

# RESILIENCE

ANNUAL REPORT 2018



**AMRELI STEELS**  
Building for Life

# OUR THEME

---

Our theme for this year reflects our belief in the power of resilience. Over the years Amreli Steels Limited has prepared for, coped with, and come out stronger after facing challenging vulnerabilities. A sharp focus on even growth has enabled us to become a company that takes risks and initiative when developing better products, growing our market share and upgrading our processes. It is our strong sense of resilience that has seen us through all challenges and always enabled us to come out the other end as a leader in the steel industry.







# A RESILIENT NETWORK

At Amreli Steels Limited, we understand that customer loyalty centers not only on top-quality products, but on dedicated support from our experienced sales network. We have a strong network of sales offices and warehouses in Karachi, Lahore and Islamabad. Amreli Steels Limited's sales offices are also located in other major cities, such as Hyderabad and Multan. We also partner with trusted retailers across all four provinces to sell our products.









# A RESILIENT FOUNDATION

---

In a changing landscape, external impact on an organization is inevitable. Whether it is through providing high-quality products or by investing in the communities through our CSR program, Amreli Steels Limited plays an active role in investing in the resilience of its environment.



# RESILIENCE, LEADERSHIP & TEAMWORK

We are a forward-looking organization that anticipates changes in the environment and addresses them proactively. At Amreli Steels Limited, we are always scanning the environment for the next challenge or innovation. This has enabled us to develop a disciplined culture that attracts seasoned leadership, and motivated team players to a stimulating work environment.



A person is captured mid-jump, entering a body of blue water. The water is splashing around the point of entry. A large, solid orange triangle is positioned on the left side of the image, partially overlapping the water. The overall composition is dynamic and energetic.

# TOWARDS RESILIENT GROWTH

---

Operating in a challenging environment where change and risk are the norm, we as an organization understand that resilience makes excellent business sense. Our resilience as an organization is supported by a culture built on shared values and a strong sense of unity.



# TABLE OF CONTENTS

---

## CORPORATE INFORMATION

Vision and Mission	13
Company Profile	15
Success is a Journey	17
Company Information	19
Management Objectives & Development Strategy	20
Board of Directors Profile	21
Organization Structure	23
Committees to the Board of Directors	25
Management Committees	27
Product Portfolio	28
Sustainability & Guiding Principles	29
Health, Safety and Environmental Policy	30
Corporate Social Responsibility	31
Business Continuity Plan	32
Information Technology	33
Entity Rating by PACRA	34
Human Resource	35
Marketing	36

## SHAREHOLDER'S INFORMATION

Notice of the 34th Annual General Meeting	37
Notice of the 34th Annual General Meeting (Urdu)	45
Pattern of Shareholding with Additional Information	46
Pattern of Shareholding	47
Investors' Grievances Policy	50
Issues Raised in last AGM & Decisions Taken	50
Strategy to Overcome Liquidity Issues	51
Stakeholders' Engagement Process	52
Major Events during the Financial Year 2017-2018	53

## CORPORATE GOVERNANCE

Corporate Governance, Risk Management & Compliance	54
Corporate Calendar	55
Risk Management Approach and Governance	56
Internal Control Framework	60
Review Report on the Statement of Compliance with the (Code of Corporate Governance) Regulations, 2017	61
Statement of Compliance with the (Code of Corporate Governance) Regulations, 2017	62



Role of Chairman of the Board	64
Role of CEO	64
Chairman's Review	65
Chairman's Review (Urdu)	66
Message from the CEO	67
Directors' Report to the Members	68
Directors' Report to the Members (Urdu)	85
Report of the Board Audit Committee	86
Code of Conduct	88
Whistleblowing Policy	92
<b>FINANCIAL HIGHLIGHTS</b>	
Six Years at a Glance	93
Vertical & Horizontal Analysis	94
Operational Highlights	98
Statement of Value Addition and Distribution of wealth	104
Quarterly Performance Analysis	105
DuPont Analysis	107
Analysis of Variation in Interim Results Reported with Annual Results	108
Share Price Sensitivity Analysis	109
Analysis of Financial Statements	110
Cash Flow Statement Direct Method	112
<b>FINANCIAL STATEMENTS</b>	
Independent Auditors' Report to the Members	113
Balance Sheet	117
Profit and Loss Account	118
Statement of Comprehensive Income	119
Cash Flow Statement	120
Statement of Changes in Equity	121
Notes to the Financial Statements	122
<b>OTHER INFORMATION</b>	
Standard Request Form for Annual Accounts & Notice of AGM	152
E-Dividend Mandate Form	154
Proxy Form	156
Proxy Form (Urdu)	158
Investors' Education	160
Glossary of Terms	161

# VISION

---

We are committed to setup integrated steel manufacturing facilities, value-added services, and other diversified businesses with the employment of the best human resources and systems implementation. We aim to achieve a high profitable growth rate, create value for our shareholders and customers, and to look after the well-being of our employees and their families.



A large flock of birds, possibly terns, is captured in flight over a vast expanse of blue water. The sky above is a clear, vibrant blue, dotted with soft, white clouds. The birds are seen from below, their dark silhouettes contrasting against the lighter sky and water. They are scattered across the upper two-thirds of the frame, moving in various directions. The bottom third of the image is dominated by a solid, deep blue geometric shape that tapers from the right edge towards the center, creating a modern, graphic design element.

# MISSION

Amreli Steels Limited exists to carry forward its legacy in maintaining its dominant position in trade and industry by being socially compliant and contributing to the wellbeing of shareholders and employees.



# COMPANY PROFILE

Amreli Steels Limited is one of the largest manufacturers of steel reinforcement bars in Pakistan and was incorporated in 1984 as a private limited company and converted into a public unquoted company in 2009. The Company enlisted on Pakistan Stock Exchange in December 2015 and is mainly engaged in manufacturing and sale of steel rebars and billets.

We are one of the largest manufacturers of Steel Reinforcement Bars in Pakistan. The re-rolling plant situated at S.I.T.E. Karachi uses one of the most modern hot re-rolling mill technologies in the industry and is currently capable of producing 180,000 metric tons of re-bars per year. The management has plans for expansion and modernization of its S.I.T.E Plant with a total estimated cost of Rs.2 Billion. This investment will result in increase in capacity of the said plant from 180,000 to 275,000 metric tons per annum and the modernization will result in savings on account of lower cost of utility, wastage and maintenance. The revamped and modernized plant is expected to resume production of rebars by the end of April 2020.

Our Steel Melt Shop plant in Dhabeji, Sindh is the largest billet manufacturing in Pakistan boasting a capacity of 600,000 metric tons per year. This aims to bridge the supply-demand gap of Pakistan's steel industry.

During the year, the Company announced the successful commissioning and commencement of commercial operations of the New Rolling Mill at Dhabeji, Sindh with effect from 30 April 2018. With this expansion, the rebar production capacity of the Company has increased to 605,000 tons per annum from the existing 180,000 tons per annum which reflects that the management is on the track to achieve its long term vision of being the first million-ton quality rebar manufacturer of the country.

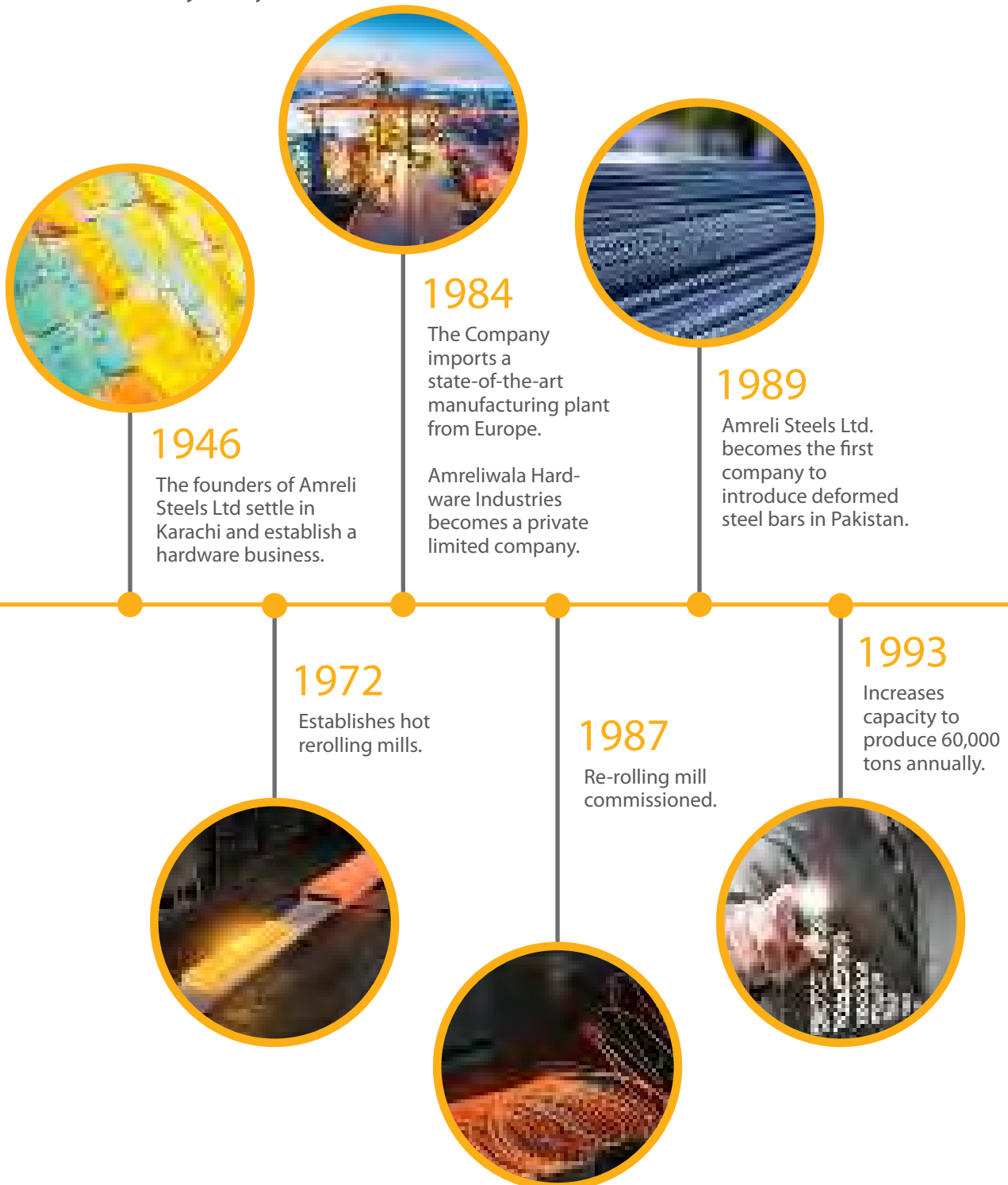
At Amreli, we have created a strong culture based on values that have been a part of our long tradition. The hallmark of our success is our reputation as a Company that generates and supports exceptional levels of opportunity, initiative and goodwill.

During the past two decades, Amreli Steels has achieved many milestones that have contributed to its success today. It is our belief that by using the most sophisticated technologies, our strategic partnerships with the world's most prominent re-rolling mill manufacturers and investment in the best talent has enabled Amreli Steels to become and remain the largest selling brand of steel bars in Pakistan.



# SUCCESS IS A JOURNEY

What began as a family-run hardware store has grown through pioneering initiatives and wise investments to become one of Pakistan's largest manufacturers of steel reinforcement bars. Here is a look at our journey.





**2007**

Modernised plant produces 180,000 tons annually.



**2009**

The company introduces earthquake resistant rebars in Pakistan.

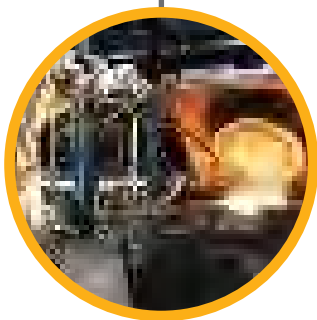


**2015**

Amreli Steels Limited is listed on the Pakistan Stock Exchange

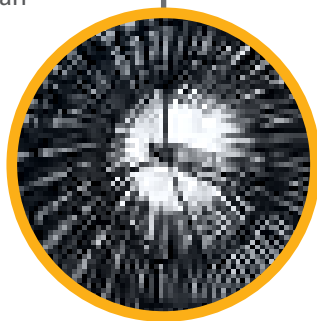
**2008**

Amreli Steels introduces Thermo Mechanical Treatment (TMT) plant technology in Pakistan



**2011**

Inaugurates a billet plant with a capacity of 200,000 tons



**2018**

State-of-the-art, 5th generation, rolling mill with a capacity of 425,000 bars inaugurated at Dhabeji



# COMPANY INFORMATION

## BOARD OF DIRECTORS

- ◆ **ABBAS AKBERALI**  
Chairman, Non Executive Director
- ◆ **SHAYAN AKBERALI**  
Chief Executive Officer
- ◆ **BADAR KAZMI**  
Independent Director
- ◆ **ZAFAR AHMED TAJI**  
Independent Director
- ◆ **TEIZOON KISAT**  
Independent Director
- ◆ **KINZA SHAYAN**  
Non-Executive Director
- ◆ **MARIAM AKBERALI**  
Non-Executive Director

## AUDIT COMMITTEE

- ◆ **TEIZOON KISAT**  
Chairman
- ◆ **BADAR KAZMI**  
Member
- ◆ **KINZA SHAYAN**  
Member

## REGISTERED OFFICE

A-18, S.I.T.E, Karachi, Pakistan  
Tel : 021-111-267-354  
Fax : 021-32587240, 38798328  
E-mail : investor-relations@amrelisteels.com

## SHERSHAN ROLLING MILL (SRM)

D-89, Shershah Road, Karachi, Pakistan

## STEEL MELT SHOP (SMS) AND DHABEJI ROLLING MILL (DRM)

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

## EXTERNAL AUDITORS

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

## INTERNAL AUDITORS

BDO Ebrahim & Co.  
Chartered Accountants  
2nd Floor Block-C, Lakson Square  
Building No.1, Sarwar Shaheed Road Karachi, Pakistan

## HUMAN RESOURCE & REMUNERATION COMMITTEE

- ◆ **ZAFAR AHMED TAJI**  
Chairman
- ◆ **TEIZOON KISAT**  
Member
- ◆ **SHAYAN AKBERALI**  
Member
- ◆ **MARIAM AKBERALI**  
Member

## LEGAL ADVISOR

- ◆ **SHAMIM JAVAID SHAMSI**  
A-102, Samina Avenue, Shadman No.2  
North Karachi, Karachi

## SHARES REGISTRAR

THK Associates (Pvt) Limited  
1st Floor, 40-C, Block-6, P.E.C.H.S. Karachi - 75400  
UAN : 021-111-000-322  
Tel : 021-34168270  
Fax : 021-34168271

## BANKERS

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

## WEBSITE INFORMATION

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

## SYMBOL AT PAKISTAN STOCK EXCHANGE LIMITED

ASTL

- ◆ **CHIEF OPERATING OFFICER  
(OPERATIONS) & CFO**  
FAZAL AHMED

- ◆ **CHIEF OPERATING OFFICER (STRATEGY)**  
HADI AKBERALI

- ◆ **COMPANY SECRETARY**  
ADNAN ABDUL GHAFAR

- ◆ **HEAD OF INTERNAL AUDIT**  
FRAZ AHMED



## MANAGEMENT OBJECTIVES & DEVELOPMENT STRATEGY

The objectives and development of Amreli Steels Limited are aimed at achieving sustainable productivity and profitability and high standards of safety, occupational health and environmental care. This entails human resource development, value addition, implementation of conservation measures, upgradation of existing facilities and installation of new facilities. The key objectives of ASL's management is to sustain market leadership in Pakistan's steel industry and increase value for all the stakeholders. All the corporate goals are targeted towards this purpose and the key performance indicators are defined to measure Amreli Steels' improved performance in all spheres of its operations. Amreli Steels takes organization-wide steps involving all the employees from top to bottom to formalize SOPs (Standard Operating Procedures) and sets individual KPIs (Key Performance Indicators) aligned with these broader corporate goals, making every employee a self-assessor with defined yearly targets and transparent measuring criteria. Furthermore, the Company also refines and improves its human resource policies regularly. Amreli Steels' financial performance and market leadership is a reflection of the achievement of its corporate goals through all around strategic alignment.

Some of the most significant objectives of the Company are outlined as under:

- Ensure that business policies and targets are in conformity with the national goals:
- Contribute in meeting the country's demand for construction steel products
- Ensure customer satisfaction by providing best value, quality products and unmatched service.
- Achieve and maintain a high standard of Occupational Health, Safety and Environmental Care .
- Target a reasonable return on the shareholders' existing and projected investments.
- Maintain modern management systems conforming to international standards needed for an efficient organization.
- To function at optimal efficiency in our business operations as a way to increase productivity.
- To expand sales and to expand the customer base.
- To introduce existing products into new markets and new products to new and existing markets.
- To have all products meet standard of excellence guidelines.
- To develop and implement a promotional plan to drive increased business.
- To develop the leadership abilities and potential of our team.

# BOARD OF DIRECTORS PROFILE

## ABBAS AKBERALI

CHAIRMAN



Mr. Abbas Akberali founded Amreli Steels in 1972 and since then has led the Company to see it become the largest and most well-known steel bar manufacturer in Pakistan. Mr. Akberali brings unparalleled experience with his metallurgical engineering background combined with an MBA from Columbia University, NY. He has played an influential role in driving reforms aimed towards the growth of Pakistan's steel industry. With a passion for increasing Pakistan's literacy rate, Mr. Akberali is also a founding member of The Hunar Foundation and serves on the Board of other notable non-profit organizations.

## SHAYAN AKBERALI

CHIEF EXECUTIVE OFFICER



Mr. Shayan Akberali joined Amreli Steels in 2002 after completing a Bachelor's Degree in Electrical Engineering from Northwestern University, USA and working for Lehman Brothers in New York. Over the past decade, he has played an integral role in expanding the Company by overseeing production enhancement, technical development and planning. He was instrumental in expanding the business operations of the Company and lead the expansion project which enhanced the overall rebars production capacity of the Company up to 605,000 tons per annum. Mr. Shayan has built a strong team of professionals that brings functional expertise as well as leadership to steer the company towards higher growth.

## BADAR KAZMI

INDEPENDENT DIRECTOR



Mr. Badar Kazmi brings 34 years of experience including almost all facets of the banking industry in Pakistan, Middle East, South Asia and Africa. He started his career with BCCI in 1980 and worked for 11 years in Pakistan and the Middle Eastern Region. Mr. Kazmi then joined Standard Chartered Group (SCB) in 1991 and held various positions including Regional Head of Global Markets for MESA (Middle East and South Asia) and Africa. In 2003, he was appointed CEO of SCB Pakistan, a position he held till late 2010. In recognition of his services to banking in Pakistan, Mr. Kazmi was awarded the 'Sitara-e-Imtiaz' by the President of Pakistan.

## ZAFAR AHMED TAJI

INDEPENDENT DIRECTOR



Mr. Zafar Ahmed Taji started his career in 1971 after completing an MBA from IBA Karachi. Since then, he has spent 35 years with multinationals like Exxon Corp, Union Carbide of USA, British American Tobacco/Pakistan Tobacco and Interloop. Mr. Taji is also a Certified Corporate Governance professional from IFC/PICG. Presently he is a Special Advisor to Directors of Sapphire Fibers. He has the honor of being a member of Prime Minister Pay and Pension Commission, Advisor to NAB for developing and implementing its Change Management Programme, Advisor to Pakistan Air and the HR Advisor to PCB for a number of years. He has also served as Dean of Riphah University and Director General of NUST Business School.

## TEIZOON KISAT

INDEPENDENT DIRECTOR



Mr. Teizoon Kisat is a Fellow Member of Institute of Chartered Accountants of Pakistan since 1986. He is also Associate Member of the Institute of Chartered Secretaries and Institute of Taxation & Management. Mr. Kisat possesses a strong business and leadership record and has a deep understanding of the business and financial sectors of the country. He joined the leasing industry of Pakistan and has held many senior management positions in multiple business areas. He has more than 30 years of experience. During his 15-years association with ORIX Leasing Pakistan Limited (OLP), he spearheaded many initiatives that demonstrated his leadership, problem solving skills and ability to manage a strong team. He held senior positions including CEO/MD at OLP. Mr. Kisat was also recognized amongst the 100 best performing Chief Executives of Pakistan.

## KINZA SHAYAN

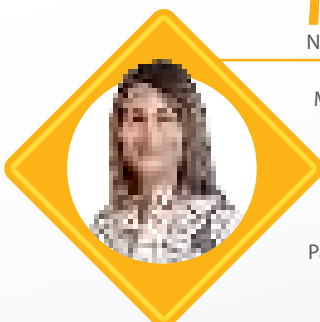
NON-EXECUTIVE DIRECTOR



Ms. Kinza Shayan is a graduate in Management Sciences from SZABIST and is presently pursuing a diploma in Sports Nutrition. She is a respected writer for various publications, known for her expertise on fitness and nutrition. She is currently gearing up to start her own business in the field of Health Sciences.

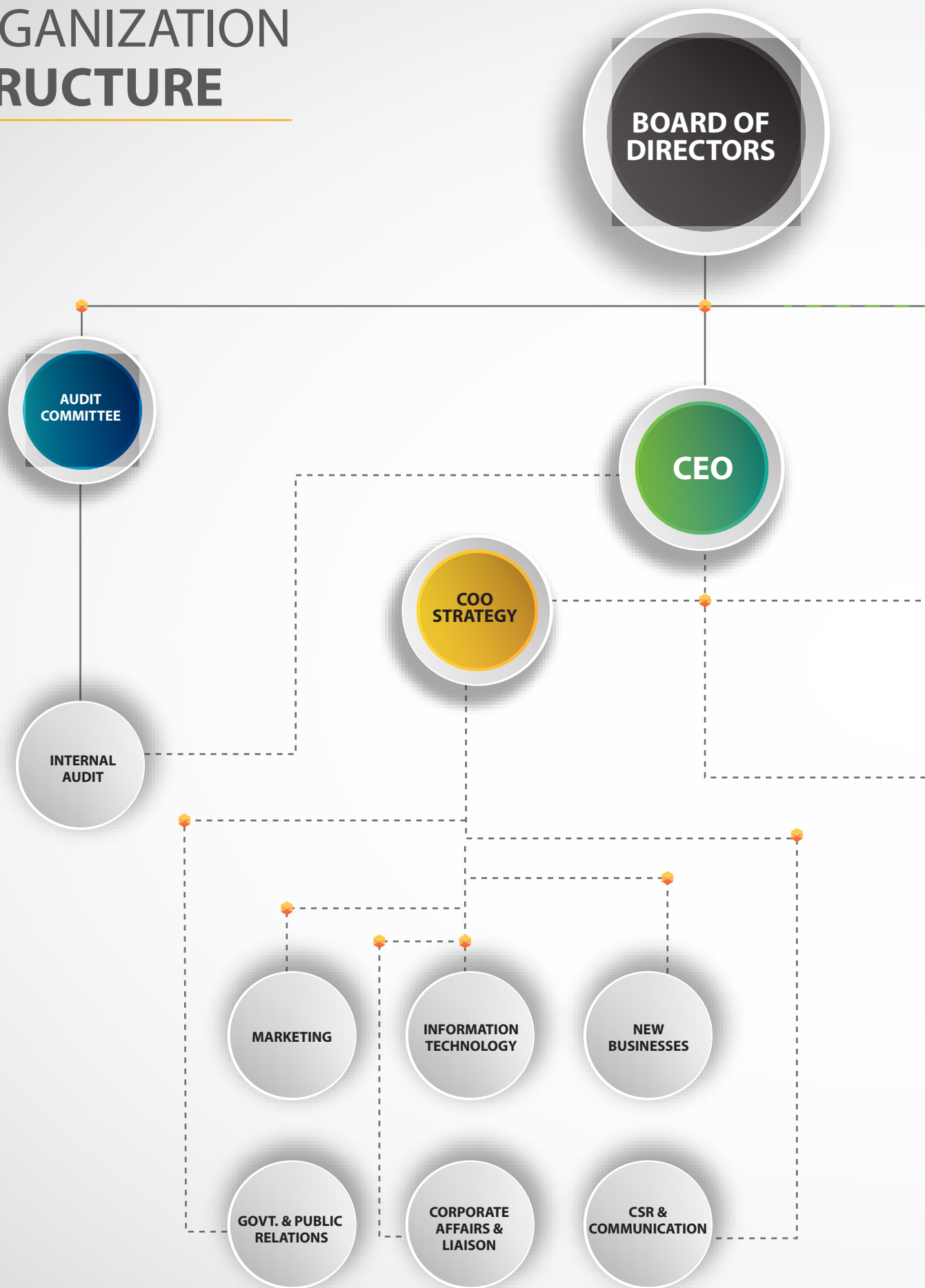
## MARIAM AKBERALI

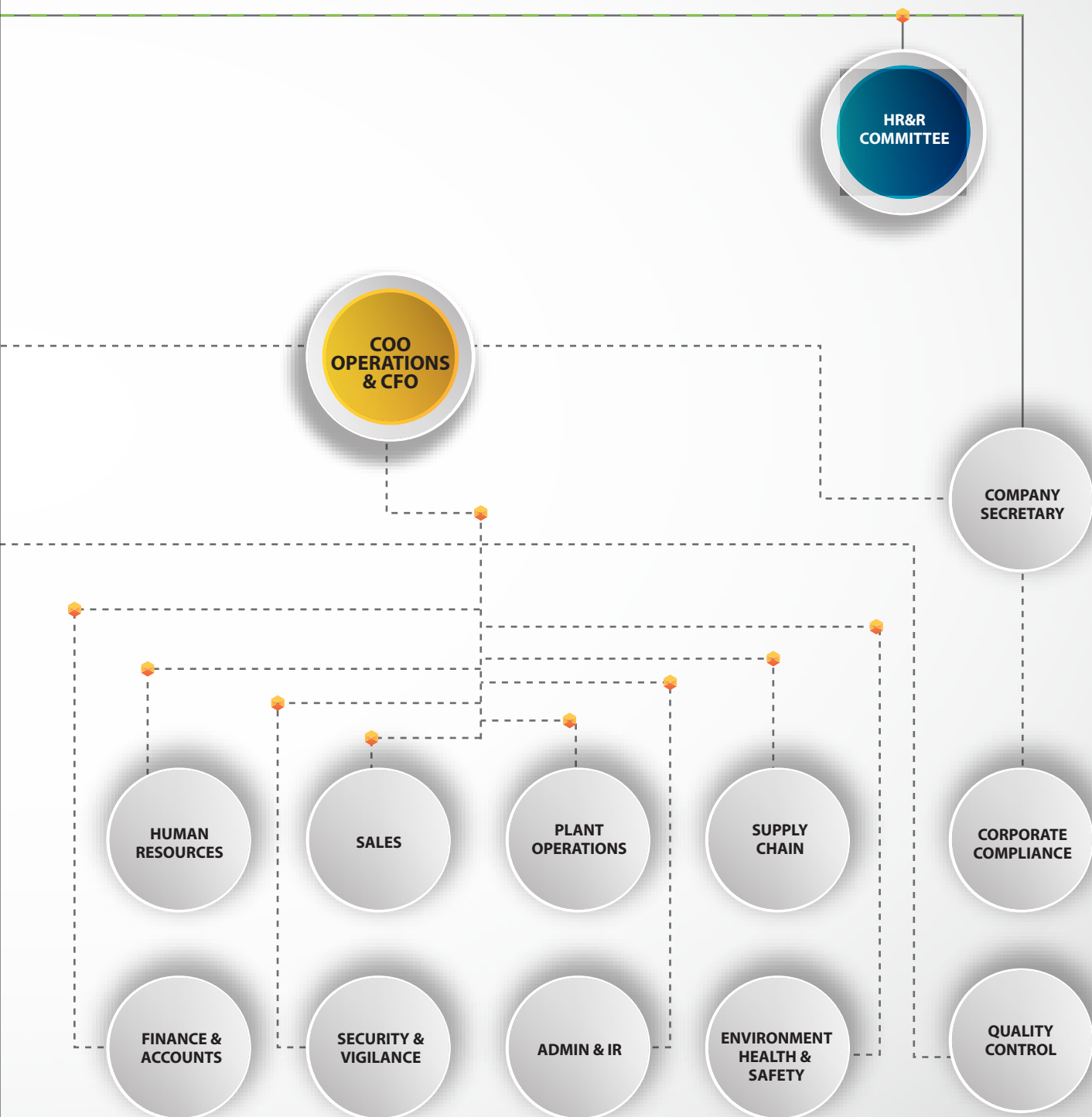
NON-EXECUTIVE DIRECTOR



Ms. Mariam Akberali brings great diversity to the Board with significant experience in the food, restaurant, mental health and education sectors of Pakistan. She has earned a degree in Psychology from Franklin & Marshall College, USA and is passionate about social entrepreneurship in Pakistan.

# ORGANIZATION STRUCTURE





# COMMITTEES TO THE BOARD OF DIRECTORS

## AUDIT COMMITTEE

COMPOSITION	MEETINGS HELD				MEETINGS ATTENDED
	24-AUG-17	24-OCT-17	15-FEB-18	20-APR-18	
Mr. Badar Kazmi Member *	✓	-	-	-	1/4
Mr. Teizoon Kisat Chairman *	✓	✓	✓	✓	4/4
Ms. Kinza Shayan Member	✓	✓	✓	✓	4/4

(\*During the financial year under review, Mr. Badar Kazmi remained the Chairman of the Audit Committee. However, pursuant to the election of the Board of Directors on 07 May 2018 and subsequent reconstitution of the Board's Audit Committee, the Board of Directors appointed Mr. Teizoon Kisat as Chairman of the Audit Committee from 7 May 2018.

## TERMS OF REFERENCE

The purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process (more particularly, the integrity of the Company's financial statements), the system of internal controls, the audit processes, disclosure of systems and processes, and the Company's process for monitoring compliance with laws, regulations and the Code of Conduct of the Company.

The Audit Committee is, amongst other things, responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service (permissible to be rendered to the Company) in addition to audit of its financial statements.

In addition to the generality of the Audit Committee functions that embrace all aspects impinging on the well-being of the Company, shareholders' interests, ethical standards and regulatory requirements, the Committee shall perform the following specific responsibilities -

### 1. Financial Statements:

The Committee shall review quarterly, half yearly and annual financial statements with particular reference to compliance with applicable accounting policies, standards and practices. It shall focus on major judgmental areas, significant adjustments resulting from the audit, going concern assumption, any change in accounting policies and practices, significant related party transactions and compliance with all statutory and regulatory requirements. It shall also review preliminary announcements of financial results prior to their publication and vet the Directors' report before its submission to the Board for consideration and approval.

### 2. Internal Controls:

The Committee shall review the Company's statement on internal control system before its submission to the Board and satisfy itself as to the adequacy and effectiveness of internal controls and measures to safeguard the Company's assets. Where necessary, it shall submit appropriate recommendations to the Board. It shall also consider major findings of internal investigations of cases of fraud, embezzlement and abuse of power.

### 3. Internal Audit:

Whether out-sourced or in-house, the Committee will ensure that the function is adequately resourced, functionally independent with no unreasonable limitations on its proper functioning, and meets the

quality assurance requirements, determined either through internal or external assessment. It shall review the audit reports, share them with the External Auditors and report matters of significance to the Board. Where it is decided to out-source the internal audit function, the Committee will recommend to the Board a professional services firm that has suitably qualified and experienced persons and is reasonably conversant with Company's policies and procedures. It will also provide for the Company's Head of Internal Audit to act as coordinator between the outsourced firm, the Committee and the Board.

### 4. External Audit:

The Committee shall ensure requisite functional autonomy to the external auditors, review assessment of their quality assurance and facilitate their coordination with internal auditors of the Company. It shall review the Management Letter and discuss with the external auditors any major findings and observations therein and where appropriate submit its recommendations to the Board.

### 5. Risk Management:

The Committee shall cause to have installed a viable risk management system in the Company and review assessment of risk and measures to avoid, share, mitigate and accept residual risks within the overall risk appetite determined by the Board.

## 6. Compliance:

The Committee shall have a system installed to determine and monitor on a periodic basis, compliance with all legal and regulatory requirements and best practices of corporate governance. The CEO shall be personally responsible to bring to the immediate notice of the Committee findings of any examination by regulatory agencies, major litigations or claims or significant tax issues for the Committee's review. Further, except where directed otherwise by the Board, the Committee shall guide, review and monitor the formulation of significant policies as defined in the Code of Corporate Governance. It shall also examine

all significant issues as defined in the Code of Corporate Governance dealing with controls and compliance before their submission to the Board.

## 7. Reporting and Other Responsibilities:

The Chairperson shall keep the Board fully informed on all material issues coming within the Committee's remit. The Committee shall act upon such directions as given by the Board and have such studies or investigations carried out as desired by the Board or that the Committee itself deems to be useful.

## HUMAN RESOURCE & REMUNERATION COMMITTEE

COMPOSITION	MEETING HELD ON 12 JANUARY 2018	MEETINGS ATTENDED
Mr. Zafar Ahmed Taji Chairman *	✓	01
Mr. Badar Kazmi Member	-	00
Mr. Shayan Akberali Member	✓	01
Ms. Mariam Akberali Member	✓	01

(\*During the financial year under review, Mr. Zafar Ahmed Taji remained the Chairman of the HR&R Committee. However, pursuant to the election of the Board of Directors on 07 May 2018 and subsequent reconstitution of the Board's HR&R Committee, the Board of Directors re-appointed Mr. Zafar Ahmed Taji as Chairman of the HR&R Committee from 7 May 2018.

## TERMS OF REFERENCE

The HR&R Committee is responsible for performing the duties set out below as well as any other duties that are otherwise required by applicable corporate laws or stock exchange rules and requirements as are delegated to the Committee by the Board -

- Recommending human resources management policies to the Board;
- Recommending to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors) and members of senior management;
- Annually undertaking a formal process of evaluation of performance of the Board as a whole and its Committees either directly by the Board or the Committee(s) or by engaging external independent consultant;
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) and succession planning of the CEO;
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit;
- Considering and approving on recommendation of CEO on such matters for key management positions who report directly to CEO or COO;
- Reviewing and making recommendations to the Board for the appointment of Senior Executives and for determining terms of employment of their services;
- Reviewing succession planning and matters of compensation as well as such other matters the Committee may consider suitable;
- Any additional matters delegated to the Committee by the Board of the Company from time to time.

## MANAGEMENT COMMITTEES

Management Committees	Functions	Frequency	Members	Designation
Price Setting Committee	<ol style="list-style-type: none"> <li>1) Analysing Demand and Supply</li> <li>2) Analysing movement in global and local scrap prices</li> <li>3) Analysing change in exchange rates</li> </ol>	As and when required	Shayan Akberali Anwer Kamal Fazal Ahmed	CEO Director Sales COO (Operations) & CFO
Human Resource Steering Committee	<ol style="list-style-type: none"> <li>1) Oversee the Company's compensation and benets policies generally</li> <li>2) Evaluate employee's performance and review the Company's management succession plan</li> <li>3) Hiring and disciplinary action policies</li> <li>4) Assessing departments needs of human resource</li> <li>5) Evaluating overall / function wise organogram of the company</li> </ol>	Monthly	Shayan Akberali Hadi Akberali Asif Zahoor Zoeb Salemwala Noman Sajjad Fazal Ahmed Farid Ahmed	CEO COO (Strategy) Head of HR Head of Corporate Affairs Head of Production-Dhabeji COO (Operations) & CFO Senior Manager HR
Scrap Planning Committee	<ol style="list-style-type: none"> <li>1) Obtaining sale forecast.</li> <li>2) Production planning maintaining optimum inventory level</li> <li>3) Scrap Procurement planning</li> </ol>	Monthly	Shayan Akberali Anwer Kamal Noman Sajjad Ansar Rizvi Rehman Rao Taha Umer Fazal Ahmed	CEO Director Sales Head of Production-Dhabeji Head of Rolling Mill Deputy Manager Procurement Senior Manager Finance COO (Operations) & CFO
SAP Committee	<ol style="list-style-type: none"> <li>1) Design and implementation of SAP for new projects</li> <li>2) Discuss issues faced and their solutions</li> <li>3) Discuss possibilities of induction of new modules</li> </ol>	Monthly	Hadi Akberali Javed Asgher Fazal Ahmed Noman Sajjad Zoeb Salemwala	COO (Strategy) Chief Information Officer COO (Operations) & CFO Head of Production-Dhabeji Head of Corporate Affairs
IT Steering Committee	<ol style="list-style-type: none"> <li>1) Prioritization of IT-enabled investment</li> <li>2) Monitoring service levels of improvement</li> <li>3) Monitoring IT service delivery</li> <li>4) Monitoring projects</li> </ol>	Monthly	Javed Asghar Ashfaq Vighio Saima Naveed Hadi Akberali Fazal Ahmed	Chief Information Officer Head of Supply Chain Senior Manager, IT COO (Strategy) COO (Operations) & CFO



# PRODUCT PORTFOLIO

## Product Portfolio

Amreli Steels manufactures billets and reinforcement bars which are widely used in the construction industry. Amreli Steels rolls its rebars from in-house manufactured prime quality steel billets. We produce the following types of rebars as per the American and British quality standards:

### 1) Billet

Billets are an intermediary steel product from which reinforcement bars are rolled. Consistency of physical properties in rebars comes from the consistency of chemical properties in steel billets which is why Amreli Steels produces its own billets. Amreli Steels has the largest billet manufacturing plant in Pakistan with a capacity of producing 400,000 tons of billets. Our SMS Plant produces billets in sizes ranging from 100 x 100 mm sq to 200 x 200 mm sq with chemical composition that comply to BS 4449, ASTM A615, and ASTM A706 international standards.

### 2) Reinforcement Bars

**a) G-60 Deformed Steel Bars:** Amreli Steels' Grade 60 Deformed Steel bars conform to ASTM A615 (American Standard for Testing and Materials) and is available in sizes ranging from 10mm to 40mm. Amreli Steels can provide cutting length of rebar ranging from 6 meters to 16 meters depending on customers' requirements. Following are some key attributes of Amreli Steels' Grade 60 Deformed Steel bars:

#### Product Specifications:

- Yield Strength: 420 MPA (min) [60,000 psi]
- Ultimate Tensile Strength: 620 MPA (min) [90,000 psi]
- Elongation [%]: 9% (min)

**b) Xtreme Bars G-500W:** Xtreme G-500 is an ace of modern construction and is commonly used in the construction of high-rise construction and mega structures. The imposing skylines of mega cities like Dubai, Singapore, Kuala Lumpur and Bangkok bear testimony to the popularity of 500 MPA bars. Amreli Steels was the first brand to introduce G-500W in the Pakistani market which is based on British Standard BS 4449-2005:2009. Amreli Steels can provide cutting length of rebar ranging from 6 meters to 16 meters depending on customers' requirements. Following are some key attributes of Amreli Steels' Grade 60 Deformed Steel bars:

#### Product Specifications:

- Yield strength: 500 MPA (min) [72,500 psi]
- Ultimate Tensile Strength: 575 MPA (min) [83,375 psi]
- Elongation [%]: 14% (min)

**c) AS 706:** AS 706 reinforcement bars are appropriate for earthquake prone areas and seismic zones. They have high strength and enhanced ductility which allows them to be plastically bent out of shape to a much larger extent without losing their strength. This increase in flexibility is important to reinforce safety of construction in earthquake prone areas. Following are some key attributes of Amreli Steels' AS 706 Deformed Steel bars:

#### Product Specifications:

- Yield Strength: 420 MPA (min) [60,000 psi]
- Ultimate Tensile Strength: 550 MPA (min) [80,000 psi]
- Elongation [%]: 9% (min)
- Tensile/Yield Strength Ratio >1.25



# SUSTAINABILITY AND GUIDING PRINCIPLES

Sustainability is an integral part of our business strategy and a key driver in all of our business activities. Our innovative technologies and our operational experience and expertise enable us to minimize our environmental impact and successfully manage the social challenges and inherent risk that are present in our industry.

## Our guiding principles for sustainability are:

- a) Maintain highest degree of corporate governance practices;
- b) Conduct business activities with the highest principles of honesty, integrity, truthfulness and honor;
- c) Promote ethical business practices;
- d) Respect the environment and communities in which we operate;
- e) Assure equal employment opportunities;
- f) Value diversity in the workplace;
- g) Provide healthy and safe working environments;
- h) Respect human rights and trade ethically;
- i) Act in utmost good faith and exercise due care, diligence and integrity in performing the office duties;
- j) Comply with all applicable laws and regulations;
- k) Ensure that all business transactions are recorded in true, fair and timely fashion in accordance with the accounting and financial reporting standards, as applicable to the Company;
- l) Deliver superior value for our shareholders – our intent is to outperform our competitors by delivering superior growth, margins and returns to our shareholders;
- m) Lead the industry in innovation, technology development and conscientious stewardship of global resources – our intent is to develop technological solutions that give our customers economic access to high quality construction material with maximum use of scarce resources and maximises the value of their existing assets;
- n) Enhance the economic and social well-being of our employees, their families and the communities in which we operate – our intent is to be a preferred employer and make a positive impact in the communities where we live and work;
- o) Be transparent in reporting and validating our progress – our intent is to provide our stakeholders with thorough and timely information on our progress.

## HEALTH, SAFETY AND ENVIRONMENTAL POLICY

The Company is committed to developing, promoting and achieving the highest Standard of HSE operations and it:

- ◆ Responds positively to environmental developments by reviewing such issues with the relevant authorities, local communities and others.
- ◆ Works effectively to encourage environment awareness and identify and share best practices and new techniques to reduce environmental impact.
- ◆ Minimizes emissions and waste by evaluating operations and ensuring they are as efficient as possible.
- ◆ Reduces and where practical, eliminates hazardous and nuisance release to air, water and land.
- ◆ Inculcates sense of responsibility towards the environment among our employees.
- ◆ Periodically reviews the suitability, adequacy and effectiveness of the HSE management system.
- ◆ Educates, trains, encourages and motivates employees to carry out activities in a responsible manner in accordance with the requirements of generally accepted OHS & Environmental management system.
- ◆ Applies technologies that are not harmful to our employees' health and are environment friendly.
- ◆ Sets objectives and targets, key performance indicators and program for occupational health and safety.
- ◆ Strives to prevent any accident and to achieve continual improvement of the HSE management system and related performance.
- ◆ Consults with employees on matters affecting their health and safety.

The Company educates, trains, encourages and motivates employees to carry out activities in a responsible manner in accordance with the requirements of generally accepted OHS & Environmental management system.

# CORPORATE SOCIAL RESPONSIBILITY

## Serving the Community to Strengthen the Nation

Contributing to the community has been at the core of Amreli Steels since its inception. The company strives to alleviate the disenfranchised and empower the impoverished. Backed by a robust policy, Amreli Steels actively supports several established NGOs in their causes through donations and funding. The management has also undertaken several independent initiatives with the specific aim of lifting people out of poverty. Our efforts are focused in the areas of education, community and healthcare.

### EDUCATION

#### 1) Women's Industrial Home

The Women's Industrial Home was established by the Amreli Foundation in Dhabeji with the aim of empowering women through vocational training. A class of 50 female students is trained in the skills of sewing and stitching at a time. The course is 3 months long and each graduate is awarded a personal sewing machine upon completion of training. More so, the industrial home has become a community center for women as it is seen as the only safe place for women to congregate, learn and socialize, in the area.

#### 2) The Hunar Foundation

Our Chairman, Mr. Abbas Akberali, is one of the founding members and trustees of The Hunar Foundation (THF). THF has grown exponentially in size since 2008 thanks to its focus on highly technical skills and state-of-the-art learning environment. It currently has a network of 6 campuses; a number which will increase to 8 by the end of 2017. Amreli Steels continues to support THF annually through funding and has committed funds for a purpose built institute.

#### 3) The Citizens Foundation

The Citizens Foundation (TCF) is considered one of Pakistan's leading organizations in the field of education for the underprivileged. Being a strong proponent of education for the youth, the Akberali Family funded a campus in TCF's Achar Salar, Dhabeji, Sindh Campus in 2010. The campus continues to provide classroom facilities for 142 students every year. Amreli Steels covers the operational expenses of the campus. As recognition of the contribution, the campus was named after the Akberali Family.

### COMMUNITY

#### 1) Khana Ghar

Khana Ghar strives to provide food at an affordable price to the needy. Parveen Saeed, who was dubbed as the 3 Rupee lady by international media because the food she offers is PKR 3 per head, has been running Khana Ghar for more than 15 years. The establishment serves 2 square meals to more than 4000 people in Karachi every day. Amreli Steels has been contributing to Parveen Saeed's noble cause through funding to ensure over 500,000 meals are served every year.

#### 2) Sirat-ul-Jannah Orphanage

Sirat-ul-Jannah orphanage is a network of orphanages operating in Karachi, Islamabad, Muree and Khanewal with the aim of providing a home-like environment to needy orphan children. In addition to lodging and essentials, educational and medical facilities are also being extended to these children. Amreli Steels supplies food for the children in the Karachi orphanage every month.

#### 3) Indus Hospital Blood Drive - 27th March 2018

Amreli Steels welcomed Indus Hospital to conduct blood donation and zakat collection drive.

#### 4) Rizq Dastarkhwan-e-Aam

Amreli Steels organised a Dastarkhwan-e-Aam in collaboration with team Rizq to feed 1 Million people this Ramadan in Karachi, Lahore and Islamabad.

#### 5) AMTF Blood Drive - 29th June 2018

Amreli Steels was proud to partner with Afzaal Memorial Thalassemia Foundation to honor 'World Blood Donor Day' by organizing a blood donation drive at its head office.



# BUSINESS CONTINUITY PLAN

Business could face the suspension of critical operations due to:

- natural disasters,
- terrorist attacks,
- environmental accidents,
- computer problems
- and other cases at any given time

Amreli Steels has the Business Continuity Plan in place which includes all encompassing campaigns required to respond and recover during these suspensions, thus enabling the delivery of critical services to its stakeholders.

Our Business Continuity Plan includes:

- Measures and arrangements to ensure the continuous delivery of critical services and products, which permit the organization to recover its facility, data and assets.
- Identification of necessary resources to support business continuity, including personnel, information, equipment, financial allocations, legal counsel, infrastructure protection and accommodations.

Development of a business continuity plan includes the following four steps:

1. Conduct a business impact analysis to identify time-sensitive or critical business functions and processes and the resources that support them.
2. Identify, document, and execute to recover critical business functions and processes.
3. Organize a business continuity team and compile a business continuity plan to manage the business disruption promptly.
4. Conduct regular trainings for the business continuity team with testing and exercises to evaluate recovery strategies and plans.

Information Technology (IT) Services' Continuity Plan, Risk Registers and Disaster Recovery Plan are all an integral part of the Business Continuity Plan. This framework includes:

- The goal of IT Services Continuity Plan to minimize financial losses and negative effects of disruptions on business operations.
- Developing redundancies to reduce single point of failure which can affect the availability of services in the long term.
- Maintain standby hardware, software and network components, and the 24x7x8 Service Level Agreement for minimum down time and fast recovery of critical services.
- Identify and address various types of that contingency scenarios which may be caused by system faults, hardware malfunctions, operating errors or security incidents may lead to service disruptions.
- Establish a recovery site which is geographically separated from the primary site.

All Business Continuity activities are reviewed every year by a Steering Committee as well as by internal and independent external auditors to assure correctness and continuous improvement of the Amreli Steels Business Continuity Plan.

# INFORMATION TECHNOLOGY

The Company's Information Technology (IT) department is committed to delivering a strategic advantage to Amreli Steels. Our primary objective is to make sure that the business strategy can be realized through technology and technological investments that are aligned to our business. We work toward providing a secure, highly reliable technological infrastructure, along with emphasis on quality of service and continual service improvements to meet the ever changing demands of the business.

For aligning IT with business, our main strategies are:

1. Transforming Process & Technology
  - ◆ IT department becomes a "central core" to move digital transformation initiatives forward.
  - ◆ Reducing cost and/ or boosting productivity through automation.
  - ◆ Digitization of front and back office.
  - ◆ Elimination of paperwork and manual work
2. Eliminating Business Silos
  - ◆ Steering committee to create a unified front
  - ◆ Collaboration tools to work toward common goals
  - ◆ Focus on innovation and teamwork
3. Enhancing Speed & Efficiency
  - ◆ Digital business – Capitalizing on new technologies to gain advantage
  - ◆ Simplifying and increasing flexibility to respond to market changes
  - ◆ Expanding mobility
4. Driving Business Objectives & Value
  - ◆ Uniting C-level executives regarding where to invest and how to align cost saving/value driving strategies with business
5. Focusing on Customer Experience
  - ◆ Adaptation of Information Technology Infrastructure Library methodologies to provide better and customer-focused IT services.
  - ◆ Continuous Service Improvements
6. Deciding the on Premise/on Cloud
  - ◆ Retaining Core Systems and compliance system on premises whilst ensuring confidentiality, integrity and availability.
  - ◆ Moving High Ability and non-Core to Cloud when secure; cost-effective options are available.

## Disclosure of IT Governance Policy


Information Technology (IT) and Information Security (InfoSec) Governance is an integral part of the Corporate Governance that establishes the accountability framework of the Company. It involves leadership support, organizational structure and processes to ensure that IT and InfoSec sustain and extend business strategies and objectives. It establishes and maintains a framework that guides the activities that support IT and InfoSec strategy as well.

