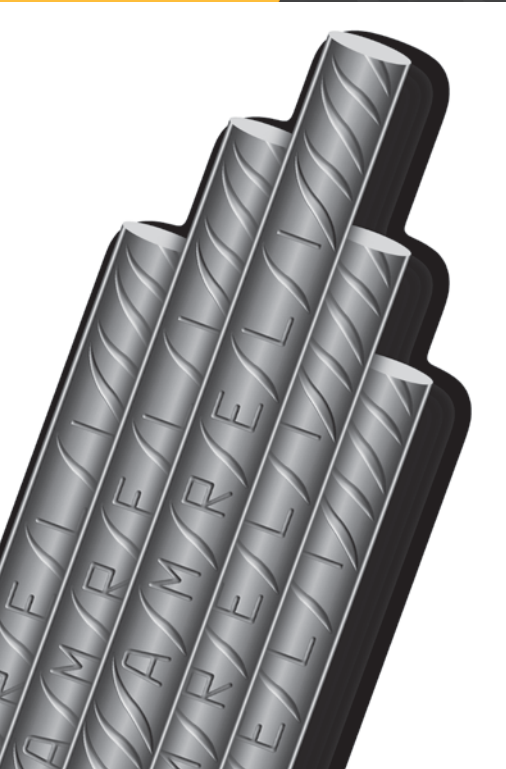


**AMRELI STEELS LIMITED**

**REPORT FOR THE  
HALF YEAR ENDED**

**31 DECEMBER 2017**



**AMRELI STEELS**  
Building for Life



## TABLE OF CONTENTS

<b>Contents</b>	<b>Page No.</b>
Company Information	02
Directors' Review Report (English & Urdu)	04
Auditors' Report to the Members on Review of Interim Financial Information	08
Condensed Interim Balance Sheet	09
Condensed Interim Profit and Loss Account	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Cash Flow Statement	12
Condensed Interim Statement of Changes in Equity	13
Notes to the Condensed Interim Financial Statements	14
Investors' Education (Jama Punji)	19

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Abbas Akberali	Chairman, Non-Executive Director
Mr. Shayan Akberali	Chief Executive Officer
Mr. Zafar Ahmed Taji	Independent Director
Mr. Badar Kazmi	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 & REMUNERATION COMMITTEE

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

### Chief Operating Officer (Strategy)

Mr. Hadi Akberali

### Chief Operating Officer & 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 (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

## 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	MCB Islamic Bank Limited
Bank Islami Pakistan Limited	Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited	Samba Bank Limited
Faysal Bank Limited	Soneri Bank Limited
Habib Bank Limited	Standard Chartered Bank (Pakistan) Limited
Habib Metropolitan Bank Limited	United Bank Limited

## Registered Office

A-18, S.I.T.E, Karachi, Pakistan  
UAN: 92-21-111-267-354,  
Fax: 92-21-32587240, 38798328  
Email: investor-relations@amrelisteels.com

## Rolling Mill

D-89, Shershah Road, Karachi, Pakistan

## Steel Melt Shop

Industrial Land, Deh Ghara, Tapo Ghara  
Taluka Mirpur Sakro  
(Distt: Thatta), Sindh, Pakistan

## Website Information

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

# DIRECTORS' REVIEW REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

The Board of Directors is pleased to present their review on the financial and operational performance of your Company for the first half ended 31 December 2017.

## FINANCIAL AND OPERATIONAL HIGHLIGHTS

Your Company recorded a growth of 8.8% in profit after tax during the first half of the financial year 2017-18 as compared to the same period last year. The operating profits of the Company also registered a growth of 16.4% during the period under review as compared to the same period last year.

The gross profit of the Company also registered an increase of 12% as compared to the first half of the last financial year. This increase in gross profit was attributable to the increase in sales price, which was a little more than the increase in cost of sales per ton of rebars as compared to the similar period last year. Both the sales price and cost of sales during the period under review surged by 19.04% and 18.66%, respectively, as compared to the similar period last year.

Your Company achieved a turnover of Rs.6.24 billion in the first half of the financial year 2017-18 as compared to net sales of Rs.6.56 billion made during the similar period last year.

