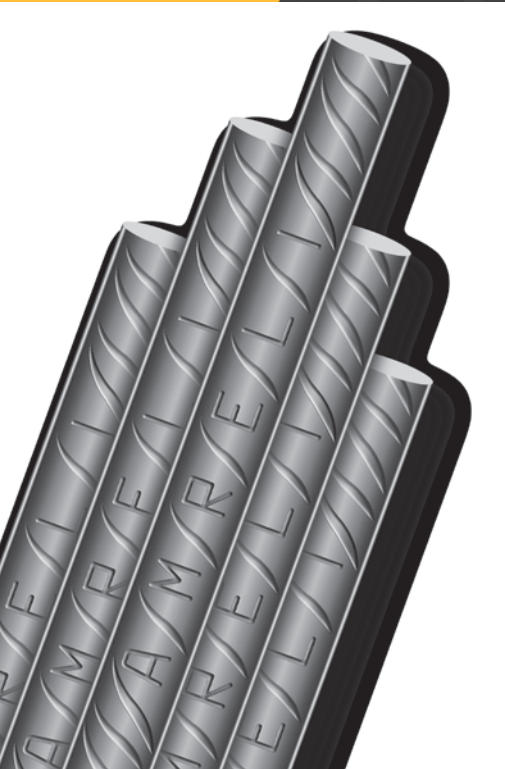


AMRELI STEELS LIMITED

**REPORT FOR THE THIRD QUARTER &
NINE MONTHS PERIOD ENDED**

31 MARCH 2017



AMRELI STEELS
Building for Life

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COMPANY INFORMATION

Board of Directors

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

AUDIT COMMITTEE

Mr. Badar Kazmi	Chairman
Mr. Teizoon Kisat	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 (Operations) & Chief Financial Officer

Mr. Fazal Ahmed

Chief Operating Officer (Strategy)

Mr. Hadi Akberali

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

Shares Registrar

THK Associates (Pvt) Limited
1st Floor, 14-C, Block-6, P.E.C.H.S Karachi - 75400
UAN: 92-21-111-000-322, Tel: 92-21-34168270, Fax: 92-21-34168271

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

Registered Office

A-18, S.I.T.E, Karachi, Pakistan
Tel: 92-21-111-267-354, 92-21-32587232-9
Fax: 92-21-38798327-8
E-mail: info@amrelisteels.com

Regional Office - Lahore

108 Al-Qadir Heights, 1- Babar Block, New Garden Town, Lahore.
Tel: 92-42-35842108, Fax: 92-42-35842109

Rolling Mill

D-89, Shershah Road, Karachi, Pakistan

Steel Melt Shop

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

Website Information

www.amrelisteels.com

DIRECTORS' REVIEW REPORT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

The Board of Directors of your Company is pleased to present unaudited financial results of your Company for the third quarter ended March 31, 2017.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The overall sales registered a growth of 17.38% in nine months under review as compared to the same period last year. The prime reason for increase is attributable to increase in sales volume of in-house manufactured rebars which recorded a growth of 20.4% (July – March 17: 124,773 tons) as compared to the volumes sold in the corresponding period last year (July – March 16: 103,664 tons). Also increase in sales of trading re-bars and sale of a comparatively small quantity of in-house manufactured billets pushed the sales up. The gross margins of the Company declined by 12% as compared to the same period last year. The drop in gross margins was mainly due to decline in per ton sales price. All other operational costs on absolute terms remained almost unchanged except for the significant decrease of 32% in financial charges. The above resulted in a net profit of Rs. 819 million in nine months which was lower by Rs.103 million as compared to the same period last year.

The key financial highlights of the Company are as follows:

	Nine Months ended March 31, 2017 (Rs. In Millions)	Nine Months ended March 31, 2016 (Rs. In Millions)
Net sales	10,135	8,635
Gross profit	1,738	1,975
Operating profit	1,176	1,410
Profit before tax	990	1,137
Profit after tax	819	922

The Company recorded earning per share both basic and diluted during the period under review at Rs. 2.76 (corresponding period March 31, 2016: Rs. 3.61).