The role of IT Governance is to evaluate, direct and monitor through prioritization and decision making to ensure what stakeholders need and the options that are evaluated, and to determine and achieve well-balanced, agreed-on enterprise objectives. It includes:

- Creating value for the enterprise stakeholders by maintaining a balance between benefit realization, resource optimization and risk mitigation.
  - ◆ Setting directions through prioritization and decision making
  - ◆ Monitoring performance and compliance toward agreed-on directions and goals.
- Using a holistic approach to guide the enterprise
- Applying the industry proven frameworks and guidelines
  - ◆ COSO, COBIT, ISO, ITIL, CMMI, PMI, PRINCE Etc.
- Using enablers to achieve Governance aims
  - ◆ Principles, Policies and Frameworks
  - ◆ Processes
  - ◆ Organizational Structures
  - ◆ Culture, Ethics and Behavior
  - ◆ Information
  - ◆ Services, Infrastructure and Applications
  - ◆ People and Skills

## ENTITY RATING BY PACRA

**Amreli Steels received a long term rating of A and a short term rating of A1 from PACRA. Our ratings are an indication of our commitment to excellence**



**WE STAY, LOWEST SELLING**

**Amreli Steels Limited receives long term rating of A and short term rating of A1**

Amreli Steels Limited, a leading manufacturer of steel products, has been awarded a long term rating of A and a short term rating of A1 by the Pakistan Credit Rating Agency (PACRA). This rating is a testament to the company's strong financial performance and its commitment to excellence in the steel industry.

**AMRELI STEELS**  
Building for Life

[www.amreli.com](http://www.amreli.com)  
022-110-007710775000

# HUMAN RESOURCE

At Amreli Steels, we employ a motivated workforce that steers the organization towards its vision through professional development and motivation. The Company has been on a journey of HR transformation. Our HR strategy is constantly redefined to meet the needs and challenges of an organization operating in an evolving market. Amreli Steels has a track record of employing talented human resources across all its functions. The following HR initiatives were implemented in 2017-2018.

## Organizational Design Review

It is evident that a strong architecture and structure can go a long way in withstanding normal and turbulent times. Expanding on this philosophy, this year the Company undertook a review of organizational design conducted by industry experts. This was done in anticipation of multifold revenue targets and to mobilize the existing workforce to upscale its contribution.

Upon completion the exercise will deliver a well thought-out organizational grid where each job is documented, reviewed and placed on the basis of its content, delivery and accountability in the overall organizational framework. This exercise is also expected to help align KPIs with corporate and departmental objectives, focused and concentrated approach to employee development, performance management and promotion mechanism, etc.

## Direction Setting

In view of an ever-changing business and technological landscape, this year the management conducted a direction setting workshop to redefine the vision and mission for the next decade.

## Raising the Employee Engagement Index

For a sustainable and progressive outlook, it is essential to gauge the staff engagement index and ensure that all instruments are aligned to achieve professional excellence. The results for the current year's employee engagement survey are very encouraging and show a 15% increase, with "Organizational Pride" being the number #1 factor.

## Breaking the ICE - Internal Customer Evaluation

The Company tested what was just a concept last year. There was an overwhelming response from all support functions trying innovative methods to serve other departments well. Since the prime objective is to identify better and efficient ways to serve each other, achieve operational excellence and accomplish aggressive targets, therefore ICE will definitely impact individual or departmental performances accordingly. A complete mechanism is in process and will be in place very soon.

## Brush-up and Shine

Employees, at times require special attention in understanding the overall game plan and their contribution to it. This could be detrimental if efforts are not aligned and specific to individual's capacity. To mitigate this risk, low performing employee handling mechanism is introduced where specified employees will be provided with dedicated attention in order to break this state. HR along with HOD are required to prepare a plan for handling such instances.

## Capitalizing world's renowned "Performance Management System" SAP Success Factors

Amreli Steels Ltd. acquired the globally accredited performance management system SAP Success Factors. Key highlights of the program are cloud based computing, accessibility, mobility, on-the-go features and a large database of user friendly interface. Initially three modules Recruitment Management, Performance Management & Goal Management and Succession Management have been adopted.

SAP SF "Recruitment Module" is already in development phase and will be completed by end of July 2018.

## Benchmark studies

Studies and surveys have now become integral part of our core operations. These play a significant role in gauging and enhancing employee motivation.

## Beyond Duty

Amreli Steels' HR function regularly organizes family, sporting and management events, to create an emotional association between the employees and the organization and to promote a warm and cordial work environment.

## Consistent Feedback Sessions

Amreli Steels' HR Department provides employees frequent platforms for open communication so feedback can translate into action.



## MARKETING

At Amreli Steels we understand that marketing is a critical tool for growing our business. The Company's marketing team remained active throughout the year exploring opportunities and using effective platforms to showcase the organization and our products.

### Gwadar Expo 2018 – 29th and 30th January 2018

Amreli Steels welcomed all our Chinese friends and well-wishers to Gwadar Expo 2018 - the first of its kind Mega Event in the history of Balochistan!

### Chinese New Year - 3rd April 2018

Amreli Steels celebrated the Chinese New Year with Chinese dignitaries in Islamabad. His Excellency, Mr. Yao Jing, the Chinese Ambassador to Pakistan was the guest of honor and the top managements of Chinese construction companies operating in Pakistan was present. The highlight of the evening was a performance which was a cultural fusion featuring the famous Chinese Dragon dance moving to the beats of the legendary Sufi dhol player Pappu Saeen.

### IAPEX Expo Lahore 2018 – 2nd and 3rd February 2018

Amreli Steels was one of the sponsors of IAPEX 2018 Annual Architects Convention in Lahore's Expo Center.

### SAP SuccessFactors implementation -

Amreli Steels became the pioneering steel company to begin SAP SuccessFactors implementation and the 5th company of Pakistan to adopt SAP SuccessFactors overall.

### Monument Launch - 17th April 2018

Paying a tribute to Quaid e Azam Muhammad Ali Jinnah and beautifying the cityscape of Karachi, Amreli Steels unveiled the "City of Jinnah" at Amreli Steels Roundabout adjacent to Dolmen Mall Clifton.

### Internal Employees Event - 11th February 2018

Taking forward the tradition of family gatherings, Amreli Steels arranged an all-day Gala at the Countryside Chalet Resort.

### Dawat-e-Iftaar Hyderabad - 1st June 2018

Amreli Steels organized a "Dawat-e-Iftaar" for its honorary stockists and friends at the Royal Taj, Hyderabad.

### Dawat-e-Iftaar Karachi - 2nd June 2018

Amreli Steels organized a "Dawat-e-Iftaar" for its esteemed stockists and friends at Arena, Karachi.

### ABAD Expo – 12th, 13th and 14th August 2017

Amreli Steels was the Diamond sponsor of ABAD International Expo 2017 which was held at Karachi Expo Center from 12th August to 14th August 2017.



# NOTICE OF THE 34TH ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting (AGM) of the shareholders of Amreli Steels Limited (the Company) will be held on Tuesday, 23 October 2018 at 05:00 pm at Auditorium Hall of the Institute of Chartered Accountants of Pakistan (ICAP), Block-8, Chartered Accountants Avenue, Clifton, Karachi, Pakistan, to transact the following businesses -

## ORDINARY BUSINESS

1. To receive, consider and adopt the annual audited financial statements of the Company for the year ended 30 June 2018 together with the Directors' and Auditors' reports thereon.
2. To approve and declare the final cash dividend of Rs.2.20 (i.e. 22%) per share as recommended by the Board of Directors for the year ended 30 June 2018.
3. To appoint auditors of the Company for the financial year ending 30 June 2019 and to fix their remuneration. The Board of Directors of the Company has recommended the name of retiring auditors M/s. EY Ford Rhodes, Chartered Accountants, for their appointment as external auditors for the year ending 30 June 2019. The retiring auditors, being eligible, have offered themselves for re-appointment for the year ending 30 June 2019.

## SPECIAL BUSINESS

4. To consider, and if thought fit, pass the following resolutions as Special Resolutions, with or without modification, to amend the existing Memorandum of Association of the Company and to adopt new set of Articles of Association of the Company to bring the Memorandum and Articles in conformity with the Companies Act 2017 and other applicable corporate laws -

**"RESOLVED THAT** the existing Memorandum and Articles of Association of the Company be and are hereby amended to bring them in conformity with the Companies Act, 2017 and other applicable corporate laws, and for that purpose the Revised Memorandum of Association of the Company and the new set of Articles of Association of the Company, as circulated to the shareholders of the Company along with the notice of this AGM and as initialed by the Company Secretary for the purpose of identification, be and are hereby adopted as Memorandum and Articles of Association of the Company with effect from the date of this AGM, in substitution of and to the exclusion of the existing Memorandum and Articles of Association.

**"RESOLVED THAT** the Chief Executive Officer and/ or the Company Secretary be and are hereby authorized to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution."

The statement as required under sections 134(3) of the Companies Act, 2017 is being sent to the members with the notice.

## Any Other Business:

5. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board



ADNAN ABDUL GHAFAR  
Company Secretary

Date: 02 October 2018  
Place: Karachi

Notes:

## 1. Book Closure:

The Share Transfer Books of the Company will remain closed from 16 October 2018 to 23 October 2018 (both days inclusive). Transfers received in order by our Share Registrar, M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi by the close of business on 15 October 2018 will be considered in time for the determination of any entitlement, as recommended by the Board of Directors and attending the meeting.

## 2. Appointment of Proxies and Attending AGM:

- i. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
- ii. A blank instrument of proxy applicable for the meeting is being provided with the notice sent to members. Further copies of the instrument of proxy may be obtained from the registered office of the Company during normal office hours.
- iii. A duly completed instrument of proxy to be valid, must be deposited at the registered office not less than 48 hours before the time of the meeting. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.

- iv. The instrument of proxy should be duly signed, stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
- v. CDC account holders are also required to follow the guidelines as laid down in Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

#### **For Attending the Annual General Meeting:**

- i. In case of individual, the account holder or sub-account holder and/or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. Members registered on Central Depository Company (CDC) are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii. In case of a corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

#### **For Appointment of Proxies:**

- i. In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per requirement notified by the Company.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- v. Corporate entities shall submit the Board of Directors resolution/Power of Attorney with specimen signature along with proxy form.

### **3. Change in Members Addresses:**

Members are requested to notify any changes in their addresses immediately to the Share Registrar M/s. THK Associates (Pvt.) Limited.

### **4. Submission of Copies of Valid CNICs (mandatory):**

Members, who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) along with folio number to the Company/ Share Registrar, are once again reminded to send the same at the earliest directly to the Company's Share Registrar. In case of non-receipt of the copy of the valid CNIC, the Company would be constrained under section 243(3) of the Companies Act, 2017 to withhold dividend of such shareholders.

### **5. Mandatory Payment of Future Cash Dividend through Electronic Mode:**

In terms of section 242 of Companies Act, 2017(the Act), every listed company is required to pay cash dividend, if any, to their members only through electronic mode by directly crediting the amount of dividend into the bank account provided by them. Pursuant to SRO No. 1145(I)/2017 dated 06 November 2017; shareholders are **MANDATORILY** required to provide their bank account details to receive their cash dividend directly into their bank accounts.

In this regard and in pursuance of the directives issued by the SECP vide SRO No. 421(I)/2018 dated 02 April 2018, the shareholders are required to provide relevant details of their bank accounts (i.e. title of account, complete bank account number (i.e. 24 digit IBAN), complete mailing address of the bank, name of the bank, folio number, mobile number and email address) within 45 days from the date of issuance of the said SRO for payment of cash dividend through electronic mode. As such, the Company shall be bound to withhold the amount of dividend declared by the Company of those members who do not provide their bank details.

E-Dividend Mandate Forms are available at the Registered Office of the Company and can be downloaded from the Company's website. The E-Dividend Mandate Forms were also posted to all the registered members of the Company vide earlier Notice of Extraordinary General Meeting issued on 14 April 2018 as well as the Notice of Annual General Meeting issued on 04 October 2017.

### **6. Updating NTN with respective participants/ Share Registrar:**

The corporate members having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate members who have physical shares should send a copy of their NTN certificate to our Share Registrar. The members while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

### **7. Deduction of Income Tax under Section 150 of the Income Tax Ordinance, 2001:**

- a) Pursuant to the Finance Act, 2018, effective 01 July 2018, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a Non-Filer of income tax return is prescribed as 20% and for Filer of tax returns as 15%. List of filers is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>  
Members are therefore advised to update their tax Filer status latest by 15 October 2018.

- b) Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDC A/c No.	Total No. of Shares	Principal Shareholders		Joint Holder (s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

- c) The required information must reach our Share Registrar by the close of business on 15 October 2018; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).
- d) The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.
- e) The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend if announced by the Company on 23 October 2018.
- f) Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by 15 October 2018.

## 8. Availability of Financial Statements and Reports on the Website:

The Annual Report of the Company for the year ended 30 June 2018 has been placed on the Company's website.

## 9. Circulation of Annual Financial Statements for the year ended 30 June 2018 through CD/DVD/USB

The SECP vide SRO No. 470(I)/2016 dated 31 May 2016, has allowed listed companies to circulate their annual audited accounts (i.e. the annual balance sheet and profit and loss account, auditor's report and director's report) to its members through CD/DVD/USB at their registered addresses instead of sending them in hard copies, subject to approval obtained from shareholders in General Meeting. Accordingly, the Company has obtained approval from members in the 32nd Annual General Meeting held on 25 October 2016.

Pursuant to the approval of shareholders, as aforesaid, the annual report of the Company for the year ended 30 June 2018 is being circulated to the members through CD.

## 10. Transmission of Annual Financial Statements and Notice of Meeting through email:

Pursuant to S.R.O. 787(I)/2014 dated 08 September 2014, SECP has permitted companies to circulate annual audited financial statements along with notice of Annual General Meeting to its members through email. The Companies Act 2017 also allows electronic circulation of annual financial statements and reports thereon. Accordingly, we are pleased to offer this facility to our members who desire to receive annual financial statements and notices of the Company through email in future.

We have uploaded the request form/consent form, for the purpose, on the Company's website. Members who desire to receive annual financial statements and notice of Annual General Meeting through e-mail, instead of receiving them through CD/DVD/USB, are requested to submit their consent on the form duly filled to the Share Registrar of the Company. Any changes to such arrangements should be communicated to the Company on standard request form.

Members, who do not provide their email IDs, shall continue to receive their future annual financial statements (either in CD/ DVD/USB) at their registered addresses. However, they will have right to request for a hard copy at their registered addresses.

## 11. Request for Video Conference Facility:

In terms of SECP's Circular No. 10 of 2014 dated 21 May 2014 read with provisions contained under Section 134(1)(b) of the Companies Act, 2017, members of the Company may also attend and participate in the AGM through video conference facility in a city other than Karachi, if members residing in the vicinity, collectively holding 10% or more shareholding, demand in writing, to participate in the AGM through video conference at least ten (10) days prior to the date of the AGM.

To avail such facility, please submit the following form with the requisite information at the Registered Office of the Company -

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of Amreli Steels limited, holder of \_\_\_\_\_ ordinary shares(s) as per Registered Folio/CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_

\_\_\_\_\_  
Name and Signature

\_\_\_\_\_  
Date:

The Company will intimate members regarding venue of video conference facility at least five (05) days before the date of the AGM along with complete information necessary to enable them to access such facility.

## 12. E-Voting

Members can also exercise their right of E-voting subject to the requirements of S. 143 - 145 of the Companies Act 2017 and the applicable clauses of the Companies (Postal Ballot) Regulations 2018.

## STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT 2017

Alteration in the Memorandum and Articles of Association of the Company is necessary in the light of the Companies Act, 2017 and the Code of Corporate Governance. The proposed changes in the Memorandum and Articles of Association of the Company are being made to bring the Memorandum and Articles in conformity with the Companies Act, 2017.

In the Memorandum of Association, principal line of business Clause III (1) has been replaced with Clause III (3) while reference to the Companies Ordinance, 1984 has been replaced with the Companies Act, 2017. The comparative statement of existing clauses with the proposed amendments in the Memorandum and Articles of Association of the Company, being sent to the Members together with Revised Memorandum of Association and New Set of Articles of Association along with this notice.

The Revised Memorandum of Association of the Company and the New Set of Articles of Association of the Company can be inspected by the shareholders from the date of issuance of this notice till the date of meeting at the registered office of the Company during usual business hours from Monday to Friday (9.00 a.m. – 5.00 p.m.).

The Directors have no personal interest in the above special business and/or special resolutions, save to the extent of their shareholding in the Company.

## Statement of Directors pursuant to SRO 423 of 2018 dated 03 April 2018

The Directors have duly given a statement, as required under the aforesaid SRO, that the proposed alterations are in line with the applicable provisions of the law and regulatory framework.

For any query/problem/information, members may contact our Share Registrar at the following address:

### THK Associates (Pvt) Ltd

1st Floor, 40-C, Block-6, P.E.C.H.S. Karachi - 75400

UAN No: (021) 111-000-322

Direct No: (021) 34168266-8

Email: secretariat@thk.com.pk



اگر آپ اس سہولت کے خواہشمند ہیں تو آپ سے گزارش ہے کہ درج ذیل معلومات کمپنی کے رجسٹرڈ شدہ دفتر میں جمع کروادیں:

میں / ہم	ساکن / ساکنان	امریلی اسٹیلز لمیٹڈ کے حصص داران ہونے کی
حیثیت سے، حامل / حاملین	عام حصص بحوالہ رجسٹرڈ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر	بذریعہ ہذا بمقام
	ویڈیو کانفرنس کی سہولت سے فائدہ اٹھانے کے خواہشمند ہیں۔	
نام و دستخط ممبر (ممبران)	تاریخ	

کمپنی کی جانب سے سالانہ اجلاس عام کے مقام کے بارے میں ممبران کو اجلاس کے انعقاد سے کم از کم پانچ (5) دن پہلے اطلاع فراہم کر دی جائے گی اور یہ بھی بتا دیا جائے گا کہ اس مقام تک رسائی کس طرح ممکن ہو سکتی ہے۔

#### ای۔ دوئنگ:

کمپنیز ایکٹ 2017 کے سیکشنز 143-145 اور کمپنیز ایکٹ (پوسٹل بیٹ) ریگولیشنز 2018 کے تحت ممبران بذریعہ ای۔ دوئنگ بھی اپنا حق رائے دہی استعمال کر سکتے ہیں۔

#### کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت بیان:

کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے تحت کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن میں ترمیم کرنا ضروری ہے۔ کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن میں مجوزہ ترامیم اس لئے کی جارہی ہیں کہ کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کو کمپنیز ایکٹ 2017 سے ہم آہنگ کیا جاسکے۔

کمپنیز ایکٹ 2017 کے تحت کمپنی کے موجودہ میمورنڈم آف ایسوسی ایشن میں کمپنی کے بنیادی کاروبار کی شق نمبر (3) III کو شق نمبر (1) III سے تبدیل کیا جا رہا ہے۔ موجودہ ضوابط اور مجوزہ ضوابط برائے ترامیم کا ایک تقابلی جائزہ اور ان ترامیم کے جواز سے متعلق ایک بیان کو نوٹس ہذا کے ساتھ منسلک اور ممبران کی خدمت میں ارسال کیا جا رہا ہے۔

کمپنی کے نظر ثانی شدہ میمورنڈم آف ایسوسی ایشن اور آرٹیکلز آف ایسوسی ایشن کے نئے مسودے کی جانچ کیلئے کوئی بھی حصص داران ان مسودات کے اجراء کی تاریخ سے اجلاس کی تاریخ تک انہیں کمپنی کے رجسٹرڈ دفتر میں دوران دفتری اوقات کار پیر تا جمعہ (9:00am تا 5:00pm) ملاحظہ کر سکتے ہیں۔

مذکورہ بالا امور خصوصی / خصوصی قرارداد سے ڈائریکٹرز کے کسی بھی قسم کے کوئی بھی مفادات وابستہ نہیں ہیں۔ بجز ان مفادات کے جو کہ کمپنی میں ان کی حصص داری کی حد تک وابستہ ہیں۔

#### ایس آر او 423 بابت 2018 مؤرخہ 3 اپریل 2018 کے تحت ڈائریکٹرز کا بیان:

مذکورہ بالا ایس آر او کی پاسداری کرتے ہوئے ڈائریکٹرز کی جانب سے بیان دیا گیا ہے کہ مجوزہ ترامیم قابل اطلاق قوانین اور ضوابط کی روح کے مطابق ہیں۔

کسی بھی سوال / مسئلے / معلومات کیلئے ممبران ہمارے حصص رجسٹرار سے درج ذیل پتے پر رابطہ کر سکتے ہیں:

ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

پہلی منزل، 40 - سی، بلاک -6،

پی ای سی ایچ ایس کراچی - 75400

UAN NO. (021) 111-000-322

براہ راست نمبر: (021) 34168266-8

Email: secretariat@thk.com.pk

ج۔ مطلوبہ معلومات ہمارے حصص رجسٹرار کے پاس کام کے آخری دن 15 اکتوبر 2018 تک دفتر بند ہونے سے قبل موصول ہو جانی چاہئے، بصورت دیگر یہ تصور کیا جائے گا کہ بنیادی اور مشترکہ حصص کا تناسب برابر ہے۔

د۔ سی ڈی سی اکاؤنٹ کے حامل کارپوریٹ حصص داران پر لازم ہے کہ اپنے متعلقہ شرائط داروں کے پاس اپنے این ٹی این کی تجدید کروالیں۔ جبکہ ایسے کارپوریٹ حصص داران جو کہ فزیکل / ظاہری طور پر حصص کے مالکان ہیں پر لازم ہے کہ اپنے این ٹی این ٹھیکہ کپنی کے حصص رجسٹرار کو فراہم کر دیں۔ این ٹی این یا این ٹی این سرٹیفیکٹ فراہم کرتے وقت ممبران پر لازم ہے کہ کپنی کا نام اور متعلقہ فیلو نمبر بھی فراہم کیا جائے۔

ه۔ مژورہ بالا معلومات کو اگر بروقت فراہم کر دیا جائے تو کپنی کی جانب سے 23 اکتوبر 2018 کو منافع منقسمہ ادا کرنے کی صورت میں کپنی قابل اطلاق انکم ٹیکس شرح کے مطابق انکم ٹیکس کی کٹوتی کرنے کے قابل ہو سکے گی۔

و۔ ایسے ممبران، جو کہ انکم ٹیکس آرڈیننس 2001 کے تحت انکم ٹیکس کی کٹوتی سے استثناء حاصل کرنا چاہتے ہیں یا کم شرح انکم ٹیکس کے حساب سے انکم ٹیکس کی کٹوتی چاہتے ہیں، سے گزارش کی جاتی ہے کہ اپنے کارڈ انکم ٹیکس ٹھیکہ یا دیگر ضروری دستاویزاتی ثبوت، جیسی بھی صورت ہو، 15 اکتوبر 2018 تک فراہم کر دیں۔

### ویب سائٹ پر مالیاتی گوشواروں اور رپورٹس کی دستیابی:

کپنی کی سالانہ رپورٹ برائے مالی سال 30 جون 2018 کپنی کی ویب سائٹ پر فراہم کر دی گئی ہے۔

### سالانہ مالیاتی گوشوارے برائے مالی سال اختتامیہ 30 جون 2018 کی بذریعہ سی ڈی / ڈی وی ڈی / یو ایس بی فراہمی:

ایس ای سی پی کی جانب سے بحوالہ ایس آر او نمبر 2016/1(470) مؤرخہ 31 مئی 2016 لسطہ کمپنیوں کو اس بات کی اجازت دی گئی ہے کہ وہ اپنے آڈٹ شدہ سالانہ اکاؤنٹس (یعنی سالانہ بیلنس شیٹس، نفع و نقصان کی دستاویزات، آڈیٹ اور ڈائریکٹرز کی رپورٹس) اپنے ممبران کو کتابی صورت میں بھجوانے کے بجائے بذریعہ سی ڈی / ڈی وی ڈی / یو ایس بی ان کے درج شدہ پتوں پر بھجوا سکتے ہیں جس کے لئے ممبران کی رضامندی 32 ویں سالانہ اجلاس عام 25 اکتوبر 2016 میں حاصل کی جا چکی ہے۔

جیسا کہ اوپر بیان کیا جا چکا ہے، حصص داران کی جانب سے منظوری کی بنیاد پر مالی سال اختتامیہ 30 جون 2018 سے متعلق آڈٹ شدہ مالیاتی گوشوارے کو بذریعہ سی ڈی ارسال کئے جا رہے ہیں۔

### سالانہ مالیاتی گوشوارے اور اجلاسوں سے متعلق اطلاعات کی بذریعہ ای میل فراہمی:

بحوالہ ایس آر او نمبر 2014/1(787) مؤرخہ 8 ستمبر 2014، ایس ای سی پی کی جانب سے لسطہ کمپنیوں کو اس بات کی اجازت دی گئی ہے کہ وہ اپنی سالانہ آڈٹ شدہ مالیاتی گوشوارے بشمول نوٹس برائے سالانہ اجلاس عام سے متعلق اطلاعات کو بذریعہ ای میل اپنے ممبران کو بھجوا سکتی ہیں۔ اس کے علاوہ کمپنیز ایکٹ 2017 اس بات کی اجازت بھی دیتا ہے کہ کمپنیاں اپنی سالانہ مالیاتی گوشوارے اور ان سے متعلق رپورٹس ممبران کو الیکٹرانک ذرائع سے بھی بھجوا سکتی ہیں۔ اسی مناسبت سے ہم ان ممبران کو سالانہ مالیاتی دستاویزات اور اطلاعات بذریعہ ای میل حاصل کرنے کی سہولت کی پیشکش کرتے ہیں جو مستقبل میں بذریعہ ای میل ان دستاویزات تک رسائی حاصل کرنا چاہتے ہیں۔

اس مقصد کیلئے ہماری جانب سے درخواست فارم ہماری کپنی کی ویب سائٹ پر فراہم کر دیا گیا ہے۔ ایسے ممبران، جو کہ سالانہ مالیاتی گوشوارے اور سالانہ عام اجلاسوں کی اطلاعات سی ڈی / ڈی وی ڈی / یو ایس بی کے بجائے بذریعہ ای میل موصول کرنے میں دلچسپی رکھتے ہیں، سے درخواست کی جاتی ہے کہ اس سلسلے میں فراہم کئے جانے والے فارم کو باقاعدہ پر کر کے کپنی کے حصص رجسٹرار کے پاس جمع کروادیں۔ اس سلسلے میں کسی بھی قسم کی تبدیلی سے کپنی کو باقاعدہ معیاری فارم کے ذریعے آگاہ کیا جائے گا۔

ایسے ممبران جو کہ اس سلسلے میں اپنے ای میل پتے فراہم نہیں کرنا چاہتے مستقبل میں کپنی کی سالانہ مالیاتی دستاویزات (سی ڈی / ڈی وی ڈی / یو ایس بی کی صورت میں) اپنے درج شدہ پتوں پر موصول کرتے رہیں گے۔ البتہ ممبران کو یہ حق حاصل ہے کہ وہ اپنے رجسٹرڈ شدہ پتے پر اس کی کتابی صورت منگوانے کیلئے درخواست دے سکتے ہیں۔

### ویڈیو کانفرنس کی سہولت کے حصول کیلئے رضامندی:

ایس ای سی پی کی جانب سے جاری کردہ سرکلر نمبر 10 بابت 2014 مؤرخہ 21 مئی 2014 اور کمپنیز ایکٹ 2017 کے سیکشن (b)(1) 134 کے تحت اگر کراچی کے علاوہ کسی اور جغرافیائی محل وقوع پر کپنی کے اوسط 10% یا اس سے زائد حصص داران کی جانب سے درخواست کی جائے کہ وہ سالانہ اجلاس عام میں بذریعہ ویڈیو کانفرنس شرکت کے خواہاں ہیں تو کپنی کی جانب سے اس سہولت کا اہتمام کیا جاسکتا ہے بشرطیکہ یہ درخواست اجلاس منعقد ہونے سے کم از کم 10 دن پہلے موصول ہو اور جس علاقے میں حصص داران موجود ہوں وہاں اس قسم کی سہولت فراہم کرنا ممکن بھی ہو۔



### قومی شناختی کارڈ کی فراہمی (لازمی):

ایسے ممبران جنہوں نے اب تک اپنے کارآمد قومی شناختی کارڈ کی نقل بمعہ فوٹو نمبر کمپنی رجسٹرار/حصص رجسٹرار کے پاس جمع نہیں کروائی ہے، سے ایک مرتبہ پھر گزارش کی جاتی ہے کہ مزکورہ کوائف جلد از جلد کمپنی کے حصص رجسٹرار کے پاس بھجوادیں۔ کارآمد قومی شناختی کارڈ کی نقل موصول ناہونے کی صورت میں کمپنیز ایکٹ 2017 کے سیکشن (3) 243 کے مطابق ایسے حصص داران کے منافع منقسمہ کی ادائیگی کو روک لیا جائے گا۔

### نقد منافع منقسمہ کی ادائیگی بذریعہ الیکٹرانک ذرائع کی لازمییت:

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت ہر لمٹڈ کمپنی کیلئے لازم قرار دیا گیا ہے کہ وہ منافع منقسمہ اپنے ممبران کی جانب سے مہیا کئے گئے بینک اکاؤنٹس میں الیکٹرانک ذرائع سے براہ راست منتقل کریں۔ ایس آر او نمبر 2017/1(1) 1145 مؤرخہ 6 نومبر 2017 کے مطابق تمام ممبران کیلئے لازم قرار دیا گیا ہے کہ وہ اپنے بینک اکاؤنٹس میں براہ راست اپنے منافع منقسمہ حاصل کرنے کیلئے اپنے متعلقہ بینک اکاؤنٹس کی تفصیلات مہیا کریں۔

مزکورہ ایس آر او اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ہدایات، بحوالہ ایس آر او نمبر 2018/1(1) 421 مؤرخہ 2 اپریل 2018 تمام حصص داران اس بات کے پابند ہیں کہ اپنے بینک اکاؤنٹس سے متعلق تمام معلومات کمپنی کو فراہم کریں جس میں بینک اکاؤنٹ کا عنوان، مکمل بینک اکاؤنٹ نمبر (یعنی 24 اعداد پر مبنی آئی بی اے این)، بینک سے خط و کتابت کا مکمل پتہ، بینک کا نام، فوٹو نمبر، موبائل نمبر اور ای میل وغیرہ۔ یہ معلومات مزکورہ ایس آر او کے جاری کئے جانے کے 45 دنوں کے اندر فراہم کیا جانا لازم ہے تاکہ نقد منافع منقسمہ کی بذریعہ الیکٹرانک ذرائع منتقلی کی جا سکے۔ کمپنی کو مزکورہ معلومات فراہم نہ کرنے والے حصص داران کا منافع منقسمہ کو روک لیا جائے گا۔

ای۔ ڈیوڈنڈ مینڈیٹ کیلئے فارم کمپنی کے رجسٹرڈ شدہ دفتر میں دستیاب ہیں اور ان فارمز کو کمپنی کی ویب سائٹ سے بھی ڈاؤن لوڈ کیا جاسکتا ہے۔ نیز کمپنی کے رجسٹرڈ شدہ ممبران کو اجلاس عام کے نوٹس مؤرخہ 14 اپریل 2018 اور سالانہ اجلاس عام کے نوٹس مؤرخہ 4 اکتوبر 2017 کی اطلاعات کے ساتھ ساتھ ای۔ ڈیوڈنڈ مینڈیٹ فارمز بھی بذریعہ ڈاک ارسال کئے جاسکے ہیں۔

### متعلقہ شراکت دار/حصص رجسٹرار کے پاس این ٹی این کی تجدید:

سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ ممبران کیلئے لازم ہے کہ اپنے متعلقہ شراکت دار کے پاس اپنے نیشنل ٹیکس نمبر (این ٹی این) کی تجدید کروالیں جبکہ ایسے کارپوریٹ ممبران جو کہ فزیکل طور پر حصص کے حامل ہیں، کو چاہئے کہ اپنے این ٹی این کی توثیق کی نقل حصص رجسٹرار کو ارسال کر دیں۔ این ٹی این یا این ٹی این توثیق، جیسی بھی صورت ہو، ارسال کرتے وقت حصص داران کمپنی کا نام اور اپنا متعلقہ فوٹو نمبر لازم درج کریں۔

### انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت انکم ٹیکس کی کوٹنی:

الف۔ یکم جولائی 2018 سے نافذ العمل فنانس ایکٹ 2018 کے مطابق، زیر تحت سیکشن 150 بابت انکم ٹیکس، منافع منقسمہ کی ادائیگی کے وقت انکم ٹیکس کی کوٹنی کی شرح فائلر کیلئے 15% اور غیر فائلر کیلئے 20% ہے۔ فائلر کی فہرست فیڈرل بورڈ آف ریونیو (ایف بی آر) کی ویب سائٹ <http://www.fbr.gov.pk> پر دستیاب ہے۔ لہذا تمام ممبران سے گزارش کی جاتی ہے کہ 15 اکتوبر 2018 تک مزکورہ فہرست میں اپنے فائلر ہونے کی حیثیت کی تجدید کروالیں۔

ب۔ مزید برآں، فیڈرل بورڈ آف ریونیو (ایف بی آر) کی جانب سے دی گئی وضاحت کے مطابق، بنیادی اور مشترکہ حصص داران سے ان کے فائلر یا غیر فائلر ہونے کی حیثیت سے ہی ود ہولڈنگ ٹیکس کی کوٹنی کی جائے گی اور مشترکہ حصص کی صورت میں حصص کے تناسب کو بھی مد نظر رکھا جائے گا۔

اس سلسلے میں تمام حصص داران، جو کہ مشترکہ طور پر حاملین حصص ہیں، سے گزارش کی جاتی ہے کہ اپنے بنیادی اور مشترکہ حصص سے متعلق معلومات ہمارے حصص رجسٹرار کو درج ذیل انداز سے فراہم کر دیں:

فولیو/سی ڈی سی اکاؤنٹ نمبر	حصص کی کل تعداد	بنیادی حاملین حصص		مشترکہ حاملین حصص	
		نام اور قومی شناختی کارڈ نمبر	تناسب حصص داری (حصص کی تعداد)	نام اور قومی شناختی کارڈ نمبر	تناسب حصص داری (حصص کی تعداد)



نوٹس:

### حصص منتقلی کھاتوں کی بندش

کمپنی کے حصص منتقلی کھاتے 16 اکتوبر 2018 سے 23 اکتوبر 2018 تک بند رہیں گے (دونوں ایام مذکورہ بھی اس میں شامل ہیں)۔ ہمارے رجسٹرار ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، 40-سی، پی ای سی ایچ ایس، کراچی کو دفتری اوقات کے دوران 15 اکتوبر 2018 تک موصول ہونے والے شیئرز کی منتقلی کی درخواستوں کو تسلیم کیا جائے گا اور وہ ممبران سالانہ اجلاس عام میں شرکت کے لئے اور بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ نقد منافع منقسمہ کے لئے اہل ہوں گے۔

### اجلاس عام میں شرکت اور پراکسی کی نامزدگی

- کمپنی کا ایک ایسا ممبر جو کہ اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا استحقاق رکھتا ہو اس بات کا مجاز ہوگا کہ اپنی جگہ کسی اور ممبر کو اجلاس میں شرکت اور حق رائے دہی کیلئے بطور پراکسی نامزد کر دے اور نامزد کردہ شخص بھی اجلاس میں شرکت کرنے، رائے دینے، تقرر کرنے اور حق رائے دہی استعمال کرنے کا مجاز ہوگا۔
- اجلاس میں شرکت کیلئے ایک غیر پرشدہ پراکسی فارم کو ممبران کو ارسال کئے جانے والے نوٹس ہذا کے ساتھ منسلک کیا جا رہا ہے۔ پراکسی فارم کی مزید تفصیل حاصل کرنے کیلئے دفتری اوقات کار کے دوران کمپنی کے رجسٹرار دفتر سے رابطہ کیا جاسکتا ہے۔
- پراکسی کے کارآمد ہونے کیلئے ضروری ہے کہ پراکسی کی درخواست کمپنی کے رجسٹرار دفتر کو اجلاس منعقد ہونے سے کم از کم 48 گھنٹے پہلے موصول ہونا لازم ہے۔ ممبر کے کارآمد قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل بھی پراکسی فارم کے ساتھ منسلک کرنا لازم ہے۔
- پراکسی فارم کیلئے لازم ہے کہ باقاعدہ پرشدہ ہو، اس دستخط اور مہر ثبت ہو اور فارم پر دو گواہان کے نام، پتہ، شناختی کارڈ نمبر اور ان کے دستخط درج ہوں۔
- سی ڈی سی اکاؤنٹ کے حاملین سے گزارش ہے کہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے جاری کردہ سرکلر نمبر 1 مؤرخہ 26 جنوری 2000 میں دی گئی ہدایات پر عمل کریں۔

### اجلاس میں شرکت کیلئے:

- افراد کی صورت میں، حاملین اکاؤنٹ، حاملین ذیلی اکاؤنٹ اور ایسا کوئی شخص جس کی سکیورٹیز گروپ اکاؤنٹ کی صورت میں ہوں اور ان کی تمام تر تفصیلات قواعد کے عین مطابق اپ لوڈ بھی کی جا چکی ہوں، پراکسی میں شرکت کیلئے لازم ہوگا کہ اپنی شناخت ثابت کرنے کیلئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ ظاہر کریں۔
- سینٹرل ڈپازٹری (سی ڈی سی) سے رجسٹرڈ شدہ ممبران سے بھی درخواست ہے کہ اپنی تمام کوائف جیسا کہ قومی شناختی کارڈ نمبر اور سی ڈی ایس اکاؤنٹ نمبر ہمراہ لے کر آئیں۔
- بصورت کاروباری ادارے، اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نامزد کردہ شخص کے دستخط کے نمونے ظاہر کرنا لازم ہیں (اگر اس سے پہلے یہ معلومات فراہم ناکئی گئی ہوں)۔

### پراکسی کے انتخاب کیلئے:

- انفرادی شخص کی صورت میں حامل اکاؤنٹ یا ذیلی اکاؤنٹ اور ایسا کوئی شخص جس کی سکیورٹیز گروپ کی صورت میں ہوں اور قواعد کے مطابق ان کوائف کو اپ لوڈ بھی کیا جا چکا ہو پر لازم ہوگا کہ کمپنی کی جانب سے دی گئی ہدایات کے مطابق پراکسی فارم جمع کروائیں۔
- پراکسی فارم پر دو گواہان کے دستخط ثبت کئے جائیں اور فارم پر گواہوں کے نام، پتہ اور قومی شناختی کارڈ نمبر درج ہونا بھی لازم ہے۔
- مستفید ہونے والے شیئر ہولڈرز اور پراکسی کی جانب سے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل فراہم کیا جانا بھی ضروری ہے۔
- اجلاس میں شرکت کے وقت اپنی شناخت ثابت کرنے کیلئے پراکسی پر لازم ہے کہ اپنا اصل قومی شناختی کارڈ ظاہر کرے۔
- کارپوریٹ اداروں کی جانب سے بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نمونہ دستخط پراکسی فارم کے ساتھ جمع کروانا لازم ہے۔

### حصص داران کے پتے میں تبدیلی سے متعلق اطلاع

کمپنی کے حصص داران سے گزارش ہے کہ اگر ان کے پتے میں کسی بھی قسم کی کوئی تبدیلی واقع ہوئی ہے تو اس تبدیلی کو فوری طور پر ہمارے رجسٹرار میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو مطلع کریں۔

## اطلاع برائے 34 ویں سالانہ اجلاس عام

بذریعہ ہذا اعلان، اطلاع دی جاتی ہے کہ امریلی اسٹیلز لمیٹڈ (کمپنی) کے حصص داران کا سالانہ اجلاس عام مورخہ 23 اکتوبر 2018 شام 5 بجے بمقام آڈیٹوریم ہال انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP)، بلاک-8، چارٹرڈ اکاؤنٹنٹس ایونیو، گلشن، کراچی، پاکستان میں مندرجہ ذیل امور کی منظوری کے لئے منعقد ہوگا:

### عمومی امور

- 1- کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بابت مالی سال اختتامیہ 30 جون 2018 اور ان کے بارے میں ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی منظوری۔
- 2- بورڈ آف ڈائریکٹرز کی جانب سے مالی سال اختتامیہ 30 جون 2018 کیلئے تجویز کئے جانے والے حتمی نقد منافع منقسمہ بقدر 2.2 روپے فی حصص (جو کہ 22% بنتا ہے) کی منظوری۔
- 3- آئندہ مالی سال اختتامیہ 30 جون 2019 کیلئے کمپنی کے آڈیٹرز کا انتخاب کرنا اور ان کے معاوضے کی منظوری۔ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے تجویز دی گئی ہے کہ ریٹائر ہونے والے آڈیٹرز میسرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس، کو بطور کمپنی کے بیرونی آڈیٹرز آئندہ مالی سال اختتامیہ 30 جون 2019 تک ایک مرتبہ پھر تعینات کیا جائے۔ ریٹائر ہونے والے آڈیٹرز کی جانب سے اپنی اہلیت کی بنیاد پر ایک مرتبہ پھر مالی سال اختتامیہ 30 جون 2019 کیلئے اپنی خدمات پیش کی گئی ہیں۔

### خصوصی امور

- 4- درج ذیل قرارداد کو ریغور لانا اور اگر مناسب سمجھا جائے تو اسے ترمیم کے ساتھ یا بلا ترمیم بطور خصوصی قرارداد منظور کرنا، کمپنی کے موجودہ میمورنڈم آف ایسوسی ایشن میں ترمیم کرنا اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے نئے آرٹیکلز کو اپنانا تاکہ کمپنی کے میمورنڈم اور آرٹیکلز کو کمپنیز ایکٹ 2017 اور دیگر کارپوریٹ قوانین سے ہم آہنگ کیا جاسکے۔
- "منظور کیا جاتا ہے کہ کمپنی کے موجودہ میمورنڈم اور آرٹیکلز آف ایسوسی ایشن میں بذریعہ ہذا ترمیم کی جاتی ہے تاکہ انھیں کمپنیز ایکٹ 2017 اور دیگر نافذ العمل کارپوریٹ قوانین سے ہم آہنگ کیا جاسکے، اور اس مقصد کیلئے کمپنی کے ترمیم شدہ میمورنڈم اور ترمیم شدہ آرٹیکلز آف ایسوسی ایشن، جو کہ حصص داران کو سالانہ اجلاس عام کی اطلاع کے ساتھ (بمعہ Company Secretary کے دستخط بطور شناخت) مہیا کئے جاسکے ہیں، اور کمپنی کے موجودہ میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کی جگہ ترمیم شدہ میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کو سالانہ اجلاس عام کی تاریخ سے اپنایا جاتا ہے۔"
- "منظور کیا جاتا ہے کہ بذریعہ ہذا چیف ایگزیکٹو آفیسر یا/اور کمپنی سیکرٹری کو اس بات کا مجاز بنایا جاتا ہے کہ ایسے تمام ضروری اور متعلقہ اقدامات اٹھائیں اور افعال سرانجام دیں جو کہ مذکورہ بالا قرارداد کو من و عن اس کی اصل روح کے ساتھ جلد از جلد نافذ کرنے کیلئے ضروری ہوں۔"
- کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت مطلوبہ بیان کو اس نوٹس کے ساتھ مہراں کو ارسال کیا جا رہا ہے۔

### اس کے علاوہ دیگر امور:

- 5- ان کے علاوہ ایسے دیگر امور کو ریغور لانا جنھیں پیش کرنے کی چیز میں ان کی جانب سے اجازت دی جائے۔

بحکم بورڈ



عدنان عبدالغفار

کمپنی سیکرٹری

02 اکتوبر 2018

کراچی

## PATTERN OF SHAREHOLDING WITH ADDITIONAL INFORMATION

As on 30 June 2018

**Categories of Shareholders** **Number of Shareholders** **Shares Held** **Percentage**

### Directors and their Spouse(s) and Minor Children

Abbas Akberali	2	92,549,482	31.16
Shayan Akberali	1	35,694,840	12.02
Mariam Akberali	2	37,732,212	12.70
Kinza Shayan	1	1,746,383	0.59
Teizoon Kisat	1	500	0.00
Badar Kazmi	1	1,000	0.00
Zafar Ahmed Taji	1	500	0.00

### Associated Companies, Undertakings and Related Parties

Mahvash Akberali	1	55,732,930	18.76
------------------	---	------------	-------

### Executives

Fazal Ahmed	1	20,000	0.67
-------------	---	--------	------

### Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds

Banks, DFI & NBFI	8	8,133,900	2.74
Insurance Companies	15	27,956,522	9.41
Modaraba	1	5,000	0.00
Mutual Funds	43	11,262,766	3.79
General Public	9,667	25,736,592	8.66
Foreign Companies	4	439,800	0.15
<b>Total</b>	<b>9,749</b>	<b>297,011,427</b>	<b>100.00</b>

### Shareholders holding 5% or more

	<b>Shares Held</b>	<b>Percentage</b>
Abbas Akberali	91,294,723	30.74
Mahvash Akberali	55,732,930	18.76
Hadi Abbas Akberali	37,732,212	12.70
Shayan Akberali	35,694,840	12.02

### Details of purchase/sale of Shares by Directors, Executives and their Spouse(s)/minor children during the year 2017-18

Name	Date of Transaction	No. of Shares Sold	No. of Shares Purchased	Rate Per Share
Salsabil Akberali	12-January-2018	-	32,000	93.00
Salsabil Akberali	15-January-2018	-	40,000	90.00
Salsabil Akberali	24-April-2018	-	38,000	87.50
Fazal Ahmed	18-May-2018	-	10,000	75.40
Hadi Abbas Akberali	21-June-2018	-	313,000	69.34
Fazal Ahmed	26-June-2018	-	10,000	66.02

## PATTERN OF SHAREHOLDING AS AT 30 JUNE 2018

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		SHARES HELD	PERCENTAGE
	FROM	TO		
418	1	100	16729	0.0056
6089	101	500	2997922	1.0094
1537	501	1000	1512029	0.5091
1172	1001	5000	2909299	0.9795
221	5001	10000	1732173	0.5832
59	10001	15000	733107	0.2468
59	15001	20000	1083009	0.3646
31	20001	25000	736804	0.2481
22	25001	30000	619615	0.2086
11	30001	35000	372200	0.1253
10	35001	40000	385217	0.1297
1	40001	45000	44000	0.0148
12	45001	50000	589700	0.1985
7	50001	55000	371300	0.1250
1	55001	60000	60000	0.0202
4	60001	65000	254300	0.0856
8	65001	70000	540000	0.1818
5	70001	75000	368400	0.1240
3	75001	80000	236500	0.0796
3	80001	85000	246900	0.0831
5	85001	90000	443500	0.1493
4	90001	95000	372600	0.1254
6	95001	100000	593000	0.1997
1	100001	105000	100500	0.0338
3	105001	110000	329000	0.1108
2	110001	115000	223800	0.0754
2	125001	130000	255476	0.0860
2	135001	140000	274500	0.0924
1	145001	150000	150000	0.0505
1	150001	155000	155000	0.0522
2	155001	160000	313000	0.1054
1	160001	165000	161700	0.0544
2	180001	185000	368600	0.1241
1	185001	190000	190000	0.0640

## PATTERN OF SHAREHOLDING AS AT 30 JUNE 2018

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		SHARES HELD	PERCENTAGE
	FROM	TO		
1	205001	210000	210000	0.0707
1	210001	215000	213200	0.0718
1	220001	225000	225000	0.0758
1	225001	230000	228600	0.0770
1	265001	270000	267000	0.0899
1	280001	285000	283000	0.0953
1	290001	295000	291000	0.0980
1	310001	315000	313000	0.1054
1	330001	335000	332200	0.1118
1	345001	350000	350000	0.1178
1	360001	365000	361000	0.1215
1	380001	385000	381500	0.1284
1	385001	390000	388000	0.1306
2	405001	410000	810400	0.2729
1	420001	425000	422000	0.1421
1	425001	430000	425500	0.1433
1	470001	475000	470500	0.1584
1	495001	500000	500000	0.1683
1	530001	535000	530900	0.1787
1	545001	550000	547200	0.1842
1	595001	600000	598500	0.2015
1	610001	615000	611800	0.2060
1	645001	650000	650000	0.2188
1	730001	735000	734000	0.2471
1	740001	745000	745000	0.2508
1	845001	850000	847200	0.2852
1	995001	1000000	998500	0.3362
1	1010001	1015000	1013700	0.3413
1	1040001	1045000	1042600	0.3510
1	1140001	1145000	1144759	0.3854
2	1330001	1335000	2667700	0.8982
1	1345001	1350000	1347200	0.4536
1	1555001	1560000	1558100	0.5246
1	1745001	1750000	1746383	0.5880

## PATTERN OF SHAREHOLDING AS AT 30 JUNE 2018

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		SHARES HELD	PERCENTAGE
	FROM	TO		
1	1795001	1800000	1797100	0.60510
1	2155001	2160000	2158000	0.72660
1	3495001	3500000	3500000	1.17840
1	11670001	11675000	11674900	3.93080
1	14740001	14745000	14744400	4.96430
1	35690001	35695000	35694840	12.0180
1	37415001	37420000	37419212	12.5986
1	55730001	55735000	55732930	18.7646
1	91290001	91295000	91294723	30.7378
<b>9749</b>	<b>Total</b>		<b>297011427</b>	<b>100.0000%</b>

## INVESTORS' GRIEVANCES POLICY

The Company believes in prompt provision of resolution to all grievances of our valued shareholders in accordance with the statutory guidelines and well-designed policy. The development of sustained stakeholder relationships is paramount to the performance of the Company. Investors' grievances are managed centrally by the Corporate Compliance Department of the Company through an effective grievance management mechanism for handling of investors' queries and complaints, through the following key measures -

- Increasing the investors' awareness relating to modes for filing of queries;
- Handling of investors' grievances in a timely manner;
- Handling of grievances honestly and in good faith without prejudice;
- Escalating grievances to the appropriate levels with full facts of the case requiring attention of the senior management or the Board, for judicious settlement of the grievance, if required;
- Carrying out investigations to inquire about the cause of the grievance;
- Taking appropriate remedial action immediately to facilitate the respected investors of the Company.