The key financial highlights of the Company are as follows:

	<b>Half Year ended December 31, 2017 (Rs. in millions)</b>	Half Year ended December 31, 2016 (Rs. in millions)
Net sales	6,238	6,558
Gross profit	1,165	1,040
Operating profit	796	684
Profit before tax	589	555
Profit after tax	524	482

The Company recorded earning per share (both basic and diluted) during the period under review at Rs.1.77 (corresponding period 31 December 2016: Rs.1.62).

## 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 Commercial Operations Declaration of which is expected by the end of March 2018. Once this expansion project comes online, your Company will be commissioning 425,000 tons of rebar capacity rather than 300,000 tons as originally planned.

## PROPOSED JOINT VENTURE

The proposed joint venture with Qingdao Huijintong Power Equipment Company Limited has encountered some road blocks and we will be able to give a comprehensive update after further negotiations and discussions with our counterpart has taken place.

## EXPANSION AT D-89 SITE

As announced earlier by the Company on April 20, 2017 by disseminating material information through PSX, the Board is pleased to inform you that the management has finalised the expansion and modernisation of existing rolling mill of the Company at S.I.T.E. Karachi at a cost of PKR 2 billion. The investment will result in increase in capacity of the existing plant at SITE Karachi from 180,000 to 275,000 metric tons per annum, and the modernisation will result in savings on account of lower cost of utility, wastage and maintenance.

As advised by our consultants, it is estimated that a ten-month shutdown of the plant will be taken starting from June 2019 to March 2020. The revamped and modernised plant will resume production of rebars by the end of April 2020, barring any unforeseen circumstances.

## FUTURE OUTLOOK

The construction industry, of which steel is an integral part, is expected to maintain its upward trajectory in the foreseeable future. Increase in demand for quality steel products is noticeable. Even the retail customers have started to inquire about the quality aspects of steel rebars which augers well for the construction steel industry. There are quite a few number of mega projects in pipeline including dams, power plants and infrastructure along with public and private housing schemes which are collectively expected to keep a strong demand for quality rebars.

Local steel industry is also benefiting from positive regulatory changes by government in the form of regulatory duty and imposition of anti-dumping duty to counter steel being dumped from China. The withdrawal or even reduction in these regulatory charges can seriously hamper the much needed growth of the entire steel industry in Pakistan. We hope that the Government will continue to provide necessary support to a rather nascent steel industry of the country. On the other hand, we will continue to invest in the most advanced and modern technology, which can efficiently produce economical steel to meet the construction needs of the country.

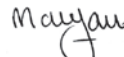
## Acknowledgement

The Board would like to take this opportunity to acknowledge and appreciate the dedication and contributions of all employees towards helping us achieve desired objectives. The Board also extends its appreciation to customers, vendors, business partners and shareholders for their unwavering contribution and support to further strengthen the Company.

### For & on behalf of Board of Directors



Shayan Akberali  
Chief Executive Officer



Mariam Akberali  
Director

Date: 17<sup>th</sup> February 2018

Place: Karachi

\* اُردو کے لیے اگلے صفحات ملاحظہ فرمائیے۔

## D-89 سائٹ کا توسیعی منصوبہ

جیسا کہ PSX کے ذریعے ۲۰ اپریل ۲۰۱۷ کو کمپنی کی جانب سے سائٹ کراچی میں واقع رولنگ مل میں توسیع وجدت کا اعلان کیا گیا تھا اسی ضمن میں بورڈ آف ڈائریکٹرز آپ کو مطلع کرتے ہوئے خوشی محسوس کر رہے ہیں کہ کمپنی کی انتظامیہ نے دو ارب روپے کی لاگت سے اس منصوبے کو مکمل کرنے کا اصولی فیصلہ کر لیا ہے۔ اس سرمایہ کاری سے کراچی سائٹ کے موجودہ پلانٹ کی پیداواری صلاحیت ۱۸۰,۰۰۰ سے بڑھ کر ۲۷۵,۰۰۰ میٹرک ٹن سالانہ ہو جائے گی اور اس پلانٹ کو جدید بنانے سے کمپنی کی پیداواری لاگت میں خاطر خواہ کمی واقع ہوگی۔

