u>(403,769,239)</u>
Income taxes paid	(149,446,272)	(47,602,402)
Finance costs paid	(138,776,921)	(256,050,687)
Gratuity paid	(1,917,055)	(4,359,004)
Long-term deposits – net	5,263,068	(106,106)
<b>Net cash generated from / (used in) operating activities</b>	<b>2,405,417,165</b>	<b>(711,887,438)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(1,701,679,314)	(297,650,625)
Proceeds from disposal of fixed assets	377,853	3,644,008
Dividend paid	(251,718,668)	-
Finance income received	5,116,867	3,159,330
<b>Net cash used in investing activities</b>	<b>(1,947,903,262)</b>	<b>(290,847,287)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of short-term borrowings	(375,603,581)	(976,689,145)
Repayment of long-term financing	(351,607,455)	(721,304,608)
Proceeds against issuance of shares	-	3,536,073,302
<b>Net cash (used in) / generated from financing activities</b>	<b>(727,211,036)</b>	<b>1,838,079,549</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(269,697,133)</b>	<b>835,344,824</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>381,124,343</b>	<b>79,722,352</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>111,427,210</b>	<b>915,067,176</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash and bank balances	111,427,210	115,067,176
Short-term Investments	-	800,000,000
	<u>111,427,210</u>	<u>915,067,176</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
**Abbas Akberali**  
Chief Executive

  
**Kinza Shayan**  
Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (UN-AUDITED)

Issued, subscribed and paid-up capital	Reserves					Total reserves	Total equity
	Capital reserve	Revenue reserves			Unappropriated profit		
	Share premium	Cash flow hedge	Actuarial gain / (loss) on gratuity fund	Total reserves			
(Rupees)							
<b>Balance as at 30 June 2015</b>	2,227,585,700	-	(5,118,447)	(10,250,319)	1,740,066,927	1,724,698,161	3,952,283,861
Net profit for the period	-	-	-	-	549,663,379	549,663,379	549,663,379
Other comprehensive income for the period	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	549,663,379	549,663,379	549,663,379
Issuance of shares	742,528,570	3,044,367,138	-	-	-	3,044,367,138	3,786,895,708
Shares issue cost	-	(250,822,406)	-	-	-	(250,822,406)	(250,822,406)
	742,528,570	2,793,544,732	-	-	-	2,793,544,732	3,536,073,302
Transferred to unappropriated profit in respect of:							
- incremental depreciation during the period – net of tax	-	-	-	-	33,390,388	33,390,388	33,390,388
- disposal of fixed assets during the period – net of tax	-	-	-	-	5,722,901	5,722,901	5,722,901
	-	-	-	-	39,113,289	39,113,289	39,113,289
<b>Balance as at 31 December 2015</b>	<u>2,970,114,270</u>	<u>2,793,544,732</u>	<u>(5,118,447)</u>	<u>(10,250,319)</u>	<u>2,328,843,595</u>	<u>5,107,019,561</u>	<u>8,077,133,831</u>
<b>Balance as at 30 June 2016</b>	2,970,114,270	2,788,741,922	-	(6,341,601)	3,108,106,942	5,890,507,263	8,860,621,533
Net profit for the period	-	-	-	-	482,106,577	482,106,577	482,106,577
Other comprehensive income for the period	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	482,106,577	482,106,577	482,106,577
Final dividend for the year ended June 30, 2016 @ Rs.2/- per share	-	-	-	-	(594,022,854)	(594,022,854)	(594,022,854)
Transferred to unappropriated profit in respect of incremental depreciation during the period – net of tax	-	-	-	-	36,666,249	36,666,249	36,666,249
	-	-	-	-	36,666,249	36,666,249	36,666,249
<b>Balance as at 31 December 2016</b>	<u>2,970,114,270</u>	<u>2,788,741,922</u>	<u>-</u>	<u>(6,341,601)</u>	<u>3,032,856,914</u>	<u>5,815,257,235</u>	<u>8,785,371,505</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
**Abbas Akberali**  
Chief Executive

  
**Kinza Shayan**  
Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (UN-AUDITED)

## 1. THE COMPANY AND ITS OPERATIONS

1.1 Amreli Steels Limited (the Company) was incorporated in 1975 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on the Pakistan Stock Exchange Limited. The Company is mainly 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 These condensed interim financial statements are unaudited but subject to limited scope review by auditors. However, figures pertaining to the quarter ended 31 December 2016 and corresponding figures, except for balance sheet figures, have not been subject to limited scope review.