Investors can communicate their grievances through any of the following channels -

- ◆ By calling at : 111-267-354
- ◆ By writing to : The Company Secretary  
Amreli Steels Limited  
Plot No. A-18, S.I.T.E. Karachi, Pakistan
- ◆ By accessing website : [www.amrelisteels.com/investor-grievances-complaints](http://www.amrelisteels.com/investor-grievances-complaints)
- ◆ By sending an email: [adnan.ghafar@amrelisteels.com](mailto:adnan.ghafar@amrelisteels.com)  
[investor-relations@amrelisteels.com](mailto:investor-relations@amrelisteels.com)

## ISSUES RAISED AND DECISIONS TAKEN IN THE LAST ANNUAL GENERAL MEETING

The Company conducted its last (33rd) Annual General Meeting (AGM) on 25 October 2017 at the Auditorium Hall of the Institute of Chartered Accountant Pakistan. Besides approval of annual audited accounts for the year ended 30 June 2017 and satisfactorily concluding other ordinary businesses of the said AGM, all the queries raised by the respected shareholders of the Company were responded upto their satisfaction by the Directors, Chief Executive Officer and the Chief Financial Officer of the Company. Other than routine enquiries, no issues were raised by the shareholders which requires decision or implementation thereof. The meeting ended successfully with prayers for further growth and development of the Company.

## **STRATEGY TO OVERCOME LIQUIDITY PROBLEM AND THE COMPANY'S PLAN TO MANAGE ITS REPAYMENT OF DEBTS AND RECOVER LOSSES, IF ANY.**

The Company has in place an active cash management system to ensure smooth working capital management and timely repayment of its debt maturities. We have built in-house dedicated special cash management division comprising of trained staff to closely monitor company's trade receivable and its aging together with strict system based control over credit limits to keep it in line with the company credit policy.

The Company has been assigned a credit rating of A for short term and A1 for long term by PACRA. With a strong timely repayment history coupled with good credit rating the Company enjoys excellent business relationship with financial institutions and have access to sufficient credit facilities to meet its cash flow needs.

All the working capital lines have re-payment terms in line with company's cash conversion cycle. The Company continuously assesses its overhead cost for opportunity to decrease them without compromising on productivity. The Company has invested heavily in plant and machinery in recent years to adopt modern technology to optimize production capabilities with reduce unit cost, which will ultimately result in further improved liquidity.



## STAKEHOLDERS' ENGAGEMENT PROCESS

STAKEHOLDERS	MANAGEMENT OF STAKEHOLDERS' ENGAGEMENT	EFFECT AND VALUE TO AMRELI STEELS LIMITED (ASL)
<b>INSTITUTIONAL INVESTORS / SHAREHOLDERS</b>	ASL acknowledges and honors the trust our investors have put in us by providing a steady return on their investment. We rigorously enforce a transparent relationship with all our stakeholders.	The providers of capital allow ASL the means to achieve its vision.
<b>CUSTOMERS &amp; SUPPLIERS</b>	ASL has invested significantly over the years in customer relationship management. Our continuous and sustainable growth is also attributable to engaging reputed suppliers as business partners for supply of industrial inputs, equipment and machinery.	Our success and performance depends upon the loyalty of our customers, their preference and our supply chain management.
<b>BANKS AND OTHER LENDERS</b>	Banks and other financial institutions are engaged by the Company on an on-going basis in relation to negotiation of rates, lending purposes, short term financing, deposits and investments. Banks are also consulted on issues linked with letters of credit and payments to suppliers, along with other disbursements of an operational nature.	Dealings with banks and lenders is key to ASL's performance in terms of the following: <ul style="list-style-type: none"> <li>• Access to funds</li> <li>• Better interest rates and loan terms</li> <li>• Minimal fees</li> <li>• Higher level of customer service</li> <li>• Effective planning for the future</li> </ul>
<b>MEDIA</b>	Different communication mediums are used on need basis to apprise the general public about new developments, activities and philanthropic initiatives of ASL.	By informing the media of the developments and activities of ASL, effective awareness is created regarding the Company and the products and services offered, indirectly having a positive impact.
<b>REGULATORS</b>	ASL prides itself in being a responsible corporate citizen and abides by the laws and regulations of Pakistan. ASL consciously ensures that all the legal requirements of other countries are also fulfilled while conducting business outside Pakistan.  ASL has paid a total of Rs. 2.88 Billion (comprising in terms of income taxes, sales taxes and custom duties) to Government Exchequer during the financial year under review and continues to be one of the highest taxpayers of Pakistan.	Laws and regulations, determination of prices and other factors controlled by the Government affect ASL and its performance.
<b>ANALYSTS</b>	In order to remain transparent and attract potential investors, ASL regularly engages with analysts on details of projects already disclosed to the regulators, with due regard to regulatory restrictions imposed on inside information and or trading, to avoid any negative impact on the Company's reputation or share price.	Providing all the required information to analysts on the historical performance of the Company, material announcement made during the period and help them understand the industry and its dynamics more clearly to create a positive investor environment.
<b>EMPLOYEES</b>	ASL's commitment to its most valued resource, a dedicated and competent workforce, is at the core of its human resource strategy. ASL provides a nurturing and employee friendly environment while investing considerably in local and foreign employee trainings. Besides monetary compensations, ASL has also invested in health and fitness activities for its employees.	ASL's employees represent its biggest asset. They implement every strategic and operational decision and represent the Company in the industry and community.
<b>LOCAL COMMUNITY AND GENERAL PUBLIC</b>	In addition to local communities near plant sites, ASL engages with general public at large through its CSR Activities. This engagement helps to identify needed interventions in the field of education, health and general economic uplift of the society.	The people of the Country provide the grounds for ASL to build its future on.

## MAJOR EVENTS DURING THE FINANCIAL YEAR 2017-2018

### AUGUST 2017

- ◆ Board of Directors' Meeting was held on 26 August 2017. The Board approved the annual audited financial statements of the Company for the year ended 30 June 2017 and the Directors' Report thereon, and recommend to the shareholders 20% (i.e. Rs. 2 per share) final cash dividend for the year ended 30 June 2017.

### OCTOBER 2017

- ◆ 33rd Annual General Meeting of the Company was held on 25 October 2017 at the Auditorium Hall of the Institute of Chartered Accountants of Pakistan, Block-8, Chartered Accountants Avenue, Clifton, Karachi; It approved annual audited accounts for the year ended 30 June 2017 and 20% (i.e. Rs. 2 per share) final cash dividend for the year ended 30 June 2017.
- ◆ Board of Directors' Meeting was held on 26 October 2017. The Board approved the condensed interim financial statements for the first quarter ended 30 September 2017 along with the Directors' Report thereon.
- ◆ Dispatched Final Cash Dividend Warrants to the shareholders.

### FEBRUARY 2018

- ◆ Board of Directors' Meeting was held on 17 February 2018. The Board approved the condensed interim financial statements for the half year ended 31 December 2017, along with the Directors' Report thereon.

### APRIL 2018

- ◆ Board of Directors' Meeting was held on 20 April 2018. The Board approved the condensed interim, financial statements for the third quarter ended 31 March 2017 along with the Directors' Report thereon.

### MAY 2018

- ◆ An Extraordinary General meeting of the Company was held on 07 May 2018 at the Auditorium hall of the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi to elect seven Directors as fixed by the Board of Directors of the Company in accordance with the provisions of Section 159(1) of the Companies Act, 2017 for a period of three years commencing from 07 May 2018. The number of persons who offered themselves to be elected was not more than the number of Directors fixed by the Board of Directors of the Company under Section 159 (1) of the Companies Act, 2017; therefore all the retiring directors of the Company were re-elected as Directors of the Company at the said EOGM by the shareholders for a period of three years, namely –

1. MR. ABBAS AKBERALI

5. MR. SHAYAN AKBERALI

2. MR. BADAR KAZMI

6. MS. KINZA SHAYAN

3. MR. ZAFAR AHMED TAJI

7. MS. MARIAM AKBERALI

4. MR. TEIZOON KISAT

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

The Company recognizes that Governance, Risk Management, and Compliance (GRC) are three pillars that work together to assure that the organization meets its objectives.

GRC is a discipline that aims to synchronize information and activity across governance, risk management and compliance in order to operate more efficiently, enable effective information sharing, more effectively report activities and avoid wasteful overlaps.



## GOVERNANCE

Governance (i.e. Corporate Governance) is the combination of processes established and executed by the Board of Directors (the Board) that are reflected in the Company's structure and how it is managed and led toward achieving goals of the Company as a whole.

The corporate governance structure of the Company is based on statutory and regulatory compliance requirements that are applicable to companies listed on the Pakistan Stock Exchange Limited and Company's Articles of Association complemented by several internal procedures. These procedures include a risk assessment and control system, as well as a system of assurances on compliance with applicable laws, regulations and the Company's Code of Conduct.



## MAJOR EXTERNAL REGULATIONS

- ◆ Companies Act, 2017 (Formerly: Companies Ordinance, 1984) and Rules made thereunder
- ◆ Listed Companies (CCG) Regulations, 2017
- ◆ Securities Act, 2015
- ◆ Listing Regulations of Pakistan Stock Exchange Limited
- ◆ Rule Book of Pakistan Stock Exchange Limited
- ◆ CDC Regulations
- ◆ All applicable Labour Laws
- ◆ All applicable Taxation Laws and Rules made thereunder
- ◆ Competition Act, 2010 and Rules made thereunder
- ◆ Applicable SECP Regulations, Circulars, Notifications and Guidelines issued from time to time
- ◆ Other local and International laws applicable directly or indirectly



## MAJOR INTERNAL REGULATIONS

- ◆ The Articles of Association of the Company
- ◆ Code of Conduct
- ◆ Whistleblowing Policy
- ◆ Other Significant policies as approved by the Board from time to time and

The Board is responsible for governing the organization by establishing Board policies, setting the goals, objectives and strategies the Company is required to adopt, and formulating policies and guidelines for achieving the said goals and objectives. The Board is accountable to the shareholders for the discharge of its fiduciary function.



## RISK MANAGEMENT

The management is responsible for implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board. In order to facilitate the smooth running of the day-to-day affairs of the Company, the Board entrusts the Chief Executive Officer (CEO) with necessary powers and responsibilities. The CEO is, in turn, assisted by various committees comprising of the Chief Operating Officers, Chief Financial Officer and the Heads of Businesses and Functions. The Board is also assisted by a number of sub-committees comprising mainly of independent/non-executive directors.

Risk management is predicting and managing risks that could hinder the Company in achieving its objectives. The Board has the overall responsibility of overseeing the risk management processes, which include both risk management and internal control procedures. The Company's processes, which are documented and regularly reviewed, are designed to safeguard assets and address risks that the business might face or that may impact business continuity. These are, in turn, reported to the Board and senior management for timely action where required, to ensure uninterrupted operations.

The Company maintains a clear organizational structure with a well-defined chain of authority. Senior management is responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls. The Company's overall risk management program focuses on the unpredictability of financial markets, regulatory levies and taxes, external factors affecting the marketability and profit margin of its products, internal factors that may compromise the Company's ability to meet its targets, and seeks to minimize potential adverse effects on the Company's financial performance.



## COMPLIANCE

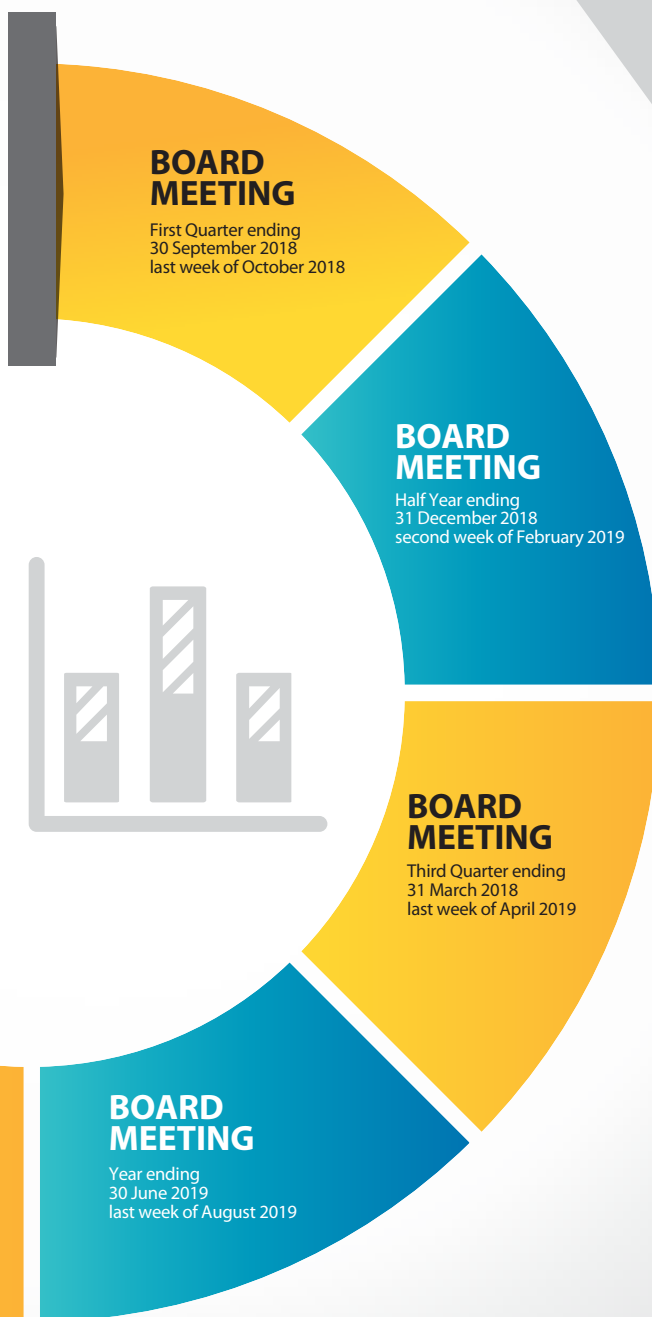
Compliance at Amreli Steels means adherence with the applicable laws and regulations and the Company's policies and procedures. The Company considers strong and efficient governance as a key to the Company's success.

Due to the increasing number of regulations and need for operational transparency, the Company is increasingly adopting the use of consolidated and harmonized sets of compliance controls. This approach is used to ensure that all necessary governance requirements can be met without unnecessary duplication of efforts from resources to ensure effectiveness and efficiency.

# CORPORATE CALENDAR

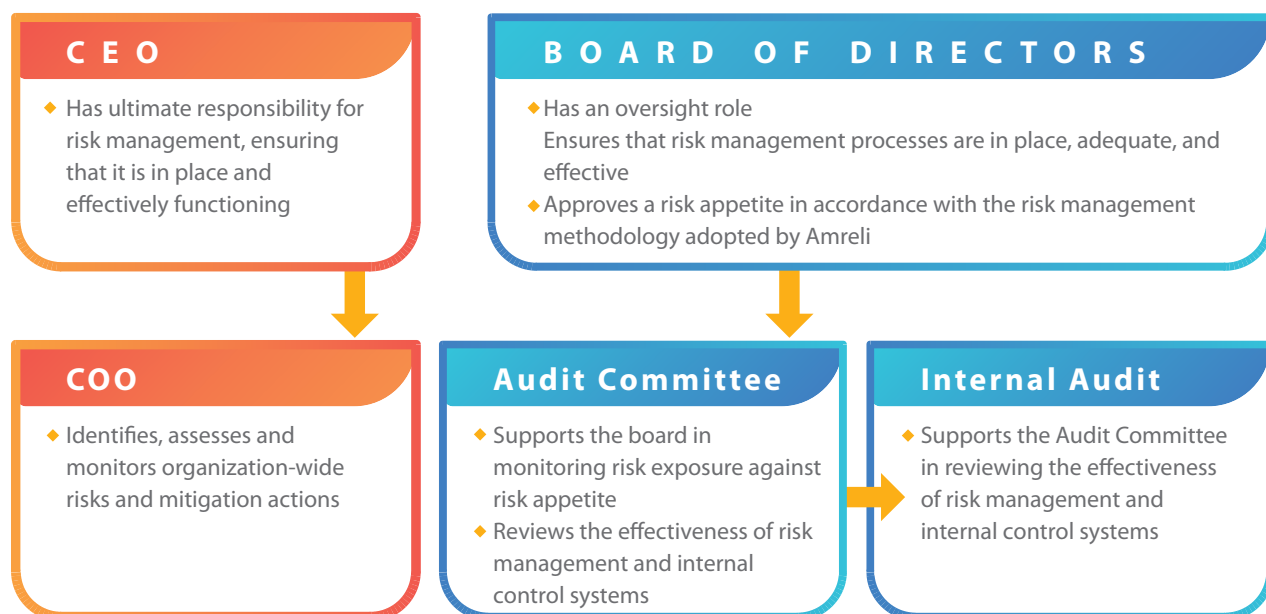
TENTATIVE DATES  
FOR THE FINANCIAL

YEAR  
2018  
2019



# RISK MANAGEMENT APPROACH AND GOVERNANCE

## TOP-DOWN APPROACH



**Oversight, identification, Assessment and Management of risks at Corporate level**

## RISK MANAGEMENT

**Identification, Assessment and Management of risks at regional and site levels and across functions**

### Site levels

- Identification, assessment and mitigation of risks
- Promoting risk awareness and safety culture

### Regional Business Unit Management Teams

- Adopts regional risk appetite
- Support the Risk Management in reviewing and monitoring effectiveness of risk management
- Identification, assessment and management of risks at the regional level
- Monitoring of risk management process and effectiveness of internal control

## BOTTOM-UP APPROACH

## MAJOR RISKS & MITIGATION STRATEGIES

### Strategic Risk

Sr. No	Risk	Description	Mitigation
1.	Changes in government laws and policies	Regulatory changes may affect local steel industry due to ad-hoc tariff adjustments on imports or dumping in Pakistan. The political chaos may affect law and order situation which may hamper economic activity.	This is an external risk, however being one of the largest steel re-bar manufacturers, our top management continuously seeks dialogue with policy makers at different forums to safeguard the interest and growth of the steel industry in Pakistan. By doing so, we try to further enhance our share in national GDP with a philosophy that local industries play a pivotal role in the overall economic growth of Pakistan. Recently, the general elections 2018 were held peacefully in the country with smooth transfer of power to the newly elected government. We expect that the newly elected government will put every effort in to achieving its goal of economic revival of Pakistan by making policies and taking steps that will help in growth of GDP by protecting and giving a more conducive environment to local industries, especially those that are related to construction material. Besides, our top management including Board of Directors keeps a keen eyes on any probable imbalances in government policies and devices appropriate plans to avoid effects of any uncertainties that are a result of such imbalances.
2.	Economic factors, industry conditions, industry cyclicity	The cyclic nature of the steel industry may adversely affect our business. The construction is dependent on overall economic conditions of the country and any adverse effects on the economy may directly impact the steel Industry.	The company continuously tracks changes in the economic environment, pertaining to the steel industry in particular and has aligned its strategy proactively to address risks arising out of it. The current economic conditions of Pakistan have improved in previous years that resulted in increase in industrialization and urbanization and has a positive effect on the construction sector. It is anticipated that CPEC's major investment in power sector and increase in Foreign Direct Investments would result in improved economy and especially in the boom in the construction industry. The company strategy is to seek new customers and at the same time secure existing valued customers.

### Financial Risk

3.	Interest Rate Risk	Changes in interest rates can cause changes in the borrowing cost of the company	The management's success in negotiating competitive rates and consistent improved credit ratings are the key drivers for acquiring competitive interest rates.
4.	Foreign Exchange Risk	Devaluation of PKR against USD may result in costly inputs which in turn can cause adverse impact on our profitability and pricing.	This is an external risk and the Company's management controls it through proper planning based on future outlook of forex rates as well as the arrangement of hedging on occasions. The management strongly believes that as political and economic stability consolidates in the country, the newly elected government will take measures not to let forex rates go unchecked.
5.	Liquidity risk	Our risk of default on our financial commitments to other parties	Strong adherence to practice of fulfilment of commitments has a positive impact on our lenders. Our credit ratings have improved to "A" for the long term and "A1" for the short term issued by PARCA.
6.	Counter-Party Risk	Risk of default in payments by credit customers	Maintenance of a healthy relationship with customers is a key goal of the Company. Credits are only granted to customers with good financial health after careful assessment. We have defined follow-up procedures. The payment, sales and operational performance of customers are properly documented and are incorporated in the customer's annual appraisal.

7.	Financial Reporting risk	Risk of reporting issues with regulators and authorities	The Company complies with the best practices issued by the regulatory authorities of Pakistan. The Financial statements are in conformity with International Financial Reporting Standards. Our accounts, finance and compliance team is well experienced and professional for the continuous monitoring and implementation of changes in the legal or reporting framework. With a well reputed external audit firm we have a strong internal audit function along with an outsourced audit firm to mitigate such risk.
----	--------------------------	--	---

### Operational Risk

8.	Breach of IT security	Risk that IT security can be breached, causing loss to the stored information.	In the process of augmenting and implementing effective internal control framework, the Company regularly monitors IT controls for the security of data and information flow. This is done by implementing secure connections and firewalls. The Company also maintains an appropriate data backup mechanism to ensure data availability in case of any damage via development of comprehensive Disaster Recovery Strategy and conduct of data recovery on regular basis. The employees are received constant communication about cyber-attack threats to raise staff awareness. Information security is evaluated both internally and by competent independent auditors on a regular basis.
9.	Unable to meet customers' demands	Risk that Amreli Steels is unable to meet customers' demands due to shortage of production or supply of desired quality products. The company is unable to store/supply desired quantity of finished product to its customers	As one of the largest producers of quality steel re-bars in Pakistan, the Company policy is to continually satisfy its Customers in terms of consistent quality, timely delivery and excellent post sales service. The Company has state-of-the-art quality check labs that conduct vigorous checks before delivery of products to customers. The staff of quality check labs continuously receive trainings and awareness of latest tools and techniques. The quality team continuously monitors the production process at each and every stage to ensure that the best quality finished products are manufactured in our plants. With increased production capacity, Amreli Steels has enhanced its Logistics facilities. The Company is working on a plan to increase its dispatch units to increase finished goods storage and supply of products with minimum lead time.
10.	Business interruption due to power outages.	Prolonged power outages will result in delayed production which may result in loss of competitive advantage and reputation.	At Dhabeji plant, the company is supplied with power by K-electric from national grid at 132KV/11KV with the transformer rating of 50/63 MVA which is more than sufficient to cater to the requirement of Company's existing operations and expansion plans. Further, the Company has laid one extra phase cable of 123KV to avoid a single point of failure. The Company has a dedicated bay at K-Electric's Dhabeji grid station, from which its dedicated power feeders transmit power at 132KV voltage to the grid station at site. The Rolling Mill plant at SITE Karachi is supplied with power from two dedicated feeders of K-Electric supplying power at 11KV level one in line and another on standby. Each of these feeders originates at K-Electric substation and terminates at the plant with no other K-Electric customer drawing power from these lines.
11.	Technology failing to provide cost & quality competitiveness.	Sacrificial loss in profitability due to outdated technology or failure of technology system.	The Company values automation and modernization of operations, as we have State-of-the-art equipment used for melting and slit rolling which is contracted from an international conglomerate Primetals Technologies, which is joint venture between Siemens, VAI, and Mitsubishi, which provide steel manufacturing solutions across the value chain. The Company expects that such technological aspect will help us in obtaining unparalleled cost & quality benchmarks, that will translate into a better bottom line.
12.	Failure to maintain high potential human capital.	Loss of high potential talent in the form of attraction, engagement and retention may result in loss of ideas that give us competitive advantage.	The Company appreciates and relies upon the contributions from its key personnel. Our HR ensures that a vigorous succession planning to identify, engage and retain intellectual capital by offering a challenge-reward based conducive work environment. Employee engagement survey was conducted this year by EY to increase the employee's association towards Company and Identify the problems faced by employees.



13.	Product Competition	Growing numbers of local players in the market and cheap quality of steel bar available in the market at uneconomical prices may seriously affect our market share.	The Company expects and encourages healthy competition with an aim to enhance market share in the coming years via increasing our market outreach. Increase in energy efficiency by 25% through installation of new technology in Dhabeji rolling mill which resulted in availability of our quality steel re-bars at competitive prices. Another cost saving advantage is achieved through economies of scale with increased production capacity. The reduced cost will give us high competitive advantage which will create a win-win situation for the Company and its valued customers. Budgetary control mechanism is also established within the organization which acts as a control mechanism for day to day activities.
14.	Health & Safety	A poor health & safety environment may become the root cause of fatal workplace accidents which can result in lowering of employees' motivation and which might cost the reputation of the Company	The Company values the health and safety of every employee and ensures safety procedures are followed to avoid any unwanted circumstances via educating the employees about workplace safety through continuous trainings and awareness programs. We are also in the process of implementing OHSAS 18001.
15.	Supply Chain Management Risk	Prolonged production stoppages due to shortages of inputs may result in disruptions in overall business operations. Also variation in prices of raw material may adversely affect our profitability.	The Company maintains adequate stock levels in order to support smooth operations and have enough storage space to maintain safety stock at an appropriate level. The Company has strong commitments from its vendors in terms of quality and competitive prices of raw materials. In case of over dependence, the Company also has alternate vendors on our approved vendors list. To avoid disturbance in the production process, the Company optimizes the use of market intelligence and updates the vendor performance report regularly.
16.	Operational Disruption	Operational disruption due to any conflict, miscommunication or unavailability of resources.	The Company functions through a well-defined structure with defined flow of information to avoid any conflict or communication gap. The Company has adequate human resources, and the operational work flow designs support succession planning. The Company has maintained storage with sufficient insurance stock to reduce possible downtime in case of any operational break down.
17.	Environmental Risk	Actual or potential threat of adverse effects on environment arising out of company activities.	The Company believe in a clean and green environment and always looks out for the betterment of society in particular and country in general. The Company has registered our plant under Self-Monitoring and Reporting Program (SMART), monitored by the Pakistan Environmental Protection Agency under the umbrella of Ministry of Environment, Government of Pakistan.
18.	Litigation & Regulatory Compliance Risk	New laws, regulations or other requirements may result in new liability in the case of non-compliance	The Company regularly monitors changes in the regulatory environment and proactively deals with the changes in a regulatory framework. We have an experienced team of professionals and advisors who focus on evaluation of risks in all legal transactions. Training is also provided to our employees to remain up to date with the relevant regulations.
19.	Product Risk	Risk of loss in revenues resulting from goods returned or bad publicity in press on quality and performance of the product.	At Amreli Steels Limited, great emphasis is placed on rigid quality control policies & procedures. Amreli Steels has established a formal management system conforming to ISO 9001: 2008. We are an ISO 9001:2008 Certified company. All our products are also approved and certified by Pakistan Standards Quality Control Authority (PSQCA). The company maintains a modern testing laboratory where each heat produced is tested against International Standards (ASTM A-615 & BS 4449:2005). Our testing facilities include an electro-hydraulic universal testing machine with a testing capacity of 100 tons in addition to a mechanical 60-ton universal testing machine. The staff of the testing facility is professionally trained by foreign experts to use the machines and deliver accurate results.



# INTERNAL CONTROL FRAMEWORK

Internal control is an integral part of our activities. It consists of all measures taken by the company for the purpose of

- ◆ Protecting its resources against waste, fraud, and inefficiency;
- ◆ Ensuring accuracy and reliability in accounting and operating data;
- ◆ Securing compliance with the organizational policies; and
- ◆ Evaluating the level of performance in all organizational units of the company.

We are in the process of adopting COSO framework to attain the objectives which are;

- ◆ Operations Objectives—these pertain to effectiveness and efficiency of the entity's operations, including operational and financial performance goals, and safeguarding assets against loss.
- ◆ Reporting Objectives—These pertain to internal and external financial and non-financial reporting and may encompass reliability, timeliness, transparency, or other terms as set forth by regulators, recognized standard setters, or the entity's policies.
- ◆ Compliance Objectives—these pertain to adherence to laws and regulations to which the entity is subject to.

The Board has overall responsibility for the company's system of internal control and for reviewing its effectiveness. The Board considers that strong internal controls are integral to the sound management of the organization, and it is committed to maintaining strict financial, operational and risk management control over all its activities with formally defined lines of responsibility, delegated authorities and clear operating processes. The systems that the Board has established are designed to safeguard both the shareholders' investment and the assets of the company.

Entity level controls are in place for the achievement of desired objectives. To ensure the effectiveness and reliability of internal control, ASL has both inhouse internal audit as well as on outsourced function.

The systems, standard operating procedures and controls are implemented by the executive leadership team and are reviewed by the internal audit team whose findings and recommendations are placed before the Audit Committee.

To maintain objectivity and independence, the Internal Audit function reports to the Audit Committee. The Internal Audit team develops an annual audit plan based on the risk profile of the business activities. The Internal Audit plan is approved by the Audit Committee, which also reviews compliance to the plan.

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee.

The Audit Committee reviews the reports submitted by the Internal Auditors in each of its meeting. Also, the Audit Committee semiannually has independent sessions with the external auditor and the Management to discuss the adequacy and effectiveness of internal financial controls.

CONTROL ENVIRONMENT	RISK	CONTROL ACTIVITIES	INFORMATION & COMMUNICATION	MONITORING
Management is keen to promote Integrity, ethical values and the commitment to competence. The organogram is designed properly assigning the appropriate lines for reporting of each functional area. Key Performance Indicators (KPIs) are established to monitor the performance of its departments against their stated objectives.	Amreli Steels has an ongoing process of identifying and analyzing risks. Mechanisms are developed to respond to changing conditions. The identified risks are evaluated and prioritized in order to take appropriate action.	The policies and procedures are developed in order to ensure that management directives are carried out. All the necessary actions are taken to address risks to achievement of the entity's objectives. They include a range of activities such as approvals, authorizations, verifications, reconciliations, budgeting, security of assets, segregation of duties and reviews of operating performance	We have defined a formal mechanism of communication and sharing of information amongst the departments and stakeholders. All responsible personnel have been given clear understanding of their role in internal control system as well as how individual activities relate to the others.	The internal control system is actively monitored. Ongoing monitoring occurs in the ordinary course of operations, and includes regular management and supervisory activities, and other actions personnel take in performing their duties that assess the quality of internal control system performance.



EY Ford Rhodes  
Chartered Accountants  
Progreeve Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Amreli Steels Limited

### **Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Amreli Steels Limited (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.



Chartered Accountants  
Place: Karachi  
Date: 13 September 2018

## STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED 30 JUNE 2018

Amreli Steels Limited ("the Company") has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017 ("the Regulations") in the following manner .

1. The total number of directors of the Company are 07 as per the following:

Male	5
Female	2

2. The composition of Board is as follows:

Independent Directors	Mr. Badar Kazmi
	Mr. Zafar Ahmed Taji
	Mr. Teizoon Kijat
Other Non-Executive Directors	Mr. Abbas Akberali
	Ms. Kinza Shayan
	Ms. Mariam Akberali
Executive Director	Mr. Shayan Akberali

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ Shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and the Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
9. During the year, the Board did not arrange any training program for its directors. However, the Company arranges orientations courses for its directors as and when needed to apprise them of their duties and responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them first-hand knowledge on the working of the Company. Five directors of the Company have attended the directors' training program conducted by the Pakistan Institute of Corporate Governance/ Institute of Chartered Accountants of Pakistan (ICAP) and the remaining two directors will acquire the required directors' training within the time specified in the Regulations.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed following committees comprising of members given below:

a. Audit Committee	Mr. Teizoon Kisat - Chairman
	Mr. Badar Kazmi
	Ms. Kinza Shayan
b. Human Resource and Remuneration Committee	Mr. Zafar Ahmed Taji - Chairman
	Mr. Teizoon Kisat
	Mr. Shayan Akberali
	Ms. Mariam Akberali

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees was as under -

- Audit Committee – Four quarterly meetings during the financial year ended 30 June 2018
- HR and Remuneration Committee – One meeting during the financial year ended 30 June 2018

15. The Board has set up an effective internal audit function and has also outsourced the internal audit function to M/s. BDO Ebrahim & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

**For & on behalf of Board of Directors**



**ABBAS AKBERALI**

Chairman

11 September 2018

Karachi.



## ROLE OF **CHAIRMAN OF THE BOARD**

The Chairman is responsible for leadership of the Board and ensures that the Board plays an effective role in fulfilling its responsibilities in terms of formulating and implementing corporate direction and strategy. He plays a central role in encouraging effective relationships and communications between board members especially non-executive directors to promote constructive debate and effective decision-making.

Besides effective operations of the Board, the Chairman ensures that its Committees operate in conformity with the highest standards of corporate governance and the committees are properly established, composed and operated as required under the applicable corporate laws. At the beginning of term of each director, the Chairman ensures that each Director understands his or her role, obligations, powers and responsibilities in accordance with the Companies Act and Company's Articles of Association. He reviews the Board's performance and suggests the training and development of Board Members on individual and collective basis.

The Chairman sets the agenda of the Board Meetings and ensures that all written notices and relevant material, including the agenda, of meetings be circulated amongst the Board Members prior to the meeting. He maintains highest moral, ethical and professional values and good governance throughout the Company.

## ROLE OF **CHIEF EXECUTIVE OFFICER**

The Chief Executive of the Company is responsible to manage the overall affairs and day to day operations of the Company and to improve the shareholders' wealth by way of maximizing the profits of the Company under the overall directions of the Board.

He develops strategies for implementation of decisions taken by the Board and its Committees. The CEO ensures that he develops adequate financial and operational plans and attains the targets set by the Board in the best interest of the Company.

He acts as a direct liaison between the Board and Management of the Company and communicates to the Board on behalf of Management. He ensures that all strategic and operational risks are appropriately managed to an acceptable level and that adequate system of internal controls is in place for all major operational and financial areas. He is also responsible for highest moral, ethical and professional values and good governance culture throughout the organization.

## CHAIRMAN'S REVIEW



### Dear shareholders,

I take pleasure in presenting you the audited financial statements for the year ended 30 June 2018 and my review of the performance of your Company. The outgoing financial year 2018 witnessed strong growth as we delivered record results through decisive operational execution by achieving the highest ever turnover of Rs.15.5 billion. This has made history at Amreli Steels.

The Company has recorded impressive revenue growth of 16.68 percent and achieved sales volumes of 172,448 metric tons of prime rebars this year. The after tax profit of the Company was recorded at Rs.1.58 billion, which is an impressive increase of 47.6 percent.

The reasons for our success are the passion and commitment of our employees, who, in spite of local and global economic volatility over the years, have been executing strategies which have enabled the Company to produce high quality products for our customers' needs.

The anticipated improvements in the local economy and increase in regional demand are likely to result in a substantial upsurge in the demand for steel. Pakistan is geared to take maximum benefit from strong steel demand in the foreseeable future. Several factors, such as higher development spending and CPEC-related investments are propelling the growth of Pakistan's economy. Upsurge in the demand for steel in the country is arising from increased spending on infrastructure projects and construction activities.

The Company stands at the forefront of the industry, bringing benefits to our all stakeholders, including our valuable shareholders. We have consistently prioritized investing back into the business despite the changing external environment. We offer an impressive industry-leader brand portfolio and are actively investing in state-of-the-art technology and product innovation to ensure that the Company stands on a strong footing that delivers long-term value creation for its customers. We foresee significant opportunities for growth in Pakistan's steel industry and in the region and will continue to prioritize investing in technology and innovation.

I would like to apprise you that a formal and effective mechanism has been put in place in compliance with the requirements of the Companies Act, 2017 and the Code of Corporate Governance Regulations, 2017, to evaluate the overall performance of the Board, its members and sub-committees. The performance is measured in the context of overall corporate objectives and the governance structure of the Company and has been assessed as 'Satisfactory'. The core areas of evaluation include:

- ◆ A well-developed corporate governance structure and compliance with all applicable statutory and regulatory requirements;
- ◆ A membership mix of executive, non-executive and independent directors who have the appropriate level of skills, experience and capabilities and who add real value to the Board through their expertise, experience and strong value systems;
- ◆ Policies and procedures to ensure a professional corporate environment and to maintain high ethical standards;
- ◆ Effective discharge of strategic and oversight responsibilities;
- ◆ A thorough review of interim and annual financial results and extended guidance to the management;
- ◆ Proactive monitoring of financial and operational performance by focusing on key risk areas;
- ◆ Adequate and effective internal controls and appropriate measures for safeguarding assets of the Company;
- ◆ Delivery of respective roles and responsibilities by the Board's Audit Committee and the Board's Human Resource & Remuneration Committee in an effective manner in pursuit of the approved terms of references, applicable corporate laws, norms and best practices;
- ◆ Awareness of the vision, mission, overall corporate values, strategic plans, goals and targets of the management in all major performance areas;
- ◆ Due consideration of the recommendations and advices from the external and internal auditors.

I would like to take this opportunity to acknowledge my appreciation to all Board Members for their value addition, support and continued guidance in taking the Company to new horizons of success. I would also like to thank you for your support and confidence. We look forward to furthering our legacy of long-term value creation while improving the lives of our employees and customers and making a visible contribution in developing the quality infrastructure of our country in particular and the economy in general.



**Abbas Akberali**  
Chairman  
11 September 2018

## معزز حصص داران،

میں انتہائی مسرت کے ساتھ 30 جون 2018 کے ختم ہونے والے مالی سال سے متعلق آڈٹ شدہ مالیاتی گوشوارے اور آپ کی کمپنی کی کارکردگی پر اپنی جانب سے جائزہ رپورٹ آپ کی خدمت میں پیش کر رہا ہوں۔ ختم ہونے والے مالی سال 2018 کے دوران آپ کی کمپنی کی جانب سے بہترین نتائج وضع ہوئے ہیں جو کہ کمپنی کی موثر انتظامی کارکردگی کی عکاس ہے جس کی بدولت کمپنی نے اپنی تاریخ کا بلند ترین 15.5 ارب روپے کا حجم حاصل کیا۔

آپ کی کمپنی کی جانب سے آمدن میں 16.68% کا زبردست اضافہ ریکارڈ کیا گیا ہے اور اس سال پرائم ریٹرز کی فروخت کا حجم 172,448 میٹرک ٹن رہا۔ زیر نظر مالی سال کے دوران کمپنی کا منافع بعد از ٹیکس 47.6% کے زبردست اضافے کے ساتھ 1.58 ارب روپے رہا۔

ہماری کامیابی کا راز ہمارے ملازمین کے اخلاص اور عزائم میں مضمر ہے جو تمام تر مقامی اور عالمی معاشی غیر یقینی صورتحال کے باوجود صارفین کو اعلیٰ معیار کی مصنوعات پہنچانے کیلئے اپنی بہترین کاوشوں کو بروئے کار لاتے رہے ہیں۔ مقامی سطح پر ممکنہ معاشی اصلاحات اور اسٹیل کی طلب میں اضافے کے پیش نظر اس بات کے قوی امکانات پائے جاتے ہیں کہ اسٹیل کی مجموعی طلب میں زبردست اضافہ ہوگا۔ پاکستان اسٹیل کی اس ممکنہ طلب میں زیادہ سے زیادہ شراکت دہی کے لئے تیار ہے۔ دیگر کئی عناصر جیسا کہ ترقیاتی پروجیکٹس پر بھاری سرمایہ کاری اور سیپیک (CPEC) سے متعلق پروجیکٹس میں سرمایہ کاری بھی پاکستان کی معاشی ترقی کی رفتار بڑھانے میں اہم کردار ادا کر رہے ہیں۔ حالیہ سالوں میں پاکستان اسٹیل کی طلب میں اضافے کی وجہ بنیادی ڈھانچے کی تعمیراتی سرگرمیاں اور دیگر تعمیراتی منصوبوں میں تیزی سے بڑھتی ہوئی سرمایہ کاری ہے۔

آپ کی کمپنی اسٹیل کی صنعت کی صف اول میں کھڑی ہے اور حصص داران سمیت تمام شراکت داروں کی سرمایہ کاری کی قدر میں اضافے کیلئے کوشاں ہے۔ تیزی سے بدلتے ہوئے ماحول کے باوجود ہم مستقل اور ترجیحی بنیادوں پر اپنے کاروبار میں سرمایہ کاری کا عمل جاری رکھے ہوئے ہیں۔ ہم صنعت میں سب سے آگے بڑھ کر ایک پورٹ فولیو پیش کرتے ہیں اور جدید ترین ٹیکنالوجی اور مصنوعات کی جدت سازی میں پیش پیش ہیں تاکہ کمپنی اپنے قدموں پر مضبوطی کے ساتھ کھڑی ہو کر اپنے وفادار صارفین کو بہتر سے بہتر مصنوعات فراہم کر سکے۔ ہم مستقبل میں پاکستان کے اندر اسٹیل کی صنعت کا مستقبل تاناکہ دیکھتے ہیں اور ترجیحی بنیادوں پر ٹیکنالوجی اور جدت سازی میں سرمایہ کاری کرتے رہیں گے۔

میں یہ بات بھی آپ کے گوش گزار کرنا چاہتا ہوں کہ بورڈ، بورڈ کے ممبران اور بورڈ کی کمیٹیوں کی مجموعی کارکردگی کا جائزہ لینے کیلئے ایک موثر نظام وضع کیا گیا ہے اور یہ نظام کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 کے قواعد کے عین مطابق ہے۔ کارکردگی کا جائزہ مجموعی کارپوریٹ مقاصد اور کمپنی کے انتظامی ڈھانچے کو مد نظر رکھ کر کیا جاتا ہے اور حالیہ جائزے کے مطابق کارکردگی کو اطمینان بخش قرار دیا گیا ہے۔ جائزے کے اہم عناصر درج ذیل ہیں:

- ◆ تمام مروجہ قوانین اور ضوابط کے مطابق گورننس کا منظم ڈھانچہ اور ان قواعد و قوانین کی مکمل پاسداری؛
- ◆ بورڈ میں انتظامی، غیر انتظامی اور خود مختار ڈائریکٹرز کا ایک خوبصورت امتزاج پایا جاتا ہے جن کے مختلف تجربات، مہارتیں اور قابلیتیں بورڈ کی اہمیت میں اضافہ کرتے ہیں؛
- ◆ پیشروانہ کارپوریٹ ماحول اور اعلیٰ اخلاقی اقدار کے قیام کیلئے پالیسیاں اور ضوابط وضع کرنا؛
- ◆ موثر انداز سے حکمت عملی وضع کرنا اور نگرانی کے امور سرانجام دینا؛
- ◆ عبوری اور سالانہ مالیاتی نتائج کا بھرپور طریقے سے جائزہ لینا اور اس سلسلے میں انتظامیہ کو رہنمائی فراہم کرنا؛
- ◆ کمپنی کو لاحق خطرات پر توجہ مرکوز کرتے ہوئے کمپنی کے مالیاتی اور کاروباری افعال پر اقدامی لحاظ سے نظر رکھنا؛
- ◆ کمپنی کے اثاثوں کی حفاظت کیلئے مناسب اقدامات اٹھانا اور اندرونی کنٹرول کے نظام کو موثر طریقے سے چلانا؛
- ◆ بورڈ کی ایچ آر اینڈ آر کمیٹی (HR&R Committee) اور بورڈ کی آڈٹ کمیٹی (Audit Committee) کے ممبران کی جانب سے ان کے کام کی شرائط، مروجہ قوانین اور بہترین روایات کے تحت متعلقہ ذمہ داریوں کی انجام دہی؛
- ◆ کمپنی کے تمام اہم افعال کو سرانجام دینے میں کمپنی کے نظریہ، بنیادی مقاصد، مجموعی کارپوریٹ اقدار، حکمت عملیوں اور انتظامیہ کے مقاصد اور اہداف کی آگاہی؛
- ◆ بیرونی اور اندرونی آڈیٹرز کی جانب سے دی جانے والی تجاویز اور مشوروں کو تنجیدگی کے ساتھ زیر غور لانا۔

اس موقع سے فائدہ اٹھاتے ہوئے میں کمپنی کو نئے افق سے ہمکنار کرنے اور کمپنی کی سرپرستی کرنے پر بورڈ ممبران کی کاوشوں کو تہ دل سے تسلیم کرتا ہوں۔ میں آپ کی جانب سے کمپنی پر اعتماد اور مہارت کیلئے آپ کا بے حد مشکور ہوں۔ میں امید کرتا ہوں کہ کمپنی کی قدر میں طویل المیعاد اضافے کی روایت کو آگے بڑھاتے رہیں گے اور اس عمل کے دوران اپنے ساتھ ملازمین اور صارفین کے معیار زندگی کو بلند کرنے کی کوششوں کو جاری رکھیں گے اور ملک کے معیاری ڈھانچے (Infrastructure) اور ملکی معیشت کی ترقی میں اپنا نمایاں کردار ادا کرتے رہیں گے۔

محکم دلائل سے مزین  
محکم دلائل سے مزین  
محکم دلائل سے مزین

چیمبر مین  
11 ستمبر 2018



## MESSAGE FROM THE CEO



**Dear Shareholders,**

For Amreli Steels, 2017-2018 proved to be a high-impact year that saw the Company forge ahead on an impressive growth trajectory. We successfully commissioned a new state-of-the-art rolling mill at Dhabeji. The new plant is operational, and with expansion plans already in place, we are focusing on becoming a 600,000 tons integrated steel company by March 2019. This is in anticipation of the robust demand for building material which we are expecting in the future. As things stand, demand will be driven by infrastructure development, expansion across the retail chain and strong corporate growth.

As of now, Amreli Steels is investing heavily in developing human capital, which is the primary factor responsible for our success. We have built a robust infrastructure across all verticals of the company to ensure explosive growth, backed by strong systems that have been deployed across the organization.

The Company is also proactively supporting its human resources to become knowledge-centric assets with a sense of ownership and creativity, resulting in a win-win situation for both. We are currently strengthening our commitment to building new lines of communication throughout the company, to ensure that each function performs optimally to reach mutual goals.

I am dedicated to ensuring operational excellence and our goal is to see Amreli Steels benchmark itself as one of the most efficient units in the subcontinent. To this end we continue to acquire the best talent available and also to reach out globally to the best consultants and technology providers, who can help translate our vision into reality.

I would like to recognize the efforts of our executive management team for their prudent and insightful leadership and our employees for their deep level of commitment to the Company. I would also like to thank the government and all stakeholders for their continued support and our valued customers who have made Amreli Steels their brand of choice. I look forward to your continued and valuable support in taking the organization to greater and newer heights in the future and would like to thank you for your confidence in the Company.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Akberali', with a stylized flourish at the end.

**Shayan Akberali**  
Chief Executive Officer  
11 September 2018



## DIRECTORS' REPORT TO THE MEMBERS

The directors of the Company present the annual report and the audited financial results of the Company for the year ended 30 June 2018.

As of 30 June 2018, the Board of Directors of the Company consists of;

Total Number of Directors	
a) Male	5
b) Female	2
Total Number of Directors	7

Composition of Directors	Name of Directors
i. Independent Directors	1) Badar Kazmi 2) Zafar Ahmed Taji 3) Teizoon Kisat
ii. Non-Executive Directors	1) Abbas Akberali 2) Kinza Shayan 3) Mariam Akberali
iii. Executive Director	1) Shayan Akberali

### OVERVIEW OF GLOBAL AND LOCAL ECONOMIC SCENARIO

According to IMF's April 2018 World Economic Outlook, the global economy has accelerated to 3.8 percent in 2017, up from 3.1 percent in 2016 and is expected to rise to 3.9 percent in 2018 with tenacious and healthy growth in emerging markets across Asia and Europe. This is believed to be the fastest global progress since 2011, with growth increasing in more than half of the world's economies fueled by improved global financing conditions, revitalization in investment sentiments, accommodative monetary policies and higher commodity prices in Emerging Markets and Developing Economies (EMDE).

According to the Pakistan Economic Survey 2017-18, growth in EMDE has increased from 4.8 percent in 2017 to 4.9 percent in 2018 and is expected to increase to 5.1 percent in 2019. The highest growing region among the EMDE is Emerging and Developing Asia, where constant progress of 6.5 percent is expected.

It is widely acknowledged that Pakistan has immense economic potential. According to a report published by PricewaterhouseCoopers in 2017, Pakistan is expected to become the world's 20th largest economy by 2030 and the 16th largest by 2050. Several other reputed international publications such as Bloomberg and the Economist have acknowledged the impressive economic gains Pakistan has made in the last five years. Pakistan has taken several steps to improve its economic condition and to reduce its macroeconomic vulnerability in recent years. As a result, economic growth has continued to gain traction, albeit at varying speeds across the sectors, based on the government's commitment to higher growth and low inflation. GDP continued to grow above 5 percent in each of the last 2 years, reaching 5.8 percent in the outgoing fiscal year FY2018, which was the highest in 13 years, mainly supported by major infrastructure projects and low interest rates in the country.

The economy continued to benefit from growth-oriented initiatives including higher development spending, low inflation and CPEC-related investment. The near term outlook for economic growth is broadly favorable, supported by improved power supply, investment in the China Pakistan Economic Corridor (CPEC) and strong consumption growth.

Manufacturing sector grew by 6.24 percent (compared to 5.82 percent last year) which is the highest in 11 years. Large scale manufacturing also registered a growth of 6.13 percent (compared to 5.62 percent last year) which is appreciably higher in the last ten years.

### OVERVIEW OF GLOBAL AND LOCAL STEEL INDUSTRY

Steel is the backbone of infrastructure development and the demand for steel is presumed to rise in the coming years as global economies improve their standards of living and lift a large number of people out of poverty. Steel prices remained high across the regions aided by growth in regional demand, supply side reforms in China and low inventory levels.