EXPANSION AT DHABEJI

The much awaited expansion going on at Dhabeji has been delayed by two months and now the new facility is expected to come into commercial operations towards the end of November 2017. However, the new Steel Melting Capacity for production of billets will be available in the month of May 2017.

FUTURE OUTLOOK

The broad economic indicators of Pakistan in the first nine months of the current fiscal year suggest that the economy is on an upward trajectory despite several challenges. Construction activity in particular has remained robust and is likely to increase further. CPEC is now picking up and investment in development of infrastructure, power generation, transmission, and energy will give further impetus to the demand of rebars which is likely to increase many folds in the near foreseeable future.

Your Company is best placed to take maximum advantage of this upsurge in demand for construction rebars by expanding its capacities further. It has the available scarce resources necessary for expansion such as land, water, power, access to capital and most importantly human resources with expertise. Accordingly, the Board has approved, in principle, to explore the possibilities of increasing the production capacities of both steel melting and rolling plants as early as possible.

The status of existing, ongoing, and proposed expansion of the plant capacities at two locations are as under:

S.I.T.E. Karachi				
Capacity (in '000 tons)				
Plant Type	Existing	Expansion currently in progress	Further expansion approved by the Board	After current and further expansion
Steel Rolling	180	–	¹ 145	325
Steel Melting	–	–	–	–

DHABEJI				
Capacity (in '000 tons)				
Plant Type	Existing	Expansion currently in progress	Further expansion approved by the Board	After current and further expansion
Steel Rolling	–	300	² 125	425
Steel Melting	200	200	200	600

Amreli Steels Limited				
Capacity (in '000 tons)				
Plant Type	After current and further expansion approved by the Board	Expected time line for completion		
Steel Rolling	750	¹ FY 18-19		
		² FY 17-18		
Steel Melting	600	FY 17-18		

Technical consultants of international repute have been invited to submit their bids for final selection to commence the technical feasibility on all three projects as early as possible. With the above expansion plan in place your Company hopes to march at a much faster pace towards its vision of becoming the first Pakistani Company to produce a million-ton quality rebars.

For & On behalf of the Board of Directors



Abbas Akberali
Chairman

Karachi
April 20, 2017

* اُردو کے لیے اگلی صفحات ملاحظہ فرمائیے۔

کمپنی کی موجودہ، جاری اور مجوزہ توسیعی پلانٹس کی صلاحیتیں دونوں مقامات پر درج ذیل ہیں:

سائٹ کراچی				
استعداد (ٹن میں)				
پلانٹ کی قسم	موجودہ	جاری توسیع	مزید توسیع کی منظوری منجانب بورڈ	موجودہ اور منظور شدہ توسیع کے بعد
اسٹیل رولنگ	۱۸۰	۰	۱۴۵	۳۲۵
اسٹیل پگھلانا	۰	۰	۰	۰

دھابھی				
استعداد (ٹن میں)				
پلانٹ کی قسم	موجودہ	جاری توسیع	مزید توسیع کی منظوری منجانب بورڈ	موجودہ اور منظور شدہ توسیع کے بعد
اسٹیل رولنگ	۰	۳۰۰	۱۲۵	۴۲۵
اسٹیل پگھلانا	۲۰۰	۲۰۰	۲۰۰	۶۰۰

امرلی اسٹیل لیمیٹڈ		
استعداد (ٹن میں)		
پلانٹ کی قسم	موجودہ اور منظور شدہ توسیع کے بعد	مکانہ تکمیل
اسٹیل رولنگ	۷۵۰	مالی سال ۱۸-۱۹
اسٹیل پگھلانا	۶۰۰	مالی سال ۱۷-۱۸