2.2 These condensed interim financial statements are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) – 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.3 These condensed interim financial statements do not include all the information and disclosures 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 2016.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2016 except that the Company has adopted the following IFRSs which became effective during the period:

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture: 'Agriculture - Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

The adoption of the above standards did not have any material effect on these condensed interim financial statements.



		<b>31 December 2016 (Un-audited)</b>	30 June 2016 (Audited)
	Note	----- (Rupees) -----	
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Operating assets</b>			
Opening Net Book Value (NBV)		<b>7,334,605,686</b>	7,459,828,865
Additions during the period / year (cost)	4.1	<b>48,094,983</b>	191,588,648
Transfers from capital stores during the period / year		-	37,891,626
Deletions during the period / year (NBV)	4.1	<b>(256,535)</b>	(7,883,212)
Depreciation charged during the period / year		<b>(157,053,301)</b>	(346,820,241)
Closing NBV		<b>7,225,390,833</b>	7,334,605,686
<b>Capital work-in-progress</b>	4.2	<b>2,760,383,454</b>	1,106,991,588
		<b>9,985,774,287</b>	8,441,597,274

**4.1 Details of additions and disposals are as follows:**

	Additions (cost)		Deletions (N BV)	
	31 December 2016 (Un-audited)	30 June 2016 (Audited)	31 December 2016 (Un-audited)	30 June 2016 (Audited)
	----- (Rupees) -----			
Leasehold land	-	-	-	6,000,000
Buildings on leasehold land	<b>79,750</b>	29,685,899	-	-
Plant and machinery	<b>42,005,808</b>	135,275,839	<b>10,847</b>	-
Furniture and fittings	<b>1,264,703</b>	281,479	-	-
Office equipment	<b>2,569,232</b>	3,355,605	-	-
Vehicles	-	17,376,546	<b>245,688</b>	1,883,212
Computers	<b>2,175,490</b>	5,613,280	-	-
	<b>48,094,983</b>	191,588,648	<b>256,535</b>	7,883,212

**4.2 Capital work-in-progress**

	Opening balance	Additions	Closing balance	
			31 December 2016	30 June 2016
	----- (Rupees) -----			
Civil works	<b>351,138,567</b>	167,388,184	<b>518,526,751</b>	351,138,567
Plant and machinery	<b>755,853,021</b>	1,486,003,682	<b>2,241,856,703</b>	755,853,021
	<b>1,106,991,588</b>	1,653,391,866	<b>2,760,383,454</b>	1,106,991,588

**5. STOCK-IN-TRADE**

	<b>31 December 2016 (Un-audited)</b>	30 June 2016 (Audited)
	----- (Rupees) -----	
<b>Raw materials</b>		
- In hand	<b>1,325,722,019</b>	995,409,479
- In transit	<b>415,801,174</b>	387,211,408
	<b>1,741,523,193</b>	1,382,620,887
<b>Work-in-process</b>	<b>808,880,475</b>	1,128,669,547
<b>Finished goods</b>	<b>778,946,737</b>	1,898,833,080
	<b>3,329,350,405</b>	4,410,123,514

	<b>31 December 2016 (Un-audited)</b>	30 June 2016 (Audited)
Note	----- (Rupees) -----	
<b>6. TRADE DEBTS</b>		
Considered good	1,615,244,734	2,070,501,848
Considered doubtful	<u>39,756,886</u>	<u>38,037,910</u>
	<b>1,655,001,620</b>	<b>2,108,539,758</b>
Provision for doubtful debts	<u>(39,756,886)</u>	<u>(38,037,910)</u>
	<b><u>1,615,244,734</u></b>	<b><u>2,070,501,848</u></b>

## 7. DEFERRED TAXATION

### Represents tax effects of temporary differences relating to:

Accelerated tax depreciation / amortization	750,788,549	804,280,952
Surplus on revaluation of property, plant and equipment	814,567,562	830,281,668
Provisions	<u>(36,159,708)</u>	<u>(34,166,386)</u>
Unused tax credits	7.1 <u>(388,737,355)</u>	<u>(460,980,807)</u>
	<b><u>1,140,459,048</u></b>	<b><u>1,139,415,427</u></b>

7.1 Represents deferred tax recognised on minimum tax and alternative corporate tax, paid / payable under Sections 113 and 113C, respectively, of the Income Tax Ordinance, 2001. The management, based on the opinion of its tax advisor, considers the same to be claimable.