As far as global steel demand is concerned, EMDE are likely to lead the global market. Additionally, increasing oil and commodity prices, higher reconstruction activities, coupled with geopolitical stability will further strengthen steel demand in the MENA region. Greater investments in the infrastructure sector are expected to lead to healthy development in steel demand in the ASEAN-5 countries.

Pakistan's steel industry has posted high growth, driven mainly by increased public spending on infrastructure projects including roads, bridges, power plants and surging private construction activities in recent years. According to the PWC report, Pakistan is the third fastest growing economy among the top 25 economies in terms of purchasing power parity. Pakistan's economic growth is continuing to accelerate amid rising investments

led by CPEC-related infrastructure and energy-related projects. Steel demand has gained traction from an increase in automobile production in addition to ongoing construction activities. Foreseeing robust steel demand in the coming years in Pakistan, steel companies have announced significant expansionary plans.

### Performance of Amreli Steels Limited

The Company has recorded revenue of Rs.15.50 billion in the outgoing financial year (2017-2018) compared to Rs.13.28 billion in the last financial year, reflecting an impressive increase of 16.68%. Coupled with the sales of two months production from the new rolling mill at Dhabeji, the Company was able to achieve its highest sales ever in terms of volume by selling 172,448 metric tons of prime rebars in the market. As a result, the fourth quarter alone witnessed sales of Rs.4.63 billion. This has brought with it a confidence that the momentum will continue taking the Company's sales to newer heights.

All the three plants, the Steel Melt Shop (SMS) at Dhabeji, the Shershah Rolling Mill (SRM) and Dhabeji Rolling Mill (DRM) are producing high quality billets and rebars. The Company registered an after tax profit of Rs.1.58 billion. Compared to the last financial year, this is an increase in after tax profit by 47.6 percent.

### Financial performance

A comparison of the key financial indicators of the Company for the year ended 30 June 2018 with the corresponding year is as under:

Particulars	30 June 2018	30 June 2017
	.....Rupees in thousands.....	
Sales Revenue	15,500,543	13,283,811
Gross Profit	2,758,408	2,468,187
Operating Profit	1,870,754	1,696,897
Profit Before Tax	1,394,431	1,445,313
Profit After Tax	1,585,237	1,074,053

### Basic and Diluted Earnings Per Share (EPS)

Diluted and basic EPS of the Company stands at Rs.5.34 in the financial year 2017-2018 as compared to Rs.3.62 in the last financial year.

### Statement of Value Addition By The Company

Particulars		FY 2018	FY 2017
<b>Source of funds</b>			
	Revenue from sales	15,500,542,721	13,283,811,229
	Revenue from other income	22,543,009	7,357,725
	Less: Bought in material and services	(9,913,345,139)	(8,720,208,965)
	<b>Value added by the Company</b>	<b>5,609,740,591</b>	<b>4,570,959,989</b>
<b>Applied to</b>			
Employees	Salaries and benefits	766,146,445	524,626,760
Government	Income tax, sales tax, excise duty, custom duty and others	2,355,483,072	2,399,386,389
Providers of Capital	Mark-up	476,323,111	251,583,475
Replacement of assets	Depreciation	426,551,302	321,310,661
Shareholders	Dividend	653,425,139	594,022,854
Company	Retained profits	931,811,522	480,029,850
		<b>5,609,740,591</b>	<b>4,570,959,989</b>

## Anti-Dumping Duty on Import of Rebars and Billets

During the financial year, the National Tariff Commission of Pakistan (NTCP) levied 19.15% anti-dumping duty on imports of rebars of Chinese origin for a period of five years. In addition to this, 30% regulatory duty on imported re-bars had already been imposed. Last year, the NTCP also imposed definitive anti-dumping duty of 24.04% on CC Billets imported from China for a period of five years.

These positive regulatory changes by the government in the form of imposition of regulatory and anti-dumping duties to counter steel dumping from China will further strengthen the steel sector of Pakistan. However, the withdrawal or even reduction in these regulatory charges can seriously hamper the much-needed growth of the entire steel industry in Pakistan.

## Commercial Operations Declaration Of Dhabeji Rolling Mill (DRM)

The Company has successfully commenced commercial operations of the new Dhabeji Rolling Mill (DRM) from 30 April 2018. With this expansion, the rebar production capacity of the Company has increased from 180,000 tons per annum to 605,000 tons per annum. This new facility will cater to the country's growing steel requirements and will enable further economies of scale and cost leadership that will help the Company penetrate steel markets across the country. Besides commissioning of the new re-rolling mill at Dhabeji, the Company expects to commission the fourth furnace by the end of January 2019, taking the overall billet manufacturing capacity of the Company from 400,000 metric tons to 600,000 metric tons per annum, matching the billet and rolling capacities of the Company.

## Future Outlook

Pakistan's economy has been improving every year for the past few years. The growth is likely to remain sustainable. The export sector is expected to do well on the back of rupee depreciation, recovery in global demand, fiscal incentives for exports and ease in power supply. Also the growth in workers' remittances is expected to further gather pace, while CPEC will continue to provide impetus to the economy. However, there are a number of challenges the economy will face due to depleting foreign exchange reserves, a weaker rupee, high fiscal deficit coupled with current account deficit and the potential water crises in the country, which will continue to pose major downside risks for sustainable growth.

Growing construction activities across the corporate, commercial, residential and infrastructure sectors is expected to remain robust fueling the growth of steel demand in Pakistan. Moreover, urbanization and continued investment in the real estate sector will lead to the creation of mega housing and commercial complexes across the country. Finally, strong earnings in the corporate sector in general are driving horizontal and vertical expansion projects, which ultimately benefit the construction sector.

With the aim of constant long term growth, the Company is striving to use its resources optimally, leading to continuous value creation for the stakeholders. By expanding its manufacturing facilities, expanding its distribution channels, strengthening its HR function, building an efficient supply chain function and creating a robust marketing campaign, the Company is heading towards operational excellence to deliver significant value creation for its stakeholders.

## Corporate Governance and Financial Reporting Framework

The Board of Directors of the Company are dedicated to maintaining high standards of good corporate governance. The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and the Code of Corporate Governance for the following matters -

- (a) The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- (b) Proper books of accounts have been maintained by the Company.
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been duly followed in preparation of financial statements.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring the internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- (f) There are no doubts upon the Company's ability to continue as going concern.
- (g) There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of the Rule Book of the Pakistan Stock Exchange Limited.
- (h) A summary of key operating and financial data of the Company is annexed.
- (i) Information about taxes and levies is given in notes to the accounts.
- (j) The Company has an unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying years of service for entitlement of gratuity. The provision for gratuity is made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of 30 June 2018 using Projected Unit Credit Method. Being an unfunded gratuity scheme, no investment could have been made and hence the value of investments as at 30 June 2018 stands Nil.

## Board of Directors and its Committees

### The Board

The Governance at Amreli Steels Ltd is a combination of processes established and executed by the Board of Directors and the management of the Company, which is reflected in the Company's structure and how it is managed and led toward achieving its goals as a whole.

The corporate governance structure of the Company is based on statutory and regulatory compliance requirements that are applicable to companies listed on the Pakistan Stock Exchange Limited and Company's Articles of Association complemented by several internal procedures. These procedures include a risk assessment and control system, as well as a system of assurances on compliance with applicable laws, regulations and the Company's Code of Conduct.

The Board of Directors of your Company is highly engaged in maintaining long-term and sustainable value creation founded on durable ideologies of governance. The Board comprises of three Independent Directors, three Non-Executive Directors and one Executive Director.

During the year, seven (7) meetings of the Board of Directors were held. All the meetings were held in Pakistan. The attendance by each director in the meetings is as follows –

Name of Directors		Number of meetings attended
Abbas Akberali	Non-Executive Director & Chairman	5
Teizoon Kisat	Independent Director	7
Badar Kazmi	Independent Director	4
Zafar Ahmed Taji	Independent Director	5
Shayan Akberali	Executive Director	7
Kinza Shayan	Non-Executive Director	5
Mariam Akberali	Non-Executive Director	6

### Board's Audit Committee

The Board's Audit Committee (BAC) monitors the Company's systems of internal control and risk management process periodically, assists the Board in fulfilling its oversight responsibilities primarily in reviewing regulatory compliance risks and reporting financial and non-financial information to shareholders.

The BAC reviews and challenges, where necessary, the actions and judgments of management. The BAC has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer of the Company regularly attends the BAC meetings by invitation to present the interim and annual accounts. After each meeting, the Chairman of the BAC reports to the Board.

During the year, four (4) meetings of the BAC were held. All the meetings were held in Pakistan. The attendance by each director in the BAC meetings is as follows –

Name Directors	Name of meetings attended
Mr. Teizoon Kisat	4
Mr. Badar Kazmi	1
Ms. Kinza Shayan	4

## Human Resource and Remuneration Committee

The purpose of the Human Resources & Remuneration Committee (HR&R) is to assist the Board in fulfilling its oversight responsibilities in the field of Human Resources, their development, succession planning and compensation and to perform all such responsibilities as are assigned to the HR&R Committee by the Act and the Code of Corporate Governance Regulations.

During the year the HR&R Committee met once. The meeting was held in Pakistan. The CEO of the Company is a member of the Board's HR&R Committee. The Head of HR attended the HR&R Committee meeting by invitation. The attendance by each director in the HR&R Committee meeting is as follows –

Name Directors	Number of meetings attended
Mr. Badar Kazmi	-
Mr. Zafar Ahmed Taji	1
Mr. Shayan Akberali	1
Ms. Mariam Akberali	1

\* (Leave of absence was granted to the members of the Board who were unable to attend the meetings of Board and its Committees).

## Election of Directors

An Extraordinary General meeting of the Company was held on 07 May 2018 at the Auditorium hall of the Institute of Chartered Accountants of Pakistan Chartered Accountants Avenue, Clifton, Karachi to elect seven Directors as fixed by the Board of Directors of the Company in accordance with the provisions of Section 159(1) of the Companies Act, 2017 for period of three years commencing from 07 May 2018.

The number of persons who offered themselves to be elected was not more than the number of Directors fixed by the Board of Directors of the Company under Section 159 (1) of the Companies Act, 2017, therefore all the retiring directors of the Company were re-elected as Directors of the Company at the said EOGM by the shareholders for period of three years namely –

1. Mr. Abbas Akberali	2. Mr. Badar Kazmi
3. Mr. Zafar Ahmed Taji	4. Mr. Teizoon Kisat
5. Mr. Shayan Akberali	6. Ms. Kinza Shayan
7. Ms. Mariam Akberali	

The Board of Directors, in pursuance to the aforesaid election, re-appointed Mr. Abbas Akberali (Non-Executive Director) as the Chairman of the Board of Directors and Mr. Shayan Akberali as the Chief Executive Officer of the Company for a term of three years commencing from 07 May 2018.

## Review of CEO's Performance

The performance of the CEO is reviewed against pre-determined operational and strategic goals aligned with the Vision and Mission of the Company. The well-defined appraisal system includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

## Directors' Remuneration

The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and Code of Corporate Governance. The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in the proceedings of the Board Meetings in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best resource, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. The details of the Directors and CEO's remuneration are adequately disclosed in respective notes to the Financial Statements.

## Directors' Training

The orientation courses for Directors are arranged by the Board, as and when needed, to apprise them of their duties and responsibilities as envisaged in the Companies Act, 2017 and the Code of Corporate Governance. The Company ensures that incoming director(s) are provided with appropriate briefing and orientation material to enable them to get first-hand knowledge on the operations of the Company.

Five directors of the Company have attended the directors' training conducted either by the Pakistan Institute of Corporate Governance and the Institute of Chartered Accountants of Pakistan. The remaining two directors will acquire the required directors' training within the time specified in the CCG.

With an objective to enlighten and encompass the comprehensive understanding on key changes brought in by newly promulgated Companies Act, 2017 and Code of Corporate Governance Regulations, 2017, the Company arranged an Orientation Course on 19 January 2018 at Avari Towers, Karachi. The Presenter of the workshop was Mr. Jawwad Shekha (Senior Partner of M/s. Moore Stephens Shekha & Mufti, Chartered Accountants). The workshop was attended by most of the Board Members and executives from various function of the Company.

## External Auditors

The present auditors, M/s. EY Ford Rhodes, Chartered Accountants are retiring at the conclusion of the annual general meeting being held on 23 October 2018 and offer themselves for re-appointment. The Board, upon recommendations of the Audit Committee, has endorsed the re-appointment of M/s. EY Ford Rhodes, Chartered Accountants as auditors of the Company for the year ending 30 June 2019.

## Internal Audit

The Board has outsourced the internal audit function of the Company to M/s. BDO Ebrahim & Co. (Chartered Accountants) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company also has an independent Internal Audit function lead by the Head of Internal Audit who functionally reports to the Board's Audit Committee and administratively reports to the Chief Executive. The Head of Audit acts as a coordinator between the outsourced firm providing internal audit services and the Board.

The Board's Audit Committee has conducted its annual review of the affairs and operations of the Company for the year under review and has presented the same in the form of a "Report of Board's Audit Committee" which is enclosed in the Annual Report.

## Material Changes concerning the nature of the business

During the financial year under review, there has been no material change concerning the nature of business of the Company.

## Material changes between Balance Sheet Date and Reporting Date (Subsequent Events)

There have been no material changes since 30 June 2018 to date of the report and the Company has not entered into any commitment during this period which would have an adverse impact on the financial position of the Company.

## Pattern of Shareholding

The Pattern of shareholdings as of 30 June 2018 is enclosed with this Annual Report.

The details of the transaction in shares of the Company by the Directors, Substantial Shareholders, Executives and their spouses' and minor children, if any, during the year have been duly and timely communicated to Pakistan Stock Exchange and SECP in accordance with the Code of Corporate Governance and the Securities Act, 2015.

"Executives mean Chief Executive Officer, Chief Operating Officer (Operations), Chief Operating Officer (Strategy), Chief Financial Officer, Company Secretary and Head of Internal Audit".

## Communication with Shareholders

The Company places high priority on timely communication with its shareholders. The annual and interim financial results are disseminated to all concerned immediately upon their approval by the Board of Directors as per the compliance requirements.

The Company also has a website ([www.amrelisteels.com](http://www.amrelisteels.com)) which, inter-alia, contains up-to-date information on the Company's activities, financial reports, notices and announcements.

The Company has a dedicated email ID (i.e. [investor-relations@amrelisteels.com](mailto:investor-relations@amrelisteels.com)) to address the queries of its shareholders which is given priority and appropriate measures are taken to resolve their grievances.

## Safeguarding of Records

The Company has a well-defined system for safeguarding of its assets in an effective manner. The Company puts ample importance on storage and the safe custody of its financial records. SAP as an ERP system is being used by the Company for recording its financial information. The access to electronic documentation has been secured through implementation of a comprehensive password protected authorization matrix in SAP-ERP system. As required by the Companies Act, 2017, records of all circular resolutions and minutes of Board Meetings are maintained in physical form for at least 10 years and for good in electronic form. Further, records of members' resolutions and minutes of general meetings are preserved both physically and in electronic form respectively for 20 years and permanently.

## Principal Activities of the Company (Nature of Business)

The Company is engaged in manufacturing and selling of steel bars and billets and is one of the largest manufactures of steel reinforcement bars in Pakistan. The Company's product portfolio includes high strength deformed bars as per American and British specifications. Amreli Steels is ISO 9001:2008 and PSQCA certified.

## Principal Risk And Uncertainties

The Company has setup an internal audit function within the Organization which operates under the Board approved charter and provides independent and objective evaluations and reports directly to the Audit Committee on the effectiveness of risk management and control processes. The identified risks and the respective control measures in terms of preventive, detective and corrective activities are regularly monitored and reported in a timely manner.

The Company has also formulated policies and procedures which are considered a vital part of the Company's risk governance framework which determines risks and develops strategies to mitigate those risks. A detailed description on risk and uncertainties is presented in the "Risk Management Report", which is part of this annual report.

### Modification in the Audit Report

The External Auditors of the Company have provided clean opinion on the state and affairs of the Company and the same is enclosed in this annual report; as such there has been no modification in the Auditors' Report for the year under review.

Holding Company

The Company does not have any parent company nor a subsidiary company.

### Payment Methodology

The Company strongly believes in timely payments of its debts to all its stakeholders and has not defaulted on any payment during the outgoing financial year.

### Internal Control Framework

The Board acknowledges its responsibility towards the implementation of an effective internal control environment throughout the organization. Your Company has set up an efficient and effective internal audit function which rigorously monitors the control environment of the Company. A comprehensive report on internal controls of the Company is presented in this annual.

### Business Continuity Plan

The Company's comprehensive Business Continuity Plan (BCP) is in place which includes activities required to keep the organization running during a period of displacement or interruption of normal operations. The report on BCP is enclosed in this annual report.

### Employees' Retirement Benefits

The Company has an unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying years of service for entitlement of gratuity. The provision for gratuity is made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out on 30 June 2018 using Projected Unit Credit Method.

### Activities under Corporate Social Responsibility

Contribution to the community has been at the core of Amreli Steels since its inception and the Company strongly believes in improving the standards of living of its employees and the community at large. A comprehensive report on CSR Activities of the Company is part of this annual report with the caption of "Corporate Social Responsibility".

### Impact of the Company's business on the environment

The Company is committed to developing, promoting and achieving the highest standards of Health, Safety and Environment (HSE) with the aim to safeguard the good fortune of the people who work with us as well as of the societies where we operate. The Policy on HSE is also a part of this annual report.

### The Corporate Governance Practices

The Board of Directors of the Company is committed to the principles of good Corporate Governance. The corporate governance practice of the Company is based on statutory and regulatory compliance requirements that are applicable to companies listed on the Pakistan Stock Exchange Limited and Company's Articles of Association complemented by several internal procedures. The Board is responsible for governing the organization by setting strategies and objectives of the Company. The management is required to adopt and formulate policies and guidelines for achieving the said goals and objectives.

#### Dividend And Appropriations

Based on these results, the Board recommends a final cash dividend of Rs.2.20 per share (i.e. 22%) for the year ended 30 June 2018.

### Contribution to National Exchequer

The Company contributed Rs.2.88 billion (FY 2017: Rs.2.303 billion) towards the National Exchequer on account of various government levies, taxes and import duties in the year under review. Payment of these taxes is 82% more than the net profit after tax of the Company and up by 25% as against last year which shows the Company's positive attitude towards economic development as a good responsible corporate citizen.

### Code of Conduct

The Code of Conduct of the Company defines what we stand for and believe in, documenting the uncompromisingly high ethical standards our Company has upheld since its foundation. Strong business ethics forms the basis for all of our relationships with employees, customers, competitors, suppliers and colleagues. It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards.

## Operating & Financial Data

Operating and financial data and key ratios of the Company for the last six years are annexed to this annual report.

## Acknowledgement

The Board would like to take this opportunity to extend sincere gratitude to all valued shareholders of the Company for their confidence and support. The Board will remain proud stewards of your investment and focus on delivering continued value. The Board would also like to thank all other stakeholders, including our valued customers, financial institutions and suppliers who have been associated with us.

The Board would like to acknowledge the tireless efforts of the executive management in steering the Company into a new era of challenges. It also recognizes the dedication and the energetic efforts of all the employees of the Company.

**For & on behalf of Board of Directors**



**Shayan Akberali**  
Chief Executive Officer



**Zafar Ahmed Taji**  
Director

**Date:** 11 September 2018

**Place:** Karachi



## کمپنی کے کاروباری افعال کا ماحولیات پر اثر

کمپنی صحت، حفاظت اور ماحولیات کے اعلیٰ معیارات کو قائم رکھنے کیلئے پرعزم ہے تاکہ بالخصوص ان ملازمین کے مستقبل کو محفوظ بنایا جاسکے اور بالعموم پورے معاشرے کے مستقبل کو بھی محفوظ بنایا جاسکے جس کے اندر رہتے ہوئے ہم کام کرتے ہیں۔ HSE سے متعلق پالیسی کو سالانہ رپورٹ کا حصہ بنایا گیا ہے

## کارپوریٹ گورننس کی پاسداری

کمپنی کا بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کی اچھی روایات پر کاربند رہنے سے متعلق پرعزم ہیں۔ کمپنی کی جانب سے کارپوریٹ گورننس کے اصولوں پر عمل درآمد کیا جانا ان قواعد اور ضوابط کی رو سے لازم ہے جن کا اطلاق پاکستان اسٹاک ایکسچینج میں لسٹڈ کمپنیوں پر ہوتا ہے اور ان اصولوں پر عمل درآمد کیلئے کمپنی اپنے آرٹیکلز آف ایسوسی ایشن اور بہت سے اندرونی ضوابط کے تحت بھی پابند ہے۔ بورڈ اس بات کا بھی ذمہ دار ہے کہ کمپنی کے امور کو چلانے کیلئے حکمت عملیاں بنائے اور اہداف مقرر کرے۔ انتظامیہ پر اس بات کی ذمہ داری عائد ہوتی ہے کہ ان اہداف اور مقاصد کے حصول کیلئے رہنما اصول اور پالیسیاں مرتب کرے۔

## منافع منقسمہ اور تخصیصات

مالیاتی نتائج کو مد نظر رکھتے ہوئے 30 جون 2018 کو ختم ہونے والے مالی سال کیلئے نقد منافع منقسمہ بقدر 2.20 روپے فی حصص (22%) کا اعلان کیا گیا ہے۔

## قومی خزانے میں ادائیگی

کمپنی کی جانب سے مختلف سرکاری ٹیکسوں، لیویز اور درآمدی ڈیوٹیوں کی مد میں زیر نظر مالی سال کے دوران 2.88 ارب روپے قومی خزانے میں جمع کروائے گئے (بمطابق مالی سال 2017 یہ رقم 2.303 ارب روپے تھی)۔ ان ٹیکسوں کی مد میں جمع کروائی جانے والی رقم کمپنی کے خالص منافع بعد از ٹیکس کے مقابلے میں 82% زائد ہے اور گزشتہ مالی سال کے مقابلے میں 25% زائد ہے جس سے یہ اندازہ ہوتا ہے کہ کمپنی بطور ذمہ دار کارپوریٹ شہری کے قومی ترقی کے بارے میں ایک مثبت سوچ کی حامل ہے۔

## ضابطہ اخلاق

کمپنی کے ضابطہ اخلاق سے یہ بات صاف طور پر واضح ہوتی ہے کہ اپنے آغاز سے لے کر آج تک اعلیٰ اخلاقی روایات کا دامن تھامے ہوئے ہے ان روایات کی پاسداری پر کسی بھی قسم کا کوئی سمجھوتہ نہیں کرتی۔ اعلیٰ کاروباری اخلاقیات ہی وہ بنیادی اصول ہیں جن کی بنیاد پر ہمارے تعلقات ہمارے ملازمین، صارفین، مسابقت کاروں، ترسیل کاروں اور ہم عصروں سے استوار ہیں۔ یہ کمپنی کی بنیادی پالیسی کا لازمی جزو ہے کہ کاروباری امور میں دیانت داری اور اعلیٰ اخلاقی اور قانونی اقدار کا دامن کبھی بھی ناچھوڑا جائے۔

## مالیاتی اور کاروباری معلومات

کمپنی سے متعلق مالیاتی اور کاروباری معلومات اور گزشتہ چھ سالوں سے متعلق اہم ترین تناسبات کو بھی رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

## اظہار تشکر

اس موقع سے فائدہ اٹھاتے ہوئے بورڈ کمپنی کے تمام حصص داران کا تہہ دل سے شکریہ ادا کرتا ہے کہ انکی حمایت اور اعتماد ہمیں ہمیشہ حاصل رہا۔ بورڈ ہمیشہ آپکی سرمایہ کاری کا قابل فخر نمبر بن رہے گا اور آپ کی سرمایہ کی قدر میں اضافے کیلئے ہمیشہ کوشاں رہے گا۔ بورڈ تمام شراکت داروں بشمول محترم صارفین، مالیاتی اداروں اور ترسیل کاروں کا بھی اس موقع پر تہہ دل سے شکریہ ادا کرتا ہے جنہوں نے ہمیشہ ہمارا ساتھ دیا۔

بورڈ انتظامی افسران کی جانب سے کمپنی کو درپیش مشکلات کے مقابلے میں کمپنی کو کامیابی سے آگے بڑھانے پر ان کی کاوشوں کو تسلیم کرتا ہے۔ اس کے علاوہ ڈائریکٹرز کمپنی کے دیگر تمام ملازمین کی جانب سے ان کی کوششوں اور اخلاص کو سراہتے ہیں۔

محکم بورڈ آف ڈائریکٹرز  
ظفر احمد تاجی  
ڈائریکٹر

حسب الحکم بورڈ آف ڈائریکٹرز

شایان اکبر علی  
چیف ایگزیکٹو آفیسر

تاریخ: 11 ستمبر 2018  
بمقام: کراچی

### کمپنی کے اہم افعال (کاروبار کی نوعیت)

کمپنی بنیادی طور پر اسٹیل کے ملٹس اور ریلوے کی پیداوار اور فروخت کے کاروبار سے منسلک ہے۔ کمپنی پاکستان میں اسٹیل کی پیداوار سے منسلک چند بڑی کمپنیوں میں سے ایک ہے۔ کمپنی کی مصنوعات کا پورٹ فولیو امریکی اور برطانوی معیار کے مطابق اعلیٰ معیار کے مطبوعہ ڈی نورمڈ بارز پر مشتمل ہے اور کمپنی ISO 9001:2008 اور PSQCA جیسے سرٹیفیکیشن کی بھی حامل ہے۔

### کمپنی کو لاحق بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کی جانب سے ایک اندرونی آڈٹ فنکشن قائم کیا گیا ہے جو بورڈ کی جانب سے منظور شدہ چارٹر کے تحت کام کرتا ہے اور کمپنی میں خطرات سے نمٹنے اور کنٹرول کے نظام پر آڈٹ کمیٹی کو براہ راست آزادانہ اور معروضی تجربے اور رپورٹس پیش کرتا ہے۔ کمپنی کو لاحق خطرات کی بروقت نشاندہی کی جاتی ہے اور ان خطرات سے نمٹنے کی غرض سے اقدامی، دفاعی اور تصحیحی تدابیر کو باقاعدگی کے ساتھ بروقت اختیار کیا جاتا ہے۔

کمپنی کی جانب سے ایسی پالیسیاں اور ضوابط بھی وضع کئے گئے ہیں جو کہ کمپنی کو لاحق خطرات سے نمٹنے کی غرض سے بنائے جانے والے رسک گورنس فریم ورک کا لازمی جزو ہے اور ان کے تحت کمپنی کو لاحق خطرات کو کم از کم کرنے کی مسلسل کوششیں کی جاتی ہیں۔ کمپنی کو لاحق اہم خطرات اور غیر یقینی صورتحال سے متعلق "Risk Management Report" میں تمام تر تفصیلات مکرور ہیں جسے سالانہ رپورٹ میں منسلک کیا گیا ہے۔

### آڈٹ رپورٹ میں تبدیلیاں

کمپنی کے افعال سے متعلق کمپنی کے بیرونی آڈیٹرز کی جانب سے شفاف رپورٹ پیش کی گئی ہے جسے سالانہ رپورٹ کے ساتھ منسلک کیا گیا ہے اور زیر نظر مالی سال سے متعلق آڈیٹرز کی رپورٹ میں کوئی تبدیلی واقع نہیں ہوئی۔

### ہولڈنگ کمپنی

کمپنی کی ناکوئی سرپرست کمپنی ہے اور ناہی کوئی ذیلی کمپنی ہے۔

### ادائیگیوں کا طریقہ کار

کمپنی اپنے تمام قرض خواہوں اور شراکت داروں کو ان کے واجبات کی بروقت ادائیگی پر یقین رکھتی ہے اور ختم ہونے والے مالی سال کے دوران کسی بھی لحاظ سے تاخیر نہیں رہی۔

### اندرونی کنٹرول کا نظام

بورڈ اندرونی کنٹرول کے نظام کو پوری کمپنی میں موثر انداز سے نافذ کرنے اور چلانے کے سلسلے میں اپنی ذمہ داریوں سے بخوبی واقف ہے۔ آپ کی کمپنی کی جانب سے ایک انتہائی موثر اور جامع اندرونی آڈٹ کا نظام قائم کیا گیا ہے جو انتہائی مستعدی اور سختی کے ساتھ کمپنی میں کنٹرول کی کڑی نگرانی کرتا ہے۔ کمپنی کے اندرونی کنٹرول سے متعلق ایک جامع رپورٹ بعنوان "Internal Control Framework" سالانہ رپورٹ کے ساتھ منسلک ہے۔

### کاروباری تسلسل کی منصوبہ بندی (Business Continuity Plan (BCP

کمپنی کی جانب سے کاروبار میں تسلسل کیلئے بنایا جانے والا منصوبہ BCP نافذ العمل ہے جس کے اجزائے ترکیبی میں ایسے افعال کو شامل کیا گیا جن کے تحت خراب اور غیر معمولی حالات میں بھی کمپنی کے امور سرانجام دینے کی صلاحیت رکھتی ہے۔ BCP سے متعلق معلومات کو رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

### ریناٹرمٹ پر ملازمین کیلئے سہولیات

کمپنی کی جانب سے ایسے تمام ملازمین کیلئے جو کہ ایک مقررہ مدت ملازمت پوری کر چکے ہیں ایک غیر فنڈ ڈگریجویٹ اسکیم قائم کی گئی ہے۔ گریجویٹ کیلئے تخمینے لگاتے وقت حقیقت سے قریب ترین قیاس پر مبنی مندرجات کو درج کیا جاتا ہے۔ تازہ ترین قیاسات 30 جون 2018 کو کروایا گیا تھا جس کیلئے پروجیکٹڈ یونٹ کریڈٹ میٹھڈ کو بنیاد بنایا گیا تھا۔

### کارپوریٹ معاشرتی ذمہ داریوں کے تحت اقدامات (Corporate Social Responsibility (CSR

کمپنی کے آغاز سے ہی کمپنی کی جانب سے معاشرے کی فلاح و بہبود کے سلسلے میں اپنا کردار ادا کرنے کو بنیادی اہمیت دی جاتی رہی ہے اور کمپنی اس بات پر مصمم یقین رکھتی ہے کہ کمپنی کی جانب سے بالخصوص اپنے ملازمین اور بالعموم پورے معاشرے کے معیار زندگی کو بلند کرنے کیلئے کوششیں کی جائیں۔ CSR سے متعلق ایک تفصیلی رپورٹ کو زیر نظر سالانہ رپورٹ کے ساتھ بعنوان "Corporate Social Responsibility" منسلک کیا گیا ہے۔

## اندرونی آڈٹ

بورڈ کی جانب سے اندرونی آڈٹ کا کام (M/s. BDO Ebrahim & Co., Chartered Accountants) کے حوالے کر دیا گیا جو کہ اس کام کیلئے اہلیت اور مناسب تجربے کے حامل ہیں اور انھیں کمپنی کی پالیسیوں اور ضوابط سے بھی پوری طرح آگاہی اور واقفیت ہے۔ اس کے علاوہ کمپنی کی جانب سے اندرونی طور پر بھی اندرونی آڈٹ کا ایک نظام وضع کیا گیا ہے جو کہ اندرونی آڈٹ کے سربراہ کے ماتحت کام کر رہا ہے۔ اندرونی آڈٹ کے سربراہ عملی طور پر بورڈ کی آڈٹ کمیٹی اور انتظامی طور پر چیف ایگزیکٹو کو رپورٹ کرتے ہیں۔ آڈٹ کے شعبے کے سربراہ بیرونی طور پر کمپنی کے اندرونی آڈٹ کرنے والی فرم اور بورڈ کے مابین ایک رابطے کا کام کرتے ہیں۔

بورڈ کی آڈٹ کمیٹی کی جانب سے زیر نظر مالی سال کیلئے کمپنی کے کاروباری افعال کا سالانہ جائزہ لینے کے بعد اسے "Audit Committee Report" کے عنوان سے پیش کیا گیا ہے جو کہ سالانہ رپورٹ کا حصہ ہے۔

## کاروبار کی نوعیت میں اہم تبدیلیاں

زیر نظر مالی سال کے دوران کمپنی کے کاروبار کی نوعیت میں کوئی اہم بنیادی تبدیلی واقع نہیں ہوئی ہے۔

## بیلنس شیٹ اور پورٹفولیو کی تاریخوں کے درمیان اہم تبدیلیاں (مابعد واقعات)

مؤرخہ 30 جون 2018 سے لیکر پورٹفولیو کی تاریخ کے درمیان کسی قسم کی کوئی نمایاں تبدیلی واقع نہیں ہوئی ہے اور نا ہی کمپنی کا کسی سے کوئی ایسا معاہدہ ہوا ہے جس کی بنیاد پر کمپنی کے مالیاتی نتائج پر کوئی منفی اثرات مرتب ہوئے۔

## ترتیب حصص داری

مالی سال اختتامیہ 30 جون 2018 سے متعلق کمپنی کی ترتیب حصص داری سالانہ رپورٹ کے ساتھ منسلک ہے۔

کمپنی کے ڈائریکٹرز، اہم حصص داران، انتظامی افسران اور انکی ازواج یا نابالغ بچوں کی جانب سے اگر کمپنی کے حصص کے سلسلے میں کوئی خرید و فروخت ہوئی ہے تو کوڈ آف کارپوریٹ گورننس اور سکیورٹیز ایکٹ 2015 کے ضوابط کے مطابق اس کی باقاعدہ اور بروقت اطلاع پاکستان اسٹاک ایکسچینج اور ایس ای سی پی کو دی جا چکی ہے۔

"ایگزیکٹو سے مراد چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر (آپریٹنگ)، چیف آپریٹنگ آفیسر (حکمت عملی)، چیف فنانشل آفیسر، کمپنی سیکرٹری اور اندرونی آڈٹ کے سربراہ ہیں۔"

## حصص داران سے روابط

کمپنی اپنے حصص داران کے ساتھ بروقت روابط کو ترجیح دیتی ہے۔ کوڈ کی پاسداری کرتے ہوئے تمام عبوری اور سالانہ مالیاتی دستاویزات کو بورڈ آف ڈائریکٹرز کی جانب سے منظور کئے جانے کے فوراً بعد متعلقہ افراد کو ارسال کر دیا جاتا ہے۔

کمپنی کی جانب سے ایک ویب سائٹ ([www.amrelisteels.com](http://www.amrelisteels.com)) بھی موجود ہے جس پر کمپنی کے تمام کاروباری افعال، مالیاتی نتائج، اطلاعات اور اعلانات کی مستقل اشاعت اور تجدید کی جاتی ہے۔

کمپنی کی جانب سے حصص داران کے مسائل اور سوالات کے حصول کیلئے ایک ای میل پتہ ([investor-relations@amrelisteels.com](mailto:investor-relations@amrelisteels.com)) بھی فراہم کیا گیا ہے۔ اس کام کو ترجیحی بنیادوں پر کیا جاتا ہے اور انکے مسائل کو حل کرنے کیلئے ہر ممکن کوشش کی جاتی ہے۔

## ریکارڈ کی حفاظت

کمپنی کی جانب سے اپنے تمام اثاثوں کی حفاظت کیلئے ایک واضح نظام وضع کیا گیا ہے۔ کمپنی اپنے مالیاتی ریکارڈ کو محفوظ رکھنے کے اقدامات کو بہت اہمیت دیتی ہے۔ اپنے مالیاتی مندرجات کے کھاتوں کو محفوظ بنانے کیلئے کمپنی کی جانب سے (SAP) کو (ERP) سسٹمز کے تحت زیر استعمال لایا جا رہا ہے۔ (SAP) اور (ERP) سسٹمز میں خفیہ کوڈ کے ذریعے ان دستاویزات تک محفوظ رسائی کو ممکن بنایا گیا ہے کیونکہ 2017 کے قواعد کی رو سے تمام قردادوں کی اطلاعات اور بورڈ کے اجلاسوں کی کاروائی فزیکل فارم میں کم از کم دس (10) سال کیلئے محفوظ رکھا جاتا ہے اور الیکٹرانک ذرائع کے تحت یہ دستاویزات ہمیشہ کیلئے محفوظ ہوتی ہیں۔ مزید برآں، ممبران کی جانب سے پیش کی گئی قردادیں اور عام اجلاسوں کی کاروائیوں کو فزیکل اور الیکٹرانک طریقے سے بیس (20) سال اور مستقل طور پر بالترتیب محفوظ رکھا جاتا ہے۔

1	جناب عباس اکبر علی	2	جناب بدر کاظمی
3	جناب ظفر احمد تاجی	4	جناب تیزون کست
5	جناب شایان اکبر علی	6	محترمہ کنزہ شایان
7	محترمہ مریم اکبر علی		

مذکورہ بالا انتخابات کے بعد بورڈ آف ڈائریکٹرز کی جانب سے جناب عباس اکبر علی (غیر انتظامی ڈائریکٹر) کو ایک مرتبہ پھر اگلے تین سال کیلئے بورڈ آف ڈائریکٹرز کا چیرمین منتخب کر لیا گیا ہے اور اسی طرح جناب شایان اکبر علی کو کمپنی کا چیف ایگزیکٹو مقرر کیا گیا ہے۔ ان تقرریوں کی مدت کا آغاز 07 مئی 2018 سے ہو چکا ہے۔

### سی ای او (CEO) کی کارکردگی کا جائزہ

چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ کمپنی کے وژن اور مشن کے مطابق متعین کردہ کاروباری اہداف اور وضع کی گئی حکمت عملیوں پر عملدرآمد کی روشنی میں کیا جاتا ہے۔ کارکردگی کی جانچ کا ایک جامع نظام موجود ہے جس کے تحت کاروباری کارکردگی، منافع سے متعلق اہداف کے حصول، تنظیم سازی، جانشینی کی منصوبہ بندی اور کارپوریٹ اہداف کے حصول کو مد نظر رکھا جاتا ہے۔

### ڈائریکٹرز کا معاوضہ

بورڈ کی جانب سے کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے مطابق ڈائریکٹرز کے معاوضے کے سلسلے میں ایک شفاف اور واضح پالیسی مرتب کی گئی ہے۔ بورڈ کے ممبران کے معاوضے کے سلسلے میں بذات خود بورڈ کی جانب سے ہی منظوری دی جاتی ہے۔ تاہم کوڈ آف کارپوریٹ گورننس کے ضوابط کے مطابق اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر کسی ایسے اجلاس میں شرکت نہ کرے جس میں اس کا اپنا معاوضہ متعین کیا جا رہا ہو۔ کمپنی کی جانب سے غیر انتظامی ڈائریکٹرز کو معاوضہ ادا نہیں کیا جاتا ہے جس کے وہ اجلاسوں میں شرکت کیلئے تشریف لائیں تو انہیں اس شرکت کیلئے فیس ادا کی جاتی ہے۔ بہترین افرادی قوت کو یکجا رکھنے کی غرض سے کمپنی کی یہ پالیسی ہے کہ معاوضے کا تعین مارکیٹ اور کارپوریٹ دنیا کی بہترین روایات کے مطابق کیا جائے۔ ڈائریکٹرز اور (CEO) کے معاوضے سے متعلق تفصیلی معلومات کو مالیاتی دستاویزات سے منسلک متعلقہ نوٹس کا حصہ بنایا گیا ہے۔

### ڈائریکٹرز کی تربیت

جب حسب ضرورت بورڈ کی جانب سے ڈائریکٹرز کیلئے تعارفی کورسز کا انعقاد کیا جاتا ہے جن میں انہیں کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے ضوابط کے مطابق ان کی ذمہ داریوں اور فرائض سے متعلق آگاہی فراہم کی جاتی ہے۔ کمپنی کی جانب سے اس بات کو پوری طرح یقینی بنایا جاتا ہے کہ نئے آنے والے ڈائریکٹروں کو ہر لحاظ سے بریفنگ اور ضروری مواد فراہم کیا جائے جس کے ذریعے اسے اس بات کو ممکن بنایا جاسکے کہ ڈائریکٹرز کمپنی کے تمام افعال کو اچھی طرح سمجھ لیں۔

کمپنی کے پانچ ڈائریکٹرز نے تربیتی پروگرام میں شرکت کر لی ہے جس کا اہتمام پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس اور انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کی جانب سے کیا گیا تھا۔ باقی دو (2) ڈائریکٹرز بھی (CCG) کی جانب سے متعین کردہ وقت کے اندر اندر تربیتی پروگرام میں شرکت کر لیں گے۔

کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 کے نفاذ کے بعد نئے چیلنجز کو سمجھنے اور ان سے نمونہ آزاہونے کیلئے کمپنی کی جانب سے 19 جنوری 2018

کو بمقام اداری ناورز کراچی ایک تعارفی پروگرام کا انتظام کیا گیا تھا۔ اس ورکشاپ کو پیش کرنے والے سینیئر پارٹنر جناب جواد شیخا (M/s. Moore Stephens Shekha & Mufti, Chartered Accountants) تھے۔

اس ورکشاپ میں بیشتر بورڈ ممبران اور کمپنی کے مختلف شعبوں کے سینیئر افسران بھی شریک تھے۔

### بیرونی آڈیٹرز

موجودہ بیرونی آڈیٹرز (M/s. EY Ford Rhodes, Chartered Accountants)، سالانہ اجلاس عام کے اختتام منعقدہ 23 اکتوبر 2018 کو ریٹائر ہو رہے ہیں، تاہم ان کی جانب سے اپنی خدمات کو ایک مرتبہ پھر پیش کیا گیا ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ کی جانب سے، (M/s. EY Ford Rhodes, Chartered Accountants)، کو آئندہ مالی سال اختتامیہ 30 جون 2019 کیلئے ایک مرتبہ پھر تعینات کرنے کی توثیق کی ہے۔

### بورڈ کی آڈٹ کمیٹی (Audit Committee)

بورڈ کی آڈٹ کمیٹی کمپنی کے اندرونی کنٹرول کے نظام اور خطرات سے نمٹنے کے نظام کی مسلسل بنیادوں پر نگرانی کرتی ہے اور بورڈ کی جانب سے نگرانی کے عمل بالخصوص ضوابط کی پاسداری، مالیاتی اور غیر مالیاتی رپورٹنگ حصص داران تک پہنچانے کے عمل کے سلسلے میں بورڈ کی معاونت بھی کرتی ہے۔

جہاں کہیں بھی ضرورت محسوس ہو، بورڈ کی آڈٹ کمیٹی انتظامیہ کی جانب سے لئے گئے اقدامات پر نظر ثانی کرنے کے ساتھ ساتھ انکی اصلاح کی کوششیں بھی کرتی ہے۔ بورڈ کی آڈٹ کمیٹی انتظامیہ سے معلومات حاصل کرنے کیلئے خود مختار ہے اور ضرورت پڑنے پر بیرونی آڈیٹروں یا مشیروں سے براہ راست مشورہ بھی کر سکتی ہے۔ بورڈ کی آڈٹ کمیٹی کے بلانے پر چیف فنانشل آفیسر باقاعدگی کے ساتھ بورڈ کی آڈٹ کمیٹی کے اجلاسوں میں شرکت کرتے ہیں اور ان کے سامنے عبوری اور حتمی حسابات کا جائزہ پیش کرتے ہیں۔ ہر اجلاس کے بعد بورڈ کی آڈٹ کمیٹی کا چیئر مین بورڈ کے سامنے اپنی رپورٹ پیش کرتا ہے۔

زیر نظر مالی سال کے دوران بورڈ کی آڈٹ کمیٹی کے چار (4) اجلاس منعقد کئے گئے۔ تمام اجلاس پاکستان میں ہی منعقد کئے گئے۔ بورڈ کی آڈٹ کمیٹی کے اجلاسوں میں ڈائریکٹرز کی حاضری سے متعلق تفصیلات درج ذیل ہیں:

ڈائریکٹرز کے نام	اجلاسوں میں شرکت اور حاضری
جناب تیز ون کست	4
جناب بدر کاظمی	1
محترمہ کنزہ شایان	4

### بورڈ کی ایچ آر اینڈ آر کمیٹی (HR&R Committee)

ایچ آر اینڈ آر کمیٹی انسانی وسائل، انکی ترقی، جانشینی کی پالیسی اور مشاہروں کے تعین جیسے مسائل کی نگرانی کے سلسلے میں بورڈ کی معاونت کرتی ہے اور اسی طرح ایچ آر اینڈ آر کمیٹی کو معروضی حالات اور کوڈ آف کارپوریٹ گورننس کے تحت ایسی تمام ذمہ داریاں سونپی جاتی ہیں۔

زیر نظر مالی سال کے دوران ایچ آر اینڈ آر کمیٹی کا ایک (1) اجلاس منعقد کیا گیا۔ یہ اجلاس پاکستان میں منعقد کیا گیا۔ کمپنی کا (CEO) ایچ آر اینڈ آر کمیٹی کا ممبر بھی ہے۔ HR ڈپارٹمنٹ کے سربراہ نے مدعو کئے جانے پر ایچ آر اینڈ آر کمیٹی کے اجلاس میں شرکت کی۔ ایچ آر اینڈ آر کمیٹی کے اجلاس میں ڈائریکٹرز کی حاضری سے متعلق تفصیلات درج ذیل ہیں:

ڈائریکٹرز کے نام	اجلاسوں میں حاضری کی تعداد
جناب بدر کاظمی *	-
جناب ظفر احمد تاجی	1
جناب شایان اکبر علی	1
محترمہ مریم اکبر علی	1

\* (بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت نہ کر سکنے والے ممبران کی رخصت منظور کر لی گئی تھی)

### ڈائریکٹرز کا انتخاب

کمپنی کا ایک غیر معمولی اجلاس عام مورخہ 07 مئی 2018 کو انٹینیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے آڈیٹوریم ہال بمقام چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن، کراچی میں منعقد کیا گیا جس میں کمپنیز ایکٹ 2017 کے سیکشن (1) 159 کے تحت بورڈ آف ڈائریکٹرز کی جانب سے طے شدہ تعداد کے مطابق اگلے تین سالوں کیلئے کمپنی کے سات (7) ڈائریکٹرز کا انتخاب کیا جانا مقصود تھا۔

مذکورہ انتخاب کیلئے خود کو پیش کرنے والے امیدواروں کی تعداد کمپنیز ایکٹ 2017 کے سیکشن (1) 159 کے تحت بورڈ آف ڈائریکٹرز کی جانب سے مختص کی جانے والی تعداد سے زائد نہیں تھی۔ لہذا ریٹائرڈ ہونے والے کمپنی کے تمام ڈائریکٹرز کو کمپنی کے مذکورہ غیر معمولی اجلاس عام میں حصص داران نے اگلے تین سالوں کیلئے دوبارہ منتخب کر لیا ہے جن کا نام درج ذیل ہیں:

و۔ ایسی کوئی وجہ نظر نہیں آتی جس کی بنیاد پر کمپنی کو ختم کرنے سے متعلق کوئی سوال پیدا ہوتا ہو کہ کمپنی اپنا وجود برقرار رکھ پائے۔

ذ۔ کارپوریٹ گورننس کی بہترین روایات پر عمل پیرا ہونے سے کسی بھی قسم کی کوئی قابل ذکر روگردانی نہیں کی گئی جیسا کہ اس سلسلے میں پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک میں ضوابط درج ہیں۔

ح۔ کمپنی کے کاروباری افعال اور مالیاتی نتائج کی اہم ترین جھلکیوں کو رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

ط۔ اکاؤنٹس کے نوٹس میں ٹیکسوں اور لیویز سے متعلق معلومات کو بھی شامل کیا گیا ہے۔

ی۔ کمپنی کی جانب سے مستقل ملازمین کیلئے ایک غیر فنڈ ڈشده گریجویٹ اسکیم قائم کی گئی ہے۔ اس اسکیم سے مستفید ہونے کا حق ان ملازمین کو ہے جو کہ اس اسکیم سے استفادہ حاصل کرنے کیلئے طے شدہ کم از کم عرصے تک ملازمت کر چکے ہوں۔ گریجویٹ اسکیم بنائے جانے والے تخمینے کا انحصار انتہائی محتاط اور آزاد اندازوں پر ہے۔ جدید ترین تخمینے 30 جون 2018 کو پروجیکٹڈ پونٹ کریڈٹ طریقے کے تحت بنایا گیا ہے۔ کیونکہ یہ ایک غیر فنڈ ڈشده اسکیم ہے اس لئے اس سے کسی قسم کی کوئی سرمایہ کاری نہیں کی جاسکتی اس لئے بتاریخ 30 جون 2018 اس سلسلے میں سرمایہ کاری کی قدر صفر ہے۔

### بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

#### بورڈ آف ڈائریکٹرز

امریلی اسٹیلز لمیٹڈ میں گورننس کا نظام بورڈ آف ڈائریکٹرز اور کمپنی کی انتظامیہ کی جانب سے ایک مسلسل عمل کا نتیجہ ہے۔ گورننس کے اس نظام کی جھلک کمپنی انتظامی ڈھانچے میں بھی جھلکتی ہے اور اس بات کا اظہار بھی ہوتا ہے کہ کمپنی کے طے شدہ اہداف کے حصول کیلئے اس نظام کو کس انداز سے چلایا جاتا ہے۔

کمپنی کے کارپوریٹ گورننس کے ڈھانچے کو وضع کرنے کے سلسلے میں ان تمام تقواین اور ضوابط کی مکمل پاسداری کی گئی ہے جو کہ پاکستان اسٹاک ایکسچینج میں لسٹڈ کمپنی پر لاگو ہوتے ہیں اور کمپنی کے اندرونی ضوابط کے لحاظ سے یہ ڈھانچہ کمپنی کے آرٹیکلز آف ایسوسی ایشن سے بھی ہم آہنگ ہے۔ اس طریق کار میں کمپنی کو لاحق خطرات کا تجزیہ اور کنٹرول کا نظام بھی شامل ہے اور اس بات کو یقینی بنایا جاتا ہے کہ قابل اطلاق قوانین و ضوابط اور کمپنی کے ضابطہ اخلاق کی مکمل پاسداری کو ممکن بنایا جاسکے۔