اس حوالے سے بین الاقوامی شہرت یافتہ تکنیکی ماہرین کو مدعو کیا گیا ہے کہ وہ حتمی سلیکشن میں شرکت کے لیے اپنی پیشکشیں جمع کروائیں، تاکہ تینوں منصوبوں کی تکنیکی عمل پذیری کو جلد از جلد مکمل کیا جاسکے۔ مذکورہ بالا توسیع کے بعد آپ کی کمپنی اپنے عزم کی جانب مزید تیزی سے گامزن ہوگی جس کے مطابق یہ پاکستان کی پہلی کمپنی ہوگی جو یٹین ٹن معیاری ریلرز تیار کرے گی۔

از طرف بورڈ آف ڈائریکٹرز



عباس اکبر علی
چیئرمین

کراچی
۲۰ اپریل ۲۰۱۷

ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز مسرت کے ساتھ، کمپنی کے غیر آڈٹ شدہ مالیاتی نتائج برائے تیسری سہ ماہی جو کہ ۳۱ مارچ ۲۰۱۷ کو اختتام پذیر ہوئی، پر جائزہ رپورٹ پیش کرتے ہیں۔

مالیاتی اور انتظامی جھلکیاں:

کمپنی کی مجموعی آمدنی میں ان زیر جائزہ ۹ ماہ میں گزشتہ برس اسی مدت کے مقابلے میں ۳۸.۱۷ فیصد اضافہ ریکارڈ کیا گیا۔ آمدنی میں اس اضافے کی بنیادی وجہ کمپنی کے اپنے تیار کردہ ری بارز (Rebars) کی فروخت ہے جو گزشتہ مالی سال کے اسی عرصے کی فروخت کردہ مقدار سے ۲۰.۴ فیصد زیادہ ہے۔ (جولائی - مارچ ۲۰۱۷: ۳۰۷۷۷۷۷۷ اٹن) (جولائی - مارچ ۲۰۱۶: ۲۵۶۶۴۰۳۰ اٹن)۔ اس کے ساتھ ساتھ تجارتی ری بارز کی فروخت اور کمپنی کی اپنی تیار کردہ بلٹس (Billets) کی چھوٹے پیمانے پر فروخت نے بھی مجموعی آمدنی کو سہارا دیا ہے۔ کمپنی کے مجموعی مارجن میں گزشتہ برس اسی مدت کے مقابلے میں ۱۲ فیصد کمی واقع ہوئی۔ یہ کمی بنیادی طور پر پتی ٹن قیمت فروخت میں کمی کے باعث ہوئی۔ دیگر انتظامی اخراجات میں بحیثیت مجموعی کوئی نمایاں تبدیلی نہیں آئی علاوہ مالیاتی اخراجات کے جو ۳۲ فیصد کم ہوئے۔ مذکورہ بالا کے نتیجے میں زیر جائزہ ان ۹ ماہ میں خالص منافع بعد از ٹیکس ۸۱۹ ملین روپے رہا ہے جو گزشتہ برس اسی مدت کے مقابلے میں ۱۰۳ ملین روپے سے کم ہے۔

کمپنی کی اہم مالیاتی کارکردگی کی جھلکیاں درج ذیل ہیں:

نوماء اختتام	نوماء اختتام	
۳۱ مارچ ۲۰۱۶	۳۱ مارچ ۲۰۱۷	
(ملین روپے میں)	(ملین روپے میں)	
۸،۶۳۵	۱۰،۱۳۵	صافی آمدنی
۱،۹۷۵	۱،۷۳۸	مجموعی منافع
۱،۴۱۰	۱،۱۷۶	آپریٹنگ منافع
۱،۱۳۷	۹۹۰	منافع قبل از ٹیکس
۹۲۲	۸۱۹	منافع بعد از ٹیکس