ماہرین کی تجویز کے مطابق توسیعی منصوبے کے سلسلے میں پلانٹ کو جون ۲۰۱۹ سے مارچ ۲۰۲۰ تک ۱۰ ماہ کے لیے متوقع طور پر بند کرنا پڑے گا۔ توسیع شدہ جدید پلانٹ سے ری بارز کی پیداوار اپریل ۲۰۲۰ سے شروع ہونے کا امکان ہے۔

## مستقبل کے امکانات

تعمیراتی شعبہ، جس کا اسٹیل ایک کلیدی حصہ ہے، اس میں تیزی کے باعث مستقبل میں بہتری کا قوی امکان ہے۔ اس حوالے سے معیاری اسٹیل مصنوعات کی طلب میں قابل قدر اضافہ دیکھا جا رہا ہے۔ یہاں تک کہ اسٹیل گاہکوں کی جانب سے بھی اسٹیل ری بارز کے معیاری پہلوؤں کے متعلق پوچھا جا رہا ہے جو کہ اسٹیل کی صنعت کے لیے ایک اچھی پیش رفت ہے۔ کئی قسم کے میگا پروجیکٹس جس میں ڈیم، پاور پلانٹ اور انفراسٹرکچر کے ساتھ ساتھ پبلک اور پرائیویٹ ہاؤسنگ اسکیم کے منصوبوں کے باعث مجموعی طور پر معیاری ری بارز کی طلب میں خاطر خواہ اضافہ ہونے کا امکان ہے۔

حکومت پاکستان کی جانب سے مثبت ریگولیٹری ڈیولپمنٹ کے سبب مقامی اسٹیل انڈسٹری کو فائدہ ہو رہا ہے، کیونکہ حکومت نے چین سے درآمد شدہ اسٹیل پر اینٹی ڈمپنگ ڈیوٹی اور ریگولیٹری ڈیوٹی عائد کر دی ہے۔ ان ریگولیٹری ڈیولپمنٹ کا خاتمہ یا ریگولیٹری چارجز میں کمی پاکستان کی اسٹیل انڈسٹری کی مطلوبہ تیزی کو شدید نقصان پہنچا سکتی ہے۔ ہم امید کرتے ہیں کہ حکومت ملکی اسٹیل انڈسٹری کو مطلوبہ ضروری تعاون کی فراہمی جاری رکھے گی۔ دوسری جانب، ہم اعلیٰ ترین درجہ کی جدید ٹیکنالوجی میں سرمایہ کاری جاری رکھیں گے جس سے ملک کی تعمیراتی ضروریات کو سٹیل کے پیداوار سے پورا کیا جاسکے گا۔

## اظہار تشکر

بورڈ اس موقع پر اپنے ملازمین کی انتھک محنت اور لگن کا معترف ہے اور شکریہ ادا کرتا ہے کہ ان کی کوششوں سے مطلوبہ نتائج کا حصول ممکن ہوا۔ اس کے ساتھ ساتھ ہم اپنے گاہکوں، وینڈرز، کاروباری شراکت داروں اور شیئرز ہولڈرز کے ہم پر اعتماد اور تعاون کا بھی شکریہ ادا کرتے ہیں کہ اسی تعاون و بھروسے کے بدولت ہی کمپنی کی ترقی ممکن ہے۔

از طرف بورڈ آف ڈائریکٹرز

Maryam

مریم اکبر علی  
ڈائریکٹر

Shayan Akbar

شایان اکبر علی  
چیف ایگزیکٹو آفیسر

۱۷ فروری ۲۰۱۸

کراچی



## ڈائریکٹرز کی جائزہ رپورٹ برائے اختتام پہلی ششماہی از ۳۱ دسمبر ۲۰۱۷

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز مسرت کے ساتھ کمپنی کی مالیاتی اور انتظامی کارکردگی برائے پہلی ششماہی جو کہ ۳۱ دسمبر ۲۰۱۷ کو ختم ہوئی، پر جائزہ رپورٹ پیش کرتے ہیں۔

### مالیاتی اور انتظامی جھلکیاں

کمپنی کی مجموعی آمدنی میں ان زیر جائزہ ۶ ماہ کے دوران گزشتہ برس اسی مدت کے مقابلے میں ۸.۸ فیصد کا اضافہ ریکارڈ کیا گیا۔ کمپنی کے آپریٹنگ منافع جات میں بھی زیر جائزہ عرصے کے دوران گزشتہ برس اسی مدت کے مقابلے میں ۱۶.۴ فیصد اضافہ ہوا۔