بورڈ پر اس بات کی ذمہ داری عائد ہوتی ہے ادارے کو چلانے کی غرض سے اہم پالیسیوں، اہداف اور حکمت عملیوں کو مرتب کرے اور اس قسم کی ہدایات کو وضع کرے کہ جن کی بنیاد پر کمپنی کے طے شدہ اہداف کا حصول ممکن ہو سکے۔

آپ کی کمپنی کا بورڈ طویل المیعاد اور مستقل بنیادوں پر سرمایہ کاری کی قدر میں اضافے کیلئے ہمہ وقت کوشاں رہتا ہے اور ان کوششوں کی بنیاد گورننس کے قابل اعتماد نظریات پر ہوتی ہے۔ کمپنی کا بورڈ تین آزاد، تین غیر انتظامی اور ایک انتظامی ڈائریکٹر پر مشتمل ہے۔

زیر نظر مالی سال کے دوران بورڈ کے سات (7) اجلاس منعقد کئے گئے ہیں۔ بورڈ کے تمام اجلاس پاکستان کے اندر ہی منعقد کئے گئے۔ ان اجلاسوں اور ان میں شرکت کرنے والے ڈائریکٹرز کی حاضری سے متعلق تفصیلات درج ذیل ہیں:

ڈائریکٹرز کے نام	اجلاسوں میں حاضری کی تعداد
عباس اکبر علی	5
غیر انتظامی ڈائریکٹر وچیرمین	7
تیزون کست	4
خود مختار ڈائریکٹر	5
بدر کاظمی	7
خود مختار ڈائریکٹر	5
ظفر احمد تاجی	6
شانیاں اکبر علی	5
انتظامی ڈائریکٹر	7
کنزہ شایان	5
غیر انتظامی ڈائریکٹر	6
مریم اکبر علی	6
غیر انتظامی ڈائریکٹر	

پیداواری صلاحیت کی وجہ سے کمپنی لاگت برائے پیداوار میں بھی بطور لیڈر سامنے آئے گی اور پورے ملک میں اسٹیل کی منڈی میں کمپنی اپنی جگہ بنائے گی تو دوسری جانب ایسے مقامات پر بھی کمپنی مارکیٹ میں اپنی جگہ بنائے گی جہاں ادغام ناگزیر ہو۔ علاوہ ازیں، دھات بجی کے مقام پر ری رولنگ مل کے آغاز کے ساتھ ہی یہ امید کی جاتی ہے کہ جنوری 2019 تک کمپنی کی جانب سے چوتھے فرنس (Furnace) کا افتتاح بھی کر دیا جائے گا اور اس اقدام کے بعد کمپنی میں بلیٹ سازی کی پیداواری صلاحیت 400,000 میٹرک ٹن سالانہ سے بڑھ کر 600,000 میٹرک ٹن سالانہ تک جا پہنچے گی جس سے کمپنی کی رولنگ اور بلیٹ سازی کی گنجائش میں توازن پیدا ہو جائے گا۔

### مستقبل پر نظر

گزشتہ چند سال سے پاکستان کی معیشت سال بہ سال ترقی کی راہ پر گامزن ہے اور ترقی کی یہ شرح مستقل طور پر جاری رہنے کی امید ہے۔ پاکستانی روپے کی قدر میں کمی، عالمی سطح پر طلب میں آنے والی بہتری، برآمدات کیلئے مالیاتی مراعات اور توانائی کے بحران میں کمی کے پیش نظر پاکستان کا برآمداتی سیکٹر بہتر کارکردگی پیش کرنے کی سکت رکھتا ہے۔ اس کے علاوہ بیرون ملک مقیم پاکستانیوں کی طرف سے رقوم کی منتقلی میں بہتری آسکتی ہے اور سی پیک کے منصوبوں کی وجہ سے بھی پاکستان کی معیشت کو خاطر خواہ سہارا ملے گا۔ تاہم، تیزی سے کم ہوتے ہوئے زرمبادلہ کے ذخائر، ڈالر کے مقابلے میں پاکستانی روپے کی کمزور حیثیت، بڑے پیمانے پر مالیاتی خسارے، اور آبی ذخائر کی کمی جیسی وجوہات کی بنیاد پر آنے والے دنوں میں معیشت کو مسائل کا سامنا کرنا پڑ سکتا ہے۔ ان تمام وجوہات کی بنیاد پر پاکستان کی ترقی پذیر معیشت کے استقلال میں فرق پڑ سکتا ہے۔

پاکستان میں کارپوریٹ، کمرشل اور رہائشی منصوبوں میں تعمیراتی کاموں کی وجہ سے اسٹیل کی طلب میں خاطر خواہ اضافہ ہوا ہے۔ امید ہے کہ یہ ترقیاتی کام اسی رفتار سے جاری رہیں گے جس کی وجہ سے پاکستان میں اسٹیل کی طلب میں اضافہ ہوگا۔ سی پیک بھی پاکستان میں معیشت کی ترقی اور بنیادی ڈھانچے میں تعمیراتی سرگرمیوں میں تیزی لانے میں اہم کردار ادا کر رہا ہے جس کی وجہ پاکستان میں بنیادی تعمیراتی اشیاء جیسا کہ اسٹیل وغیرہ کی طلب میں اضافہ ہوا ہے۔ مزید برآں، شہری آبادی میں اضافے اور بڑے پیمانے پر رہائشی منصوبوں میں تعمیراتی کام کے آغاز کی وجہ سے وطن عزیز کے طول و عرض میں رہائشی اور کمرشل تعمیرات کا آغاز ہو چکا ہے۔ سب سے آخر میں کارپوریٹ سیکٹر میں منافع کی بلند شرح کی وجہ سے عمومی طور پر افنی اور عمودی طور پر توسیعی منصوبوں کا رجحان پایا جاتا ہے جس کا فائدہ بالآخر تعمیرات کی صنعت کو ہی ہوگا۔ اس بات میں کوئی مبالغہ نہیں کہ طلب کے ایسے اشاریے ہی دراصل معاشی ترقی میں ریڑھ کی ہڈی کا کردار ادا کرتے ہیں۔

مستقل بنیادوں پر طویل المیعاد شرح نمو کو برقرار رکھنے کی غرض سے کمپنی کی جانب سے سرٹوڈکوشین کی جارہی ہیں کہ کمپنی کے وسائل کو انتہائی محتاط اور موثر انداز سے زیر استعمال لایا جائے تاکہ تمام شراکت داروں کی سرمایہ کاری کی قدر میں اضافے کو ممکن بنایا جاسکے۔ کمپنی کی جانب سے پیداواری سہولیات میں توسیع، مال کی ترسیل کے نظام میں وسعت، انسانی وسائل کو موثر انداز سے بروئے کار لانے کیلئے ایچ آر (HR) کے نظام کا قیام، سپلائی چین کا انتہائی موثر نظام اور زبردست مارکیٹنگ مہم ان اقدامات کا حصہ ہیں جن کی بدولت کمپنی اپنے تمام شراکت داروں کی سرمایہ کاری کی قدر میں اضافے کیلئے کوشاں ہے۔

### کارپوریٹ گورننس اور فنانشل رپورٹنگ کا دائرہ کار

کمپنی کے بورڈ آف ڈائریکٹرز کمپنی میں کوڈ آف کارپوریٹ گورننس کے اعلیٰ معیار کی پاسداری کیلئے عزم میں ہیں۔ ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ کمپنی کی جانب سے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور کوڈ آف کارپوریٹ گورننس کی پاسداری کرتے ہوئے کوڈ کی پاسداری اور فنانشل رپورٹنگ کا ایک جامع نظام وضع کیا گیا ہے جس کی تفصیلات درج ذیل ہیں:

الف۔ کمپنی کی انتظامیہ کی جانب سے تیار شدہ مالیاتی گوشوارے، کمپنی کے تمام امور، آپریشنز کے نتائج، ترسیل نقد رقوم اور سرمایہ میں ردوبدل سے متعلق معاملات کی صحیح صحیح ترجمانی کرتی ہیں۔

ب۔ کمپنی کی جانب سے متعلقہ ریکارڈ کو باقاعدہ قواعد کے مطابق کھاتوں میں درج کیا گیا ہے۔

ج۔ تمام مالیاتی گوشواروں کی تیاری کے سلسلے میں مناسب محاسبی پالیسیوں پر عمل کیا گیا ہے، نیز تمام ترامعاتی تخمینے معقول اور قرین قیاس ہیں۔

د۔ مالیاتی گوشواروں کی تیاری کے سلسلے میں پاکستان میں رائج بین الاقوامی محاسبی معیارات کی مکمل پاسداری کی گئی ہے۔

ھ۔ اندرونی طور پر کنٹرول کا نظام انتہائی منظم اور جامع ہے اور اسے موثر انداز سے نافذ کیا گیا ہے اور اس پر مکمل نظر رکھی جاتی ہے۔ اندرونی کنٹرول کی کڑی نگرانی کا عمل پیشگی کی بنیاد پر جاری رہے گا جس کا بنیادی مقصد یہی ہے کہ کمپنی کے اندر کنٹرول کے نظام کو مزید موثر بنایا جائے۔



## بنیادی و تحلیلی آمدن فی حصص

کمپنی کی جانب سے حاصل کی گئی بنیادی و تحلیلی آمدن فی حصص زیر نظر مالی سال 2017-18 کے دوران 5.34 روپے فی حصص درج کی گئی ہے جبکہ گزشتہ مالی سال کے دوران آمدن فی حصص 3.62 روپے فی حصص درج کی گئی تھی۔

کمپنی کی جانب سے قدر میں اضافے کا بیان:

تفصیلات	مالی سال 2018	مالی سال 2017
فئذ کے ذرائع		
آمدن از فروخت	15,500,542,721	13,283,811,229
آمدن از دیگر ذرائع	22,543,009	7,357,725
منہما: اخراجات برائے اجناس و خدمات	(9,913,345,139)	(8,720,208,965)
کمپنی کی جانب سے قدر میں اضافہ	<b>5,609,740,591</b>	<b>4,570,959,989</b>
فئذ کے استعمال		
ملازمین	766,146,445	524,626,760
حکومت	2,355,483,072	2,399,386,389
سرمایہ کاری فراہم کرنے والے	476,323,111	251,583,475
اثاثوں کی تبدیلی	426,551,302	321,310,661
حصص داران	653,425,139	594,022,854
کمپنی	931,811,522	480,029,850
	<b>5,609,740,591</b>	<b>4,570,959,989</b>

## ریبارز اور بلیٹس کی درآمد پر اینٹی ڈمپنگ ڈیوٹی

زیر نظر مالی سال کے دوران نیشنل ٹیرف کمیشن آف پاکستان کی جانب سے چینی ساختہ ریبارز پر پانچ سال کیلئے 19.15% کی اینٹی ڈمپنگ ڈیوٹی عائد کر دی گئی۔ اس کے علاوہ درآمد شدہ ریبارز پر 30% کے حساب سے ریگولیٹری ڈیوٹی پہلے ہی عائد ہے۔ گزشتہ سال نیشنل ٹیرف کمیشن آف پاکستان کی جانب سے چینی ساختہ درآمد شدہ سی بلیٹس پر 24.04% اینٹی ڈمپنگ ڈیوٹی بھی عائد ہے جو کہ پانچ سال کیلئے ہے۔

چینی ساختہ اسٹیل مصنوعات پر اینٹی ڈمپنگ اور ریگولیٹری ڈیوٹیز کی مد میں عائد یہ درآمدی ڈیوٹیز ایک جانب تو چینی اسٹیل مصنوعات کو یہاں ڈمپ ہونے سے روکیں گی تو دوسری جانب ان ڈیوٹیز کی وجہ سے اسٹیل کی مقامی صنعت کو بھی اپنے پیروں پر کھڑے ہونے کا موقع ملے گا۔ اگر ان ڈیوٹیز کو ختم کیا جاتا ہے یا اگر میں ان میں تخفیف بھی کی جاتی ہے تو پاکستان میں اسٹیل کی صنعت کی نشوونما کو خاطر خواہ نقصانات پہنچنے کا اندیشہ ہے اور بالخصوص موجودہ حالات میں اس صنعت کی نشوونما انتہائی اہمیت کی حامل ہے۔

## دھاتی رولنگ مل (DRM) کے کاروباری افعال سے متعلق بیان

کمپنی نے دھاتی رولنگ مل (DRM) پر کامیابی کے ساتھ 30 اپریل 2018 سے کاروباری افعال کا آغاز کر دیا ہے اس توسیعی منصوبے کے بعد اب کمپنی کی ریبارز کی پیداواری صلاحیت 180,000 ٹن سالانہ سے بڑھ کر 605,000 ٹن سالانہ تک جا پہنچی ہے۔ اس نئی پیداواری سہولت کے آغاز کے بعد وطن عزیز میں اسٹیل کی بڑھتی ہوئی طلب کو پورا کرنے میں مدد ملے گی اس سے بڑے پیمانے پر



گزشتہ سال کی 5.82% شرح نمو کے مقابلے میں مالی سال 2018 میں صنعتی شعبے میں اضافہ 6.24% تک جا پہنچا ہے جو کہ گزشتہ گیارہ سالوں میں ریکارڈ کی جانے والی بلند ترین سطح ہے۔ بڑے پیمانے پر صنعت سازی کی سرگرمیوں میں یہ اضافہ 6.13% ریکارڈ کیا گیا ہے (جو کہ گزشتہ سال 5.62% ریکارڈ کیا گیا تھا)، یہ اضافہ بھی گزشتہ دس سالوں کے دوران بلند ترین سطح پر ہے۔

### عالمی اور مقامی اسٹیل انڈسٹری کا جائزہ

بنیادی ڈھانچے میں اسٹیل کوریڈر کی بڑی حیثیت حاصل ہے۔ جیسا کہ عالمی سطح پر یہ رجحان دیکھنے کو مل رہا ہے کہ ممالک اپنے عوام کو غربت کے ماحول سے نکال کر ان کے معیار زندگی کو بلند کرنے کیلئے کوشاں ہیں اس لئے آئندہ برسوں میں اسٹیل کی مانگ میں اضافے کا رجحان نظر آ رہا ہے۔ ہمارے خطے میں اسٹیل کی قیمتیں بلند سطح پر رہی ہیں جس کی وجہ خطے میں اسٹیل کی طلب میں اضافہ، چین کی جانب سے اسٹیل کی ترسیل میں کی جانے والی اصلاحات اور اسٹیل کے ذخائر (انویٹری) کی سطح میں کمی ہے۔

جہاں تک عالمی سطح پر اسٹیل کی طلب میں اضافے کا رجحان ہے اس سلسلے میں EMDE کے عالمی سطح پر چھائے رہنے کے امکانات موجود ہیں۔ علاوہ ازیں، تیل اور دیگر اجناس کی قیمتوں میں اضافے کے رجحان، تیزی کے ساتھ بڑھتی ہوئی تعمیراتی سرگرمیوں اور خطے میں سیاسی استحکام کے پیش نظر MENA کے خطے میں اسٹیل کی طلب میں مزید اضافہ ہونے کے قوی امکانات موجود ہیں۔ جبکہ ASEAN-5 ممالک میں بنیادی ڈھانچے کے تعمیراتی کاموں میں بڑھتی ہوئی سرمایہ کاری کے پیش نظر ان ممالک میں بھی اسٹیل کی طلب میں زبردست اضافے کا رجحان پایا جاتا ہے۔

پاکستان کی اسٹیل کی صنعت میں شرح نمو میں نمایاں اضافہ ریکارڈ کیا گیا ہے جس کی بنیادی وجہ بڑے پیمانے پر عوامی منصوبوں پر کی جانے والی سرمایہ کاری تھی جن میں سڑکیں، پل، پاور پلانٹس وغیرہ شامل تھے اور PWC کی رپورٹ کے مطابق قوت خرید کے لحاظ سے 25 بڑی ترقی پذیر معیشتوں میں پاکستان کا شمار تیسرے نمبر پر ہوتا ہے۔ پاکستان کی معیشت سی بیک سے متعلق تعمیراتی منصوبوں اور توانائی کے منصوبوں کے تناظر میں مسلسل آگے کی جانب اپنا سفر طے کر رہی ہے۔ اس کے علاوہ گاڑیوں کی پیداوار میں اضافے کی وجہ سے بھی اسٹیل کی طلب میں اضافہ ہوا ہے جو کہ ملک میں جاری تعمیراتی سرگرمیوں کے علاوہ ہے۔ پاکستان میں آئندہ برسوں میں اسٹیل کی زبردست طلب کے پیش نظر اسٹیل کی صنعت سے وابستہ کمپنیوں کی جانب سے بڑے پیمانے پر توسیعی منصوبوں کا اعلان بھی کیا گیا ہے۔

### امریکی اسٹیل لیڈنگ کی کارکردگی

کمپنی نے رواں مالی سال 2017-18 میں 15.50 ارب روپے کی آمدنی ریکارڈ کی ہے جبکہ گزشتہ مالی سال کے دوران کمائی جانے والی آمدنی 13.28 ارب روپے تھی۔ جس سے اس سال آمدنی میں 16.68% کا زبردست اضافہ ظاہر ہوتا ہے۔ زیر نظر مالی سال کے دوران دھاتی میں واقع رولنگ مل کی پیداوار اپنی فروخت کو شامل کرنے کے بعد بلحاظ مقدار کمپنی کی فروخت آج تک کی تاریخ میں بلند ترین سطح پر رہی ہے، اس سال کمپنی کی جانب سے مارکیٹ میں فروخت کی جانے والی پائپر ریلرز کا حجم 172,448 میٹرک ٹن تھا۔ جس کا نتیجہ یہ رہا کہ محض چوتھی سہ ماہی کے دوران ہی 4.63 ارب روپے کی فروخت ریکارڈ کی گئی۔ فروخت کے اس حجم سے کمپنی کا اس بات پر بھی اعتماد بڑھا ہے کہ اب کمپنی کی فروخت کو بلحاظ حجم نئی بلندیوں پر لے جایا جائے گا۔

تینوں پلانٹس یعنی اسٹیل میلٹ شاپ (SMS) بمقام دھاتی، شیر شاہ رولنگ مل (SRM) اور دھاتی رولنگ مل (DRM) سے اعلیٰ معیار کے پلانٹس اور ریلرز کا پیداواری عمل جاری ہے۔ گزشتہ مالی سال کے مقابلے میں اس سال منافع بعد از ٹیکس میں 47.6% کا اضافہ ریکارڈ کیا گیا ہے۔

### مالیاتی کارکردگی

کمپنی کی جانب سے 30 جون 2018 کو ختم ہونے والے مالی سال کے دوران پیش کی جانے والی مالیاتی کارکردگی کا جائزہ بل مقابل گزشتہ مالی سال ذیل میں پیش کیا جا رہا ہے:

تفصیلات	30 جون 2018	30 جون 2017
----- روپے ہزاروں میں -----		
آمدن از فروخت	15,500,543	13,283,811
خام منافع	2,758,408	2,468,187
کاروباری منافع	1,870,754	1,696,897
منافع قبل از ٹیکس	1,394,431	1,445,313
منافع بعد از ٹیکس	1,585,237	1,074,053

## ڈائریکٹرز رپورٹ برائے ممبران

ڈائریکٹرز کی جانب سے مالی سال اختتامیہ 30 جون 2018 سے متعلق کمپنی کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی گوشوارے آپ کی خدمت میں پیش کیے جا رہے ہیں۔  
بتاریخ 30 جون 2018 کمپنی کے بورڈ آف ڈائریکٹرز درج ذیل افراد پر مشتمل ہیں:

5	الف۔ مرد
2	ب۔ خواتین
7	ڈائریکٹرز کی کل تعداد

ڈائریکٹرز کا امتزاج	ڈائریکٹرز کے نام
i۔ خود مختار ڈائریکٹرز (Independent Directors)	(1) بدر کاظمی (2) ظفر احمد تاجی (3) تیزون کست
ii۔ غیر انتظامی ڈائریکٹرز (Non-Executive Directors)	(1) عباس اکبر علی (2) کنزہ شایان (3) مریم اکبر علی
iii۔ انتظامی ڈائریکٹر (Executive Director)	(1) شایان اکبر علی

### مقامی اور عالمی معاشی حالات پر نظر

عالمی معاشی منظر نامے سے متعلق آئی ایم ایف (IMF) کی اپریل 2018 کی رپورٹ کے مطابق 2016 میں معاشی شرح نمو 3.1% سے بڑھ کر 2017 میں 3.8% تک جا پہنچی ہے اور رپورٹ میں اس بات کی امید ظاہر کی گئی ہے کہ مالی سال 2018 میں یہ شرح نمو 3.9% تک جا پہنچے گی اور اسی تناظر میں ایشیائی اور یورپی خطوں کی ابھرتی ہوئی منڈیوں میں مثبت شرح نمو کا زبردست رجحان دیکھنے کو ملے گا۔ مالی سال 2011 کے بعد اب یہ تیز ترین رجحان سمجھا جا رہا ہے جس کے تحت دنیا کی نصف سے زائد معیشتیں عالمی سطح پر فروغ پانے والی تجارت، مستقل مثبت شرح نمو، عالمی سطح پر سرمایہ کاری کیلئے سازگار حالات اور ابھرتی ہوئی منڈیوں اور ترقی پذیر معیشتوں (EMDE) Emerging Markets & Developing Economies کے باعث مثبت اشاریے ظاہر کر رہی ہیں۔

پاکستان میں مالی سال 2017-18 کے دوران کئے جانے والے سروے کے مطابق EMDE میں 2017 کی 4.8% شرح نمو کے مقابلے میں 2018 میں شرح نمو 4.9% ریکارڈ کی گئی ہے اور امید کی جاتی ہے کہ یہ شرح نمو 2019 میں بڑھ کر 5.1% کی حد کو چھوئے گی۔ EMDE میں سب سے زیادہ تیزی کے ساتھ ابھرنے والی معیشتوں کا تعلق ایشیاء سے ہے جہاں مستقل بنیادوں پر شرح نمو 6.5% تک رہنے کا امکان ہے۔

اس بات کو ہر سطح پر تسلیم کیا جا رہا ہے کہ پاکستان زبردست معاشی ترقی کی مخفی توانائی کا حامل ہے۔ پرائس واٹر ہاؤس کوپرز (PWC) کی جانب سے 2017 میں شائع کی جانے والی رپورٹ کے مطابق 2030 تک پاکستان دنیا کی 20 بڑی معیشتوں اور 2050 تک پاکستان کا شمار دنیا کی 16 بڑی معیشتوں میں ہو سکتا ہے۔ اس کے علاوہ دیگر عالمی اشاعتی اداروں جیسا کہ بلومبرگ (Bloomberg) اور دی اکنامسٹ (The Economist) کی جانب سے بھی اس بات کا اعتراف کیا گیا ہے کہ گزشتہ پانچ سال کے دوران پاکستان نے زبردست معاشی فائدہ سنبھالا ہے۔ پاکستانی کی جانب سے معاشی ترقی کیلئے کئی اقدامات اٹھائے گئے ہیں اور ان اقدامات کے تحت حالیہ برسوں میں پاکستان نے یہ کوششیں بھی کی ہیں کہ عالمی سطح پر پاکستان کو لاحق خطرات میں کمی واقع ہو۔ ان اقدامات کا نتیجہ یہ نکلا کہ پاکستان میں شرح نمو میں استقلال دیکھا گیا گوکہ یہ استقلال مختلف شعبوں میں مختلف شرح فیصد کے ساتھ ریکارڈ کیا گیا اور اس استقلال کی بنیادی وجہ حکومت کی جانب سے بلند شرح نمو اور کم شرح افراط زر پر توجہ مرکوز کرنا تھا۔ گزشتہ دو سالوں کے دوران مجموعی مقامی پیداوار GDP کی شرح نمو 5% سے زائد ریکارڈ کی گئی جو کہ رواں مالی سال 2018 کے دوران 5.8% کو چھوئے گی ہے جو کہ گزشتہ 13 سالوں کے دوران GDP کی بلند ترین شرح ہے۔ جس کی بنیادی وجوہات میں بنیادی ڈھانچوں میں کی جانے والی سرمایہ کاری اور کم شرح سود شامل ہیں۔

پاکستان کی معیشت، ترقیاتی منصوبوں میں بڑی سرمایہ کاری، افراط زر کی کم شرح اور سی پیک سے متعلق منصوبوں کی وجہ سے بھرپور فوائد حاصل کرتی رہی ہے جس کی وجہ سے معاشی بحالی کو بھی فروغ ملا ہے۔ مستقبل قریب میں معاشی ترقی کے اشاریے مثبت نظر آتے ہیں جس میں بجلی کی فراہمی میں بہتری آئے گی، سی پیک کی سرمایہ کاری میں اضافہ ہوگا اور ایشیاء بھر کی شرح میں بھی اضافہ ہوگا۔

## REPORT OF THE BOARD AUDIT COMMITTEE

### Dear Shareholders,

As Chairman of the Board Audit Committee, I am pleased to present annual audit committee report which provides an insight into the work, issues handled and focus of the Board Audit Committee's deliberations during the financial year 2017-18. The Audit Committee assists the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management, internal control system, related compliance and governance matters. The Audit Committee is also responsible for making recommendation to the Board on the appointment or re-appointment of the external auditors of the Company.


The Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended 30 June 2018 and reports that:

1. The Company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Code of Corporate Governance, the Company's Code of Conduct and Values and the international best practices of governance throughout the year;
2. The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the External Auditors of the Company;
3. The Company's Code of Conduct has been disseminated and placed on Company's website;
4. The Audit Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended for approval of the Board of Directors. It has also reviewed preliminary announcements of results prior to publication and the internal audit reports.
5. Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements. Applicable International Financial Reporting Standards were followed in the preparation of financial statements of the Company on a going concern basis for the financial year ended 30 June 2018, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company for the year under review.
6. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company. The financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017.
7. All direct or indirect trading and holdings of Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such transactions have been disclosed in the Pattern of Shareholdings.
8. The Chief Executive Officer and the Chief Financial Officer have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
9. The Audit Committee has reviewed the related party transactions and recommended the same for approval of the Board of Directors.
10. Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim/final results, distribution of dividend to the shareholders or communication of any other business decision, which could materially affect the market share price of the Company.
11. The statutory and regulatory obligations and requirements of best practices of governance have been met.
12. The system of internal control employed by the company to financial and risk management is effective, efficient and transparent.

### Internal Audit

The Board has effectively implemented the internal control framework through an in-house Internal Audit function which is independent of the External Audit function. The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.

The Board Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective operational, compliance and financial controls and risk management at all levels within the Company.



The Board has outsourced the Internal Audit function of the Company to M/s BDO Ebrahim & Co. (Chartered Accountants) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Board Audit Committee. Further, the Board Audit Committee has reviewed material Internal Audit findings and management's response thereto, taking appropriate action by bringing the matters to the Board's attention where required.

The head of internal audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to management and the right to seek information and explanations. The Head of Audit acts as a coordinator between the outsourced firm providing internal audit services and the Board.

Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

### External Auditors

On 24 August 2017, the Audit Committee fulfilled its responsibility by recommending the re-appointment of external auditors for the year ended 30 June 2018. The Shareholders accepted the recommendation in Annual General Meeting held on 25 October 2017 and appointed EY Ford Rhodes, Chartered Accountants as external auditors for the year ended 30 June 2018. The statutory auditors of the Company, M/s. EY Ford Rhodes., Chartered Accountants, have completed their audit of the Company's financial statements and the review of Statement of Compliance with the Code of Corporate Governance of the Company for the financial year ended 30 June 2018 and shall retire on the conclusion of the 34th Annual General Meeting.

The Board Audit Committee has reviewed and discussed audit observations with the external auditors. The final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore, accordingly be discussed in the upcoming Board Audit Committee meeting.

The Audit firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guideline on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as external auditors for the year ending 30 June 2019.

# CODE OF CONDUCT

## INTRODUCTION

The Code of Conduct of the Company defines what we stand for and believe in, documenting the uncompromisingly high ethical standards our Company has upheld since it was founded.

Strong business ethics should form the basis for all of our relationships with employees, customers, competitors, suppliers and colleagues. It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards.

Here we clearly state our business principles and show their impact on everyone involved with the company; from the Board, management and employees, to the consumers, suppliers and business partners. These principles highlight our responsibility to:

- ◆ maintain and help the Company in maintaining the highest degree of Corporate Governance practices;
- ◆ conduct our business activities with the highest principles of honesty, integrity, truthfulness and honor;
- ◆ conduct all business activities strictly on an arm's length business basis;
- ◆ promote ethical business practices;
- ◆ respect the environment and communities in which we operate;
- ◆ assure equal employment opportunities;
- ◆ value diversity in the workplace;
- ◆ provide healthy and safe working environments;
- ◆ respect human rights and trade ethically;
- ◆ act in utmost good faith and exercise due care, diligence and integrity in performing the office duties;
- ◆ comply both in letter and in spirit with all applicable laws and regulations;
- ◆ ensure that all business transactions are recorded in true, fair and timely fashion in accordance with the accounting and financial reporting standards, as applicable to the Company;
- ◆ refrain from involvement in any other similar business which consumes their time, efforts and energy without disclosure and approval of Company's management;
- ◆ ensure that company personnel protect the Company's assets and properties including physical assets, information and intellectual rights and not use the same for their personal gain;
- ◆ maintain confidentiality of information entrusted by the Company or acquired during performance of their duties and shall not use it for personal gain or advantage;
- ◆ avoid providing any information either formally or informally, to the press or any other publicity media or any other person whosoever, unless specifically authorized;
- ◆ avoid utilization of bribery or corruption in conducting the Company's business;
- ◆ avoid receiving any gift, payments or favor in whatsoever form from Company's business associates, which can be perceived as being given to gain favor or dealing with the Company and shall ensure that the Company's interests are never compromised;
- ◆ ensure that Company personnel abide by all job descriptions, contracts, agreements, terms of reference, standard operating procedures, and directives duly approved and enforced by the Company.

## 1. Applicability

The Code applies to the following (collectively termed as "Company Personnel" for the purposes of this Code):

- ◆ Members of the Board of Directors
- ◆ Senior Management Personnel
- ◆ All employees of the Company

## 2. Compliance with laws, rules and regulations

The Company and its personnel are bound by the law. Compliance with all applicable laws and regulations must never be compromised. Additionally Company personnel shall adhere to internal rules and regulations as they apply in a given situation. Those internal rules are specific to the Company and may go beyond what is required by the law.

### 3. Consequences of Non-Compliance of Code

Any breach of the Code, Terms of Appointment, Company's policies, Rules and Regulations or any acts of misconduct and fraud or embezzlement will be viewed seriously and may invite disciplinary action, including the termination of employment and criminal prosecution, if required. For the said purpose, all Company's policies and rules will also be deemed to be an integral part of this Code.

### 4. Conflicts of Interest:

The Company expects that all personnel will perform their duties conscientiously, honestly, and in accordance with the best interests of the Company. The Company personnel must not use their positions or the knowledge gained as a result of their positions for private or personal advantage.

Regardless of the circumstances, if directors/employees sense that a course of action they have pursued, or are presently pursuing, or are contemplating pursuing may involve them in a conflict of interest with their employer, they should immediately communicate all the facts to their supervisor or to the Board as the case may be.

### 5. Company Policies

The Company maintains specific policies applicable to its personnel. All Company personnel must become and remain familiar with all applicable Company policies and abide by them as they may change from time to time, which will also be communicated by HR department accordingly.

### 6. Work Environment

The policy of the Company is to provide a working environment free of discrimination and harassment in which individuals are accorded equality of employment opportunity based upon merit and ability.

Discriminatory practices based on race, sex, color, national or ethnic origin, religion, marital status, family status, age or disability will not be tolerated.

It is not a discriminatory practice to make a distinction between persons based on bona fide occupational requirements. Since bona fide occupational requirements are narrowly defined, such distinctions should not be undertaken without first obtaining express authorization from the relevant management level.

### 7. Communications and Involvement

We have a long tradition of encouraging direct, two-way involvement of communication with employees. This is in order to obtain the fullest participation of everyone's energy and views and we believe is best promoted within the local workplace through locally-based information and consultation procedures.

### 8. Conduct And Behavior Standards

All Company personnel are expected to contribute to the success of the Company by performing their responsibilities as required and conduct themselves in a professional manner consistent with the Company's business philosophy, values and standards of business conduct. Employees' honesty and integrity are essential to ethical business practices.

### 9. Confidentiality

Confidential business information must not be shared with others outside the company or used for the personal gain of oneself or others. Company personnel, their family and close acquaintances should not buy or sell company shares if they have material information that has not been made public and could affect the share price.

We expect the company personnel to keep all information confidential. This might include plans to buy or sell business, product formulation, manufacturing processes, advertising, marketing plans, concepts, research and development, suppliers, customers, financial information, personnel and employment matters, and other information which is not generally known to the public.

### 10. Inside Information

The company personnel shall not use for their own financial gain or disclose for the use of others, inside information obtained as a result of their position within the company.

The company personnel may find themselves in violation of the applicable securities laws if they misuse information not generally known to the public and either trade or induce others to trade in the stock of the company or in the stock of another company.

Specific confidential information would include financial information, information concerning acquisitions or dispositions of properties and proposed acquisition or mergers with other companies.

In case of this breach of confidentiality the Company may be subjected to regulatory penalties and therefore, to prevent and address such instances, it may consider disciplinary and legal recourse.

## 11. Political Activities

The Company neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests. No contributions to a political candidate or public official with the funds or assets or in the name of the Company are allowed, including direct or indirect contributions or payments made through third parties such as suppliers or customers. The company personnel shall ensure their non-indulgence or any appearance for any political activities.

## 12. Health And Safety

We recognize the importance of health and safety within our business. We seek to provide a healthy, safe and clean working environment in line with local laws, regulations and industrial practice. We measure, appraise and report performance, as part of our commitment to the health and safety of our employees, contractors and everyone who works on or visits our sites.

We should take such steps as are reasonably practicable, to ensure that they meet our health and safety objectives. These are -

- ◆ To provide and maintain safe and healthy working places and systems of work in order to protect all company personnel and others, including visitors and the public, in so far as they come into contact with foreseeable work hazards.
- ◆ To provide and maintain a safe and healthy working environment for all Company personnel, taking into account individuals' needs and abilities.
- ◆ To develop safety awareness amongst all Company personnel to enable them to take reasonable care for their own health and safety and of other people who may be affected by their acts or omissions.

## 13. Consumers

We are committed to providing consumers with high-quality, wholesome products which are marketed truthfully, labeled clearly, and, as a minimum, meet domestic and global quality and safety regulations.

## 14. Suppliers

The Company is confident that its suppliers desire to operate in an environment that is free from influence due to unethical business practices. Therefore, suppliers are expected to conduct business in a manner that would not, in any way, compromise the ethical principles adopted by the Company. To ensure this, the Company may convey its ethics requirements to its suppliers directly and also hold trainings and orientations for this purpose.

## 15. Competition and Trade Practice Standards

We are committed to free and open competition. We compete in the market vigorously, but in an honest manner. Our efforts in the marketplace shall be conducted in a fair and ethical manner in strict compliance with applicable competition and trade practice laws and regulations.

Under no circumstances shall any company personnel be a party to any collusion or concerted effort of any type involving any competitor vendor, supplier, customer or other party, which is in restraint of trade or violation of laws and regulations designed to foster competition. Because laws relating to competition are complex, company personnel should refer matters about what they are in doubt to their superior or should seek the advice of the company's counsel or the Board, if so dictated by the significance of the uncertainty.

## 16. Company Personnel

It is the obligation of every employee to be a responsible employee; that is, to be honest, trustworthy, conscientious, and dedicated to the highest standards of ethical business practices. The company personnel have a legal, moral and ethical responsibility to report to the Company, or the appropriate authorities, any known or suspected violations of law, regulations, or corporate policy.

The company personnel representing the Company to third parties shall not allow themselves to be placed in a position in which an actual or apparent conflict of interest exists. Such conflict of interest may arise, or appear to arise, by reason of the employees' acceptance of gratuities, favors or other valuable benefits which could improperly influence or reasonably be interpreted as improperly influencing sound business decisions.

## 17. Integrity and Professionalism

The Company personnel should remember that they are a reflection on the Company and are constantly being judged or otherwise appraised by everyone they come in contact with. All Company Personnel should conduct themselves with the highest degree of integrity and professionalism in the workplace or any other location while on Company business.

## 18. Personal Conduct

The company personnel shall be careful while dealing with personal or business associates and not disclose, divulge or provide any information regarding the company to anyone except where the same is used as a part of his/ her official obligations and as required for official purpose and shall abide by the Closed period announced by the company from time to time and also sign a Non- Disclosure Agreement if the need arises.

All company personnel should avoid any kind of bribery, extortion and all other forms of corruption.

The company personnel should always be cognizant of the need to adhere strictly to all safety policies and regulations.

Any legally prohibited or controlled substances if found in the possession of any company personnel will be confiscated and where appropriate, turned over to the authorities.

## 19. Accounting Records, Controls & Statements

All books, records, accounts and statements should conform to generally accepted and applicable accounting principles and to all applicable laws and regulations and should be maintained accurately.

Company personnel are expected to sign only documents or records which they believe to be accurate and truthful.

Employees are responsible for the proper use, protection and maintaining of company assets including intellectual property (e.g. patents, trademarks and designs). Company assets may only be used in relation to the Company's business.

## 20. Community Activities

We recognize our responsibilities as a member of the communities in which we operate and commit resources to support community and social investment through national or locally targeted programs in partnership with others. We will also encourage and support employee efforts to be involved in and provide leadership in the educational and social fabric of the communities in which they live.

## 21. Protection of the Environment

The company personnel shall treat the protection of the environment as an integral factor in all decision making. The Company is committed to the protection of the environment. To comply with this commitment, the company's policy is to meet or exceed all applicable governmental requirements. Employees must report to their superior all circumstances in which toxic substances are spilled or released into the environment.

Violations of environmental laws, even if unintentional, can carry severe penalties, and could result in the prosecution of the company or the employees involved or both. Failure to comply with the company's instructions for the protection of the environment may result in disciplinary actions.

## 22. MISCELLANEOUS

All company personnel are required to comply with this code of conduct and are personally responsible for doing so. The company personnel must comply with any rules set out in this code of conduct. Breach of any principle within the code may result in disciplinary action and a serious breach – such as if any employee is found to be in wanton abuse of the code and their action cause reputational risk or damage or financial loss to the business – may amount to gross misconduct which may result in summary dismissal. Further, the company reserves the right to seek redress and damages from such individuals.

## ENDORSEMENT

As required by the Listing Regulations, every person to whom this Code applies shall endorse the Code of the Company. The Company's reputation and its actions as a legal entity depend on the conduct of the company personnel. Accordingly, each employee must commit to act according to the highest ethical standards and to know and abide by applicable laws. The Code will be enforced at all levels in the Organization fairly and with no exception.



## WHISTLEBLOWING POLICY

The Company is committed to the highest standards of transparency, honesty, openness and accountability. In order to ensure compliance with the best practices of the corporate governance, the Company has incorporated a Whistleblowing Policy ("the Policy") to detect, identify and report any activity which is not in line with the company policies, any misuse of company's properties or any breach of law which may affect the reputation of the Company.

The Policy applies to all employees, management and the Board and extends to every individual associated with the Company including contractors, suppliers, business partners and the shareholders who are encouraged to report serious concerns that could have a significant impact on the Organization, such as:



- ◆ unlawful civil or criminal offence;
- ◆ failure to comply with statutory obligations/requirements;
- ◆ financial or non-financial mismanagement, fraud and corruption, including bribery;
- ◆ violation of various corporate policies-governing business conduct;
- ◆ violation of Health, Safety & Environmental standards applicable to the business;
- ◆ harassment, discrimination or other unfair employment practices;
- ◆ attempt to conceal or suppress information relating to the above.

Open and candid communication is an important part of our culture. All concerns are to be made in writing to ensure a clear understanding of the issues being raised. Whistleblowers may report their concerns through the following methods:

E-mail – [whistleblowing@amrelisteels.com](mailto:whistleblowing@amrelisteels.com),  
which shall only be accessible to the Whistleblowing Unit  
Mail – Captioned 'Whistleblowing Unit' – Registered Office, A-18, S.I.T.E. Karachi.

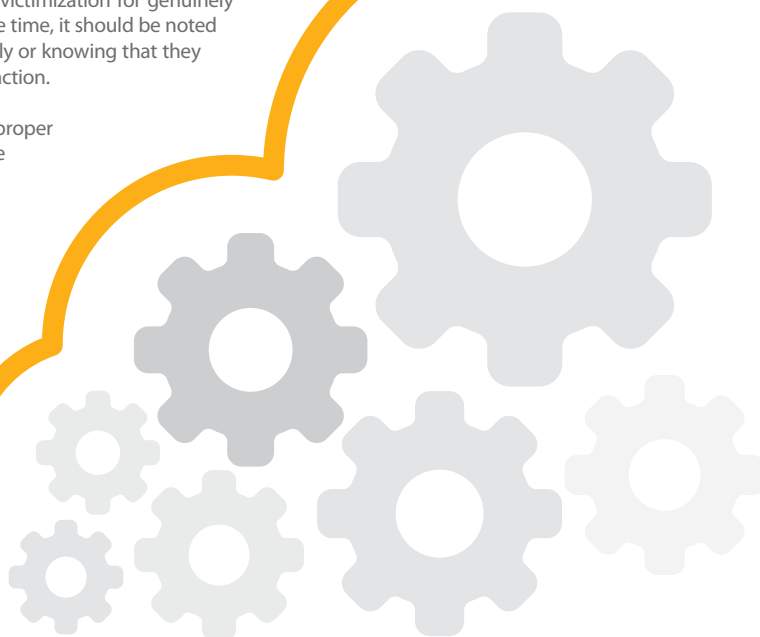
The Whistleblowing Unit shall comprise of the CEO and such other senior officials of the Company nominated by the Board of Directors.

Every effort will be made to maintain the confidentiality of complainants and to protect them from any form of retaliation, reprisal or victimization for genuinely held concerns that are raised in good faith. At the same time, it should be noted that unfounded allegations made recklessly, maliciously or knowing that they were false can expose the complainant to disciplinary action.

It is expected that all complaints will be lodged with proper identification. Anonymous complaints will also be accepted, however, the decision to take them up lies with the Whistleblowing unit depending on their nature and urgency.

The Company undertakes that all complaints will be investigated confidentially by independent persons and feedback will be provided to the complainant. Deliberately making a false concern is also an allegation under this Policy and may lead to a disciplinary action against the complainant.

The Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.