زیر جائزہ مدت میں کمپنی کی آمدنی فی حصص (بنیادی اور ڈائیلیوٹڈ) ۲.۷۶ روپے رہی ہے (جو کہ گزشتہ برس اسی مدت میں ۳.۶۱ روپے تھی)۔

دھانچہ میں توسیعی منصوبہ:

دھانچہ میں جاری توسیعی منصوبہ جس کا سب کو ٹیچنی سے انتظار ہے ۲ ماہ کے لیے تعلق کا شکار ہو گیا ہے جس کے تجارتی آپریشنز کا آغاز نومبر ۲۰۱۷ کے آخر میں متوقع ہے۔ تاہم بلٹس کی تیاری کے لیے اسٹیل پگھلانے والی اضافی صلاحیت مئی ۲۰۱۷ سے میسر ہوگی۔

مستقبل کے امکانات:

پاکستان کے وسیع اقتصادی اشارے رواں مالیاتی سال کے ابتدائی نوماء کی مدت میں اس بات کی نشاندہی کرتے ہیں کہ بیشتر چیلنجوں کے باوجود اقتصادیات خوشحالی کی جانب گامزن ہے۔ تعمیراتی سرگرمیاں بدستور عروج پر ہیں جن میں مزید تیزی کا امکان ہے۔ پاک چائنا اقتصادی راہداری بھی روپوش ہے اس حوالے سے انفراسٹرکچر بجلی کی پیداوار و ترسیل اور توانائی کے شعبوں میں ری بارز کی طلب میں کمی گنا اضافہ متوقع ہے۔

آپ کی کمپنی اپنی پیداواری صلاحیتوں میں اضافے کے ذریعے مستقبل میں ری بارز کی بڑھتی ہوئی مانگ سے بھرپور فائدہ اٹھانے کے لیے پوری طرح تیار ہے۔ آپ کی کمپنی کے پاس توسیع کے لیے تمام درکار کیا با وسائل موجود ہیں جیسا کہ زمین، پانی، توانائی، سرمایہ کی دستیابی اور سب سے بڑھ کر ہنرمند افرادی قوت۔ چنانچہ بورڈ نے قواعد و ضوابط کی رو سے جلد اسٹیل پگھلانے اور رولنگ پلانٹس کی پیداواری استعداد میں اضافے کی منظوری دے دی ہے۔

CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2017

ASSETS	Note	31 March 2017 (Un-audited)	30 June 2016 (Audited)
----- (Rupees) -----			
NON-CURRENT ASSETS			
Property, plant and equipment	4	11,100,173,650	8,441,597,274
Intangibles		22,035,624	26,742,912
Long-term investments		15,289,370	15,289,370
Long-term advance	5	249,600,000	-
Long-term deposits		126,739,408	131,404,376
		<u>11,513,838,052</u>	<u>8,615,033,932</u>
CURRENT ASSETS			
Stores and spares		537,063,680	599,892,883
Stock-in-trade	6	2,525,590,467	4,410,123,514
Trade debts	7	1,545,591,360	2,070,501,848
Loans and advances		108,264,898	125,635,829
Trade deposits and short-term prepayments		38,789,552	48,886,841
Short-term investments		-	300,000,000
Other receivables		141,188,298	427,987,469
Taxation – net		122,766,621	86,246,015
Cash and bank balances		87,614,872	81,124,343
		<u>5,106,869,748</u>	<u>8,150,398,742</u>
TOTAL ASSETS		<u>16,620,707,800</u>	<u>16,765,432,674</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital		2,970,114,270	2,970,114,270
Reserves		6,170,730,148	5,890,507,263
		<u>9,140,844,418</u>	<u>8,860,621,533</u>
Surplus on revaluation of property, plant and equipment	8	1,774,581,540	1,829,580,914
NON-CURRENT LIABILITIES			
Long-term financing		829,352,763	524,524,754
Deferred taxation	9	1,131,379,735	1,139,415,427
Deferred liability		83,324,914	72,176,237
		<u>2,044,057,412</u>	<u>1,736,116,418</u>
CURRENT LIABILITIES			
Trade and other payables		1,207,386,883	1,080,934,801
Interest / markup accrued		35,791,131	48,221,865
Short-term borrowings		2,136,703,725	2,726,371,085
Current portion of long-term financing		281,342,691	483,586,058
		<u>3,661,224,430</u>	<u>4,339,113,809</u>
Contingencies & Commitments	10	-	-
TOTAL EQUITY AND LIABILITIES		<u>16,620,707,800</u>	<u>16,765,432,674</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Abbas Akberali
Chief Executive