کمپنی کے مجموعی منافع میں گزشتہ برس اسی مدت کے مقابلے میں ۱۲ فیصد کا اضافہ واقع ہوا ہے یہ اضافہ بنیادی طور پر ری بارز کی فی ٹن قیمت فروخت میں اضافے کی بدولت سامنے آیا۔ جو کہ فی ٹن پیداواری لاگت کے مقابلے میں معمولی زیادہ ہے۔ قیمت فروخت اور پیداواری لاگت میں گزشتہ برس کے اسی مدت کے مقابلے میں بالترتیب ۱۹.۰۳ اور ۱۸.۶۶ فیصد اضافہ دیکھنے میں آیا۔

مالیاتی سال ۲۰۱۷-۲۰۱۸ کی پہلی ششماہی کے دوران خالص فروخت ۶.۲۴ ارب روپے رہی جو گزشتہ برس اسی مدت کے دوران ۶.۵۶ ارب روپے تھی۔

کمپنی کی اہم مالیاتی کارکردگی کی جھلکیاں درج ذیل ہیں:

پہلی ششماہی ۳۱ دسمبر ۲۰۱۶ (ملین روپے میں)	پہلی ششماہی ۳۱ دسمبر ۲۰۱۷ (ملین روپے میں)	
۶۵۵۸	۶۲۳۸	خالص فروخت
۱۰۴۰	۱۱۶۵	مجموعی منافع
۶۸۴	۷۹۶	آپریٹنگ منافع
۵۵۵	۵۸۹	منافع قبل از ٹیکس
۴۸۲	۵۲۴	منافع بعد از ٹیکس

زیر جائزہ مدت میں کمپنی کی آمدنی فی حصص (بنیادی اور ڈائیلیوٹڈ) ۷.۷۷ روپے رہی (جو کہ گزشتہ برس ۳۱ دسمبر ۲۰۱۶ کو ۶.۶۲ روپے تھی)۔

### دھائیگی میں توسیعی منصوبہ

کمپنی کی انتظامیہ دھائیگی میں جاری توسیعی منصوبہ کو نظر ثانی شدہ دورانیے میں مکمل کرنے کے لیے پرعزم ہے۔ تجارتی آپریشن کا آغاز مارچ ۲۰۱۸ کے اختتام تک متوقع ہے۔ یہ منصوبہ جیسے ہی اپنا کام شروع کرے گا تو آپ کی کمپنی ۳۰۰,۰۰۰ ٹن ری بارز کی پیداواری صلاحیت کے بجائے ۴۲۵,۰۰۰ ٹن کی صلاحیت کی حامل ہو جائے گی۔

### مجوزہ مشترکہ منصوبہ (Proposed Joint Venture)

Qingdao Huijintong Power Equipment Company Limited کے ساتھ مجوزہ مشترکہ منصوبے میں کچھ رکاوٹیں حاصل ہوئی ہیں جس کے بارے میں کمپنی مزید بات چیت اور تبادلہ خیال کے بعد آپ کو تفصیل سے آگاہ کرے گی۔

# 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 2017, 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: 17<sup>th</sup> February 2018