## SIX YEARS AT A GLANCE

### Financial Position

	Amount in Million					
	(Re-Stated) 2018	(Re-Stated) 2017	(Re-Stated) 2016	2015	2014	(Re-Stated) 2013
<b>Assets Employed</b>						
Property, Plant And Equipment	15,529	12,253	8,442	7,504	7,566	7,779
Intangible Assets	28	20	27	24	-	1
Long Term Investments	15	15	15	15	15	-
Long Term Deposit	136	129	131	130	133	218
Current Assets	10,935	5,791	8,150	4,589	3,411	3,803
<b>Total Assets</b>	<b>26,643</b>	<b>18,209</b>	<b>16,765</b>	<b>12,262</b>	<b>11,126</b>	<b>11,800</b>
<b>Financed By</b>						
Shareholders' Equity	12,880	11,146	10,690	5,871	4,839	4,609
<b>Long-term Liabilities</b>						
Long Term Finance	2,204	712	525	1,150	2,049	1,584
Current Portion Of Long Term Finance	775	310	484	952	550	493
	2,980	1,022	1,008	2,102	2,599	2,077
Non-current And Deferred Liabilities	1,162	1,222	1,212	1,005	932	1,050
Current Liabilities	10,396	5,129	4,339	4,236	3,308	4,557
Current Portion Of Long Term Finance	(775)	(310)	(484)	(952)	(550)	(493)
	9,621	4,819	3,856	3,284	2,757	4,063
<b>Total Funds Invested</b>	<b>26,643</b>	<b>18,209</b>	<b>16,765</b>	<b>12,262</b>	<b>11,126</b>	<b>11,800</b>

	Amount in Million					
	2018	2017	2016	2015	2014	(Re-Stated) 2013

### Operations

Turnover	15,501	13,284	12,400	14,414	11,962	10,622
Gross Profit	2,758	2,468	2,792	2,493	1,373	1,161
Operating Profit	1,871	1,697	2,085	1,940	1,008	826
EBITDA	2,305	2,025	2,437	2,233	1,304	1,253
Profit Before Tax	1,394	1,445	1,749	1,272	377	174
Profit After Tax	1,585	1,074	1,279	1,011	249	121
Total Comprehensive Income	2,328	1,050	1,288	1,003	260	105
Capital Expenditures (Addition During The Year)	2,916	4,133	1,292	192	123	167
EPS	5.34	3.62	4.81	4.54	1.12	0.54

### Cash Flow Summary

Net Cash Generated From / (Used In) Operating Activities	(2,219)	3,649	(987)	1,089	1,727	(76)
Net Cash Generated From / (Used In) Investing Activities	(2,924)	(4,133)	(1,293)	(206)	(96)	(189)
Net Cash Generated From / (Used In) Financing Activities	5,204	172	2,582	(867)	(1,645)	306
Increase / (Decrease) In Cash And Cash Equivalents	62	(312)	301	16	(14)	41
Cash And Cash Equivalents At End Of The Year	131	70	381	80	63	77

# VERTICAL & HORIZONTAL ANALYSIS

## Vertical Analysis

Balance Sheet	2018 Audited	2017 (Re-Stated) Audited	2016 (Re-Stated) Audited	2015 Audited	2014 Audited	2013 (Re-Stated) Audited
<b>EQUITY AND LIABILITIES</b>						
<b>Share Capital And Reserves</b>						
Issued, Subscribed & Paid up Share Capital	11.15%	16.31%	17.72%	23.48%	22.86%	20.02%
Capital Reserves	10.47%	15.32%	16.63%	0.00%	0.00%	0.00%
Revenue Reserves - Accumulated Profit	17.74%	20.11%	18.54%	8.79%	2.99%	1.58%
Actuarial Gain / (Loss) On Gratuity Fund	-0.15%	-0.17%	-0.04%	-0.04%	0.02%	-0.05%
Surplus On Revaluation Of Fixed Assets	9.14%	9.64%	10.91%	15.65%	17.61%	17.50%
	48.34%	61.21%	63.76%	47.88%	43.49%	39.06%
<b>Non Current Liabilities</b>						
Long Term Borrowings	8.27%	3.91%	3.13%	9.38%	18.41%	13.42%
Finance Lease	0.00%	0.00%	0.00%	0.00%	0.52%	1.55%
Deferred Liabilities	0.58%	0.64%	0.43%	0.55%	0.42%	0.34%
Deferred Taxation	3.78%	6.07%	6.80%	7.58%	7.41%	6.88%
Other Financial Liability	0.00%	0.00%	0.00%	0.06%	0.03%	0.13%
	12.64%	10.62%	10.36%	17.58%	26.79%	22.33%
<b>Current Liabilities</b>						
Trade & Other Payables	9.12%	6.13%	6.45%	8.07%	7.86%	6.52%
Unclaimed Dividend	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%
Mark-up Accrued	0.51%	0.31%	0.29%	0.67%	0.89%	0.79%
Short Term Borrowings	26.47%	19.92%	16.26%	18.04%	15.58%	26.22%
Current Portion Of Long Term Borrowings	2.91%	1.70%	2.88%	7.76%	4.94%	4.18%
Current Portion Of Finance Lease	0.00%	0.00%	0.00%	0.00%	0.46%	0.91%
Taxation - Net	0.00%	0.09%	0.00%	0.00%	0.00%	0.00%
	39.02%	28.17%	25.88%	34.54%	29.73%	38.62%
<b>TOTAL EQUITY AND LIABILITIES</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, Plant, Equipment & Other Assets	58.28%	67.29%	50.35%	61.20%	68.00%	65.92%
Intangibles	0.10%	0.11%	0.16%	0.20%	0.00%	0.01%
Long Term Investment	0.06%	0.08%	0.09%	0.12%	0.14%	0.00%
Long Term Deposits	0.51%	0.71%	0.78%	1.06%	1.19%	1.84%
	58.96%	68.20%	51.39%	62.58%	69.34%	67.77%
<b>Current Assets</b>						
Stores & Spares	3.26%	3.40%	3.58%	4.12%	4.00%	3.35%
Stock In Trade	28.00%	18.70%	26.30%	18.55%	14.07%	17.40%
Trade Debts	6.71%	7.99%	12.35%	9.44%	8.36%	4.84%
Loan & Advances	0.09%	0.12%	0.75%	1.11%	1.39%	1.14%
Other Receivables	0.85%	0.97%	2.55%	2.72%	1.04%	3.38%
Short Term Investment	0.00%	0.00%	1.79%	0.00%	0.00%	0.00%
Trade Deposits & Short Term Prepayments	0.17%	0.24%	0.29%	0.00%	0.00%	0.26%
Tax Refund Due From Government	1.48%	0.00%	0.51%	0.83%	1.23%	1.19%
Cash And Bank Balances	0.49%	0.38%	0.48%	0.65%	0.57%	0.66%
	41.04%	31.80%	48.61%	37.42%	30.66%	32.23%
<b>TOTAL ASSETS</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

# VERTICAL & HORIZONTAL ANALYSIS

## Horizontal Analysis

Balance Sheet	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012
<b>EQUITY AND LIABILITIES</b>						
<b>Share Capital And Reserves</b>						
Issued, Subscribed & Paid Up Share Capital	0.00%	0.00%	3.16%	13.18%	7.66%	6.07%
Capital Reserves	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Revenue Reserves - Accumulated Profit	29.07%	17.84%	188.24%	223.63%	78.19%	37.01%
Actuarial Gain / (Loss) On Gratuity Fund	31.21%	386.02%	25.95%	-343.05%	-134.32%	382.64%
Surplus On Revaluation Of Fixed Assets	38.71%	-4.08%	-4.65%	-2.08%	-5.12%	-3.54%
	15.56%	4.26%	82.08%	21.34%	4.98%	2.34%
<b>Non Current Liabilities</b>						
Long Term Borrowings	209.57%	35.76%	-54.40%	-43.86%	29.33%	-21.58%
Finance Lease	0.00%	0.00%	0.00%	-100.00%	-67.97%	-36.87%
Deferred Liabilities	33.12%	62.02%	7.47%	44.68%	14.26%	60.95%
Deferred Taxation	-8.89%	-3.03%	22.53%	12.86%	1.45%	-0.92%
Other Financial Liability	0.00%	0.00%	-100.00%	178.58%	-81.38%	100.00%
	74.09%	11.39%	-19.44%	-27.69%	13.13%	-16.47%
<b>Current Liabilities</b>						
Trade & Other Payables	117.49%	3.32%	9.25%	13.14%	13.68%	-4.72%
Unclaimed Dividend	75.37%	0.00%	0.00%	0.00%	0.00%	0.00%
Mark-up Accrued	140.66%	16.89%	-41.70%	-16.56%	6.12%	9.01%
Short Term Borrowings	94.43%	33.06%	23.27%	27.62%	-43.98%	63.31%
Current Portion Of Long Term Borrowings	149.89%	-35.85%	-49.21%	73.07%	11.50%	47.77%
Current Portion Of Finance Lease	0.00%	0.00%	0.00%	-100.00%	-52.51%	13.78%
Taxation - Net	-100.00%	100.00%	0.00%	0.00%	0.00%	0.00%
	102.67%	18.21%	2.43%	28.07%	-27.41%	41.72%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>46.32%</b>	<b>8.61%</b>	<b>36.72%</b>	<b>10.21%</b>	<b>-5.71%</b>	<b>8.53%</b>
<b>ASSETS</b>						
<b>Non-current Assets</b>						
Property, Plant, Equipment & Other Assets	26.73%	45.15%	12.49%	-0.82%	-2.73%	-1.86%
Intangibles	36.70%	-23.71%	9.85%	5955.97%	-44.70%	-30.96%
Long Term Deposits	4.81%	-1.54%	1.21%	-2.35%	-38.88%	3.55%
	26.49%	44.15%	12.27%	-0.54%	-3.53%	-1.74%
<b>Current Assets</b>						
Stores & Spares	40.46%	3.22%	18.74%	13.57%	12.44%	17.15%
Stock In Trade	119.11%	-22.81%	93.86%	45.32%	-23.77%	24.37%
Trade Debts	22.85%	-29.72%	78.79%	24.53%	62.69%	50.72%
Loans & Advances	5.21%	-82.31%	-7.72%	-11.70%	14.22%	18.72%
Other Receivables	28.69%	-58.75%	28.35%	186.94%	-70.84%	175.23%
Short Term Investment	0.00%	-100.00%	0.00%	0.00%	0.00%	0.00%
Trade Deposits & Short Term Prepayments	0.65%	-10.10%	0.00%	0.00%	-100.00%	0.00%
Tax Refund Due From Government	0.00%	-100.00%	-14.76%	-26.35%	-2.13%	96.20%
Cash And Bank Balances	88.44%	-14.26%	1.76%	25.61%	-18.07%	113.63%
	88.84%	-28.95%	77.62%	34.51%	-10.30%	39.08%
<b>TOTAL ASSETS</b>	<b>46.32%</b>	<b>8.61%</b>	<b>36.72%</b>	<b>10.21%</b>	<b>-5.71%</b>	<b>8.53%</b>

## VERTICAL & HORIZONTAL ANALYSIS

### Vertical Analysis

Profit or Loss	2018	2017	2016	2015	2014	2013 (Re-Styled)
Turnover - Net	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost Of Sales	-82.20%	-81.42%	-77.48%	-82.70%	-88.53%	-89.07%
<b>Gross Profit</b>	<b>17.80%</b>	<b>18.58%</b>	<b>22.52%</b>	<b>17.30%</b>	<b>11.47%</b>	<b>10.93%</b>
Distribution Cost	-2.44%	-2.54%	-2.75%	-1.95%	-1.62%	-1.60%
Administrative Cost	-2.64%	-2.45%	-1.74%	-1.44%	-1.34%	-1.45%
Other Operating Income	0.15%	0.06%	0.12%	0.24%	0.17%	0.02%
Other Charges	-0.79%	-0.88%	-1.33%	-0.69%	-0.25%	-0.15%
<b>Operating Profit</b>	<b>12.07%</b>	<b>12.77%</b>	<b>16.81%</b>	<b>13.46%</b>	<b>8.43%</b>	<b>7.77%</b>
Finance Cost	-3.07%	-1.89%	-2.71%	-4.63%	-5.28%	-6.14%
<b>Profit/(Loss) Before Taxation</b>	<b>9.00%</b>	<b>10.88%</b>	<b>14.11%</b>	<b>8.82%</b>	<b>3.15%</b>	<b>1.63%</b>
Taxation	1.23%	-2.79%	-3.79%	-1.81%	-1.07%	-0.49%
<b>Profit/(Loss) After Taxation</b>	<b>10.23%</b>	<b>8.09%</b>	<b>10.31%</b>	<b>7.02%</b>	<b>2.08%</b>	<b>1.14%</b>
Other Comprehensive Income	4.79%	-0.18%	0.07%	-0.06%	0.09%	-0.15%
<b>Total Comprehensive Income</b>	<b>15.02%</b>	<b>7.90%</b>	<b>10.39%</b>	<b>6.96%</b>	<b>2.17%</b>	<b>0.99%</b>

### Horizontal Analysis

Profit or Loss	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013	2013 vs 2012
Turnover - Net	16.69%	7.13%	-13.97%	20.49%	12.62%	47.34%
Cost Of Sales	17.81%	12.57%	-19.40%	12.56%	11.94%	51.90%
<b>Gross Profit</b>	<b>11.76%</b>	<b>-11.60%</b>	<b>11.97%</b>	<b>81.65%</b>	<b>18.19%</b>	<b>18.39%</b>
Distribution Cost	12.15%	-1.19%	21.47%	44.62%	14.55%	55.17%
Administrative Cost	25.88%	50.19%	3.91%	30.03%	4.05%	-0.34%
Other Operating Income	206.39%	-52.22%	-55.75%	72.28%	845.95%	-84.70%
Other Charges	5.58%	-29.37%	65.73%	230.40%	93.42%	20.78%
<b>Operating Profit</b>	<b>10.25%</b>	<b>-18.60%</b>	<b>7.48%</b>	<b>92.35%</b>	<b>22.10%</b>	<b>14.79%</b>
Finance Cost	89.33%	-25.02%	-49.75%	5.75%	-3.20%	10.73%
<b>Profit/(Loss) Before Taxation</b>	<b>-3.52%</b>	<b>-17.37%</b>	<b>37.53%</b>	<b>237.41%</b>	<b>117.17%</b>	<b>33.18%</b>
Taxation	-151.39%	-21.08%	80.49%	104.37%	143.30%	30.16%
<b>Profit/(Loss) After Taxation</b>	<b>47.59%</b>	<b>-16.01%</b>	<b>26.46%</b>	<b>305.44%</b>	<b>105.87%</b>	<b>34.53%</b>
Other Comprehensive Income	-3135.90%	-371.22%	-207.07%	-182.16%	-164.34%	0.00%
<b>Total Comprehensive Income</b>	<b>121.84%</b>	<b>-18.50%</b>	<b>28.42%</b>	<b>286.18%</b>	<b>146.83%</b>	<b>16.82%</b>

## VERTICAL & HORIZONTAL ANALYSIS

### Veritcal Analysis

Cash Flow	2018 Audited	2017 Audited	2016 Audited	2015 Audited	2014 Audited	2013 (Re-Stated) Audited
Net Cash Generated from / (used in) Operating Activities	-3607%	-1171%	-328%	6702%	-12342%	-185%
Net Cash Generated from / (used in) Investing Activities	-4753%	1327%	-429%	-1266%	688%	-459%
Net Cash Generated from / (used in) Financing Activities	-8459%	-55%	857%	-5336%	11754%	743%
Increase / (Decrease) in Cash and Cash Equivalents	100%	100%	100%	100%	100%	100%

### Horizontal Analysis

Cash Flow	2018 Vs 2017	2017 Vs 2016	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012
Net Cash Generated from / (used in) Operating Activities	-161%	-470%	-191%	-37%	-2371%	-74%
Net Cash Generated from / (used in) Investing Activities	-29%	220%	528%	114%	-49%	-74%
Net Cash Generated from / (used in) Financing Activities	2924%	-93%	-398%	-47%	-637%	-71%
Increase / (Decrease) in Cash and Cash Equivalents	-120%	-203%	1755%	-216%	-134%	120%

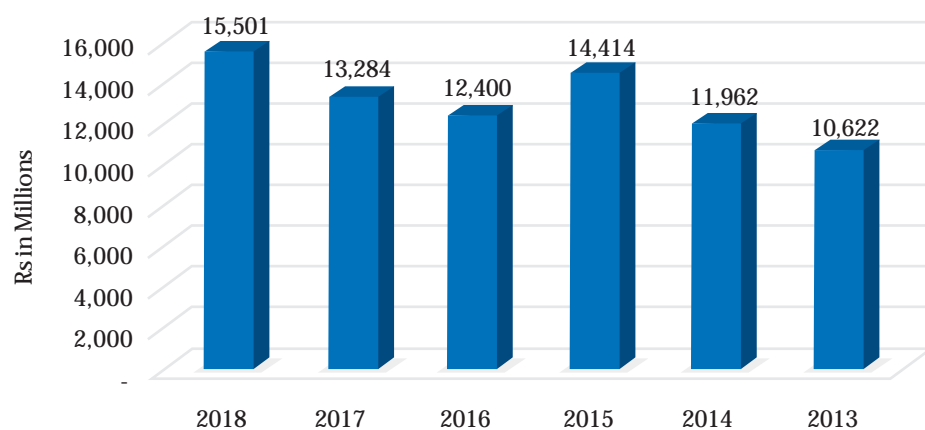
# OPERATIONAL HIGHLIGHTS

## Financial Ratios

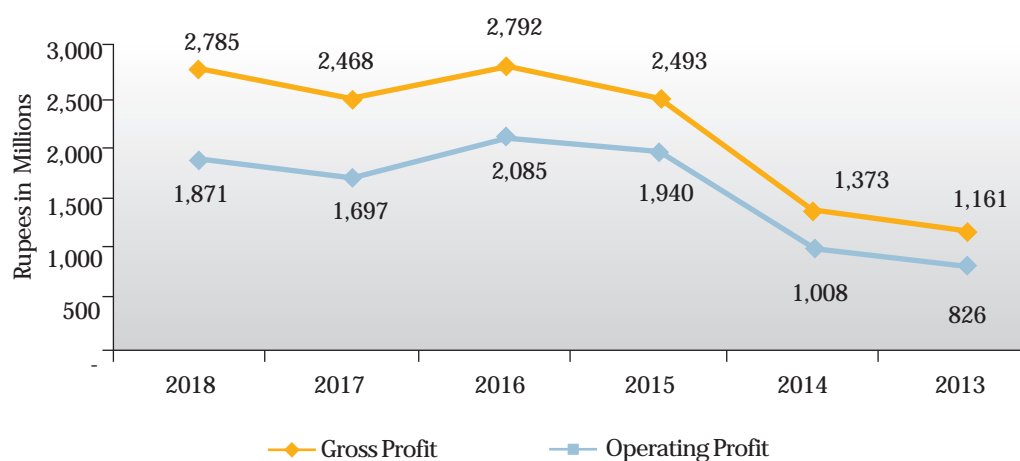
	UoM	2018	2017	2016	2015	2014	2013
<b>Profitability Ratios</b>							
Gross Profit Ratio	Percentage	17.80%	18.58%	22.52%	17.30%	11.47%	10.93%
Net Profit To Sales Ratio	Percentage	15.02%	7.90%	10.39%	6.96%	2.17%	0.99%
Return On Equity	Percentage	12.31%	9.64%	11.96%	17.22%	5.15%	2.63%
Return On Capital Employed	Percentage	11.77%	9.31%	14.02%	14.54%	3.81%	1.91%
Operating Leverage	Percentage	61.40%	-261.07%	-53.58%	450.67%	175.13%	31.25%
EBITDA Margin To Sales	Percentage	14.87%	15.24%	19.65%	15.49%	10.90%	11.79%
<b>Liquidity Ratios</b>							
Current Ratio	Times	1.05 : 1	1.13 : 1	1.88 : 1	1.08 : 1	1.03 : 1	0.83 : 1
Quick / Acid Test Ratio	Times	0.33 : 1	0.47 : 1	0.86 : 1	0.55 : 1	0.56 : 1	0.38 : 1
Cash To Current Liability	Times	0.01 : 1	0.01 : 1	0.09 : 1	0.02 : 1	0.02 : 1	0.02 : 1
Cash Flow From Operations To Sales	Times	-0.14 : 1	0.27 : 1	-0.08 : 1	0.08 : 1	0.14 : 1	-0.01 : 1
<b>Activity / Turnover Ratios</b>							
Inventory Turnover	Times	2.3	2.8	2.9	6.2	5.9	5.1
No. Of Days In Inventory	Days	156	132	127	59	62	71
Debtor Turnover	Times	7.0	5.2	5.9	10.1	11.6	16.3
No. Of Days In Receivables	Days	52	71	62	36	31	22
Creditor Turnover	Times	122.6	93.1	92.3	149.4	128.0	81.4
No. Of Days In Payables	Days	3	4	4	2	3	4
Operating Cycle	Days	205	199	185	93	91	89
Total Asset Turnover	Times	0.6	0.7	0.7	1.2	1.1	0.9
Fixed Asset Turnover	Times	1.0	1.1	1.5	1.9	1.6	1.4
<b>Investment / Market Ratios</b>							
EPS - Basic & Diluted	Rupees	5.34	3.62	4.81	4.54	1.12	0.54
P/E Ratio	Times	13.21	31.20	9.78	-----	N/A	-----
Dividend Yield Ratio	Percent	3.12%	1.77%	4.25%	-----	N/A	-----
Dividend Payout Ratio	Percent	41.20%	55.25%	41.58%	-----	N/A	-----
Dividend Coverage Ratio	Times	2.43	1.81	2.41	-----	N/A	-----
Cash Dividend Per Share	Rupees	2.20	2.00	2.00	-----	N/A	-----
Stock Dividend Per Share	Percent	-	-	-	-	-	-
Market Value Per Share							
- Year End	Rupees	70.55	112.95	47.02	-----	N/A	-----
- Highest	Rupees	119.48	137.97	78.20	-----	N/A	-----
- Lowest	Rupees	64.34	46.90	42.65	-----	N/A	-----
Break Value Per Share With Surplus On Revaluation	Rupees	43.37	37.53	35.99	20.39	19.02	19.51
Break Value Per Share Without Surplus On Revaluation	Rupees	35.17	31.62	29.83	13.73	11.32	10.77
<b>Capital Structure Ratios</b>							
Debt / Equity Ratio	Times	0.17 : 1	0.06 : 1	0.05 : 1	0.20 : 1	0.42 : 1	0.34 : 1
Weighted Average Cost Of Debt	Percentage	5.57%	5.13%	7.24%	13.00%	11.41%	11.14%
Financial Leverage Ratio	Times	0.23 : 1	0.09 : 1	0.09 : 1	0.36 : 1	0.54 : 1	0.45 : 1
Debt Service Ratio	Times	2.93 : 1	2.75 : 1	1.89 : 1	1.76 : 1	1.06 : 1	1.16 : 1
Interest Cover	Times	3.93	6.74	6.21	2.90	1.60	1.27

## GRAPHICAL PRESENTATION

### Sales



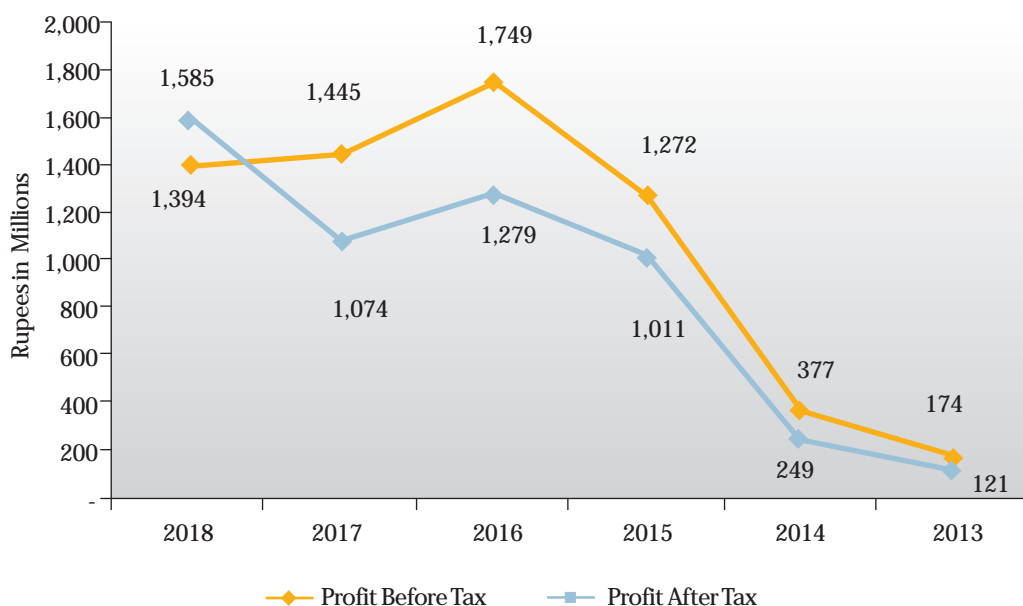
### Operating & Gross Profit



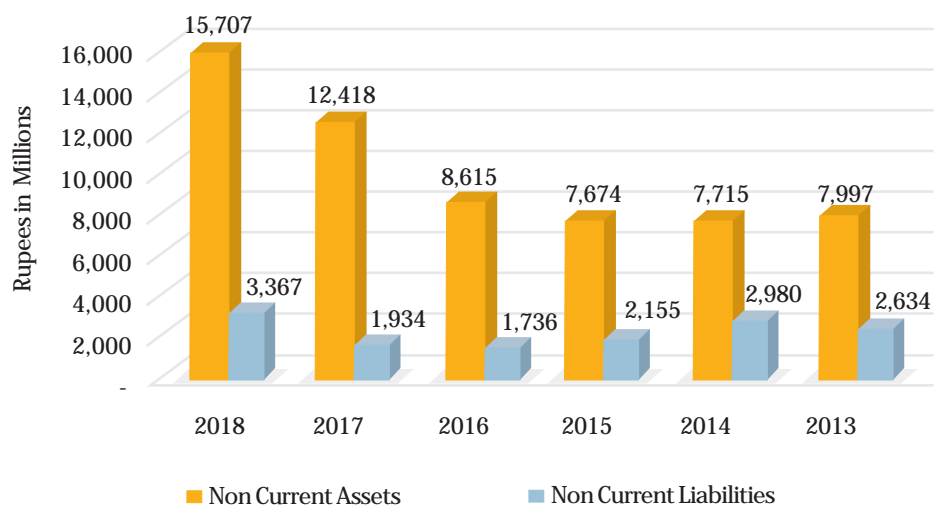


## GRAPHICAL PRESENTATION

### Profit Before Tax & Profit After Tax

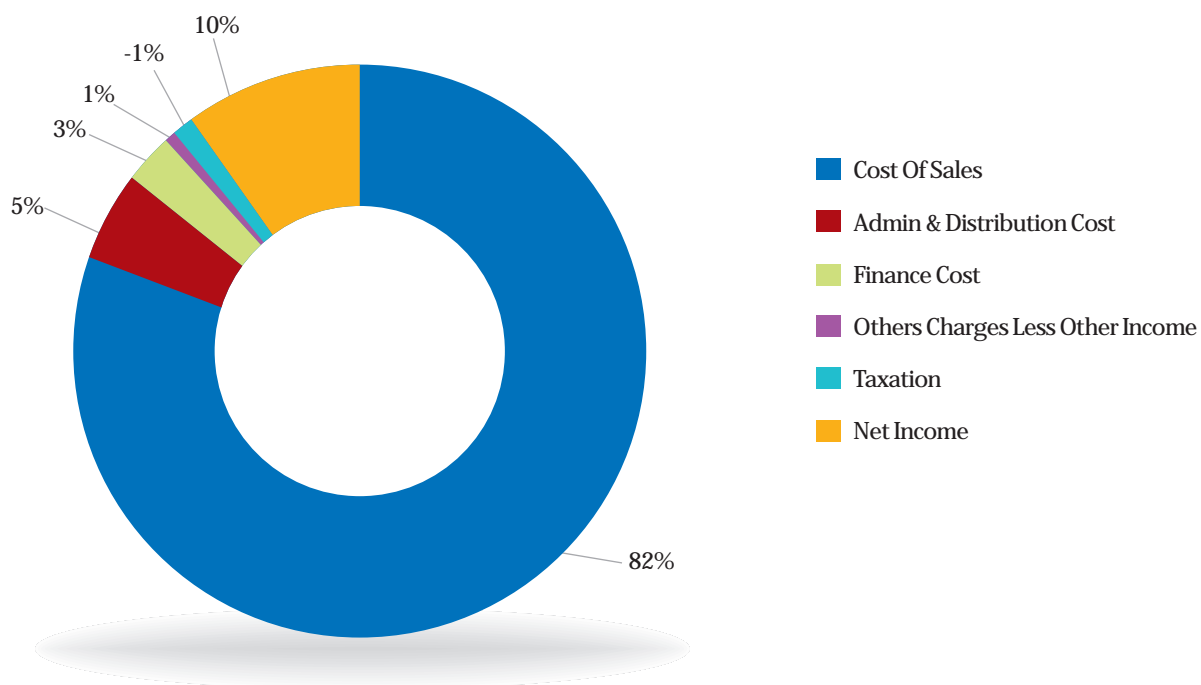


### Current & Non Current Assests

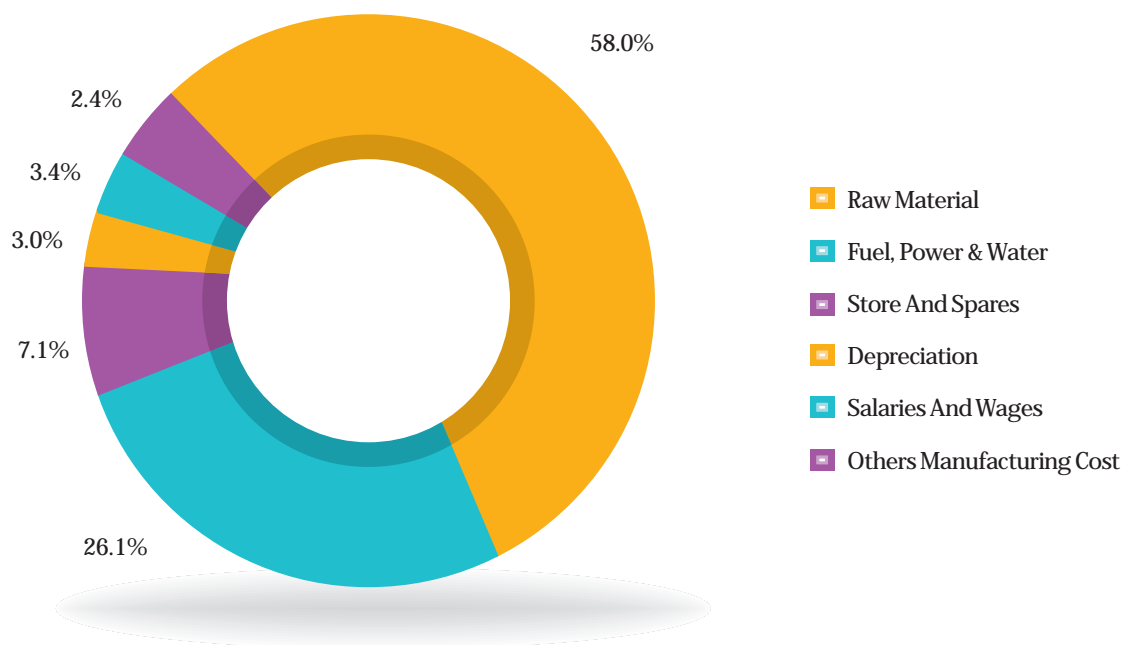


## GRAPHICAL PRESENTATION

### Application of Revenue

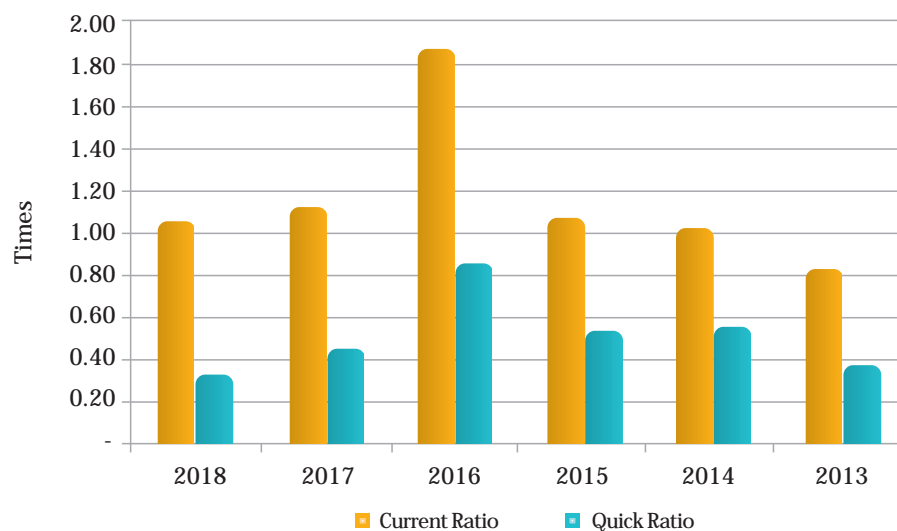


### Distribution of Manufacturing Cost

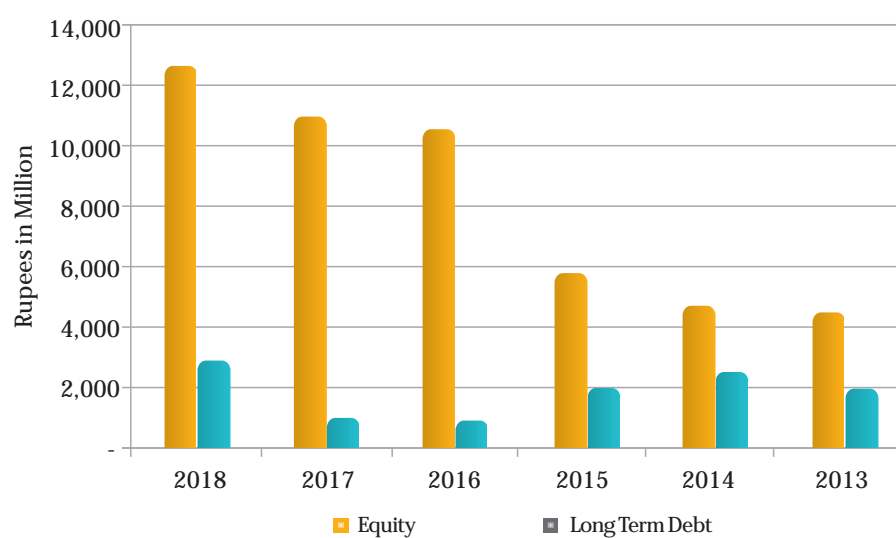


## GRAPHICAL PRESENTATION

### Current & Quick Ratio

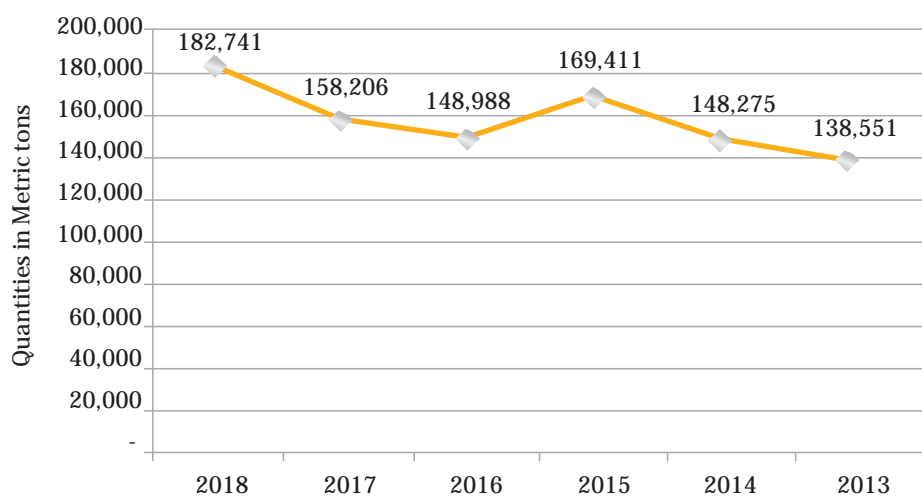


### Equity & Long Term Debt

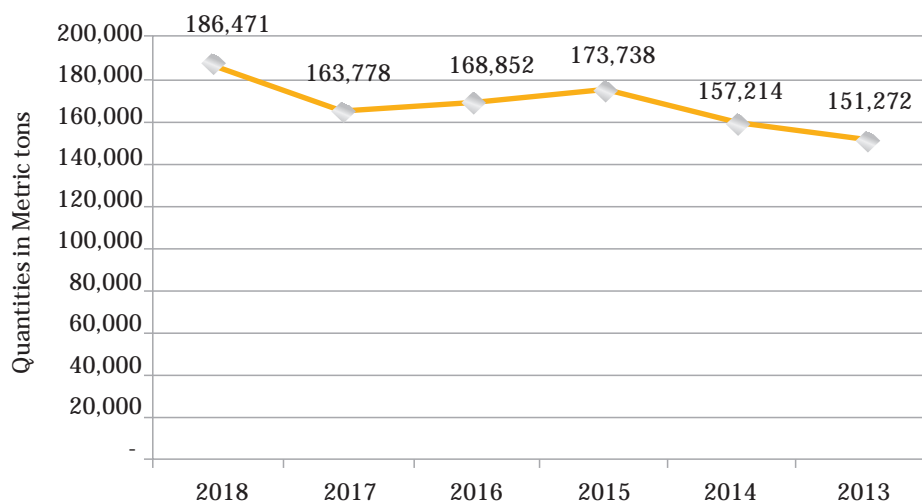


## GRAPHICAL PRESENTATION

### Production of Re-Bars

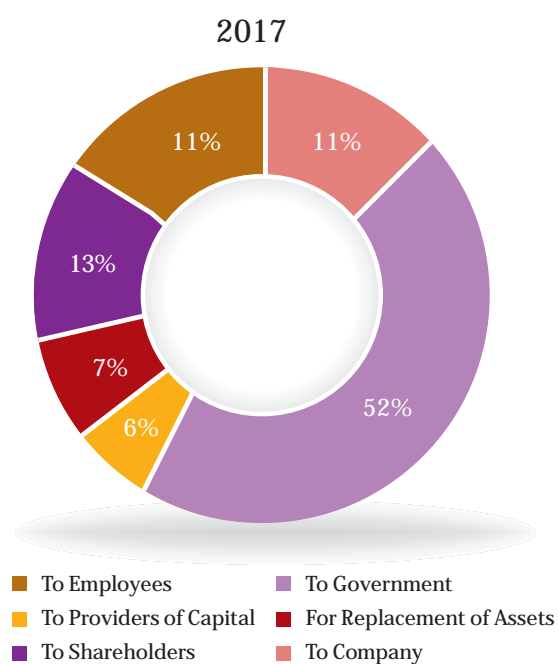
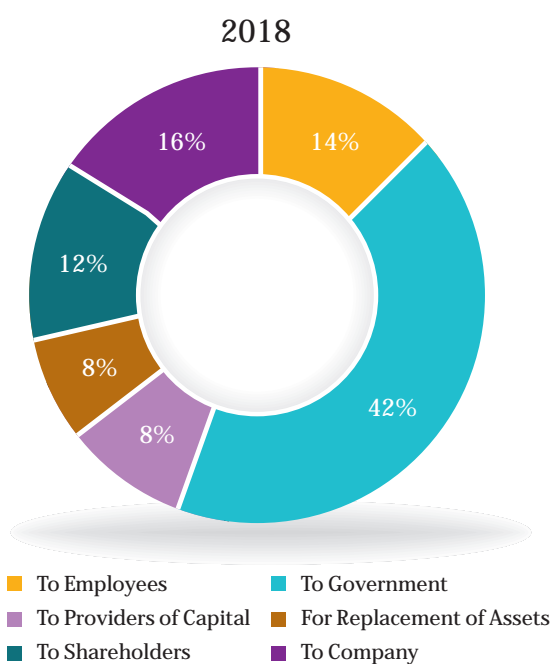


### Production of Billets



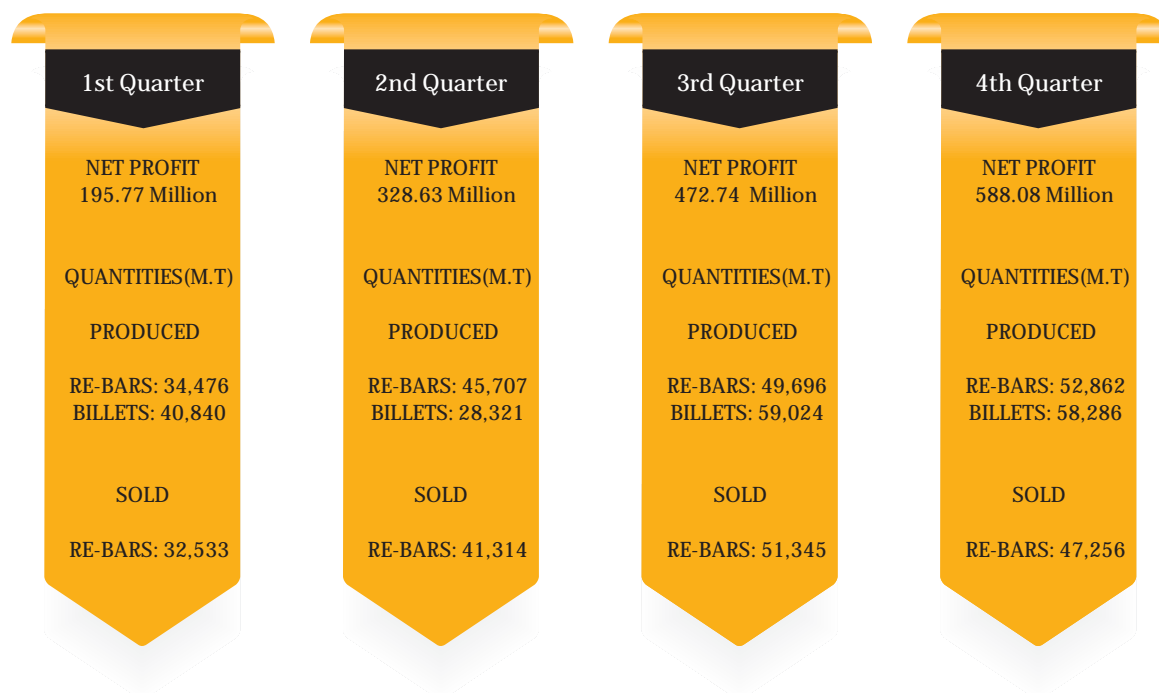
## STATEMENT OF VALUE ADDITION & WEALTH DISTRIBUTION

	2018		2017	
	Rs. '000'	%	Rs. '000'	%
<b>Wealth Generated</b>				
Revenue from sales	15,500,543		13,283,811	
Revenue from other income	22,543		7,358	
Less: bought in material and services	(9,913,345)		(8,720,209)	
Value added by company	5,609,741		4,570,960	
<b>Wealth Distributed</b>				
To Employees: Salaries, wages and other benefits	766,146	14%	524,627	11%
To Government: Duties and taxes	2,355,484	42%	2,399,386	52%
To Providers of capital: Charges and markup	476,323	8%	251,583	6%
For Replacement of assets: Depreciation	426,551	8%	321,311	7%
To Shareholders: Dividend	653,425	12%	594,023	13%
To Company: Retained profit	931,812	16%	480,030	11%
	5,609,741		4,570,960	



## QUARTERLY PERFORMANCE ANALYSIS

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	(Rupees)				
Sales	2,706,286,342	3,531,579,714	4,628,016,189	4,634,660,476	15,500,542,721
Cost of Sales	(2,196,312,150)	(2,876,817,184)	(3,646,766,877)	(4,022,238,218)	(12,742,134,429)
Gross Profit	509,974,192	654,762,530	981,249,312	612,422,258	2,758,408,292
Gross Profit %	19%	19%	21%	13%	18%
Administrative Expenses	(101,056,802)	(83,389,416)	(113,842,411)	(110,621,877)	(408,910,506)
Distribution Expenses	(55,492,434)	(80,342,657)	(92,351,092)	(150,046,856)	(378,233,039)
Other Expenses	(18,828,781)	(30,578,328)	(47,028,976)	(26,617,875)	(123,053,960)
Other Income	322,557	445,604	1,223,685	20,551,163	22,543,009
Operating Profit	334,918,732	460,897,733	729,250,518	345,686,813	1,870,753,796
Operating Profit %	12%	13%	16%	7%	12%
Finance Cost	(97,059,215)	(109,693,173)	(117,282,514)	(152,288,209)	(476,323,111)
Profit Before Taxation	237,859,517	351,204,560	611,968,004	193,398,604	1,394,430,685
Taxation (Expense)/Reversal	(42,086,798)	(22,567,190)	(139,226,463)	394,686,427	190,805,976
Net Profit	195,772,719	328,637,370	472,741,541	588,085,031	1,585,236,661
Net Profit %	7%	9%	10%	13%	10%



## QUARTERLY PERFORMANCE ANALYSIS

### Comments on Quarterly Performance

**First Quarter:** The net sales decrease by 16% in the first quarter compared to the same period last year. In corresponding quarter last year, the company profit by 6% and 14%, respectively as compared to the same quarter last sold imported re-bars amounting to Rs. 531 million which remained 2.5 year. The increase in gross profit was mainly due to increase in sales price million in the 1st quarter of current year.

**Second Quarter:** The company recorded an increase in net sales and gross profit by 6% and 14%, respectively as compared to the same quarter last of re-bars.

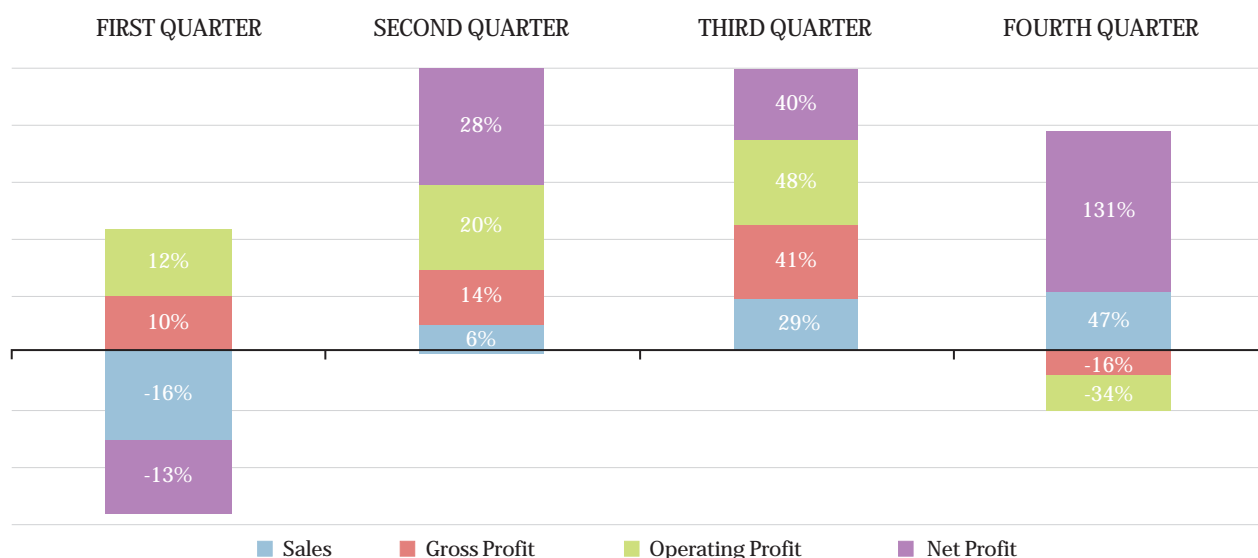
The operating profit of the company increased by 12% as compared to corresponding quarter due to increase in sales of company's own manufactured re-bars and decrease in distribution cost. However, net profit decreased due to increase in provision for taxation in the current quarter.

The operating profit and net profit also increased by 20% and 28% respectively as compared to the same quarter last year, mainly due to increase in sales price and decrease in provision for taxation in 2nd quarter of reporting year.

There is an overall decline in quantities produced and sold in the first quarter. Sales in terms of quantities remained stagnant in this quarter, however, The sales of company's own manufactured re-bars reduced by 3,335 metric tons as compared to the corresponding quarter.

Sales in terms of quantities remained stagnant in this quarter, however, production of billets and re-bars increased by 8,008 and 5,128 metric tons respectively when compared to same corresponding quarter last year.

### Variation in Results



**Third Quarter:** Sales grew by 29% when compared to the corresponding quarter last year. The gross profit also increased by 41% in the third quarter. The reason for the increase was the retention of sales price, strict cost control and increase in sales quantities.

**Fourth Quarter:** The company's sales increased by 47% in the fourth quarter when compared to the corresponding quarter last year. The gross profit decreased by 16% in current quarter. The reason for decrease in gross profit is the GIDC provision amounting to Rs. 189 million made in fourth quarter of current year.

The operating profit and net profit increased by 48% and 40% in the third quarter when compared to the corresponding quarter last year which was again due to the increase in sales and gross profit.

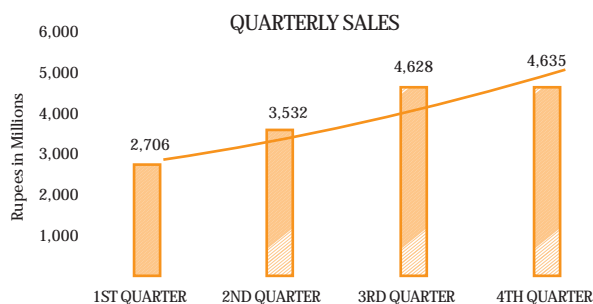
The operating profit decreased by 34% in the fourth quarter when compared to the corresponding quarter last year; the prime reason for decrease was the increase in distribution cost.

The sales quantities increased by 3,924 metric tons in this quarter when compared to corresponding quarter last year. However, production of billets and re-bars remained in line with increase in sales.

The net profit registered an increase of 131% in the fourth quarter when compared to the corresponding quarter last year which is mainly due to availing of tax credit in relation to investment made in new rolling mill at Dhabeji.

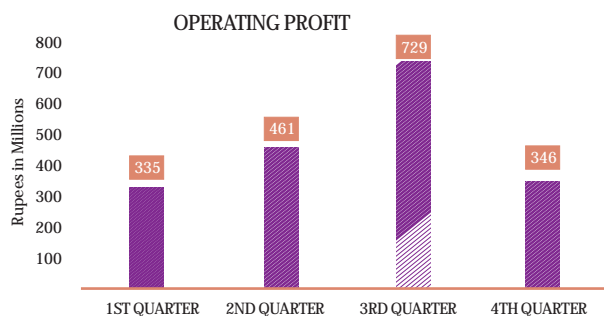
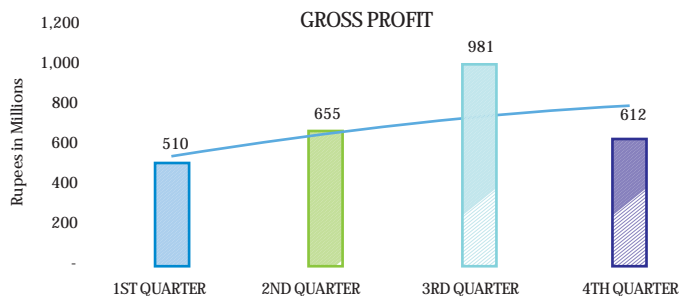
The sales quantities of re-bars increased by 8,654 metric tons supported by increase in production quantities of re-bars and billets by 14,718 and 15,012 metric tons respectively in the quarter under discussion when compared to the corresponding quarter last year.

## ANALYSIS OF VARIATION IN INTERIM RESULTS REPORTED WITH ANNUAL RESULTS



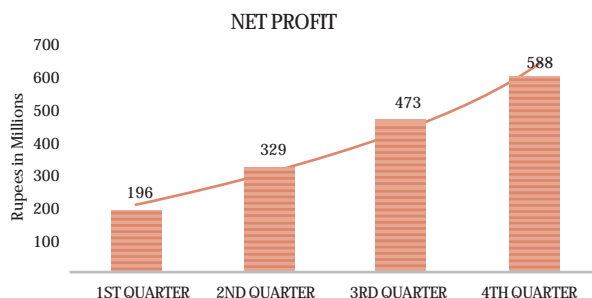
The sales of the company witnessed an increasing sales trend in every quarter. Positive macro-economic conditions, acceleration of CPEC initiative, improved law and order situation and political stability in the country provided an impetus for the increase in demand of re-bars as witnessed by increase in sales quantities by 5.5% when compared to the quantities sold in last year.

The gross profit increased during the first three quarters from 19% to 21% but reduced in the fourth quarter primarily as a result of charging GIDC amounting to Rs. 189 million out of which Rs. 148 million pertained to prior years. Increase in raw material prices, due to sudden and abrupt rupee devaluation coupled with load shedding by K-Electric at SITE Karachi hampered the production in the fourth quarter.



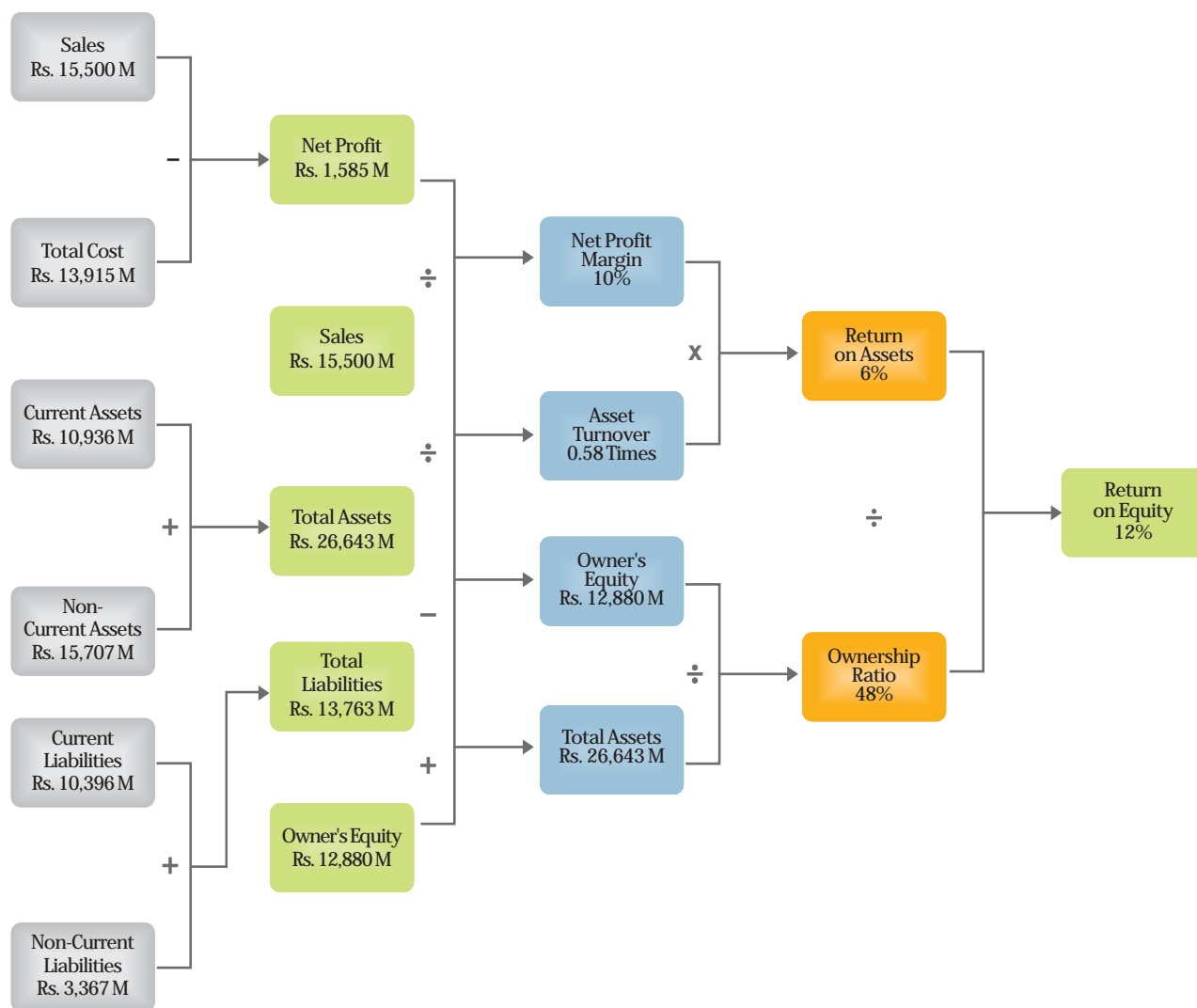
The operating profit margin followed the rising trend in first three quarters from 12% to 16%, but as the GP reduced in fourth quarter for reasons as explained above the operating profit also reduced and it was further lowered due to increase in distribution cost.

