



AMRELI STEELS
Building for Life

Revolutionizing the Art of Steel Making in Pakistan

Annual Report 2019

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Corporate Information

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The background image is a photograph of a steel mill. It shows a large, dark industrial structure with various levels and walkways. In the foreground, there is a large, bright orange and yellow flame or fire, likely from a furnace or a welding process. The scene is dimly lit, with the primary light source being the intense heat of the fire. A large, semi-transparent yellow rectangle is overlaid on the left side of the image, containing the text for the Vision and Mission statements. The text is in a dark, sans-serif font. The overall tone of the image is industrial and powerful.

Vision

We are committed to setup integrated steel manufacturing facilities, value-added services and other diversified businesses with the employment of 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.

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 well-being of shareholders and employees.

Company Profile

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 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 rebars per year.

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.

With the announcement of successful commissioning and commencement of commercial operations of the New Rolling Mill at Dhabeji, Sindh during last year, the rebar production capacity of the Company has increased to 605,000 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, the Company 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 the Company to become and remain the largest selling brand of steel rebars in Pakistan.



Company Information

BOARD OF DIRECTORS

Mr. Abbas Akberali
Chairman, Non Executive Director

Mr. Shayan Akberali
Chief Executive Officer

Mr. Badar Kazmi
Independent Director

Mr. Zafar Ahmed Taji
Independent Director

Mr. Teizoon Kisat
Independent Director

Ms. Kinza Shayan
Non-Executive Director

Ms. Mariam Akberali
Non-Executive Director

AUDIT COMMITTEE

Mr. Teizoon Kisat
Chairman

Mr. Badar Kazmi
Member

Mr. Zafar Ahmed Taji
Member

Ms. Kinza Shayan
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Zafar Ahmed Taji
Chairman

Mr. Teizoon Kisat
Member

Mr. Shayan Akberali
Member

Ms. Mariam Akberali
Member

Mr. Fazal Ahmed
Chief Operating Officer (Operations) & CFO

Mr. Hadi Akberali
Chief Operating Officer (Strategy)

Mr. Adnan Abdul Ghffar
Company Secretary

Mr. Fraz Ahmed
Head of Internal Audit

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*

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

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

LEGAL ADVISOR

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

CORPORATE ADVISOR

*Moore Shekha Mufti
C-253, P.E.C.H.S, Block -6,
Off Shahrah-e-Faisal, Karachi,
Pakistan
Tel: 021-34374811-15*

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*

REGISTERED OFFICE

*A-18, S.I.T.E, Karachi, Pakistan
UAN: 021-111-(AMRELI) 267354
Fax: 021-32587240, 38798328*

E-MAIL

investor-relations@amrelisteels.com

SHERSHAH ROLLING MILL (SRM)

*D-89, Shershah Road,
Karachi, Pakistan*

STEEL MELT SHOP (SMS) & DHABEJI ROLLING MILL (DRM)

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

SYMBOL AT PAKISTAN STOCK EXCHANGE LIMITED

ASTL

WEBSITE INFORMATION

www.amrelisteels.com

Product Portfolio

Being the pioneer in Pakistani Steel Market not just in terms of technology but also market practices, Amreli Steels introduced the concept of Product brands for the first time in Pakistan in 2018. The objective of this initiative was to distinguish our different products in a consumer-relevant way and to facilitate the end-user, who is in most cases a first time purchaser, in making the right decision.

These product brands followed the "Branded House" convention and their identities are closely linked to our Corporate Brand "Amreli Steels"

Following are the identities that have been developed along with their features:

1. Amreli Steels Maxima

- Based on ASTM 615 - standard specification for deformed and plain carbon steel bars for concrete reinforcement
- Ideal for any type of construction – Residential, commercial, mega, infrastructure projects
- Yield Strength 60,000 PSI
- Ultimate Tensile Strength 90,000 PSI
- Earthquake Resistant in select seismic zones*
- Value for Money due to Uniform Gauge
- Manufactured from billet purposely built for construction reinforcement