Place: Karachi

# CONDENSED INTERIM BALANCE SHEET

## AS AT 31 DECEMBER 2017

		31 December 2017 (Un-audited)	30 June 2017 (Audited)
<b>ASSETS</b>	Note	----- ( Rupees ) -----	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	13,627,916,398	12,253,098,525
Intangibles		17,239,748	20,401,304
Long-term investments		15,289,370	15,289,370
Long-term deposits		131,757,563	129,378,613
		<u>13,792,203,079</u>	<u>12,418,167,812</u>
<b>CURRENT ASSETS</b>			
Stores and spares		636,909,620	619,231,295
Stock-in-trade	5	4,578,798,302	3,404,198,598
Trade debts		1,485,425,937	1,455,202,310
Loans and advances		16,269,314	22,220,787
Trade deposits and short-term prepayments		28,074,432	43,947,767
Other receivables	6	278,564,791	176,537,237
Taxation-net		120,389,948	-
Cash and bank balances		117,769,640	69,558,113
		<u>7,262,201,984</u>	<u>5,790,896,107</u>
<b>TOTAL ASSETS</b>		<u><u>21,054,405,063</u></u>	<u><u>18,209,063,919</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share Capital		2,970,114,270	2,970,114,270
Reserves		6,387,083,871	6,420,623,118
		<u>9,357,198,141</u>	<u>9,390,737,388</u>
Surplus on revaluation of property, plant and equipment - net of tax		1,718,941,479	1,755,014,996
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		624,144,746	712,069,453
Deferred taxation	7	1,146,304,311	1,104,896,135
Deferred liability – staff gratuity		127,668,106	116,942,866
		<u>1,898,117,163</u>	<u>1,933,908,454</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,687,945,229	1,118,557,642
Interest / markup accrued		97,502,399	56,365,500
Short-term borrowings	9	5,930,024,629	3,627,591,787
Current portion of long-term financing		364,676,023	310,234,772
Taxation – net		-	16,653,380
		<u>8,080,148,280</u>	<u>5,129,403,081</u>
<b>CONTINGENCIES &amp; COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>21,054,405,063</u></u>	<u><u>18,209,063,919</u></u>

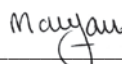
The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Note	Half-year ended		Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	----- ( Rupees ) -----			
Sales	<b>6,237,866,056</b>	6,558,410,125	<b>3,531,579,714</b>	3,339,924,020
Cost of sales	<b>(5,073,129,334)</b>	(5,518,126,184)	<b>(2,876,817,184)</b>	(2,764,372,754)
<b>Gross profit</b>	<b>1,164,736,722</b>	1,040,283,941	<b>654,762,530</b>	575,551,266
Distribution costs	<b>(135,835,091)</b>	(169,657,878)	<b>(80,342,657)</b>	(87,739,488)
Administrative expenses	<b>(184,446,218)</b>	(146,709,356)	<b>(83,389,416)</b>	(76,753,383)
Other expenses	<b>(49,407,109)</b>	(46,669,276)	<b>(30,578,328)</b>	(28,194,706)
Other income	<b>768,161</b>	6,262,410	<b>445,604</b>	1,254,755
<b>Operating profit</b>	<b>795,816,465</b>	683,509,841	<b>460,897,733</b>	384,118,444
Finance costs	<b>(206,752,388)</b>	(128,532,413)	<b>(109,693,173)</b>	(54,524,759)
<b>Profit before taxation</b>	<b>589,064,077</b>	554,977,428	<b>351,204,560</b>	329,593,685
Taxation	11 <b>(64,653,987)</b>	(72,870,851)	<b>(22,567,190)</b>	(73,128,795)
<b>Net profit for the period</b>	<b>524,410,090</b>	482,106,577	<b>328,637,370</b>	256,464,890
<b>Earnings per share – basic and diluted</b>	<b>Rs. 1.77</b>	Rs. 1.62	<b>Rs. 1.11</b>	Rs. 0.86

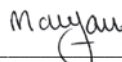
The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Half-year ended		Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	----- ( Rupees ) -----			
Net profit for the period	524,410,090	482,106,577	328,637,370	256,464,890
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>524,410,090</b>	<b>482,106,577</b>	<b>328,637,370</b>	<b>256,464,890</b>

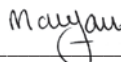
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Chief Executive Officer