Teizoon Kijat
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

	Note	For the Nine months ended		For the Quarter-ended	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
----- (Rupees) -----					
Sales	11	10,135,113,885	8,634,560,090	3,576,703,760	3,181,515,953
Cost of sales	12	(8,396,440,822)	(6,660,018,644)	(2,878,314,639)	(2,485,145,272)
Gross profit		1,738,673,063	1,974,541,446	698,389,121	696,370,681
Distribution costs		(258,251,005)	(254,113,218)	(88,593,128)	(98,838,336)
Administrative expenses		(230,497,375)	(201,032,597)	(83,788,018)	(53,126,400)
Other expenses		(80,497,291)	(119,768,627)	(33,828,014)	(54,711,917)
Other income		6,906,526	10,138,000	644,115	6,376,592
Operating profit		1,176,333,918	1,409,765,004	492,824,076	496,070,620
Finance costs		(186,336,525)	(272,692,256)	(57,804,113)	(52,066,071)
Profit before taxation		989,997,393	1,137,072,748	435,019,963	444,004,549
Taxation	13	(170,751,028)	(215,043,312)	(97,880,176)	(71,638,491)
Net profit for the period		819,246,365	922,029,436	337,139,787	372,366,058
Earnings per share – basic and diluted		Rs. 2.76	Rs.3.61	Rs. 1.14	Rs.1.25

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Abbas Akberali
Chief Executive



Teizoon Kisat
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017 (UN-AUDITED)

	<u>For the Nine months ended</u>		<u>For the Quarter-ended</u>	
	<u>March 31</u> <u>2017</u>	<u>March 31</u> <u>2016</u>	<u>March 31</u> <u>2017</u>	<u>March 31</u> <u>2016</u>
	----- (Rupees) -----			
Net profit for the period	819,246,365	922,029,436	337,139,787	372,366,058
Other comprehensive income / (loss)	-	5,118,447	-	-
Total comprehensive income for the period	<u>819,246,365</u>	<u>927,147,883</u>	<u>337,139,787</u>	<u>372,366,058</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Abbas Akberali
Chief Executive