2. Amreli Steels Xtreme

- Based on BS 4449 - steel for the reinforcement of concrete – weldable reinforcing steel – bar, coil and decoiled product
- The strongest rebar available in the market
- Ideal for Hi-rise buildings
- Yield Strength: 72,500 PSI
- Upto 15% consumption saving as compared to G-60 ASTM 615
- Safely Weldable
- Earthquake Resistant in select seismic zones*
- Value for Money due to Uniform Gauge
- Manufactured from billet purposely built for construction reinforcement

3. Amreli Steels Ultima

- Based on ASTM 706 – standard specification for deformed and plain low alloy steel bars for concrete reinforcement
- Earthquake Resistant in all seismic zones
- Yield Strength 60,000 PSI
- Ultimate Tensile Strength 80,000 PSI
- Tensile Strength to Yield Strength Ratio > 1.25
- Manufactured from billet purposely built for construction reinforcement
- Value for Money due to Uniform Gauge
- Ideal for Residential and Commercial projects especially in high seismic activity zones

Besides these product brands, Amreli Steels is now capable of delivering customized rebar solutions never before seen in our market thanks to its State-of-the-art plant based on European 5th Generation Red Ring Technology for Rolling Mill, the first of its kind in Pakistan.

Amreli Steels can offer:

1. Rebars conforming to international standard for reinforcement bar
2. Rebars with Rib patterns as per international standard
3. Cut-to-length as per requirement from 6 meters to 16 meters in length
4. Tensile strength to Yield strength ratio of 1.25 ratio in bar
5. 8 mm deformed rebars in ASTM 615, ASTM 706 and BS 4449 in Pakistan



Management Objectives & Development Strategy

The objectives and development of the Company 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, up gradation of existing facilities and installation of new facilities. The key objective of the Company'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.

The Company 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. The Company's 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



1. 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 a 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.



2. 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.



3. Badar Kazmi *Independent Director*

Mr. Badar Kazmi brings an experience spanning over 34 years 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 as the CEO of SCB Pakistan, a position he held till late 2010. In recognition for his services to banking in Pakistan, Mr. Kazmi was awarded the 'Sitara-e-Imtiaz' by the President of Pakistan.

4. 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 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.



5. Teizoon Kijat *Independent Director*

Mr. Teizoon Kijat 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. Kijat possesses strong business and leadership record and has a deep understanding of business and financial sector 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. Kijat was also recognized amongst the 100 best performing Chief Executives of Pakistan.



6. 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.



7. 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.



Composition of the Board & Representation of Female Directors

In line with the requirements of the Code of Corporate Governance (CCG), the Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board.

The current composition of the Board is as follows:

Total number of Directors:

- a) Male : 05
- b) Female : 02

Composition:

- a) Number of Independent Directors : 03
- b) Number Non-executive Directors : 03
- c) Number of Executive Director : 01

The present Board of Amreli Steels Limited comprises a well-balanced mix of independent, non-executive and executive directors. The Chairman of the Board is non-executive director. The positions of the Chairman and the Chief Executive are held by separate individuals with clearly defined roles and responsibilities.

The Audit Committee and Human Resource and Remuneration Committee of the Board were established as required under CCG. Both the Committees have independent director as the Chairman of the Committees and these committees are mainly composed of independent and non-executive directors.

Female Directors

The Company is committed in promoting gender diversity in the workplace and provides equal opportunities for all, based on merit and suitability. The Company's Code of Conduct and core values (Passion for People; Integrity and Responsibility) clearly inculcate these principles and are followed by everyone associated with the Company.

At Amreli, the Board and management is committed towards championing growing demand of gender diversity at Board level and within workforce culture. Currently, there are two Female Non-Executive Directors (Ms. Kinza Shayan and Ms. Mariam Akberali) representing 28% of the composition of the Board.

The management encourages females to be part of Company and provides healthy environment to all of its employees.