	<b>31 December 2016 (Un-audited)</b>	30 June 2016 (Audited)
	----- (Rupees) -----	
<b>8. TRADE AND OTHER PAYABLES</b>		
Creditors	129,547,125	132,023,646
Murabaha	222,357,010	444,902,750
Accrued liabilities	222,172,896	217,546,437
Advances from customers	139,029,535	120,310,463
Ijarah rentals payable	952,409	1,124,728
Workers' Profits Participation Fund	123,992,604	94,109,268
Workers' Welfare Fund	77,592,871	64,786,921
Withholding tax payable	1,694,935	6,130,588
Unclaimed dividend	<u>342,304,186</u>	<u>-</u>
	<b><u>1,259,643,571</u></b>	<b><u>1,080,934,801</u></b>

## 9. CONTINGENCIES AND COMMITMENTS

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2016.

	<b>31 December 2016 (Un-audited)</b>	<b>30 June 2016 (Audited)</b>
----- (Rupees) -----		
9.1 Outstanding letters of credit	<u>1,454,001,278</u>	<u>2,289,052,179</u>
9.2 Outstanding letters of guarantee	<u>51,640,456</u>	<u>51,640,456</u>
9.3 Commitments for rentals payable under Ijarah contracts	<u>96,473,707</u>	<u>103,231,253</u>

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<u>31 December 2016 (Un-audited)</u>	<u>31 December 2015</u>	<u>31 December 2016 (Un-audited)</u>	<u>31 December 2015</u>
----- (Rupees) -----				
<b>10. SALES – net</b>				
<b>Local</b>				
Manufactured goods- bars	5,466,797,744	5,441,597,375	2,942,646,708	2,009,911,236
Manufactured goods- billets	159,778,140	-	1,300,320	-
Trading stock	1,074,491,282	-	453,079,379	-
	<u>6,701,067,166</u>	<u>5,441,597,375</u>	<u>3,397,026,407</u>	<u>2,009,911,236</u>
<b>Sales tax and trade discount</b>				
Manufactured goods	(1,041,720)	(896,555)	(920,773)	(531,487)
Trading stock	(156,122,666)	-	(65,832,048)	-
	<u>(157,164,386)</u>	<u>(896,555)</u>	<u>(66,752,821)</u>	<u>(531,487)</u>
	<u>6,543,902,780</u>	<u>5,440,700,820</u>	<u>3,330,273,586</u>	<u>2,009,379,749</u>
<b>Export sales</b>	14,507,345	12,343,318	9,650,434	12,343,318
	<u>6,558,410,125</u>	<u>5,453,044,138</u>	<u>3,339,924,020</u>	<u>2,021,723,067</u>

#### 11. COST OF SALES

Manufactured goods – bars	4,474,032,195	4,174,873,372	2,387,300,388	1,397,303,209
Manufactured goods – billets	153,235,955	-	1,191,194	-
Trading stock	890,858,034	-	375,881,172	-
	<u>5,518,126,184</u>	<u>4,174,873,372</u>	<u>2,764,372,754</u>	<u>1,397,303,209</u>

#### 12. TAXATION

Current	71,827,227	115,737,589	28,383,668	61,133,317
Deferred	1,043,624	27,667,231	44,745,127	12,022,594
	<u>72,870,851</u>	<u>143,404,820</u>	<u>73,128,795</u>	<u>73,155,911</u>

### 13. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise directors, key management personnel and retirement funds. Transactions with related parties are as follows:

	<b>31 December 2016 (Un-audited)</b>	31 December 2015 (Un-audited)
	----- (Rupees) -----	
Directors' remuneration	<u>6,762,000</u>	<u>6,762,000</u>
Key management personnels' remuneration	<u>72,850,177</u>	<u>52,010,962</u>
Contribution to Gratuity Fund	<u>10,516,288</u>	<u>8,260,899</u>

### 14. DATE OF AUTHORIZATION

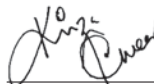
These condensed interim financial statements were authorized for issue on February, 2<sup>nd</sup> 2017 by the Board of Directors of the Company.

### 15. GENERAL

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



**Abbas Akberali**  
Chief Executive



**Kinza Shayan**  
Director

## INVESTORS' EDUCATION

In pursuance of SRO 924(1)/2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors.

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