Net profit margin also followed the rising trend resulting in an increase from 7% in first quarter to 13% in the fourth quarter. The net profit after tax for the year helped by tax credit, witnessed an increase of Rs. 511.18 million giving an increase of 48% when compared to last year. This improved bottom line generated an EPS of 5.34 which is 1.72 rupees higher than previous year.





## DUPONT ANALYSIS



### Analysis

Net profit for the year increased by 48%, driven by the increase in sales revenue by 17% and supported by decrease in taxation by 151% due to availability of tax credits on investment for newly commissioned rolling mill and the expansion of the steel mill shop at Dhabeji, resulted in annual net profit margin of 10%. Total assets of the Company increased by 46%, reducing the asset turnover by 0.15 times as compared to last year. Ownership ratio also decreased by 13% due to increase in total assets. Consequently, the return on equity improved to 12% in FY 2018 compared to 10% of FY 2017.

## SHARE PRICE SENSITIVITY ANALYSIS

Your Company is listed on Pakistan Stock Exchange. During the financial year 2017-18, 80.2 million shares were traded at the exchange. The Company's performance and profitability depends on various internal and external factors which can significantly affects the profits and the share price of the Company. Some of the factors, predominantly the external factors which are beyond the control of the company and there impact on the Company's share price are discussed below:

### Rupee Devaluation:

The Company imports its raw material and other items of stores, spares and tools. The Company faces currency risk on account of Rupee devaluation. If rupee devalues, it may affect the company's financial performance and the share price to the extent devaluation effect is not passed through.

### Energy Supply & Prices:

Steel making is an energy intensive process and requires sufficient supply of electricity and natural gas. Shortage in supply of these resources and increase in prices affects the production efficiency and cost which resultantly affects company's overall financial performance and the share price.

### Laws, Regulations and Government Policies:

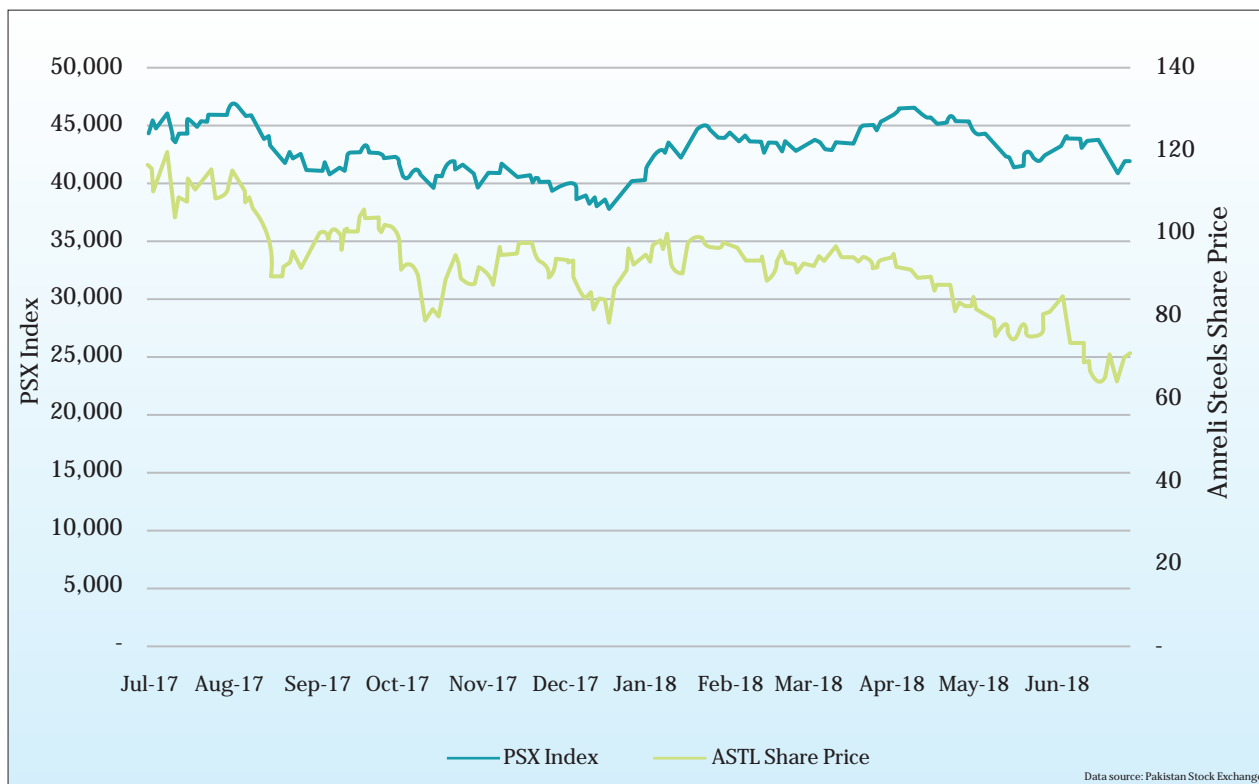
Changes in economic policies, amendments in laws and imposition of duties and increase in taxes by the government may affect the overall economic situation of the country both upside and down. Any unfavorable change in aforementioned factors may affect company's financial performance and the share price.

### Raw Material:

The company imports its raw material i.e. steels scrap from different countries. Increase in international scrap prices increases the cost of production which may affect company share price.

### Interest Rate Volatility:

Since company use different modes of financing, any increase in interest rate increases its finance cost and decreases profits. The share price remains sensitive to any announcement in Government's monetary policy to increase discount rate, margin requirements and tightening of supply of credit.



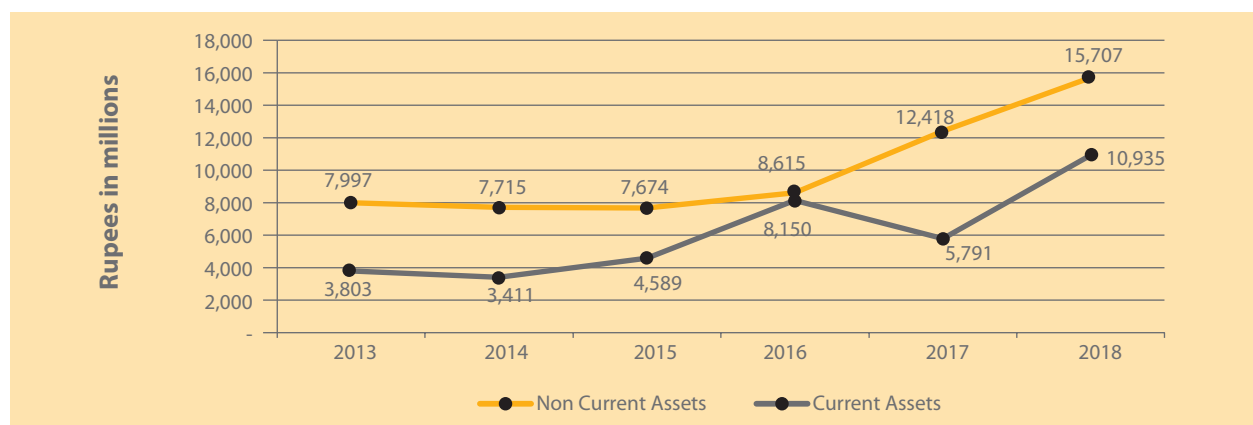
## ANALYSIS OF FINANCIAL STATEMENTS

### NON CURRENT & CURRENT ASSETS

The company's non-current assets consist of property, plant and equipment, long term investments and long term deposits. Since 2016, Company is investing heavily in plant and equipment including property striving to acquire modern production plants and techniques to increase production efficiencies and build capacities.

During the financial year 2018, the Company successfully commissioned its third steel melting furnace which enhanced the company's billet manufacturing capacity to 400,000 metric tons (FY 2017: 200,000 MT) annually. The company also commissioned its second state of the art rolling mill situated at Dhabaji during the year under discussion. This newly built rolling mill has increased the re-rolling capacity of steel bars to 605,000 metric tons annually (FY 2017: 180,000 MT).

Company's current assets consist of stock, stores and spares, trade debts, tax refund and other items. There is a substantial increase in current asset in FY 2018, mainly because of increase in raw material stock by Rs. 3.07 billion as compared to corresponding year to support the increased production capacities of billet and bars and also due to rupee devaluation in second half of current financial year. Trade debts also increased in FY 2018 as a result of increased sales revenue. Income tax refund also arose as a result of availing tax credit on investment in newly commissioned plant as mentioned above.

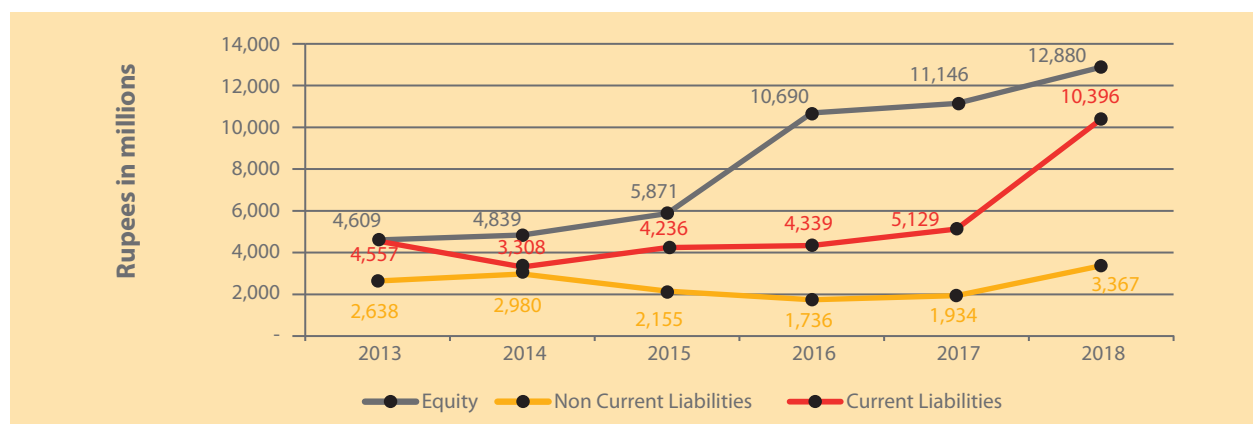


### EQUITIES AND LIABILITIES

The equity represents share capital, share premium, reserves and surplus on revaluation of assets. The equity has increased by 15.56% in FY 2018 as compared to FY 2017. This increase is mainly attributable to profits for the year and also increase in surplus on revaluation. The Company registered a profit of Rs. 1,585 million increasing the reserves by 29%. During the year company also conducted revaluation exercise on its Property, plant and equipment, which resulted in increase in revaluation surplus.

The non-current liabilities increased in FY 2018 when compared to FY 2017 mainly due to increase in long term loans obtained by Company from commercial banks for its business needs.

The current liabilities also increased in FY 2018 when compared to FY 2017. The increase mainly attributes to increase in short term borrowing which has obtained to finance increase in stock-in-trade.

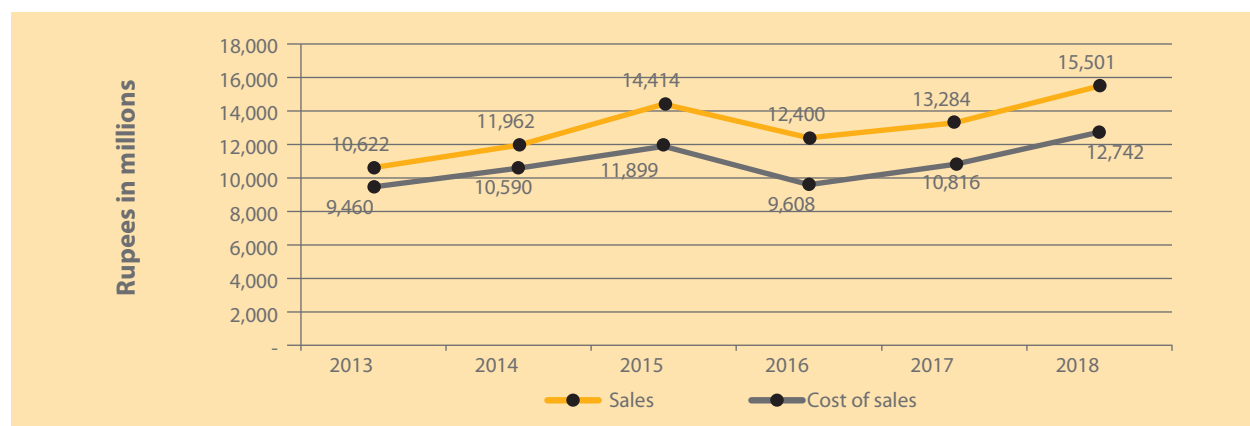


# ANALYSIS OF FINANCIAL STATEMENTS

## SALES & COST OF SALES

The Company has recorded highest ever sales revenue of Rs. 15.5 billion in FY 2018. The company successfully sold 172,448 metric tons of own manufactured re-bars in FY 2018 which is 5.5% higher than FY 2017. This increase reflects strong domestic demand of re-bars stemming from over all infra structure development, increased retail level sales and projects related to China Pakistan Economic Corridor (CPEC).

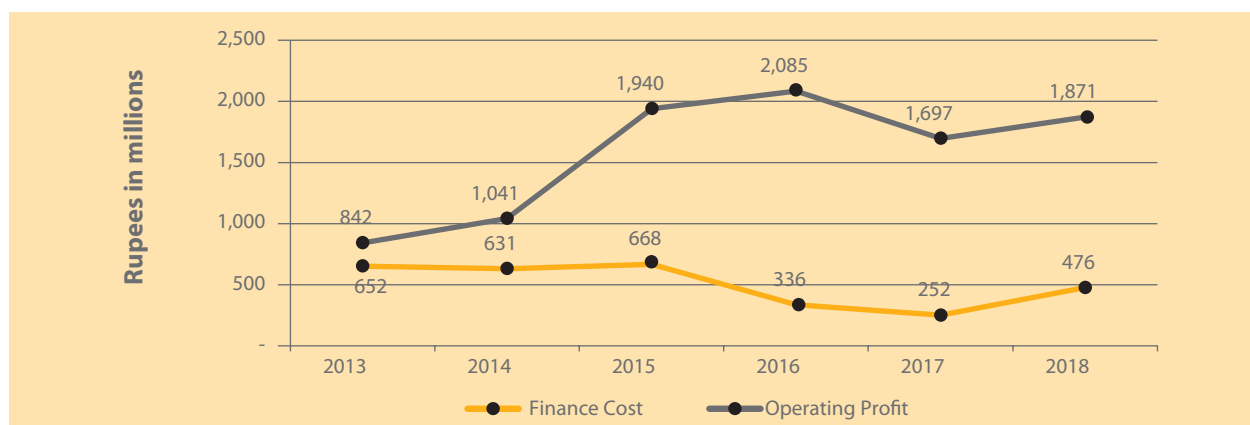
The cost of sales also increased in FY 2018 in relation to increase in sales. However, gross margin of the Company decreased due to increase in raw material prices, rupee devaluation, increase in electricity and gas tariff and provisioning on account of GIDC which was earlier shown as a contingent item.



## FINANCE COST & OPERATING PROFIT

During the year the finance cost of the Company has increased significantly as compared to last year. This is mainly due to increase in short-term borrowing which is in line with the increase in Company's current assets largely stock-in-trade to support increased capacities of re-bars post commissioning of rolling mill at Dhabeji. Further the increase also represents increased in Company's average cost of borrowing due to upward revision in interest rates during the current financial year.

The operating profit has shown an increase of 10.25% in FY 2018 when compared to FY 2017. However, operating profit margin as a ratio of sales reduced slightly in FY 2018 to 12.07% from 12.77%. The reduced operating profit margin is due to increase in administrative and distribution cost including one time charge of GIDC of Rs. 189 million.



## CASH FLOW STATEMENT DIRECT METHOD

	2018	2017
	----- Rs. in '000' -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from the customers	15,116,566	13,861,871
Cash paid to suppliers and employees	(16,963,966)	(9,912,648)
Cash (used) in / generated from operations	(1,847,400)	3,949,223
Income tax paid	(361,486)	(292,389)
Gratuity paid	(3,615)	(5,378)
Long term deposits – net	(6,221)	(2,026)
Net Cash (used) in / generated from operating activities	(2,218,722)	3,649,430
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(2,916,000)	(4,133,489)
Purchase of Intangible assets	(14,756)	(192)
Proceeds from disposal of operating assets	7,207	616
Net cash used in investing activities	(2,923,549)	(4,133,065)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term borrowings – net	4,234,035	993,565
Long-term financing – net	1,957,330	14,193
Dividend paid	(592,686)	(592,249)
Finance cost paid	(394,893)	(243,440)
Net cash generated from financing activities	5,203,786	172,069
Net increase (decrease) in cash and cash equivalents	61,515	(311,566)
Cash and cash equivalent at the beginning of the period	69,558	381,124
Cash and cash equivalents at the end of period	131,073	69,558
<b>Cash and cash equivalent comprise the following:</b>		
Cash and bank balances	131,073	69,558
Short-term investment	-	-
<b>Cash and cash equivalents at the end of period</b>	<b>131,073</b>	<b>69,558</b>

# INDEPENDENT AUDITORS' REPORT



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

**To the members of Amreli Steels Limited**

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the annexed financial statements of Amreli Steels Limited (the Company), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITORS' REPORT

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<b>1. Capital expenditure on capacity enhancement</b>	
<p>As disclosed in note 7 to the financial statements, the Company has incurred significant amount of capital expenditure during the year for enhancement of production capacity including Rs. 2,915 million capitalized during the current year and Rs. 5,281 million transferred from capital work-in-progress to operating fixed assets.</p> <p>We focused on capital expenditure incurred during the year as this represents a significant transaction for the year and involves certain judgmental areas and therefore, we have identified this as a key audit matter.</p>	<p>We obtained an understanding of the Company's process with respect to capital expenditure including determination of useful lives and tested the Company's controls in this area relevant to our audit.</p> <p>We physically verified the newly acquired fixed assets and tested the amounts. We reviewed the relevant documents with reference to the acquisition of the newly acquired fixed assets including inspection of project related contracts and documents supporting various components of the capitalized project costs. We also assessed whether the items of cost capitalized including borrowing cost, meets the recognition criteria of an asset in accordance with the applicable financial reporting standards.</p> <p>We evaluated the basis used by the management for determining the useful lives of the new assets and the depreciation charged in relation thereto, by considering factors such as the current depreciation, estimates for similar or comparable assets, expected utilization of the assets and the estimated residual value at the end of the useful life.</p> <p>Further, we assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.</p>
<b>2. Long term financing for capital expenditure</b>	
<p>As disclosed in note 19 to the financial statements, the Company has obtained additional long term loans amounting to Rs. 1,957 million during the current year.</p> <p>The Company's key operating / performance indicators including liquidity, gearing and finance costs are directly influenced by the additions to its portfolio of borrowings. Further, financing arrangements entail financial and non-financial covenants that the Company is subject to compliance.</p> <p>The significance of new financings obtained during the year, along with the sensitivity of the compliance with underlying loan covenants, are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.</p>	<p>We obtained and reviewed the financing agreements executed during the year. We inquired from the management with respect to the future compliance of the covenants and tested controls related to such compliance.</p> <p>We circularized confirmations to the financing banks with outstanding loan balances at the year end. We also reviewed the maturity analysis of the financing to ascertain the classification of loans as per their remaining maturities.</p> <p>Further, we assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.</p>
<b>3. Valuation of inventories:</b>	
<p>The Company is engaged in the manufacturing of steel bars and billets. As of the date of statement of financial position, the Company held inventory balances of Rs. 7,459 million which constitutes 28% of total assets, as disclosed in note 11 to the financial statements.</p> <p>We focused our audit on this area as it is a material balance for the Company and it also requires management judgment in determining an appropriate costing basis and assessing its valuation</p>	<p>We performed a range of audit procedures with respect to inventory items including amongst others, physical observation of inventory counts, test of valuation methods and their appropriateness in accordance with the applicable accounting standards, and an evaluation of the usability of the inventory items based on management reports for slow moving, expired and obsolete items and the impact of the same on the net realizable value of the inventories.</p> <p>Further, we assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.</p>

# INDEPENDENT AUDITORS' REPORT

Key audit matter	How our audit addressed the key audit matter
<b>4. New Companies Act, 2017 (the Act) and its impact on the financial statements</b>	
<p>As disclosed in note 1.2 to the financial statements, the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Companies Act, 2017 forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements as referred to note in 4 to the financial statements.</p> <p>Further, the Company has changed its accounting policy relating to presentation and measurement of revaluation surplus on property, plant and equipment as a consequence of the application of the Companies Act, 2017 with retrospective effect. The impact of the said change in accounting policy has been disclosed in note 5.1 to the financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Companies Act, 2017.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Companies Act, 2017. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p> <p>In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to in note 6 to the financial statements; we assessed the accounting implications in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company.</p>

## Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



## INDEPENDENT AUDITORS' REPORT

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Arif Nazeer.



Chartered Accountants  
Place: Karachi  
Date: 18 September 2018

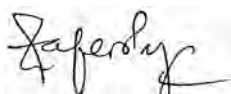
# STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

ASSETS	NOTES	2018	2017 Restated	2016 Restated
NON-CURRENT ASSETS				
------(Rupees)-----				
Property, plant and equipment	7	15,528,653,230	12,253,098,525	8,441,597,274
Intangible assets	8	27,888,714	20,401,304	26,742,912
Long-term investments	9	15,289,370	15,289,370	15,289,370
Long-term deposits	10	135,599,448	129,378,613	131,404,376
		<u>15,707,430,762</u>	<u>12,418,167,812</u>	<u>8,615,033,932</u>
CURRENT ASSETS				
Stores and spares		869,765,512	619,231,295	599,892,883
Stock-in-trade	11	7,459,068,100	3,404,198,598	4,410,123,514
Trade debts	12	1,787,703,846	1,455,202,310	2,070,501,848
Loans and advances	13	23,377,452	22,220,787	125,635,829
Trade deposits and short-term prepayments	14	44,233,685	43,947,767	48,886,841
Other receivables	15	227,188,878	176,537,237	427,987,469
Short-term investments		-	-	300,000,000
Taxation – net		393,017,333	-	86,246,015
Cash and bank balances	16	131,073,813	69,558,113	81,124,343
		<u>10,935,428,619</u>	<u>5,790,896,107</u>	<u>8,150,398,742</u>
<b>TOTAL ASSETS</b>		<u><b>26,642,859,381</b></u>	<u><b>18,209,063,919</b></u>	<u><b>16,765,432,674</b></u>
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	17	2,970,114,270	2,970,114,270	2,970,114,270
Capital reserve		2,788,741,922	2,788,741,922	2,788,741,922
Revenue reserves – accumulated profit		4,727,294,416	3,662,702,710	3,108,106,942
Actuarial loss on gratuity fund		(40,439,405)	(30,821,514)	(6,341,601)
Revaluation surplus on property, plant and equipment	18	2,434,441,250	1,755,014,996	1,829,580,914
		<u>12,880,152,453</u>	<u>11,145,752,384</u>	<u>10,690,202,447</u>
NON-CURRENT LIABILITIES				
Long-term financing	19	2,204,388,750	712,069,453	524,524,754
Deferred taxation	20	1,006,648,806	1,104,896,135	1,139,415,427
Deferred liability	21	155,677,808	116,942,866	72,176,237
		<u>3,366,715,364</u>	<u>1,933,908,454</u>	<u>1,736,116,418</u>
CURRENT LIABILITIES				
Trade and other payables	22	2,428,873,755	1,116,784,213	1,080,934,801
Interest / markup accrued	23	135,648,698	56,365,500	48,221,865
Short-term borrowings	24	7,053,113,896	3,627,591,787	2,726,371,085
Current portion of long-term financing	19	775,245,124	310,234,772	483,586,058
Taxation – net		-	16,653,380	-
Unclaimed dividend		3,110,091	1,773,429	-
		<u>10,395,991,564</u>	<u>5,129,403,081</u>	<u>4,339,113,809</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	25			
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>26,642,859,381</b></u>	<u><b>18,209,063,919</b></u>	<u><b>16,765,432,674</b></u>

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive



Director

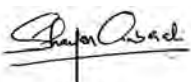


Chief Financial Officer

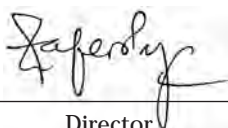
## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	2018	2017
		----- (Rupees) -----	
Sales	26	15,500,542,721	13,283,811,229
Cost of sales	27	(12,742,134,429)	(10,815,624,056)
<b>Gross profit</b>		<u>2,758,408,292</u>	<u>2,468,187,173</u>
Distribution costs	28	(378,233,038)	(337,266,551)
Administrative expenses	29	(408,910,506)	(324,830,812)
Other expenses	30	(123,053,961)	(116,550,926)
Other income	31	22,543,009	7,357,725
<b>Operating profit</b>		<u>1,870,753,796</u>	<u>1,696,896,609</u>
Finance costs	32	(476,323,111)	(251,583,475)
<b>Profit before taxation</b>		<u>1,394,430,685</u>	<u>1,445,313,134</u>
Taxation	33	190,805,976	(371,260,430)
<b>Net profit for the year</b>		<u><u>1,585,236,661</u></u>	<u><u>1,074,052,704</u></u>
<b>Earnings per share – basic and diluted (Rs. per share)</b>	34	<u><u>5.34</u></u>	<u><u>3.62</u></u>

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018 ----- (Rupees) -----	2017 Restated -----
Net profit for the year	1,585,236,661	1,074,052,704
Other comprehensive income		
Items that may be reclassified subsequently to statement of profit or loss:		
Revaluation surplus on property, plant and equipment	752,804,153	-
Items that may not be reclassified subsequently to statement of profit or loss:		
Actuarial loss on gratuity fund – net of tax	(9,617,891)	(24,479,913)
	743,186,262	(24,479,913)
Total comprehensive income for the year	<u>2,328,422,923</u>	<u>1,049,572,791</u>

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

## CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for:

Depreciation  
Amortization  
Capital work-in-progress written off  
Provision for doubtful debts  
Trade debts written off  
Provision for doubtful deposits  
Provision for doubtful advances  
Provision for gratuity  
Gain on disposal of operating fixed assets  
Liabilities no longer payable written back  
Finance costs  
Operating profit before working capital changes

(Increase) / decrease in current assets:

Stores and spares  
Stock-in-trade  
Trade debts  
Loans and advances  
Trade deposits and short-term prepayments  
Other receivables

Increase / (decrease) in current liabilities:

Trade and other payables  
Cash (used in) / generated from operations  
Income taxes paid  
Gratuity paid  
Long-term deposits – net  
Net cash (used in) / generated from operating activities

## CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure  
Acquisition of intangible assets  
Proceeds from disposal of operating fixed assets  
Net cash used in investing activities

## CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid  
Short-term borrowings – net\*  
Long-term financing – net\*  
Finance costs paid  
Net cash inflow from financing activities  
Net increase / (decrease) in cash and cash equivalents  
Cash and cash equivalents at the beginning of the year  
Cash and cash equivalents at the end of the year

	2018	2017
	----- (Rupees) -----	
Profit before taxation	1,394,430,685	1,445,313,134
Adjustments for:		
Depreciation	426,551,302	321,310,661
Amortization	7,268,869	6,534,073
Capital work-in-progress written off	9,610,299	102,304
Provision for doubtful debts	52,264,698	37,239,451
Trade debts written off	(394,855)	-
Provision for doubtful deposits	-	12,750,000
Provision for doubtful advances	-	1,376,102
Provision for gratuity	28,803,590	15,174,197
Gain on disposal of operating fixed assets	(1,817,514)	(40,860)
Liabilities no longer payable written back	(17,810,970)	-
Finance costs	476,323,111	251,583,475
Operating profit before working capital changes	980,798,530	646,029,403
	2,375,229,215	2,091,342,537
(Increase) / decrease in current assets:		
Stores and spares	(250,534,217)	(19,338,412)
Stock-in-trade	(4,054,869,502)	1,005,924,916
Trade debts	(384,371,379)	578,060,087
Loans and advances	(1,156,665)	102,038,940
Trade deposits and short-term prepayments	(285,918)	(7,810,926)
Other receivables	(50,651,641)	251,450,232
	(4,741,869,322)	1,910,324,837
Increase / (decrease) in current liabilities:		
Trade and other payables	519,240,497	(56,495,109)
Cash (used in) / generated from operations	(1,847,399,610)	3,945,172,265
Income taxes paid	(361,485,751)	(292,388,935)
Gratuity paid	(3,614,973)	(5,378,873)
Long-term deposits – net	(6,220,835)	2,025,763
Net cash (used in) / generated from operating activities	(2,218,721,169)	3,649,430,220
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,915,999,520)	(4,133,489,354)
Acquisition of intangible assets	(14,756,279)	(192,465)
Proceeds from disposal of operating fixed assets	7,207,000	615,998
Net cash used in investing activities	(2,923,548,799)	(4,133,065,821)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(592,686,192)	(592,249,425)
Short-term borrowings – net*	4,234,035,055	993,565,223
Long-term financing – net*	1,957,329,647	14,193,413
Finance costs paid	(394,892,842)	(243,439,840)
Net cash inflow from financing activities	5,203,785,668	172,069,371
Net increase / (decrease) in cash and cash equivalents	61,515,700	(311,566,230)
Cash and cash equivalents at the beginning of the year	69,558,113	381,124,343
Cash and cash equivalents at the end of the year	131,073,813	69,558,113

\*No non-cash items are included in these activities

The annexed notes 1 to 42 form an integral part of these financial statements



Chief Executive



Director



Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

Issued, subscribed and paid-up capital	Capital Reserve	Revenue Reserve	Actuarial loss on gratuity fund	Revaluation surplus on property, plant and equipment	Total
	Share Premium	Accumulated Profit			

----- (Rupees) -----

Balance as at 30 June 2016 – as previously reported      2,970,114,270    2,788,741,922    3,108,106,942    (6,341,601)    -    8,860,621,533

Effect of changes in accounting policy (note- 5.1)      -      -      -      -      1,829,580,914    1,829,580,914

Balance as at 30 June 2016 - restated      2,970,114,270    2,788,741,922    3,108,106,942    (6,341,601)    1,829,580,914    10,690,202,447

Net profit for the year	-	-	1,074,052,704	-	-	1,074,052,704
-------------------------	---	---	---------------	---	---	---------------

Other comprehensive loss- restated	-	-	-	(24,479,913)	-	(24,479,913)
------------------------------------	---	---	---	--------------	---	--------------

Total comprehensive (loss) / income for the year	-	-	1,074,052,704	(24,479,913)	-	1,049,572,791
--	---	---	---------------	--------------	---	---------------

Final dividend @ Rs.2 per Ordinary share of Rs. 10 each for the year ended 30 June 2016	-	-	(594,022,854)	-	-	(594,022,854)
---	---	---	---------------	---	---	---------------

Transferred to unappropriated profit in respect of - incremental depreciation during the year – net of tax	-	-	74,565,918	-	(74,565,918)	-
--	---	---	------------	---	--------------	---

Balance as at 30 June 2017 - restated      2,970,114,270    2,788,741,922    3,662,702,710    (30,821,514)    1,755,014,996    11,145,752,384

Net profit for the year	-	-	1,585,236,661	-	-	1,585,236,661
-------------------------	---	---	---------------	---	---	---------------

Other comprehensive profit / (loss)	-	-	-	(9,617,891)	752,804,153	743,186,262
-------------------------------------	---	---	---	-------------	-------------	-------------

Total comprehensive income / (loss) for the year	-	-	1,585,236,661	(9,617,891)	752,804,153	2,328,422,923
--	---	---	---------------	-------------	-------------	---------------

Final dividend @ Rs.2 per Ordinary share of Rs. 10 each for the year ended 30 June 2017	-	-	(594,022,854)	-	-	(594,022,854)
---	---	---	---------------	---	---	---------------

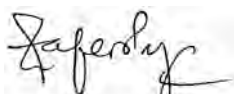
Transferred to unappropriated profit in respect of - incremental depreciation during the year – net of tax	-	-	73,377,899	-	(73,377,899)	-
--	---	---	------------	---	--------------	---

Balance as at 30 June 2018      2,970,114,270    2,788,741,922    4,727,294,416    (40,439,405)    2,434,441,250    12,880,152,453

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 1. THE COMPANY AND ITS OPERATIONS

- 1.1 Amreli Steels Limited (the Company) was incorporated in 1984 as a private limited company and converted into a public unquoted company in 2009. The Company enlisted on Pakistan Stock Exchange in 2015. The Company is engaged in manufacture and sale of steel bars and billets. The geographical location and addresses of the Company's business units / immovable assets are as under:

Business Unit	Address
Registered Office and warehouse	Plot No. A-18, S.I.T.E Karachi (Land measuring area 2.490 Acres)
Production Plant	Plot No. D-89 Shershah Karachi (Land measuring area 2.220 Acres )
Production Plant and warehouse	Industrial Land, Deh Gharo, Tapo Gharo, Taluka Mirpur Sakro, District Thatta, Sind (Land measuring area 65.00 Acres )
Warehouse	Plot # F-295 S.I.T.E Karachi (Land measuring area 0.50 Acres)

- 1.2 Summary of significant transactions and events that have affected Company's financial position and performance during the year are as follows:

- During the year, the Company has capitalized plant and machinery amounting to Rs. 5,265.39 million which includes Rs. 266.54 million for building and 4,998.85 million for plant and machinery & others. This has increased the Company's production capacity.
- During the year, the Company has obtained additional long term loans amounting to Rs. 1,957 million.
- Due to applicability of the Companies Act, 2017 (the Act), amounts reported for the previous period have been restated (refer notes 4 and 5.1) and certain additional disclosures have been included in these financial statements.

## 2. STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the requirements of IFRS, the provisions of and directives issued under the Act have been followed.

## 3. BASIS OF PREPARATION

- 3.1 These financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment that have been measured at revalued amounts.
- 3.2 These financial statements are prepared in Pak Rupees, which is the Company's functional and presentation currency.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 4. STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED DURING THE YEAR

The Company has adopted the following revised standards and amendments of IFRS which became effective for the current year:

IAS 7 – Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

Further, during the year, the Act became applicable. The Act has brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicative disclosures with the IFRS disclosure requirements and incorporation of additional / amended disclosures as mentioned in notes 1.1, 1.2, 17.3, 17.5, 32.3, 36.1 and 36 and change in accounting policy relating to revaluation of property, plant and equipment as disclosed in note 4.3.

### 4.1 Standards not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

		Effective date (annual periods beginning on after)
IFRS - 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS - 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS - 9	Financial Instruments	01 January 2018
IFRS - 9	Prepayment Features with Negative Compensation – (Amendments)	01 January 2018
IFRS - 15	Revenue from Contracts with Customers	01 July 2018
IFRS - 16	Leases	01 January 2019
IAS - 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS - 28	Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
IAS - 40	Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC - 22	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC - 23	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and interpretations are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application except for IFRS 15 – Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 17 – Insurance Contracts	01 January 2021

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Property, plant and equipment

#### Operating fixed assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for land which is stated at revalued amounts. Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates mentioned in note 6.1 to the financial statements except for lease hold improvement which are depreciated on straight line basis over the lease term and certain plant and machinery which are depreciated over units of production method. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month on which an asset is disposed off.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposals of operating fixed assets, if any, are recognized in the statement of profit or loss.

The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

The carrying values of property, plant and equipment are reviewed at each statement of financial position date for impairment when events or changes in circumstances indicate that carrying values may not be recoverable. If such indication exists where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

#### Change in accounting policy

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Act. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of IAS 16, "Property, Plant and Equipment", surplus on revaluation of fixed assets would now be presented under equity. Following the application of IAS 16, the Company's policy for surplus on revaluation of property, plant and equipment stands amended as follows:

- Increases in the carrying amounts arising on revaluation of revaluation of property, plant and equipment are recognized in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss.

The effect of change in accounting policy is summarized below:

There was no cash flow impact or impact on other comprehensive income as a result of the retrospective application of change in accounting policy.

These are stated at cost less impairment, and represent expenditures incurred and advances made in respect of specific assets during the construction / erection year. These are transferred to specific assets as and when assets are available for use.

The carrying values of property, plant and equipment are reviewed at each balance sheet date for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

These are stated at cost less accumulated amortisation and impairment.

Amortisation is charged on straight line method. Amortisation on additions is charged in the month in which an asset comes into operation while no amortisation is charged for the month in which the asset is disposed of.

These are valued at lower of moving average cost and Net Realizable Value (NRV).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 5.4 Stock-in-trade

These are valued at the lower of NRV and cost. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials		-	First-In-First-Out (FIFO)	
Work-in-process		-	Weighted average cost	
Finished goods	-	Manufactured	-	Weighted average cost
	-	Trading	-	First-In-First-Out (FIFO)
Stock-in-transit		-	Invoice value plus other charges paid thereon up to the balance sheet date	

NRV signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and estimated costs necessarily to be incurred to make the sale.

### 5.5 Trade debts and other receivables

Trade debts are recognised at invoice amount less provision for any uncollectible amounts. Other receivables are carried at cost less provision for impairment.

Provision is made against debts/ other receivables that are considered doubtful of recovery based on the management's assessment of customers' / parties' outstanding balances and creditworthiness. Trade debts and other receivables are classified as bad debts / receivables and are written-off when there are no realistic prospects of recovery.

### 5.6 Investments

#### Held-to-maturity

These represent financial assets with fixed or determinable payments and fixed maturities where the Company has ~~positive~~ and ability to hold till maturity. These are recognised initially at fair value plus directly attributable transaction ~~costs~~ initial measurement, these investments are measured at amortized cost using effective interest rate method.

### 5.7 Cash and cash equivalents

These are stated at cost.

### 5.8 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred and subsequently measured at amortized cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the balance sheet date.

### 5.9 Trade and other payables

Liabilities for trade and amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

### 5.10 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument and are derecognised in case of assets, when the contractual rights under the instrument are realized, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired. Any gain or loss on recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the year in which it arises.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 5.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the transaction and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

### 5.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

### 5.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur.

### 5.14 Foreign currency transactions and translations

Transactions in foreign currencies are translated into Pak Rupees at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated into Pak Rupees at the foreign exchange rate ruling at that date. Exchange differences are recognised in the statement of profit or loss.

### 5.15 Staff retirement benefits

The Company operates an un-approved and unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying year of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. Actuarial gains and losses are recognized in full in the period in which they occur in the other comprehensive income. All the past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Company has recognised related restructuring or terminations benefits. The latest actuarial valuation was carried out as of 30 June 2018 using Projected Unit Credit method.

### 5.16 Ijarah contracts

Leases under Shariah compliant Ijarah contracts, where significant portion of the risk and reward of ownership is retained by the lessor, are classified as Ijarah. Rentals under these arrangements are charged to statement of profit or loss on straight line basis over the lease term.

### 5.17 Taxation

#### Current

Provision for current tax is based in accordance with Income Tax Ordinance, 2001.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Further, the Company recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

### 5.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

Revenue from sale of goods is recognised upon passage of title to the customers which generally coincides with physical delivery of goods to customer, i.e. when the significant risks and reward of ownership have been transferred to the customer.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or an agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.

Profit on bank deposits / term deposit receipts is recognised on time proportion basis.

Other revenues are accounted for on accrual basis.

### 5.19 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the financial statement are authorised for issue, disclosure is made in the financial statements.

### 6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

#### Residual value and useful life of property, plant and equipment

The Company reviews the appropriateness of the rate of depreciation, depreciation method, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in estimates in future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

#### Surplus on revaluation of property, plant and equipment

The Company reviews the appropriateness of the revaluation of certain assets periodically for the purpose of ensuring that the carrying amount of the same does not differ materially from its fair value. In making this assessment, the Company uses the technical resources available with the Company. Any change in assessment in future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on revaluation surplus of property, plant and equipment.

#### Capitalisation of borrowing costs

The Company reviews the appropriateness of the borrowing costs capitalized to items of property, plant and equipment at each year end. Any change in the judgment in future might affect the statement of profit or loss of that year.

#### Provision for impairment of trade debts and other receivables

The Company assesses recoverability of its trade debts and other receivables at each year end for the purpose of evaluating doubtful trade debts and other receivables keeping in view the aging analysis. Any change in the estimate in future might affect the statement of profit or loss of that year.

#### Staff retirement benefits

The cost of defined benefit plan is determined using actuarial valuation, which involves making assumptions about discount rate and future salary increases.

#### Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### Deferred taxation

Deferred tax assets are recognised for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized or credits can be availed. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies and capital expenditure planning. Any change in estimates in future years might affect the remaining amounts of respective items of deferred taxation with a corresponding effect on the taxation charge.

		2018	2017
7. PROPERTY, PLANT AND EQUIPMENT	Notes	----- (Rupees) -----	
Operating fixed assets	7.1	13,243,636,752	7,154,739,872
Capital work-in-progress	7.2	2,285,016,478	5,098,358,653
		<u>15,528,653,230</u>	<u>12,253,098,525</u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 7.1 Operating fixed assets 2018

Notes	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Office Equipment	Vehicles	Computers	Total
	7.1.1	7.1.1	7.1.1					
Cost / revaluation as at 30 June 2017	736,452,760	1,475,748,248	6,406,233,731	25,676,632	32,138,839	27,847,534	36,504,093	8,740,601,837
Additions	-	210,940	387,948,049	2,395,340	21,117,020	16,074,454	10,814,147	438,559,950
Disposals	-	-	(7,648,430)	(77,000)	(485,075)	(5,657,900)	(590,979)	(14,459,384)
Transfers from capital work-in-progress	-	266,539,222	4,998,854,020	2,783,522	12,173,182	-	821,500	5,281,171,446
Revaluation of fixed assets	634,547,240	132,991,039	33,567,993	-	-	-	-	801,106,272
Cost / revaluation as at 30 June 2018	1,371,000,000	1,875,489,449	11,818,955,363	30,778,494	64,943,966	38,264,088*	47,548,761	15,246,980,121
Accumulated depreciation as at 30 June 2017	-	580,410,166	948,274,209	10,362,316	13,114,004	10,869,628	22,831,642	1,585,861,965
Depreciation charge for the year	-	102,480,440	305,242,694	1,717,174	3,135,947	7,438,843	6,536,204	426,551,302
Disposals	-	-	(6,078,798)	(5,732)	(199,933)	(2,346,455)	(438,980)	(9,069,898)
Accumulated depreciation as at 30 June 2018	-	682,890,606	1,247,438,105	12,073,758	16,050,018	15,962,016	28,928,866	2,003,343,369
Book value as at 30 June 2018	1,371,000,000	1,192,598,843	10,571,517,258	18,704,736	48,893,948	22,302,072	18,619,895	13,243,636,752
Annual rate of depreciation (%)	-	10	2 to 50 / units of production	10	10	20	26.67 to 30	

\* Include assets costing Rs. 11.068 million under common ownership under Diminishing Musharaka arrangement.

## 2017

Notes	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Office Equipment	Vehicles	Computers	Total
	7.1.1	7.1.1	7.1.1					
Cost / revaluation as at 30 June 2016	736,452,760	1,464,104,858	6,291,626,978	21,614,052	27,675,773	29,552,884	33,109,813	8,604,137,118
Additions	-	9,261,127	118,178,969	4,062,580	4,463,066	-	3,671,980	139,637,722
Disposals	-	-	(3,572,216)	-	-	(1,705,350)	(277,700)	(5,555,266)
Transfers from capital work-in-progress	-	2,382,263	-	-	-	-	-	2,382,263
Cost / revaluation as at 30 June 2017	736,452,760	1,475,748,248	6,406,233,731	25,676,632	32,138,839	27,847,534*	36,504,093	8,740,601,837
Accumulated depreciation as at 30 June 2016	-	481,868,943	742,064,155	8,885,348	11,186,255	7,857,271	17,669,460	1,269,531,432
Depreciation charge for the year	-	98,541,223	209,715,413	1,476,968	1,927,749	4,286,193	5,363,115	321,310,661
Disposals	-	-	(3,505,359)	-	-	(1,273,836)	(200,933)	(4,980,128)
Accumulated depreciation as at 30 June 2017	-	580,410,166	948,274,209	10,362,316	13,114,004	10,869,628	22,831,642	1,585,861,965
Book value as at 30 June 2017	736,452,760	895,338,082	5,457,959,522	15,314,316	19,024,835	16,977,906	13,672,451	7,154,739,872
Annual rate of depreciation (%)	-	10	2 to 50 / units of production	10	10	20	30	

\* Include assets costing Rs. 15.832 million under common ownership under Diminishing Musharaka arrangement.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- 7.1.1 During the year, the Company's leasehold land, building on leasehold land and plant and machinery were revalued resulting in surplus of 801.106 million. The valuation was carried out by an independent valuer- M/s MYK Associates (Private) Limited on 30 June 2018. Valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market. The fair value of the assets subject to revaluation model fall under level 2 of the fair value hierarchy (i.e. significant observable inputs)

The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices) (level 2); and
- Inputs for the asset or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cashflows). (level 3).

Had there been no revaluation, the book value of leasehold land, buildings on leasehold land and plant and machinery would have been Rs. 410.782 (2017: Rs. 410.782) million, Rs. 779.321 (2017: Rs. 582.843) million and Rs. 8,694.056 (2017: Rs 3,542.952) million respectively.

- 7.1.2 Forced sales value as of 30 June 2018 are as follows :

	(Rupees)
- Land	1,096,800,000
- Buildings	967,139,124
- Plant and machinery	7,484,969,272
	<u>9,548,908,396</u>

	Notes	2018 ----- (Rupees) -----	2017
7.1.3 Depreciation charge for the year has been allocated as under:			
Cost of sales – production of bars	27.1	181,365,555	114,412,543
Cost of sales – production of billets	27.1.1	225,267,855	191,320,339
Distribution costs	28	6,222,760	5,462,391
Administrative expenses	29	13,695,132	10,115,388
		<u>426,551,302</u>	<u>321,310,661</u>

- 7.1.4 The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
----- (Rupees) -----							
Plant and machinery Asset with book value less than Rs. 500,000	7,648,430	6,078,798	1,569,632	2,362,205	792,573	Negotiation	Imran Ahmed
Furniture and fittings Asset with book value less than Rs. 500,000	77,000	5,732	71,268	12,500	(58,768)	Negotiation	Phool Auctioneer & New Furniture
Office equipment Asset with book value less than Rs. 500,000	485,074	199,933	285,141	81,700	(203,441)	Competitive Quotations / Negotiation	Various

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### Vehicles

Suzuki Cultus	1,134,000	480,816	653,184	543,849	(109,335)	As per Company Policy	Mr. Sajjad Asghar – Employee
Suzuki Cultus	1,194,000	448,679	745,321	663,636	(81,685)	As per Company Policy	Mr. Asif Majeed – Employee
Toyota Corolla XLI	1,672,500	549,695	1,122,805	960,506	(162,299)	As per Company Policy	Mr. Noman Sajjad – Employee
Other assets with book value less than Rs. 500,000 each	1,657,400	867,265	790,135	2,442,548	1,652,413	As per Company Policy	Various
	5,657,900	2,346,455	3,311,445	4,610,539	1,299,094		

### Computers

Asset with book value less than Rs. 500,000	590,980	438,980	152,000	140,056	(11,944)	Negotiation	Phool Auctioneer & New Furniture
2018	14,459,384	9,069,898	5,389,486	7,207,000	1,817,514		
2017	5,555,266	4,980,128	575,138	615,998	40,860		

### 7.2 Capital work-in-progress

	Freehold land	Civil works (Note 7.2.1)	Plant and machinery	Total	2017
	(Rupees)				
Opening balance	18,955,000	1,220,942,248	3,858,461,405	5,098,358,653	1,106,991,588
Additions during the year	343,048,718	176,427,681	1,957,963,171	2,477,439,570	3,993,851,632
Transfer to operating fixed assets	-	(295,984,814)	(4,985,186,633)	(5,281,171,447)	(2,382,263)
Written off during the year	-	-	(9,610,298)	(9,610,298)	(102,304)
Closing balance	362,003,718	1,101,385,115	821,627,645	2,285,016,478	5,098,358,653

7.2.1 During the year borrowing costs have been capitalized amounting to Rs.31.963 million (2017: 5.723 million) by using capitalization rate of 6.99% (2017: 6.99%). Civil works include Rs. 438.107 million in respect of advance against purchase of office premises.

## 8. INTANGIBLE ASSETS

	Notes	2018 ----- (Rupees) -----	2017
Computer software			
Net carrying value			
Balance at the beginning of the year		20,401,304	26,742,912
Additions during the year		14,756,279	192,465
Amortisation for the year	29	(7,268,869)	(6,534,073)
Balance at the end of the year		27,888,714	20,401,304
Gross carrying value			
Cost		32,686,406	32,493,941
Additions during the year		14,756,279	192,465
Accumulated amortization		(19,553,971)	(12,285,102)
Balance at the end of the year		27,888,714	20,401,304
Useful life		Years	
		5	5

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 9. LONG-TERM INVESTMENTS – held to maturity Notes

Term Deposit Receipts			
Islamic bank	9.1	14,289,370	14,289,370
Conventional bank	9.2	1,000,000	1,000,000
		<u>15,289,370</u>	<u>15,289,370</u>

9.1 These are held with a Islamic bank as a lien for guarantee issued on behalf of the Company and carry profit rates ranging from 5.80% to 5.87% (2017: 5.70% to 6.40%) per annum having maturity upto 5 years.