Committees to the Board of Directors

AUDIT COMMITTEE

Composition	Meetings Held					Meetings Attended
	11-Sep-18	26-Oct-18	21-Dec-18	21-Feb-19	27-Apr-19	
Mr. Teizoon Kijat <i>Chairman</i>	✓	✓	✓	✓	✓	5/5
Mr. Badar Kazmi <i>Member</i>	✓	—	—	—	—	1/5
Mr. Zafar Ahmed Taji <i>Member</i>	N/A*	✓	✓	✓	—	3/4
Ms. Kinza Shayan <i>Member</i>	✓	—	✓	✓	✓	4/5

* Mr, Zafar Ahmed Taji added as member to Board's Audit Committee with effect from 16 October 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 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 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 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 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	Meetings Held		Meetings Attended
	25-Sep-2018	8-Jan-2019	
Mr. Zafar Ahmed Taji <i>Chairman</i>	✓	✓	2/2
Mr. Teizoon Kisat <i>Member</i>	✓	✓	2/2
Mr. Shayan Akberali <i>Member</i>	✓	✓	2/2
Ms. Mariam Akberali <i>Member</i>	—	—	0/2

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"> Analysing Demand and Supply Analysing movement in global and local scrap prices Analysing change in exchange rates 	As and when required	Shayan Akberali Anwar Kamal Fazal Ahmed	CEO Director Sales COO (Operations) & CFO
Human Resource Steering Committee	<ol style="list-style-type: none"> Oversee the Company's compensation and benefits policies generally Evaluate employee's performance and review the Company's management succession plan Hiring and disciplinary action policies Assessing departments needs of human resource Evaluating overall / function wise organogram of the Company 	Monthly	Shayan Akberali Hadi Akberali Asif Zahoor Zoeb Salemwala Noman Sajjad Fazal Ahmed	CEO COO – Strategy Head of HR Head of Corporate Affairs Group Head of Plants & Production COO (Operations) & CFO
Scrap Planning Committee	<ol style="list-style-type: none"> Obtaining sale forecast Production planning maintaining optimum inventory level Scrap procurement planning 	Monthly	Shayan Akberali Anwar Kamal Noman Sajjad Ansar Rizvi Rehman Rao Taha Umer Fazal Ahmed	CEO Director Sales Group Head of Plants & Production Head of SITE Rolling Mill Manager - Commercial Financial Controller COO (Operations) & CFO
SAP Committee	<ol style="list-style-type: none"> Design and implementation of SAP for new projects Discuss issues faced and their solutions Discuss possibilities of induction of new modules 	Monthly	Hadi Akberali Javed Asghar Fazal Ahmed Noman Sajjad Zoeb Salemwala	COO – Strategy Chief Information Officer COO (Operations) & CFO Group Head of Plants & Production Head of Corporate Affairs
IT Steering Committee	<ol style="list-style-type: none"> Prioritization of IT-enabled investment Monitoring service levels of improvement Monitoring IT service delivery Monitoring projects 	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

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 & 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 maximize 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.

Corporate Social Responsibility

Empowering Communities

Amreli Steels is committed to contributing to the communities it operates in. In accordance with the scope of its CSR policy, Amreli Steels actively supports several established NGOs through donations and funding. The management has also undertaken several independent initiatives with the specific aim of emowereing people and lifting them out of poverty. Our efforts are focused in the areas of education, healthcare and the environment.

EDUCATION

Women's Community Centre

The Women's Community Centre was established by Amreli Steels in Dhabeji to empower women through vocational training. Each quarter a class of 50 female students is trained in cutting and stitching. At the end of the 3-month course the students' needs are assessed and personal sewing machines are given to the neediest students. The students also receive a certificate from the community centre. The centre is seen as a safe place for women to congregate, learn and socialize, in the Dhabeji area.

In response to popular demand, Amreli Steel has also sponsored 2 women from the Dhabeji area for training in Beauty Therapy at The Hunar Foundation. The women will be conducting Beauty Therapy classes at the Community Centre.



The Hunar Foundation

Amreli Steels' Chairman, Mr. Abbas Akberali, is one of the founding members and trustees of The Hunar Foundation (THF). THF has grown exponentially since 2008 thanks to its focus on highly technical skills and state-of-the-art learning. Amreli Steels continues to support THF annually through funding.

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 education for almost 200 underprivileged students every year. Amreli Steels covers the operational expenses of the campus. During the reporting period, the organisation installed solar panels at the TCF Akberali Campus in Achar Salar thereby reducing the school's carbon footprint and decreasing demand for fossil fuels.

COMMUNITY

Khana Ghar

Khana Ghar provides meals at an affordable price to the needy. Parveen Saeed, who was dubbed as the 3 Rupee lady by the 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 two 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.

Sirat-ul-Jannah Orphanage

The Sirat-ul-Jannah orphanage is a network of orphanages operating in Karachi, Islamabad, Murree 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.