Chief Financial Officer



Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

## FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	31 December 2017	31 December 2016
----- ( Rupees ) -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>589,064,077</b>	<b>554,977,428</b>
<b>Adjustments for:</b>		
Depreciation	175,465,936	157,053,301
Amortization	3,364,956	3,265,433
Provision for doubtful debts	12,354,808	1,718,976
Provision for gratuity	12,313,947	10,516,287
Loss/ (gain) on disposal of fixed assets	149,294	(121,318)
Finance costs	206,752,388	128,532,413
Finance income	-	(5,116,867)
	<u>410,401,329</u>	<u>295,848,225</u>
	<b>999,465,406</b>	<b>850,825,653</b>
<b>(Increase) / decrease in current assets:</b>		
Stores and spare	(17,678,325)	(55,669,223)
Stock-in-trade	(1,174,599,703)	1,080,773,109
Trade debts	(42,578,435)	453,538,138
Loans and advances	5,951,473	92,454,829
Trade deposits and short-term prepayments	15,873,335	(9,660,193)
Other receivables	(102,027,554)	219,081,708
	<u>(1,315,059,209)</u>	<u>1,780,518,368</u>
<b>Increase in current liabilities:</b>		
Trade and other payables	121,884,228	58,950,324
	<u>(193,709,575)</u>	<u>2,690,294,345</u>
Income taxes paid	(160,289,136)	(149,446,272)
Gratuity paid	(1,588,706)	(1,917,055)
Long-term deposits – net	(2,378,950)	5,263,068
<b>Net cash (used in) / generated from operating activities</b>	<b>(357,966,367)</b>	<b>2,544,194,086</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(1,550,509,292)	(1,701,679,314)
Proceeds from disposal of fixed assets	76,189	377,853
Acquisition of intangible assets	(203,400)	-
Dividend paid	(212,903,678)	(251,718,668)
Finance income received	-	5,116,867
<b>Net cash used in investing activities</b>	<b>(1,763,540,181)</b>	<b>(1,947,903,262)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short-term borrowings – net	2,368,817,022	(375,603,581)
Long-term financings – net	(33,483,458)	(351,607,455)
Finance costs paid	(165,615,489)	(138,776,921)
<b>Net cash generated from / (used in) financing activities</b>	<b>2,169,718,075</b>	<b>(865,987,957)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>48,211,527</b>	<b>(269,697,133)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>69,558,113</b>	<b>381,124,343</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>117,769,640</b>	<b>111,427,210</b>

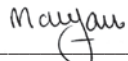
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Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT  
OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Reserves				Total equity	
	Capital reserve	Revenue reserves				
		Share premium	Actuarial gain / (loss) on gratuity fund	Un-appropriated profit		Total reserves
Issued, subscribed and paid-up capital						
----- (Rupees ) -----						
<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	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	482,106,577	482,106,577	482,106,577
Final dividend for the year ended June 30, 2016 @ Rs.2/- per ordinary 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
<b>Balance as at 31 December 2016</b>	<b>2,970,114,270</b>	<b>2,788,741,922</b>	<b>(6,341,601)</b>	<b>3,032,856,914</b>	<b>5,815,257,235</b>	<b>8,785,371,505</b>
<b>Balance as at 30 June 2017</b>	<b>2,970,114,270</b>	<b>2,788,741,922</b>	<b>(30,821,514)</b>	<b>3,662,702,710</b>	<b>6,420,623,118</b>	<b>9,390,737,388</b>
Net profit for the period	--	-	-	524,410,090	524,410,090	524,410,090
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	524,410,090	524,410,090	524,410,090
Final dividend for the year ended June 30, 2017 @ Rs.2/- per ordinary 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	-	-	-	36,073,517	36,073,517	36,073,517
<b>Balance as at 31 December 2017</b>	<b>2,970,114,270</b>	<b>2,788,741,922</b>	<b>(30,821,514)</b>	<b>3,629,163,463</b>	<b>6,387,083,871</b>	<b>9,357,198,141</b>

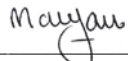
The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

## 1. THE COMPANY AND ITS OPERATIONS

Amreli Steels Limited (the Company) was incorporated in 1984 under the Companies Act, 1913 (now the Companies Act, 2017). 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** The Securities and Exchange Commission of Pakistan vide its Circular 23/2017 dated 04 October 2017 has notified that companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Further, the Institute of Chartered Accountants of Pakistan through its Circular 17/2017 dated 06 October 2017 has clarified that companies shall prepare their interim financial statements in accordance with provisions of the repealed Companies Ordinance, 1984 for the period ending on or before 31 December 2017. Accordingly, these condensed interim financial statements of the Company for the half year ended 31 December 2017 have been prepared in accordance with the requirements of the International Accounting Standards (IAS) – 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 shall prevail.

**2.2** 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 2017. These condensed interim financial statements are unaudited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

**2.3** The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 31 December 2016 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended 31 December 2017 and 31 December 2016.