Teizoon Kijat
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

	31 March 2017	31 March 2016
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	989,997,393	1,137,072,747
Adjustments for:		
Depreciation	239,494,252	238,983,877
Amortization	4,899,753	3,713,699
Provision / (reversal) for doubtful trade debts	14,652,785	2,868,627
Provision for gratuity	15,774,432	10,068,543
Loss / (gain) on disposal of operating assets	(137,064)	2,596,935
Finance costs	186,336,525	272,692,256
Profit on investments and bank accounts	(5,116,867)	(8,885,179)
	<u>455,903,816</u>	<u>522,038,758</u>
	1,445,901,209	1,659,111,505
(Increase) / decrease in current assets:		
Stores and spare parts	62,829,202	(5,494,438)
Stock-in-trade	1,884,533,048	(517,790,939)
Trade debts	510,257,703	(478,940,503)
Loans and advances	17,370,931	(187,978,041)
Trade deposits and short-term prepayments	10,097,289	1,022,400
Other receivables	286,799,171	97,576,042
	<u>2,771,887,344</u>	<u>(1,091,605,479)</u>
(Decrease) / Increase in current liability:		
Trade and other payables	159,978,500	(232,177,683)
	<u>4,377,767,053</u>	<u>335,328,343</u>
Income taxes paid	(215,307,325)	(146,039,654)
Finance costs paid	(198,767,257)	(327,169,942)
Gratuity paid	(4,625,756)	(5,375,565)
Long-term deposits – net	4,664,969	(436,156)
Net cash generated from / (used in) operating activities	3,963,731,684	(143,692,974)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,148,119,661)	(662,996,452)
Proceeds from disposal of operating assets	393,633	5,310,480
Finance income received	5,116,867	8,885,179
Dividend paid	(334,821,978)	-
Net cash used in investing activities	(3,477,431,139)	(648,800,793)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	(882,394,654)	(1,568,857,714)
Repayment of long-term financing	102,584,638	(921,623,501)
Proceeds against issuance of shares	-	3,531,270,492
Net cash (used in) / generated from financing activities	(779,810,016)	1,040,789,277
Net increase in cash and cash equivalents	(293,509,471)	248,295,510
Cash and cash equivalents at the beginning of the period	381,124,343	79,722,352
Cash and cash equivalents at the end of the period	87,614,872	328,017,862
Cash and cash equivalents comprise of the following:		
- Cash and bank balances	87,614,872	28,017,862
- Short-term Investments	-	300,000,000
	<u>87,614,872</u>	<u>328,017,862</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Abbas Akberali
 Chief Executive


Teizoon Kisat
 Director

**CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

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			
(Rupees)							
Balance as at 1 July 2015	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	-	-	-	-	922,029,436	922,029,436	922,029,436
Other comprehensive income	-	-	5,118,447	-	-	5,118,447	5,118,447
Total comprehensive income	-	-	-	-	922,029,436	927,147,883	927,147,883
Issuance of shares	742,528,570	3,044,367,138	-	-	-	3,044,367,139	3,786,895,709
Shares issue cost	-	(255,625,216)	-	-	-	(255,625,216)	(255,625,216)
	742,528,570	2,788,742,922	-	-	-	2,788,742,923	3,531,270,493
Transferred to un-appropriated profit on account of:							
- incremental depreciation during the period	-	-	-	-	50,822,135	50,822,135	50,822,135
- Disposal of fixed assets during the year	-	-	-	-	5,722,901	5,722,901	5,722,901
	-	-	-	-	56,545,036	56,545,036	56,545,036
Balance as at 31 March 2016	2,970,114,270	2,788,741,922	-	(10,250,319)	2,718,641,399	5,497,133,003	8,467,247,273
Balance as at 1 July 2016	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	-	-	-	-	819,246,365	819,246,365	819,246,365
Other comprehensive income/ (loss)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	819,246,365	819,246,365	819,246,365
Final Dividend for the year ended June 30, 2016 @ Rs. 2/- Per share	-	-	-	-	(594,022,854)	(594,022,854)	(594,022,854)
Transferred to un-appropriated profit on account of:							
- incremental depreciation during the period	-	-	-	-	54,999,374	54,999,374	54,999,374
Balance as at 31 March 2017	2,970,114,270	2,788,741,922	-	(6,341,601)	3,388,329,827	6,170,730,148	9,140,844,418

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


Abbas Akberali
Chief Executive


Teizoon Kisat
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

1.1 Amreli Steels Limited (the Company) was incorporated in 1984 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on 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 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.

2.2 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 June 30, 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 June 30, 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.