Blood Drive

During the reporting period, Amreli Steels hosted two blood drives for non-profits Indus Hospital and Afzaal Memorial Thalassemia Foundation. Successful blood drives were conducted for both organisations at the head office in Karachi and at the plant at Dhabeji. The drives were preceded by employee awareness sessions on the importance of donating blood and employees participated enthusiastically in both blood drives

Free Eye Camp

In June 2019, Amreli Steels and LRBT joined hands to hold a free eye camp at Haddi Mill in Dhabeji. The camp was organized as part of Amreli Steels’ CSR activities and was open to everyone in the local community. LRBT’s team prescribed glasses, contact lenses, glass eyes and surgeries free of cost. Amreli Steels’ employees played an active role in organizing the outdoor camp where over 200 people were examined, many receiving treatment on the spot. Those that required more extensive care were transported by Amreli Steels to LRBT in Karachi for treatment. LRBT is a non-profit organization that provides free eye care to the poor.



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:

- Conduct a business impact analysis to identify time-sensitive or critical business functions and processes and the resources that support them.
- Identify, document, and execute to recover critical business functions and processes.
- Organize a business continuity team and compile a business continuity plan to manage the business disruption promptly.
- 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 those 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.

Marketing Events

S. No.	Name of the Event	Date
1	Independence Day Hologram and Fireworks Show	14 August 2018
2	Dhabeji Retailers Plant Tour	26 October 2018
3	8 x Retailer Engagement Events	Karachi: 25 November, 2 December, 9 December (2018) Hyderabad: 14 December & 28 December (2018) Mirpurkhas: 21 December 2018 Sukkur: 4 January 2019 Quetta: 11 January 2019
4	ADA Awards 2019	19 January 2019
5	“Empower and Evolve” Inner Wheel Club	19 January 2019
6	The Citizen's Archive of Pakistan Family Carnival 2019	27 January 2019
7	First South Asia Conference on Earthquake Engineering (SACEE)	21 and 22 February (2019)
8	Affordable Housing National Workshop	9 March 2019
9	CodeBlue: “Exploring Indigenous Solutions to the Water Crisis” Conference	9 March 2019
10	Pakistan Day Light and Music Show	23 March 2019

1. Independence Day Hologram and Fireworks Show

Amreli Steels illuminated the sky in honor of Pakistan 72nd Independence Day on 14th August 2019. We hosted spectacular fireworks and a music show at the Amreli Steels Circle and surprised the crowd with a holographic speech of Quaid-e-Azam Muhammad Ali Jinnah from 14th August 1947.

2. Dhabeji Retailer Plant Tour

Amreli Steels organized a tour of our state-of-the-art Dhabeji plant for its esteemed retail business partners. The event comprised of a detailed tour of the facilities in which the crowd saw rebars being produced first-hand as well as the quality control laboratories.

3. 8 x Retailer Engagement Events

We organized several events to educate our retailers about the steel market, Amreli Steels’ unique selling proposition and our recently launched sub-brands i.e. Amreli Steels Maxima, Amreli Steels Xtreme and Amreli Steels Ultima. There were 8 events which took place in Karachi, Hyderabad, Mirpurkhas, Sukkur and Quetta. The event activities comprised of highlighting and emphasizing on reasons to buy Amreli Steels, a small introductory session of our sub-brands, followed by a video tour of our plant and a humorous skit performed by artists from NAPA. Shields were also awarded to our business partners in attendance. The audience comprised of our authorized stockists, their retailer partners, builders, contractors and other members of the business community.

4. ADA Awards 2019

Amreli Steels also sponsored the ADA Awards 2019 as an AMALTAS partner. ADA Awards provides an opportunity for the region's creative talent to present innovative and original works to be considered by a jury of leading figures from the world of architecture, interiors, art and design. The event took place on 19 January 2019 at the Governor House.

5. “Empower and Evolve” Inner Wheel Club

Amreli Steels sponsored an event for the Inner Wheel Club Karachi on 19 January 2019. With the theme of “Empower and Evolve”, people from all walks of life attended the event. The event took place at the FTC Auditorium.