9.2 These carry profit of 5% (2017: 4.63%) per annum having maturity upto 5 years.

### 10. LONG-TERM DEPOSITS

		2018 ----- (Rupees) -----	2017 ----- (Rupees) -----
Margin against guarantees		29,155,336	31,313,336
Utilities		75,646,386	75,495,636
Ijarah / Diminishing Musharaka		25,118,741	21,050,656
Others		5,678,985	1,518,985
	10.1	<u>135,599,448</u>	<u>129,378,613</u>

10.1 Represent interest free deposits.

### 11. STOCK-IN-TRADE

	Notes	2018 ----- (Rupees) -----	2017 ----- (Rupees) -----
Raw materials			
- In hand	27.1.1	3,926,397,766	1,544,811,592
- In transit		1,388,553,092	699,471,255
		<u>5,314,950,858</u>	<u>2,244,282,847</u>
Work-in-process	27.1	1,000,057,191	793,767,325
Finished goods			
-Manufactured	27.1	1,141,969,859	322,210,865
-Trading	27.2	2,090,192	43,937,561
		<u>1,144,060,051</u>	<u>366,148,426</u>
		<u>7,459,068,100</u>	<u>3,404,198,598</u>

### 12. TRADE DEBTS– unsecured

Considered good		1,787,703,846	1,455,202,310
Considered doubtful		127,147,204	75,277,361
		<u>1,914,851,050</u>	<u>1,530,479,671</u>
Provision for doubtful debts	12.1	(127,147,204)	(75,277,361)
		<u>1,787,703,846</u>	<u>1,455,202,310</u>

12.1 Movement of provision for doubtful debts

Opening balance		75,277,361	38,037,910
Provision for the year		52,264,698	37,239,451
		<u>127,542,059</u>	<u>75,277,361</u>
Written off during the year		(394,855)	-
Closing balance		<u>127,147,204</u>	<u>75,277,361</u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

12.2 The ageing of trade debts is as follows:

	Total	Neither past due nor impaired	31-90 Days	Past due but not impaired 91-180 Days	Over 180 Days
			(Rupees)		
2018	<u>1,787,703,846</u>	<u>829,227,728</u>	<u>684,104,617</u>	<u>165,122,950</u>	<u>109,248,551</u>
2017	<u>1,455,202,310</u>	<u>581,721,182</u>	<u>458,136,118</u>	<u>174,777,753</u>	<u>240,567,257</u>

## 13. LOANS AND ADVANCES – unsecured, considered good

	Notes	2018 (Rupees)	2017 (Rupees)
Loans – considered good			
Executives	13.1	535,000	917,045
Employees	13.2	<u>4,745,280</u>	<u>3,391,880</u>
		<u>5,280,280</u>	<u>4,308,925</u>
Advances			
Considered good			
Suppliers		18,097,172	12,268,642
Employees		-	5,643,220
	13.3	18,097,172	17,911,862
Considered doubtful		1,376,102	1,376,102
Less: provision for doubtful advances		(1,376,102)	(1,376,102)
		-	-
		18,097,172	17,911,862
		<u>23,377,452</u>	<u>22,220,787</u>

13.1 The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows

<u>890,000</u>	<u>1,024,666</u>
----------------	------------------

13.2 Represent interest free loans to employees in accordance with the Company policy. These are recoverable in twelve equal monthly installments.

13.3 Represent interest free advances.

## 14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

### Deposits

Considered good			
Security deposits	14.1	23,555,136	41,136,968
Margins against letters of credit		-	950,789
		<u>23,555,136</u>	<u>42,087,757</u>
Considered doubtful		12,750,000	12,750,000
Less: provision for doubtful deposits		(12,750,000)	(12,750,000)
		-	-
		23,555,136	42,087,757
Prepayments			
- Advertising		5,172,587	-
- Insurance		4,835,070	1,860,010
- Rent		3,062,702	-
- Others		7,608,190	-
		<u>20,678,549</u>	<u>1,860,010</u>
		<u>44,233,685</u>	<u>43,947,767</u>

14.1 Represent interest free deposits.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 ----- (Rupees) -----	2017 -----
<b>15. OTHER RECEIVABLES</b>			
Sales tax refundable		226,982,039	175,022,668
Others		206,839	1,514,569
		<u>227,188,878</u>	<u>176,537,237</u>
<b>16. CASH AND BANK BALANCES</b>			
Bank balances			
Islamic banks			
Current accounts	16.1	15,213,367	2,609,131
Saving accounts		53,330	1,392,298
		<u>15,266,697</u>	<u>4,001,429</u>
Conventional banks			
Current accounts	16.2	95,377,330	58,180,270
Saving accounts		3,767,788	-
		<u>99,145,118</u>	<u>58,180,270</u>
Cash in hand		16,661,998	7,376,314
		<u>131,073,813</u>	<u>69,558,113</u>

16.1 These carry profit rates ranging from 2.46% to 2.61% (2017: 2.50% to 2.66%) per annum.

16.2 These carry profit rates ranging from 4% to 4.5% (2017: 4% to 5%) per annum.

	Notes	2018 ----- (Rupees) -----	2017 -----
<b>17. SHARE CAPITAL</b>			
<b>17.1 Authorized capital</b>			
Number of shares			
2018	2017		
420,000,000	420,000,000	Ordinary shares of Rs. 10/- each	4,200,000,000
		Cumulative preference shares of	4,200,000,000
80,000,000	80,000,000	Rs. 10/-each	800,000,000
<u>500,000,000</u>	<u>500,000,000</u>		<u>5,000,000,000</u>
			<u>5,000,000,000</u>

**17.2 Issued, subscribed and paid-up capital**

		Ordinary of shares of Rs. 10/- each		
263,883,930	263,883,930	Issued for cash	2,638,839,300	2,638,839,300
33,127,497	33,127,497	Issued for consideration other	331,274,970	331,274,970
<u>297,011,427</u>	<u>297,011,427</u>	than cash	<u>2,970,114,270</u>	<u>2,970,114,270</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- 17.3 Following is the detail of shares held by the related parties:
- |                         | 2018<br>---- (Number of shares) ---- | 2017               |
|-------------------------|--------------------------------------|--------------------|
| Mr. Abbas Akberali      | 91,294,723                           | 91,294,723         |
| Ms. Mahvash Akberali    | 55,732,930                           | 55,732,930         |
| Mr. Hadi Abbas Akberali | 37,732,212                           | 37,419,212         |
| Mr. Shayan Akberali     | 35,694,840                           | 35,694,840         |
| Ms. Kinza Shayan        | 1,746,383                            | 1,746,383          |
| Ms. Salsabil Akberali   | 1,254,759                            | 1,144,759          |
| Mr. Fazal Ahmed         | 20,000                               | -                  |
| Mr. Badar Kazmi         | 1,000                                | 1,000              |
| Ms. Mariam Akberali     | 1,000                                | 1,000              |
| Mr. Teizoon Kisat       | 500                                  | 500                |
| Mr. Zafar Ahmed Taji    | 500                                  | 500                |
|                         | <u>223,478,847</u>                   | <u>223,035,847</u> |
- 17.4 Includes 952,497 ordinary shares issued to various shareholders of the Company against plant and machinery and 32,175,000 ordinary shares of the Company against purchase of fixed assets.
- 17.5 Voting rights, Board selection, right of first refusal and block voting are in proportion to the shareholding.

	Notes	2018 ----- (Rupees) -----	2017
<b>18. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT</b>			
Opening balance		2,553,339,842	2,659,862,582
Surplus for the year		801,106,272	-
Transfer to unappropriated profit in respect of incremental depreciation charged during the year		(103,349,154)	(106,522,740)
		<u>3,251,096,960</u>	<u>2,553,339,842</u>
Related deferred tax liability			
Opening balance		(798,324,846)	(830,281,668)
Surplus for the year		(48,302,119)	-
Incremental depreciation charged during the year		29,971,255	31,956,822
		<u>(816,655,710)</u>	<u>(798,324,846)</u>
	18.1	<u>2,434,441,250</u>	<u>1,755,014,996</u>
<b>18.1 Breakup of revaluation surplus net of deferred tax is as follows:</b>			
Leasehold land		960,217,624	325,670,382
Buildings on leasehold land		258,765,529	187,277,973
Plant and machinery		1,215,458,097	1,242,066,641
		<u>2,434,441,250</u>	<u>1,755,014,996</u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 19. LONG-TERM FINANCING - secured

Note	2018			2017		
	Total	Current	Long-Term	Total	Current	Long-Term
	(Rupees)			(Rupees)		
Islamic banks						
Diminishing Musharaka 19.1	604,213,061	202,471,637	401,741,424	209,804,225	104,679,216	105,125,009
Conventional banks 19.2	2,375,420,813	572,773,487	1,802,647,326	812,500,000	205,555,556	606,944,444
Term finance facilities						
Total	2,979,633,874	775,245,124	2,204,388,750	1,022,304,225	310,234,772	712,069,453

- 19.1 Represent Diminishing Musharaka facilities obtained from Islamic banks. These facilities are repayable in equal monthly / quarterly installments latest by June 2021. These carry markup rate of 3 month KIBOR + 0.50% to 6 month KIBOR + 2% per annum (2017: 6 month KIBOR + 1.75% to 6 month KIBOR + 2% per annum). These facilities are secured by title over Diminishing Musharaka asset and first pari passu hypothecation charge on present and future fixed assets of the Company.
- 19.2 Represent term finance facilities obtained from commercial banks. These facilities are repayable in quarterly / semi-annual installments latest by June 2023. These carry markup rate ranging from 3 month KIBOR + 0.35% to 6 month KIBOR + 1.75% per annum (2017: 3 month KIBOR + 0.75% to 6 months KIBOR + 1.75% per annum) payable quarterly and semi-annually. These facilities are secured by way of first equitable mortgage over land and building, first pari passu charge on all present and future fixed assets of the Company with 25% margin over the facility amount.
- 19.3 As of the balance sheet date, the Company has unutilized Diminishing Musharaka and Term Finance Facilities amounting to Rs. 45.786 million and Rs. 631.523 million (2017: Rs. 40.195 million and Rs. Nil) respectively.

## 20. DEFERRED TAXATION

Represents tax effects of temporary differences relating to:		Notes	2018	2017
			(Rupees)	
Accelerated tax depreciation / amortization			1,251,866,058	757,212,542
Surplus on revaluation of property, plant and equipment			816,655,710	798,324,846
Provisions			(141,119,105)	(61,903,897)
Unused tax credits		20.1	(920,753,857)	(388,737,356)
			<u>1,006,648,806</u>	<u>1,104,896,135</u>

- 20.1 Represents deferred tax recognised on minimum tax and alternate corporate tax, paid / payable under the Income Tax Ordinance, 2001. The management, based on the opinion of its tax advisor, considers the same to be claimable.

## 21. DEFERRED LIABILITY

		Note	2018	2017
			(Rupees)	
Staff gratuity		21.1	<u>155,677,808</u>	<u>116,942,866</u>
21.1 Amount recognised in balance sheet				
Opening balance			116,942,865	72,176,237
Charge for the year		21.2	28,803,590	15,174,197
Recognised in other comprehensive income			13,546,326	34,971,305
Benefits paid			(3,614,973)	(5,378,873)
Closing balance			<u>155,677,808</u>	<u>116,942,866</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 ----- (Rupees) -----	2017
21.2 Expense recognised in statement of profit or loss			
Current service cost		19,880,598	10,136,404
Interest cost		8,922,992	5,037,793
		<u>28,803,590</u>	<u>15,174,197</u>

### 21.3 Historical information for defined benefit plans

	2018	2017	2016	2015	2014
	----- (Rupees) -----				
Present value of defined benefit obligations	<u>155,677,808</u>	<u>116,942,866</u>	<u>72,176,237</u>	<u>67,160,595</u>	<u>46,421,041</u>
Experience adjustment on plan liabilities	<u>13,546,326</u>	<u>34,971,305</u>	<u>(5,664,808)</u>	<u>(7,514,867)</u>	<u>(3,138,703)</u>

	Notes	2018	2017
21.4 Principal actuarial assumptions			
Expected rate of increase in salary level		8.00%	7.25%
Valuation discount rate		9.00%	7.75%
Average expected remaining working life of employees		8 years	8 years

### 21.5 Charge for the year has been allocated as follows:

Cost of sales – production of bars	27.1.2	7,395,561	3,748,025
Cost of sales – production of billets	27.1.1.1	6,094,212	3,381,022
Distribution costs	28.1	4,160,806	2,242,112
Administrative expenses	29.1	11,153,011	5,803,038
		<u>28,803,590</u>	<u>15,174,197</u>

### 21.6 Sensitivity analysis

	2018			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	----- (Rupees) -----			
Present value of defined benefit obligations	<u>135,672,265</u>	<u>160,848,882</u>	<u>161,092,262</u>	<u>135,254,848</u>



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018	2017
		----- (Rupees) -----	
<b>22. TRADE AND OTHER PAYABLES</b>			
Creditors		107,496,421	100,338,380
Murabaha	22.1	1,345,760,217	537,247,271
Accrued liabilities	22.2	519,847,709	135,551,819
Advances from customers		240,438,386	158,654,920
Ijarah rentals payable		1,128,720	1,935,864
Workers' Profits Participation Fund	22.3	74,969,392	77,819,094
Workers' Welfare Fund		128,024,334	98,036,577
Withholding tax payable		11,208,576	7,200,288
		<u>2,428,873,755</u>	<u>1,116,784,213</u>

22.1 Represent Murabaha facilities amounting to Rs. 3,600 (2017: Rs. 2,500) million obtained from Islamic banks for purchase of raw material. These carry profit at the rates ranging from 3 month KIBOR + 0.25% to 6 month KIBOR + 0.25% per annum (2017: 3 months KIBOR + 0.25% to 6 months KIBOR + 0.5% per annum). These are secured by joint hypothecation over present and future current assets of the Company.

22.2 Includes Rs. 250.772 (2017: Rs. 52.162) million in respect of gas related accruals on account of Gas Infrastructure Development Cess (GIDC), tariff differences and other related matters.

	Notes	2018	2017
		----- (Rupees) -----	
<b>22.3 Workers' Profits Participation Fund</b>			
Opening balance		77,819,094	94,109,268
Mark-up on funds utilized in the Company's business	32	7,291,543	5,834,878
		<u>85,110,637</u>	<u>99,944,146</u>
Allocation for the year	30	74,969,392	77,819,094
		<u>160,080,029</u>	<u>177,763,240</u>
Paid during the year		(85,110,637)	(99,944,146)
Closing balance		<u>74,969,392</u>	<u>77,819,094</u>

	Notes	2018	2017
		----- (Rupees) -----	
<b>23. INTEREST / MARK-UP ACCRUED</b>			
Islamic banks			
Long-term financing		779,514	215,890
Short-term borrowings		39,646,219	18,992,100
		<u>40,425,733</u>	<u>19,207,990</u>
Conventional banks			
Long-term financing		28,643,725	15,732,403
Short-term borrowings		66,579,240	21,425,107
		<u>95,222,965</u>	<u>37,157,510</u>
		<u>135,648,698</u>	<u>56,365,500</u>

## 24. SHORT-TERM BORROWINGS – secured

Islamic banks			
Cash finance	24.1	570,028,688	-
Running finance	24.3	728,680,054	662,341,210
Short term loan		-	524,242,136
	24.4	<u>1,298,708,742</u>	<u>1,186,583,346</u>
Conventional banks			
Cash finance	24.1	471,402,171	-
Finance against trust receipts	24.2	4,198,005,252	1,697,521,447
Running finance	24.3	1,084,997,731	443,486,994
Demand finance		-	200,000,000
Short term advance		-	100,000,000
	24.4	<u>5,754,405,154</u>	<u>2,441,008,441</u>
		<u>7,053,113,896</u>	<u>3,627,591,787</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- 24.1 Represent working capital facilities availed from various Islamic and conventional banks carrying markup/profit ranging from 1 month KIBOR + 0.25% to 3 month KIBOR 0.25% per annum. (2017: 1 month KIBOR + 0.25% to 6 month KIBOR 0.75% per annum).
- 24.2 Represent working capital facilities availed from various Islamic and conventional banks carrying markup/profit ranging from 1 month KIBOR + 0.20% to 6 month KIBOR 0.25% per annum (2017: 3 month KIBOR + 0.25% to 3 month KIBOR + 0.50% per annum). These facilities are secured by way of Joint Hypothecation charge over present and future current assets of the Company with 25% margin.
- 24.3 Represent working capital facilities availed from various Islamic and conventional banks carrying markup/profit ranging from 1 month KIBOR + 0.20% to 3 month KIBOR + 0.25% per annum (2017: 6 month KIBOR + 0.15% per annum).
- 24.4 As of the balance sheet date, the Company has unutilized facilities for short term borrowings from Islamic and conventional banks amounting to Rs. 564.688 million & Rs. 2,113.573 million (2017: 2,128.725 million & Rs. 3,977.948 million),

### 25. CONTINGENCIES AND COMMITMENTS

#### Contingencies

- 25.1 During the year ended 30 June 2016, the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers' Unit (LTU), Karachi passed an Order dated 31 December 2015 against the Company, concluding that the Company has violated the provisions of Rule 58H of Chapter XI of the Sales Tax Special Procedure Rules, 2007 and raised an alleged demand of Rs.2,013.620 million for the tax periods July 2013 to December 2014. The Company is currently contesting the said Order at the Appellate Tribunal Inland Revenue and have secured interim stay from the High Court of Sindh. The management, based on a legal advice, is confident that the eventual outcome will be in favor of the Company. Accordingly, no provision has been made in these financial statements.
- 25.2 During the year ended 30 June 2016, the DCIR, LTU issued show cause notice dated 13 November 2015 for alleged non-charging of further tax on the supplies made to unregistered persons amounting to Rs.166.934 million for the tax periods July 2013 to June 2015. However, the Company filed a law suit in the Honorable High Court of Sindh which issued an interim order restraining any coercive action to be taken against the Company. The suit is currently pending adjudication. The management, based on a legal advice, is confident that the eventual outcome will be in favor of the Company. Accordingly, no provision has been made in these financial statements.
- 25.3 The Federal Board of Revenue issued Sales Tax General Order (STGO) No.18 of 2016 on 14 March 2017 and STGO No.119/2017 on 18 August 2017, whereby the procedure for payments and claiming adjustments of advance sales tax was amended. Before the STGOs, sales tax was being paid by the Company on the basis of Rules 58(H) of the Sales Tax Special Procedures Rule 2007 of Sales Tax Act, 1990 (the Rules). The Company has challenged both the STGOs before the Honorable High Court of Sindh (the Court) restraining the tax department to calculate the sales tax liability on the basis of the said STGOs and requesting continuation of the procedure of payment and adjustment of advance tax on the basis of the Rules. The Court granted stay against both the said STGOs with the direction that impugned STGOs shall remain suspended and the Company shall be entitled for claiming adjustment of advance sales tax on the basis of the Rules. The financial exposure of the Company up to 30 June 2018 is Rs. 798.91 million. The management, based on a legal advice is confident that the outcome will be in favor of the Company. Accordingly, no provision has been made in these financial statements.

#### Commitments

	2018	2017
	----- (Rupees) -----	
25.4 Outstanding letters of credit – Islamic bank	<u>786,700,463</u>	<u>426,872,382</u>
Outstanding letters of credit – Conventional bank	<u>1,123,816,836</u>	<u>924,394,230</u>
Outstanding letters of guarantee – Islamic bank	<u>34,711,370</u>	<u>34,711,370</u>
Outstanding letters of guarantee – Conventional bank	<u>177,049,094</u>	<u>16,929,086</u>
Capital commitments	<u>112,200,000</u>	<u>434,452,000</u>

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

	2018	2017
	----- (Rupees) -----	
Not later than one year	<u>40,475,868</u>	<u>35,634,476</u>
Later than one year but not later than five years	<u>79,252,297</u>	<u>44,035,169</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

26. SALES – net	Notes	2018	2017
Local		----- (Rupees) -----	
Manufactured stock	26.1	15,448,437,178	12,288,762,617
Trading stock		15,259,297	1,135,027,102
		<u>15,463,696,475</u>	<u>13,423,789,719</u>
Less: sales tax			
Trading stock		2,217,287	164,918,337
Less: trade discounts			
Manufactured stock		351,084	1,828,312
		<u>15,461,128,104</u>	<u>13,257,043,070</u>
Export sales	26.1	39,414,617	26,768,159
		<u>15,500,542,721</u>	<u>13,283,811,229</u>
26.1 Represents shariah compliant revenue.			
27. COST OF SALES			
Manufactured stock	27.1	12,730,753,290	9,887,059,096
Trading stock	27.2	11,381,139	928,564,960
		<u>12,742,134,429</u>	<u>10,815,624,056</u>
27.1 Cost of sales – manufactured goods			
Opening stock – work in progress	11	793,767,325	1,128,669,547
Cost of billets manufactured internally	27.1.1	11,940,535,991	8,195,187,001
Purchases		264,188,264	-
Closing stock – work in progress	11	(1,000,057,191)	(793,767,325)
		<u>11,998,434,389</u>	<u>8,530,089,223</u>
Manufacturing overheads			
Stores and spares consumed		115,380,442	100,852,860
Salaries, wages and other benefits	27.1.2	195,377,910	129,969,520
Cartage and transport		110,299,576	60,773,180
Fuel, power and water		908,399,335	558,813,035
Depreciation	7.1.3	181,365,555	114,412,543
Ijarah rentals		20,672,356	21,561,579
Repairs and maintenance		48,087,757	32,899,492
Insurance		1,623,907	2,075,083
Rent, rates and taxes		1,808,835	3,580,961
Others		33,302,601	5,213,809
		<u>1,616,318,274</u>	<u>1,030,152,062</u>
Cost of goods manufactured		<u>13,614,752,663</u>	<u>9,560,241,285</u>
Cost of bars used for own use		(64,240,379)	(148,131,848)
		<u>13,550,512,284</u>	<u>9,412,109,437</u>
Finished goods			
Opening stock	11	322,210,865	797,160,524
Closing stock	11	(1,141,969,859)	(322,210,865)
		<u>(819,758,994)</u>	<u>474,949,659</u>
		<u>12,730,753,290</u>	<u>9,887,059,096</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 ----- (Rupees) -----	2017
27.1.1	Cost of billets manufactured internally		
	Raw material consumed		
	Opening stock	11	1,544,811,592
	Purchases		995,409,479
			<u>5,624,763,618</u>
	Closing stock	11	<u>11,767,913,301</u>
			<u>(3,926,397,766)</u>
	Manufacturing overheads		<u>7,841,515,535</u>
	Stores and spares consumed		5,075,361,505
	Salaries, wages and other benefits	27.1.1.1	854,730,380
	Depreciation	7.1.3	266,465,653
	Fuel and power		225,267,855
	Ijarah rentals		225,267,855
	Cartage		2,642,807,650
	Repairs and maintenance		18,048,276
	Rent, rates and taxes		34,404,451
	Insurance		11,498,393
	Conveyance and travelling		7,502,559
	Entertainment expenses		1,286,225
	Vehicle running expense		3,757,396
	Others		3,856,016
			<u>22,729,660</u>
			<u>8,543,464</u>
			<u>6,189,800</u>
			<u>3,291,253</u>
			<u>4,099,020,456</u>
			<u>11,940,535,991</u>
			<u>3,119,825,496</u>
			<u>8,195,187,001</u>

27.1.1.1 Include Rs.6.094 million (2017: Rs. 3.381 million) in respect of staff retirement benefits.

27.1.2 Include Rs. 7.396 million (2017: Rs. 3.748 million) in respect of staff retirement benefits.

	Notes	2018 ----- (Rupees) -----	2017
27.2	Cost of sales – trading		
	Opening stock		43,937,561
	Purchases		1,101,672,556
	Closing stock	11	12,403,974
			<u>13,684,475</u>
			<u>(2,090,192)</u>
			<u>54,251,343</u>
	Cost of bars used for own use		<u>1,071,419,470</u>
			<u>(42,870,204)</u>
			<u>11,381,139</u>
			<u>928,564,960</u>

### 28. DISTRIBUTION COSTS

Salaries, allowances and other benefits	28.1	82,884,406	58,467,209
Carriage and transport		134,817,613	153,480,176
Advertisement and sales promotion		99,181,327	66,775,073
Depreciation	7.13	6,222,760	5,462,391
Utilities		4,984,559	5,287,533
Bundling and special order charges		25,932,594	28,954,693
Rent, rates and taxes		3,091,578	4,518,942
Testing charges and others		21,118,201	14,320,534
		<u>378,233,038</u>	<u>337,266,551</u>

28.1 Include Rs. 4.161 million (2017: Rs. 2.242 million) in respect of staff retirement benefits.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 ----- (Rupees) -----	2017 ----- (Rupees) -----
<b>29. ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits	29.1	221,418,476	155,990,179
Depreciation	7.1.3	13,695,132	10,115,388
Amortisation	8	7,268,869	6,534,073
Travelling and conveyance		7,600,951	7,112,107
Legal and professional charges		26,584,603	19,600,796
Provision for doubtful debts	12.1	52,264,698	37,239,451
Provision for doubtful deposits		-	12,750,000
Provision for doubtful advances		-	1,376,102
Vehicles running expenses		8,656,258	7,278,377
Entertainment		5,923,317	6,494,812
Security guard expenses		11,686,749	13,311,883
Insurance		1,929,900	1,379,147
Computer consumables		13,521,925	12,709,959
Rent, rates and taxes		4,703,213	1,857,397
Communication charges		3,020,364	4,260,024
Printing and stationery		6,035,932	6,724,806
Utilities		4,336,923	3,788,845
Auditors' remuneration	29.2	2,314,961	2,175,000
Repairs and maintenance		8,419,335	8,698,752
Ijarah rentals		5,242,785	3,183,378
Others		4,286,115	2,250,336
		<u>408,910,506</u>	<u>324,830,812</u>

29.1 Include Rs. 11.153 million (2017: Rs. 5.803 million) in respect of staff retirement benefits.

	Notes	2018 ----- (Rupees) -----	2017 ----- (Rupees) -----
<b>29.2 Auditors' remuneration</b>			
Audit fee		1,496,250	1,425,000
Review of half yearly financial statements and other certifications		577,500	550,000
Out of pocket expenses		241,211	200,000
		<u>2,314,961</u>	<u>2,175,000</u>

## 30. OTHER EXPENSES

Workers' Profits Participation Fund	22.3	74,969,392	77,819,094
Workers' Welfare Fund		29,987,757	33,249,656
Donations	30.1	18,096,812	5,482,176
		<u>123,053,961</u>	<u>116,550,926</u>

30.1 Donations of amounts greater than Rs. 500,000 have been paid to the following parties:

	Notes	2018 ----- (Rupees) -----	2017 ----- (Rupees) -----
Rizq Foundation		3,000,000	-
Sina Health ,Education and Welfare		3,000,000	-
The Citizen Foundation		2,400,000	2,000,000
Khana Ghar		1,283,985	-
Lady Dufferin Hospital		1,149,710	-
Quality Schools Foundation		1,000,000	-
IDA RIEU Welfare Association School		1,000,000	-
DHA Orphanage		743,115	-
United Global Organization of Development		500,000	-
The Hunar Foundation- a related party		825,000	-
Professional Education Foundation		-	500,000
		<u>14,901,810</u>	<u>2,500,000</u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018	2017	
			(Rupees)	
<b>31. OTHER INCOME</b>				
Income from financial assets				
Islamic banks				
- Profit on saving accounts		80,456	266,636	
- Profit on TDRs		836,553	5,158,608	
		<u>917,009</u>	<u>5,425,244</u>	
Conventional banks				
- Profit on saving accounts		345,514	264,056	
- Profit on TDRs		181,781	46,300	
		<u>527,295</u>	<u>310,356</u>	
Income from non-financial assets				
Gain on disposal of property, plant and equipment		1,817,514	40,860	
Liabilities no longer payable – written back		17,810,970	-	
Scrap sales		1,470,221	-	
		<u>21,098,705</u>	<u>1,622,125</u>	
		<u>22,543,009</u>	<u>7,357,725</u>	1,581,265
<b>32. FINANCE COSTS</b>				
Markup / interest				
Islamic banks				
Long-term financing		13,478,376	26,594,241	
Short-term borrowings		60,243,882	14,540,163	
Murabaha		71,146,538	42,160,567	
		<u>144,868,796</u>	<u>83,294,971</u>	
Conventional banks				
Long-term financing		55,658,289	38,994,890	
Short-term borrowings		260,540,582	118,011,864	
Murabaha		-	-	
		<u>316,198,871</u>	<u>157,006,754</u>	
		<u>461,067,667</u>	<u>240,301,725</u>	
Markup on Worker's Profit Participation Fund	22.3	7,291,543	5,834,878	
Bank charges		7,963,901	5,446,872	
		<u>476,323,111</u>	<u>251,583,475</u>	
<b>33. TAXATION</b>				
Current				
- for the year	33.1	-	395,288,330	
- for prior years		(48,184,964)	-	
		<u>(48,184,964)</u>	<u>395,288,330</u>	
Deferred		(142,621,012)	(24,027,900)	
		<u>(190,805,976)</u>	<u>371,260,430</u>	
33.1	Provision for current taxation has been made on the basis of Alternate Corporate Tax (ACT) Section 113C of the Income Tax Ordinance, 2001 (the Ordinance). Accordingly, tax expense reconciliation with accounting profit is not presented. During the year, due to balancing, modernization and replacement (BMR) of plant and machinery, the Company has availed tax credit under section 65B of the Ordinance for the year, therefore, no numerical tax reconciliation is prepared. However, the tax credit worked out was higher than the ACT u/s 113C of the Ordinance. Hence, tax charge for the current year is Nil and remaining tax credit is carried forward u/s 65B(5).			
33.2	The return of income for the tax year 2017 has been filed by the Company. The said return, as per the provisions of Section 120 of the Ordinance has been deemed to be an assessment order passed by the Commissioner of Inland Revenue.			

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- 33.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analysed as follows:

Tax year	Provision for taxation as per accounts (note 33.4)	Tax assessed as per return	Excess / (under) (33.5)
	----- (Rupees) -----		
2017	395,288,330	300,921,084	94,367,246
2016	262,396,494	207,288,183	55,108,311
2015	188,487,002	188,487,002	-

- 33.4 Provision for taxation as per accounts is the aggregate of current tax expense and prior tax expense recorded in subsequent period.
- 33.5 The excess mainly represents provision for super tax recorded in the financial statements in previous years but not paid as the Company has challenged the said levy in Honorable High Court of Sindh.

### 34. BASIC AND DILUTED EARNINGS PER SHARE

	2018	2017
	----- (Rupees) -----	
Net profit for the year	<u>1,585,236,661</u>	<u>1,074,052,704</u>
	Number of shares	
Weighted average number of ordinary shares of Rs. 10/- each	<u>297,011,427</u>	<u>297,011,427</u>
	----- (Rupees) -----	
Basic and diluted earnings per share	<u>5.34</u>	<u>3.62</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2018			
	Chief Executive	Managing Director*	Executives	Total
	----- (Rupees) -----			
Managerial remuneration	9,836,806	477,500	63,310,348	73,624,654
Housing allowance	4,426,563	214,876	28,331,574	32,973,013
Utilities & conveyance	4,305,789	113,874	27,333,814	31,753,477
Medical	983,681	47,750	6,368,010	7,399,441
Bonus	-	-	11,915,186	11,915,186
Others	-	-	17,203,856	17,203,856
	19,552,839	854,000	154,462,788	174,869,627
Number	1	1	30	32

	2017			
	Chief Executive	Managing Director*	Executives	Total
	----- (Rupees) -----			
Managerial remuneration	4,626,000	2,865,000	45,130,455	52,621,455
Housing allowance	2,081,700	1,289,250	20,239,538	23,610,488
Utilities & conveyance	1,229,700	683,250	17,608,012	19,520,962
Medical	462,600	286,500	4,579,527	5,328,627
Bonus	-	-	2,144,952	2,144,952
Others	718,797	722,340	18,040,719	19,481,856
	9,118,797	5,846,340	107,743,203	122,708,340
Number	1	1	28	30

- 35.1 The Chief Executive and the Chairman are provided with free use of Company maintained cars and club memberships with certain reimbursements pertaining to business purposes in accordance with their entitlements. Certain executives are also provided with company maintained cars as per entitlement.
- 35.2 The aggregate amount paid to the six Non-Executive Directors (2017: five Non-Executive Directors) as a fee for attending the meetings is Rs. 2.1 million (2017: Rs. 1.45) million.
- 35.3 Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.

\* Represents salary of the Executive Director (Mr. Shayan Akberali) for the period from 01 July 2017 till 25 August 2017, who was then appointed as the Chief Executive Officer of the Company with effect from 26 August 2017.

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

#### 36.1 Market risk

##### 36.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company mitigates its risk against exposure by maintaining adequate bank balances. The Company interest rate risk arises from long-term financing, short-term borrowings, murabaha carrying floating rates. Change in benchmark interest rate by 1% may have a positive or negative impact of approximately Rs. 113.785 (2017: Rs. 51.871) million in statement of profit or loss before taxation. The analysis is made based on the assumption that all other variables remain constant.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 36.1.2 Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist as a result of transactions with foreign undertakings. As of the balance sheet date, the Company is not exposed to any such risk.

### 36.1.3 Commodity risk

The Company purchases scrap on an ongoing basis, as its operating activities require a continuous supply of raw material for the production. The Company has not hedged itself from the variation in commodity prices through any forward contract and purchase commitments but the management negotiates the price with the suppliers as part of its risk management policy.

### 36.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	2018	2017
	----- (Rupees) -----	
Investments	15,289,370	15,289,370
Trade debts	1,787,703,846	1,455,202,310
Loans	5,280,280	4,308,925
Trade deposits	-	950,789
Other receivables	206,839	1,514,569
Bank balances	114,411,815	62,181,799
	<u>1,922,892,150</u>	<u>1,539,447,762</u>

#### 36.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as shown below:

	2018	2017
	----- (Rupees) -----	
Trade debts		
Customers with no defaults in the past one year	<u>1,524,479,672</u>	<u>575,721,182</u>
Bank balances		
Ratings		
A1+	88,200,471	30,478,166
A-1+	-	16,146,528
A1	15,881,908	9,308,534
A-1	10,328,844	5,880,244
A-2	592	368,327
	<u>114,411,815</u>	<u>62,181,799</u>
Investments		
Ratings		
A-1+	1,000,000	-
A1	14,289,370	-
AAA	-	1,000,000
A+	-	14,289,370
	<u>15,289,370</u>	<u>15,289,370</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 36.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. To guard against the risk, the Company has diversified funding sources and the assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

Table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

2018	On Demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	----- (Rupees) -----				
Long-term financing	-	65,900,651	709,344,473	2,204,388,750	2,979,633,874
Trade and other payables	-	1,207,729,891	1,006,941,562	-	2,214,671,453
Accrued mark-up	-	115,266,647	20,382,052	-	135,648,699
Short-term borrowings	-	2,712,912,351	4,340,201,545	-	7,053,113,896
	-	<u>4,101,809,540</u>	<u>6,076,869,632</u>	<u>2,204,388,750</u>	<u>12,383,067,922</u>
2017	On Demand	Less than 3 months	3 to 12 months	1 to 5 Years	Total
	----- (Rupees) -----				
Long-term financing	-	38,669,804	271,564,968	712,069,453	1,022,304,225
Trade and other payables	-	935,501,683	-	-	935,501,683
Accrued mark-up	-	48,932,340	7,433,160	-	56,365,500
Short-term borrowings	-	3,348,413,238	279,178,549	-	3,627,591,787
	-	<u>4,371,517,065</u>	<u>558,176,677</u>	<u>712,069,453</u>	<u>5,641,763,195</u>

### 36.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares.

Gearing ratio	2018	2017
	----- (Rupees) -----	
Long-term financing	2,979,633,874	1,022,304,225
Trade and other payables	2,428,873,755	1,116,784,213
Accrued mark-up	135,648,699	56,365,500
Short-term borrowings	<u>7,053,113,896</u>	<u>3,627,591,787</u>
Total debt	12,597,270,224	5,823,045,725
Cash and cash equivalents	(131,073,813)	(69,558,113)
Net debt	<u>12,466,196,411</u>	<u>5,753,487,612</u>
Share capital	2,970,114,270	2,970,114,270
Reserves	7,475,596,933	6,420,623,118
Surplus on revaluation of property, plant and equipment	<u>2,434,441,250</u>	<u>1,755,014,996</u>
Total equity	12,880,152,453	11,145,752,384
Equity and net debt	<u>25,346,348,864</u>	<u>16,899,239,996</u>
Gearing ratio	<u>49%</u>	<u>34%</u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 36.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms-length transaction other than in a forced or liquidation sale. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

## 37. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, directors and key management personnel. Transactions and balances with related parties are disclosed in respective notes to the financial statements.

### 37.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place

S.No	Company Name	Basis of association	Aggregate % of shareholding
1	Paramount Steel Industries (Private) Limited	Associate (common directorship)	-
2	Shershah Industries (Private) Limited	Associate (common directorship)	-

### 37.1.1 None of the key management personnel had any arrangements with the Company other than the employment contract.

	2018	2017
	----- (Metric Ton) -----	

## 38. PLANT CAPACITY AND ACTUAL PRODUCTION

### 38.1 Billets

Plant capacity – estimated	400,000	200,000
Available capacity	366,667	200,000
Actual production	186,471	163,778

### 38.1.1 The production capacity of Billets at Dhabeji steel melt shop was enhanced on 26 August 2017, however, it remained unutilized as production capacity of Bars was increased from 30 April 2018.

### 38.2 Bars

Plant capacity – estimated	605,000	180,000
Available capacity	250,833	180,000
Actual production	182,741	158,206

### 38.2.1 Actual production is less than available capacity as Dhabeji rolling mill was operational for only 02 months during the year after its commencement of operations on 30 April 2018.

## 39. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2018		2017	
	----- (Number) -----			
	Total	Factory	Total	Factory
Total number of employees as at June 30	<u>815</u>	<u>618</u>	<u>407</u>	<u>232</u>
Average number of employees during the year	813	616	398	228

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 11 September 2018 by the Board of Directors of the Company.

### 41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

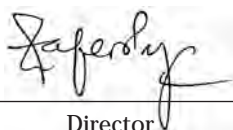
- 41.1 Subsequent to the year ended 30 June 2018, the Board of Directors in its meeting held on 11 September 2018 has proposed final cash dividend @ Rs. 2.2/- per share amounting to Rs. 653.425 million (2017: Rs. 2/- per share amounting to Rs. 594.023 million) for approval of the members at the Annual General Meeting.

### 42. GENERAL

- 42.1 Corresponding figures have been reclassified / rearranged, wherever necessary.
- 42.2 Figures have been rounded off to the nearest Rupee, unless otherwise stated.



Chief Executive



Director



Chief Financial Officer

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 11 September 2018 by the Board of Directors of the Company.

### 41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

- 41.1** Subsequent to the year ended 30 June 2018, the Board of Directors in its meeting held on 11 September 2018 has proposed final cash dividend @ Rs. 2.2/- per share amounting to Rs. 653.425 million (2017: Rs. 2/- per share amounting to Rs. 594.023 million) for approval of the members at the Annual General Meeting.

### 42. GENERAL

- 42.1** Corresponding figures have been reclassified / rearranged, wherever necessary.

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



Chief Executive



Director



Chief Financial Officer

# STANDARD REQUEST FORM FOR TRANSMISSION OF ANNUAL AUDITED ACCOUNTS AND NOTICE OF ANNUAL GENERAL MEETINGS

The Company Secretary  
Amreli Steels Limited  
A-18, S.I.T.E.  
Karachi, Pakistan

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(I)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 whereby the companies are allowed to circulate their Annual Audited Accounts (i.e. Annual Balance Sheet, Profit and Loss Account, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's and Director's Report) alongwith Notice of the Annual General Meetings to its members either through email at their registered e-mail address "OR" hard copy at their registered mailing addresses.

Shareholders who wish to receive the Annual Audited Accounts alongwith Notice of the Annual General Meetings through e-mail or hardcopy shall have to fill the below details and send the duly filled form to the Company Secretary at the Company's Registered Office.

I/We, being member(s) of Amreli Steels Limited, desires and hereby consent either for Option-1 "or" Option-2 to receive the Annual Audited Accounts alongwith Notice of the Annual General Meeting(s) of Amreli Steels Limited either through e-mail or hardcopy, in pursuance of the aforesaid two SROs.

## OPTION 1 – VIA EMAIL

Name of the Member: \_\_\_\_\_

CNIC No./ Passport No.: \_\_\_\_\_

Folio / CDC Participant ID/ Sub Investor Account Number: \_\_\_\_\_

Valid Email Address: \_\_\_\_\_

(to receive Annual Audited Accounts and Notice of General Meeting(s) through email instead of hard copy/CD/DVD/USB)

## OPTION 2 – HARD COPY

Name of the Member: \_\_\_\_\_

CNIC No./ Passport No.: \_\_\_\_\_

Folio / CDC Participant ID/ Sub Investor Account Number: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

(to receive Annual Audited Accounts and Notice of General Meeting(s) through hard copy instead of email/CD/DVD/USB)

I/We hereby confirm that the above mentioned information is correct and in case of any change therein, I/we, undertake to immediately intimate to the Company through revised Request Form.

\_\_\_\_\_  
Member's Signature

Date: \_\_\_\_\_

The Company Secretary

**Amreli Steels Limited**

A-18, S.I.T.E, Karachi, Pakistan

UAN: 111-267-354

Fax: + 92-21-32587240, 38798328

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

**AFFIX  
CORRECT  
POSTAGE**

# E-DIVIDEND MANDATE FORM

## MANDATORY CREDIT OF DIVIDEND INTO BANK ACCOUNT

To: \_\_\_\_\_

Date: \_\_\_\_\_

Dear Sir/Madam,

The undersigned being member of AMRELI STEELS LIMITED (the Company), hereby authorize the Company that all my cash dividend amounts declared by the Company, from time to time, be credited into the bank account as per following details:

### (I) SHAREHOLDER'S DETAILS

Name of the shareholder	
Folio No. / CDC Participants ID & Sub Acc. No./CDC IAS Account	
CNIC/NICOP No. (Please attach copy)	
Passport No.[in case of Foreign Shareholder] (Please attach copy)	
Landline Phone No.	
Cellphone No.	
Email Address.	

### (II) SHAREHOLDER'S BANK DETAILS

Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
International Bank Account Number (IBAN) (24 digit)	

It is stated that the above mentioned information is correct that I will intimate the change in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

\_\_\_\_\_  
Signature of the member/shareholder  
(Please affix company stamp in case of corporate entity)

#### Note:

1. Please provide complete IBAN after consultation with your bank branch. In case of any error or omission in given IBAN, the Company will not be held responsible in any manner for any loss or delay in your cash dividend payment.
2. In case of physical shares, a duly filled-in e-Dividend Mandate Form shall be submitted with the Company's Share Registrar. While for shares held in CDC, E-Dividend Mandate Form shall be submitted directly to member's broker/participant/CDC as required by the Central Depository Company of Pakistan Limited vide its Circular No. 16 of 2017 issued on August 31, 2017.





The Company Secretary

**Amreli Steels Limited**

A-18, S.I.T.E, Karachi, Pakistan

UAN: 111-267-354

Fax: + 92-21-32587240, 38798328

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

**AFFIX  
CORRECT  
POSTAGE**

# PROXY FORM

The Company Secretary  
Amreli Steels Limited  
A-18, S.I.T.E, Karachi

I/We, \_\_\_\_\_ of \_\_\_\_\_, being member(s) of **Amreli Steels Limited** (the Company), holding \_\_\_\_\_ ordinary shares as per Registered Folio No. / CDC Participant I.D No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to attend, act and vote on my / our behalf at the 34th Annual General Meeting of the Company to be held on Wednesday, October 23, 2018 at 05:00 am at the Auditorium Hall of the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

\_\_\_\_\_  
Signature of Shareholder

Affix  
Revenue Stamp

## WITNESS - 01

Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Address : \_\_\_\_\_

CNIC/Passport No. \_\_\_\_\_

## WITNESS - 02

Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Address : \_\_\_\_\_

CNIC/Passport No. \_\_\_\_\_

### Note:

1. The proxy form, duly completed and signed, must be received at the Registered Office of the Company, A-18, S.I.T.E. Karachi, not less than 48 hours before the time of holding the meeting.
2. All members are entitled to attend and vote at the Meeting.
3. If a member appoints more than one proxy for the annual general meeting and more than one instruments of proxy are deposited by the member with the Company, all such instruments of proxy shall be rendered invalid.
4. Members are requested to notify any changes in their address immediately.

The Company Secretary

**Amreli Steels Limited**

A-18, S.I.T.E, Karachi, Pakistan

UAN: 111-267-354

Fax: + 92-21-32587240, 38798328

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

**AFFIX  
CORRECT  
POSTAGE**

کمپنی سیکریٹری  
امرلی اسٹیلز لمیٹڈ  
A-18، سائٹ، کراچی۔

میں / ہم \_\_\_\_\_ ساکن / ساکنان \_\_\_\_\_ بطور ممبر  
(ممبران) امرلی اسٹیلز لمیٹڈ حامل / حاملین \_\_\_\_\_ عام حصص بحوالہ فوئیو نمبر / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ اور ذیلی  
اکاؤنٹ نمبر \_\_\_\_\_ بذریعہ ہذا جناب / محترمہ \_\_\_\_\_ ساکن / ساکنان  
کو اپنا / ہمارا پراکسی مقرر کرتا / کرتی ہوں / کرتے ہیں تاکہ وہ میری / ہماری جانب سے کمپنی کے 34 ویں سالانہ  
اجلاس عام مورخہ 23 اکتوبر 2018ء شام 5 بجے بمقام آڈیٹوریم ہال انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، چارٹرڈ اکاؤنٹنٹس ایونیو، کلغٹن، کراچی میں شرکت کرے اور حق  
رائے دہی استعمال کرے، یا مذکورہ اجلاس منسوخ ہونے کی صورت میں اس کی جگہ ہونے والے دیگر اجلاس میں شریک ہو۔

دستخط شدہ بروز \_\_\_\_\_ مورخہ \_\_\_\_\_ 2018

ریونیومبر یہاں چسپاں کریں

دستخط حامل / حاملین حصص

گواہ نمبر 2

دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
قومی شناختی کارڈ / پاسپورٹ نمبر: \_\_\_\_\_

گواہ نمبر 1

دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
قومی شناختی کارڈ / پاسپورٹ نمبر: \_\_\_\_\_

اہم نکات:

- 1۔ باقاعدہ پرشدہ اور دستخط شدہ پراکسی فارم کمپنی کے رجسٹرڈ دفتر A-18 سائٹ کراچی میں اجلاس عام منعقد ہونے سے کم از کم 48 گھنٹے قبل موصول ہونا لازمی ہے۔
- 2۔ تمام ممبران اجلاس میں شرکت کرنے اور ووٹ ڈالنے کا استحقاق رکھتے ہیں۔
- 3۔ اگر کسی ممبر کی جانب سے سالانہ اجلاس عام میں شرکت کیلئے ایک سے زائد پراکسی کا انتخاب کیا جاتا ہے اور اس سلسلے میں ایک سے زائد پراکسی فارم کمپنی کے پاس جمع کروائے جاتے ہیں تو ایسے تمام پراکسی فارمز مسترد کر دیئے جائیں گے۔
- 4۔ اگر ممبران کے پتے میں کسی بھی قسم کی کوئی تبدیلی واقع ہوئی ہے تو اس سے فوری طور پر مطلع کریں۔

کمپنی سیکرٹری  
امرلی اسٹیل ملز لمیٹڈ  
A-18، سائٹ کراچی



## 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.



جما پنجنی





**Be aware, Be alert,  
Be safe**

Learn about investing at  
[www.jamapunjipk](http://www.jamapunjipk)

**Key Features:**

- ☑️ Investment calculator
- ☑️ Risk/Return
- ☑️ Investment history
- ☑️ Taxation calculator
- ☑️ Company information
- ☑️ Investment performance analysis
- ☑️ Portfolio management
- ☑️ Online support

- ☑️ Investment portfolio
- ☑️ Risk/Return
- ☑️ Risk/Return
- ☑️ Risk/Return
- ☑️ Risk/Return
- ☑️ Risk/Return
- ☑️ Risk/Return
- ☑️ Risk/Return



Jama Punji App

Investment Portfolio

Risk/Return

## GLOSSARY OF TERMS

AGM	Annual General Meeting
ASL	Amreli Steels Limited
BCP	Business Continuity Planning
BOD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPIs	Critical Performance Indicators
CSR	Corporate Social Responsibility
DPS	Dividend per Share
EBITDA	Earnings before Interest, Tax, Depreciation, and Amortization
EPS	Earnings per Share
ERP	Enterprise Resource Planning
FBR	Federal Board of Revenue
GDP	Gross Domestic Product
GIDC	Gas Infrastructure Development Cess
GOP	Government of Pakistan
GST	General Sales Tax
HRS	Human Resource Steering Committee
HSE	Health Safety & Environment
ICAP	Institute of Chartered Accountants Pakistan
IMF	International Monetary Fund
ISO	International Organization for Standardization
IT	Information Technology
KIBOR	Karachi Inter Bank Offer Rate
MMBTU	Million British Thermal Units
OHS	Occupational Health & Safety
OHSAS	Occupational Health & Safety Advisory Services
PICG	Pakistan Institute of Corporate Governance
PSMA	Pakistan Steel Melters Association
PSQCA	Pakistan Standards & Quality Control Authority
PSX	Pakistan Stock Exchange Limited
R&D	Research & Development
ROE	Return On Equity
SAP	Systems, Applications and Products
SECP	Securities and Exchange Commission of Pakistan
SMS	Steel Melt Shop
DRM	Dhabeji Rolling Mill
SWOT	Strength, Weakness, Opportunity, Threat
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund



**AMRELI STEELS**  
Building for Life

A-18, S.I.T.E, Karachi, Pakistan

UAN: 111-267-354

Email: [investor-relations@amrelisteels.com](mailto:investor-relations@amrelisteels.com)

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