## 3. 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 2017 except that the Company has adopted the following standards which became effective during the period:

IAS 7	Statement of Cash flows: Disclosures - Disclosure Initiative (Amendment)
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)
IFRS 12	Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements (improvements)

The adoption of the above amendments and improvements did not have any material effect on the condensed interim financial statements.



	<b>31 December 2017 (Un-audited)</b>	<b>30 June 2017 (Audited)</b>
Note	----- (Rupees) -----	

#### 4. PROPERTY, PLANT AND EQUIPMENT

##### Operating assets

Opening Net Book Value (NBV)		<b>7,154,739,872</b>	7,334,605,686
Additions during the period / year (cost)	4.1	<b>938,400,854</b>	142,019,985
Deletions during the period / year (NBV)	4.1	<b>(225,484)</b>	(575,138)
Depreciation charged during the period / year		<b>(175,465,936)</b>	(321,310,661)
Closing NBV		<u><b>7,917,449,306</b></u>	<u>7,154,739,872</u>

##### Capital work-in-progress

4.2	<b>5,710,467,092</b>	5,098,358,653
	<u><b>13,627,916,398</b></u>	<u>12,253,098,525</u>

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

	Additions (cost)		Deletions (NBV)	
	31 December 2017 (Un-audited)	30 June 2017 (Audited)	31 December 2017 (Un-audited)	30 June 2017 (Audited)
	----- (Rupees) -----			
Buildings on leasehold land	<b>93,842,406</b>	11,643,390	-	-
Plant and machinery	<b>827,615,303</b>	118,178,969	-	66,857
Furniture and fittings	<b>784,665</b>	4,062,580	<b>71,268</b>	-
Office equipment	<b>4,569,776</b>	4,463,066	<b>144,519</b>	-
Vehicles	<b>9,241,704</b>	-	<b>7,593</b>	431,514
Computers	<b>2,347,000</b>	3,671,980	<b>2,104</b>	76,767
	<u><b>938,400,854</b></u>	<u>142,019,985</u>	<u><b>225,484</b></u>	<u>575,138</u>

#### 4.2 Capital work-in-progress

	Opening balance	Additions	Transfers to operating assets	Closing balance
	----- (Rupees) -----			
Freehold land				
Civil works	<b>18,955,000</b>	<b>213,818,099</b>	-	<b>232,773,099</b>
Plant and machinery	<b>1,220,942,248</b>	<b>278,472,692</b>	<b>(5,658,805)</b>	<b>1,493,756,135</b>
	<u><b>3,858,461,405</b></u>	<u><b>980,435,117</b></u>	<u><b>(854,958,664)</b></u>	<u><b>3,983,937,858</b></u>
	<u><b>5,098,358,653</b></u>	<u><b>1,472,725,908</b></u>	<u><b>(860,617,469)</b></u>	<u><b>5,710,467,092</b></u>

<b>31 December 2017 (Un-audited)</b>	<b>30 June 2017 (Audited)</b>
----- (Rupees) -----	

#### 5. STOCK-IN-TRADE

##### Raw materials

- In hand	<b>2,934,636,016</b>	1,544,811,592
- In transit	<b>513,311,181</b>	699,471,255
	<u><b>3,447,947,197</b></u>	<u>2,244,282,847</u>

##### Work-in-process

<b>351,169,292</b>	793,767,325
--------------------	-------------

##### Finished goods

<b>779,681,813</b>	366,148,426
<u><b>4,578,798,302</b></u>	<u>3,404,198,598</u>

## 6. OTHER RECEIVABLES

Include sales tax refundable amounting to Rs. 278.353 million (30 June 2017: Rs. 175.022 million).