6. The Citizen's Archive of Pakistan Family Carnival 2019

Amreli Steels sponsored the Citizen's Archive of Pakistan Family Carnival 2019. The event took place on 27 January 2019 at the Beach Luxury Hotel, Karachi. We created an “Amreli City” for children providing them with fun activities like colouring and building things with Legos.



7. First South Asia Conference on Earthquake Engineering (SACEE)

Amreli Steels was the platinum sponsor for the "Earthquake Conference" organized by NED University of Engineering & Technology at Ramada Hotel in Karachi. The conference took place on 21st and 22nd February 2019. The two-day event comprised of various talk sessions by structural engineers from Pakistan, Canada, Nepal, Bangladesh and the UK. A dedicated time slot was allotted to Amreli Steels to shed some light on our product offerings and our brand as a whole. The event focused on recognizing policies for effective disaster prevention which requires strong institutions to facilitate its implementation.

8. Affordable Housing National Workshop

Amreli Steels sponsored NEDUET's event on Affordable Housing and Sustainable Built Environment on 9 March 2019. The event was attended by the Governor Imran Ismail. He addressed the audience and shared his views on the newly initiated Naya Pakistan Housing Scheme.

9. CodeBlue: "Exploring Indigenous Solutions to the Water Crisis" Conference

Amreli Steels sponsored Habib University's Event called "CodeBlue". The event was held on 9 March 2019. The theme of the event was "Exploring Indigenous Solutions to The Water Crisis".

10. Pakistan Day Light and Music Show

Amreli Steels organized a Light and Sound Spectacle at the Amreli Steels Circle to commemorate Pakistan Resolution Day. The monument was lit up with green lights and national songs were being played to capture the spirit of the day.

Human Resources

1. Update on SAP Success Factor

While adopting and leveraging world's renowned SAP Success Factor, Amreli Steel has gone live on two major and compressive modules i.e. Recruitment Management and Performance Management & Goal Management. Overall activities pertaining to Talent Acquisition, Goal setting and cascading down till the lowest level of organizational hierarchy and Performance management have been synchronized and now performed by SAP Success Factor thereby giving necessary training to employees across the organization. The organization is all set for Succession Planning module which is on the horizon after the Performance Management Cycle.

2. Vision and Values

With the objective of keeping the organization's Vision and Values alive and in practice, Amreli Steels has on boarded a renowned consulting firm to redefine, reshape its organizational vision and values and communicate them across the board to every member of the organization.

3. Building-up on Organization Design Review

In anticipation of multifold revenue targets and to mobilize the existing workforce to upscale its contributions, the initial exercise of Organization design review has been completed. The management and functions are committed to bring the best out of this exercise. Each job has been evaluated and documented and the management will introduce a revised grading structure to ensure an ongoing progressive career ladder for employees thereby linking robust performance management and succession planning of critical positions in the organization.

4. Capitalizing on HRBP Concept

In order to align business objectives with employees and management in designated business units and to eliminate the gap between employee and management, the HRBP program was successfully started across the organization. The position serves as an extended arm to relevant locations/departments on human resource-related issues.

5. Feedback/Knowing the Pulse

In order to ensure and enhance our employees' satisfaction, the HR Team captured the true feelings of our employees so that they can be translated into possible actions. For this purpose, we initiated the Employee Feedback Sessions across the organization. The approach of the session was intended to be friendly, welcoming and open so that the essence of this drive can be achieved to its fullest. The scope was open to discuss anything pertaining to processes, systems, culture, leadership and individual's employment.

6. Employee Engagement Index

Simply put, employee engagement means reaching the hearts and minds of employees, the "right feelings" lead to "right behaviors" and these "right behaviors" fuel higher levels of business performance. Hence, employee engagement does not occur coincidentally, it requires conscious and planned effort based on established facts and figures, resulting in the Employee Engagement Index (EEI). At Amreli Steels, to compute the EEI, a People Engagement Survey is conducted after every 2 years through a third party expert. The survey aims to determine the level of engagement concentrating on 8 Drivers of Engagement. According to the recent People Engagement Survey, Amreli Steels' Employee Engagement Index has grown by 9% as compared to previous survey results, where Organizational Pride is the strongest Engagement Driver which carries the highest population of engaged employees. This Engagement Score is now being used as a barometer to execute further actions to upraise the Employee Engagement Index.