		31 March 2017 (Un-audited)	30 June 2016 (Audited)
Note		----- (Rupees) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets			
		7,334,605,686	7,459,828,865
		115,390,323	191,588,648
	4.1	-	37,891,626
		(256,568)	(7,883,212)
	4.1	<u>(239,494,252)</u>	<u>(346,820,241)</u>
		7,210,245,189	7,334,605,686
	4.2	<u>3,889,928,461</u>	<u>1,106,991,588</u>
Capital work-in-progress		<u>11,100,173,650</u>	<u>8,441,597,274</u>

4.1 Details of additions and disposals are as follows:

	Additions (cost)		Deletions (NBV)	
	31 March 2017 (Un-audited)	30 June 2016 (Audited)	31 March 2017 (Un-audited)	30 June 2016 (Audited)
	----- (Rupees) -----			
	-	-	-	6,000,000
Leasehold land	3,163,605	29,685,899	-	-
Buildings on leasehold land	103,746,539	135,275,839	10,847	-
Plant and machinery	2,848,817	281,479	-	-
Furniture and fittings	2,531,372	3,355,605	-	-
Office equipment	-	17,376,546	245,721	1,883,212
Vehicles	3,099,990	5,613,280	-	-
Computers	<u>115,390,323</u>	<u>191,588,648</u>	<u>256,568</u>	<u>7,883,212</u>

4.2 Capital work-in-progress

	31 March 2017 (Un-audited)	30 June 2016 (Audited)
	----- (Rupees) -----	
Opening balance	1,106,991,588	6,483,544
Additions during the period / year	2,782,936,873	1,100,508,044
Closing balance	<u>3,889,928,461</u>	<u>1,106,991,588</u>

5. Long Term Advance

Long term advance	<u>249,600,000</u>	-
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5.1 This represents advance given to M/s International Complex Project for purchase of new office.

	31 March 2017 (Un-audited)	30 June 2016 (Audited)
Note	----- (Rupees) -----	
6. STOCK-IN-TRADE		
Raw materials	978,345,628	995,409,479
- In hand	<u>431,915,270</u>	<u>387,211,408</u>
- In transit	<u>1,410,260,898</u>	<u>1,382,620,887</u>
Work-in-process	668,538,044	1,128,669,547
Finished goods	<u>446,791,525</u>	<u>1,898,833,080</u>
	<u>2,525,590,467</u>	<u>4,410,123,514</u>
7. TRADE DEBTS		
Considered good	1,545,591,360	2,070,501,848
Considered doubtful	<u>52,690,695</u>	<u>38,037,910</u>
	1,598,282,055	2,108,539,758
Provision for doubtful debts	<u>(52,690,695)</u>	<u>(38,037,910)</u>
	<u>1,545,591,360</u>	<u>2,070,501,848</u>
8. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT – net of deferred tax		
Opening balance	2,659,862,582	2,789,269,810
Transfer to unappropriated profit on account of:		
- Incremental depreciation during the period/ year	(78,570,534)	(124,184,328)
- Disposals of fixed assets during the period/ year	<u>-</u>	<u>(5,222,900)</u>
	2,581,292,048	2,659,862,582
Related deferred tax liability		
Opening balance	(830,281,668)	(870,397,909)
Disposals of fixed assets during the period/ year	<u>-</u>	<u>1,619,099</u>
Incremental depreciation charged during the period/ year	23,571,160	38,497,142
	(806,710,508)	(830,281,668)
	<u>1,774,581,540</u>	<u>1,829,580,914</u>
9. DEFERRED TAXATION		
Represents tax effects of temporary differences relating to:		
Accelerated tax depreciation / amortization	754,211,265	804,280,952
Surplus on revaluation of property, plant and equipment	806,710,508	830,281,668
Provisions	(40,804,682)	(34,166,386)
Unused tax credits	(388,737,356)	(460,980,807)
9.1	<u>(388,737,356)</u>	<u>(460,980,807)</u>
	<u>1,131,379,735</u>	<u>1,139,415,427</u>

9.1 Deferred tax recognised on minimum tax and alternative corporative tax, paid / payable under section 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.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