Note	<b>31 December 2017 (Un-audited)</b>	30 June 2017 (Audited)
	-----	-----
	( Rupees )	

## 7. DEFERRED TAXATION

### Tax effects of temporary differences relating to:

Accelerated tax depreciation / amortization	<b>794,436,476</b>	757,212,542
Surplus on revaluation of property, plant and equipment	<b>782,864,767</b>	798,324,846
Provisions	<b>(68,827,913)</b>	(61,903,897)
Unused tax credits	<b>(362,169,019)</b>	(388,737,356)
7.1	<u><b>1,146,304,311</b></u>	<u>1,104,896,135</u>

7.1 Represents deferred tax recognised on minimum tax and alternative corporative 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 2017 (Un-audited)</b>	30 June 2017 (Audited)
-----	-----
( Rupees )	

## 8. TRADE AND OTHER PAYABLES

Creditors	<b>102,569,595</b>	100,338,380
Murabaha	<b>603,631,451</b>	537,247,271
Accrued liabilities	<b>245,290,505</b>	135,551,819
Advances from customers	<b>124,006,976</b>	158,654,920
Ijarah rentals payable	<b>202,315</b>	1,935,864
Workers' Profits Participation Fund	<b>109,410,942</b>	77,819,094
Workers' Welfare Fund	<b>109,217,622</b>	98,036,577
Withholding tax payable	<b>10,723,216</b>	7,200,288
Unclaimed dividend	<b>382,892,607</b>	1,773,429
	<u><b>1,687,945,229</b></u>	<u>1,118,557,642</u>

## 9. SHORT-TERM BORROWINGS

Include short term finance facilities obtained from a commercial bank amounting to Rs. 600 million during the period. These facilities carry markup rate of six month KIBOR + 0.20% per annum and are secured by joint pari passu charge of Rs. 800 million over all current assets of the Company including 25% margin.

## 10. CONTINGENCIES AND COMMITMENTS

### Contingencies

There were no major changes in the status of contingencies as reported in the annual financial statements for the year ended 30 June 2017.

<b>31 December 2017 (Un-audited)</b>	30 June 2017 (Audited)
-----	-----
( Rupees )	

### Commitments

<b>10.1</b> Outstanding letters of credit	<u><b>2,093,080,761</b></u>	<u>1,351,266,612</u>
<b>10.2</b> Outstanding letters of guarantee	<u><b>206,760,464</b></u>	<u>51,640,456</u>
<b>10.3</b> Capital commitments	<u><b>330,600,000</b></u>	<u>434,452,000</u>

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

	<b>31 December 2017 (Un-audited)</b>	30 June 2017 (Audited)
	----- ( Rupees ) -----	
Not later than one year	<u>45,966,378</u>	<u>35,634,476</u>
Later than one year but not later than five years	<u>82,367,580</u>	<u>44,035,169</u>

	<u>Half year ended</u>		<u>Quarter ended</u>	
	<u>31 December 2017 (Un-audited)</u>	<u>31 December 2016</u>	<u>31 December 2017 (Un-audited)</u>	<u>31 December 2016</u>
	----- ( Rupees ) -----			
<b>11. TAXATION</b>				
Current	<u>71,430,776</u>	71,827,227	<u>49,268,115</u>	28,383,668
Prior	<u>(48,184,965)</u>	-	<u>(48,184,965)</u>	-
Deferred	<u>41,408,176</u>	<u>1,043,624</u>	<u>21,484,040</u>	<u>44,745,127</u>
	<u>64,653,987</u>	<u>72,870,851</u>	<u>22,567,190</u>	<u>73,128,795</u>

**12. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES**

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 2017. There have been no changes in any risk management policies since the year end.

The carrying values of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

**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 2017 (Un-audited)</b>	31 December 2016 (Un-audited)
	----- ( Rupees ) -----	
Directors' remuneration	<u>3,849,097</u>	<u>6,762,000</u>
Key management personnel's remuneration	<u>100,666,596</u>	<u>72,850,177</u>
Contribution to Gratuity Fund	<u>12,313,947</u>	<u>10,516,288</u>

	2017	2016
----- ( metric Ton) -----		

**14. PLANT CAPACITY**

**14.1 Billets**

Annual installed capacity	<u>400,000</u>	<u>200,000</u>
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**14.2 Bars**


Annual installed capacity	<u>180,000</u>	<u>180,000</u>
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**15. DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on **February 17th, 2018** by the Board of Directors of the Company.

**16. GENERAL**

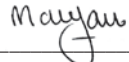
Figures have been rounded off to the nearest Rupee, unless otherwise stated.



Chief Executive Officer



Chief Financial Officer



Director

## INVESTORS' EDUCATION

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

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