7. Service Level Agreement/ICE

In order to expand SLA/ICE concept, we stated the internal customer evaluations and development of the framework for more departments within Amreli Steels. This helped us to understand the concept in the true sense and to set the expected service levels for each other.

8. Brush-up & Shine

Amreli Steels is committed to developing a strong learning culture, in which everyone is able to achieve their full potential, and which will increase job satisfaction and support career development. As such, the management is providing excellent training and development opportunities for its staff, which meet the operational and strategic objectives of the organization, as well as individuals' own learning aspirations and needs. For year 2018-2019, Amreli Steels has provided the staff with over 4500 training man-hours.

9. Beyond Duty

Besides the aforementioned professional endeavors, numerous family, sporting and management gatherings have also been organized that puts the employees in an informal social setting to create a deep emotional association of employees with the company and promote a warm and cordial work environment.



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**Revolutionizing
the Art of
Steel Making
in Pakistan**

Annual Report 2019

Notice of the 35th Annual General Meeting

Notice is hereby given that the 35th Annual General Meeting (AGM) of the shareholders of Amreli Steels Limited (the Company) will be held on Saturday, 26 October 2019 at 12 noon, at the Auditorium Hall of the Institute of Chartered Accountants of Pakistan, 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 2019, together with the Directors' and Auditors' reports thereon.
2. To appoint auditors of the Company for the financial year ending 30 June 2020 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 2020. The retiring auditors, being eligible, have offered themselves for re-appointment for the year ending 30 June 2020.

Any Other Business:

3. 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: 03 October 2019
Place: Karachi

Notes:

1. Book Closure:

The Share Transfer Books of the Company will remain closed from 17 October 2019 to 26 October 2019 (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 16 October 2019 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, addresses, CNIC numbers and signatures.
- V. Central Depository Company (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 CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- ii. 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 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. 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.

6. Availability of Financial Statements and Reports on the Website:

The Annual Report of the Company for the year ended 30 June 2019 has been placed on the Company's website.

7. Circulation of Annual Financial Statements for the year ended 30 June 2019 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 2019 is being circulated to the members through CD.

8. 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.

9. Request for Video Conference Facility:

Members of the Company may attend and participate in the AGM through video conference facility, if member(s) residing in a city other than Karachi, collectively holding 10% or more shareholding, demand in writing, to participate in the AGM through video conference at least seven (7) 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 –

کمپنیز ایکٹ 2017 کے سیکشنز 143-145 اور کمپنیز ایکٹ 2017 (پوسٹل بیلٹ) ریگولیشنز 2018 کے تحت ممبران بذریعہ ای۔ ووٹنگ بھی اپنا حق رائے دہی استعمال کر سکتے 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: 8-34168266 (021)

Email: secretariat@thk.com.pk

بینک اکاؤنٹ کی تفصیلات / IBAN جمع کروانے کیلئے حصص دران کو خصوصی نوٹس:

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت ہر لمیٹڈ 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 کرے۔ 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۔

مذکورہ ایس آر او اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ہدایات بحوالہ ایس آر او نمبر 2018/1(1) 421 مؤرخہ 2 اپریل 2018 کے مطابق 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، فونیو نمبر، موبائل نمبر اور ای میل وغیرہ تاکہ نقد منافع منقسمہ کی بذریعہ الیکٹرانک ذرائع منتقلی کی جاسکے۔ کمپنی کو مذکورہ معلومات فراہم نہ کرنے والے حصص داران کے منافع منقسمہ کو روک لیا جائے گا۔

ای۔ ڈیویڈنڈ مینڈیٹ کیلئے فارم کمپنی کے رجسٹرڈ 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

ای۔ ڈیویڈنڈ مینڈیٹ فارمز بذریعہ نوٹس برائے غیر معمولی اجلاس عام (مؤرخہ 14 اپریل 2018)، نوٹس برائے 33 ویں سالانہ اجلاس عام (مؤرخہ 14 اکتوبر 2017) اور

34 ویں سالانہ اجلاس عام (مؤرخہ 2 اکتوبر 2018) بھی ارسال کئے جا چکے ہیں۔

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 _____.
_____ Date: _____
Name and Signature

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.