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

Commitments	31 March 2017 (Un-audited)	30 June 2016 (audited)
	----- (Rupees) -----	
10.1 Outstanding letters of credit	<u>1,550,187,734</u>	<u>2,289,052,179</u>
10.2 Outstanding letters of guarantee	<u>51,640,456</u>	<u>51,640,456</u>
10.3 Commitments for rentals payable under Ijarah contracts in respect of vehicles, and plant and machinery are as follows:		
Not later than one year	<u>38,344,666</u>	<u>36,459,186</u>
Later than one year but not later than five years	<u>49,006,508</u>	<u>66,772,067</u>

	Nine Months ended		Quarter ended	
	31 March 2017 (Un-audited)	31 March 2016	31 March 2017 (Un-audited)	31 March 2016
	----- (Rupees) -----			
11. SALES – net				
Local				
Manufactured goods- bars	8,992,267,126	8,358,758,151	3,525,469,382	2,917,160,776
Manufactured goods- billets	159,778,140	-	-	-
Trading stock	<u>1,129,229,722</u>	<u>304,621,075</u>	<u>54,738,439</u>	<u>304,621,075</u>
	<u>10,281,274,988</u>	<u>8,663,379,226</u>	<u>3,580,207,821</u>	<u>3,221,781,851</u>
Sales tax and trade discount				
Manufactured goods	(1,344,839)	(2,996,894)	(303,118)	(2,100,338)
Trading stock	<u>(164,075,213)</u>	<u>(44,261,182)</u>	<u>(7,952,547)</u>	<u>(44,261,182)</u>
	<u>(165,420,052)</u>	<u>(47,258,076)</u>	<u>(8,255,665)</u>	<u>(46,361,520)</u>
	<u>10,115,854,936</u>	<u>8,616,121,150</u>	<u>3,571,952,156</u>	<u>3,175,420,331</u>
Export sales	19,258,949	18,438,940	4,751,604	6,095,621
	<u>10,135,113,885</u>	<u>8,634,560,090</u>	<u>3,576,703,760</u>	<u>3,181,515,953</u>

12. COST OF SALES

Manufactured goods – bars	7,309,061,854	6,441,429,448	2,835,029,659	2,266,556,077
Manufactured goods – billets	153,235,955	-	-	-
Trading stock	<u>934,143,013</u>	<u>218,589,196</u>	<u>43,284,980</u>	<u>218,589,195</u>
	<u>8,396,440,822</u>	<u>6,660,018,644</u>	<u>2,878,314,639</u>	<u>2,485,145,272</u>

	Nine Months ended		Quarter ended	
	31 March 2017 (Un-audited)	31 March 2016	31 March 2017 (Un-audited)	31 March 2016
13. TAXATION				
Current	178,786,718	154,284,032	106,959,489	38,546,443
Deferred	(8,035,690)	60,759,280	(9,079,313)	33,092,048
	<u>170,751,028</u>	<u>215,043,312</u>	<u>97,880,176</u>	<u>71,638,491</u>

14. TRANSACTIONS WITH RELATED PARTIES

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

	31 March 2017 (Un-audited)	31 March 2016 (Un-audited)
Directors' remuneration	<u>10,143,000</u>	<u>10,143,000</u>
Key management personnel's remuneration	<u>107,430,408</u>	<u>75,622,649</u>
Contribution to Gratuity Fund	<u>15,774,432</u>	<u>10,068,543</u>

15. CORRESPONDING FIGURES

Corresponding figures have been reclassified for the purpose of better presentation and comparison. Significant changes made during the period are as follows:

	31 March 2016 (Previous) ---- (Rupees) ----	Note	Reclassification to the caption component	31 March 2016 (Revised) ---- (Rupees) ----
Reclassification from the caption component				
		11	Sales	260,359,893
		12	Cost of Sales	<u>(218,589,195)</u>
Net Trading Income	<u>41,770,698</u>		Gross profit	<u>41,770,698</u>

16. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on April 20, 2017 by the Board of Directors of the Company.

17. GENERAL

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



Abbas Akberali
Chief Executive



Teizoon Kisat
Director

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