10. E-Voting:

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

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

Special Notice to the Shareholders for Submission of Bank Account Details/IBAN:

In terms of section 242 of Companies Act, 2017, 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) for payment of cash dividend through electronic mode. As such, the Company shall be bound to withhold the amount of dividend declared, in future by the Company, of those members who have not provided 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 have already been posted to all the registered members of the Company vide earlier Notice of Extraordinary General Meeting (issued on 14 April 2018), Notice of 33rd Annual General Meeting (issued on 04 October 2017) and Notice of 34th Annual General Meeting (issued on 02 October 2018).

3- 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 رجسٹر اریسٹرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو مطلع کریں۔

4- 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 مزکورہ کوائف جلد از جلد کمپنی یا حصص رجسٹرار کے پاس بھجوادیں۔ کارآمد قومی شناختی کارڈ کی نقل موصول نا ہونے کی صورت میں کمپنی ایکٹ 2017 کے سیکشن (3) 243 کے مطابق ایسے حصص داران کے منافع منقسمہ کی ادائیگی کو روک لیا جائے گا۔

5- 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 چاہیے کہ اپنے این ٹی این شمولیت کی نقل حصص رجسٹرار کو ارسال کر دیں۔ این ٹی این یا این ٹی این شمولیت، جیسی بھی صورت ہو، ارسال کرتے وقت حصص داران کمپنی کا نام اور اپنا متعلقہ فوٹو نمبر لازماً درج کریں۔

6- ویب سائٹ پر مالیاتی گوشواروں اور رپورٹس کی دستیابی:

کمپنی کی سالانہ رپورٹ برائے مالی سال 30 جون 2019 کمپنی کی ویب سائٹ پر فراہم کر دی گئی ہے۔

7- سالانہ مالیاتی گوشوارے برائے مالی سال اختتامیہ 30 جون 2019 کی بذریعہ سی ڈی / ڈی وی ڈی / یو ایس بی فراہمی:

ایس ای سی پی کی جانب سے بحوالہ ایس آر نمبر 2016/1) 470 مؤرخہ 31 مئی 2016 لسٹڈ کمپنیوں کو اس بات کی اجازت دی گئی ہے کہ وہ اپنے آڈٹ شدہ سالانہ اکاؤنٹس (یعنی سالانہ بیلنس شیٹ، 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 2019 سے متعلق آڈٹ شدہ مالیاتی گوشوارے بذریعہ سی ڈی ارسال کئے جا رہے ہیں۔

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

بحوالہ ایس آر نمبر 2014/1) 787 مؤرخہ 8 ستمبر 2014، ایس ای سی پی کی جانب سے لسٹڈ 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 کمپنی ایکٹ 2017 اس بات کی اجازت بھی دیتا ہے 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 کے ذریعے ان دستاویزات تک رسائی حاصل کرنا چاہتے ہیں۔

اس مقصد کیلئے ہماری جانب سے درخواست فارم ہماری کمپنی 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 کمپنی کے حصص رجسٹرار کے پاس جمع کروادیں۔ اس سلسلے میں کسی بھی قسم کی تبدیلی سے کمپنی کو باقاعدہ معیاری فارم کے ذریعے آگاہ کیا جائے۔ ایسے ممبران جو کہ اس سلسلے میں اپنے ای میل پتے فراہم نہیں کرنا چاہتے مستقبل میں کمپنی 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۔

9- ویڈیو کانفرنس کی سہولت کے حصول کیلئے رضامندی:

اگر کراچی کے علاوہ کسی اور جغرافیائی محل وقوع پر کمپنی کے 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 کمپنی کی جانب سے اس سہولت کا اہتمام کیا جاسکتا ہے بشرطیکہ یہ درخواست اجلاس منعقد ہونے سے کم از کم 7 دن پہلے موصول ہو اور جس علاقے میں حصص داران موجود ہوں وہاں اس قسم کی سہولت فراہم کرنا ممکن بھی ہو۔

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

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

اطلاع برائے 35 ویں سالانہ اجلاس عام

بذریعہ اطلاع دی جاتی ہے کہ امریلی اسٹیل لمیٹڈ (کمپنی) کے حصص داران کا سالانہ اجلاس عام مورخہ 26 اکتوبر 2019 بروز ہفتہ ون 12 بجے بمقام آڈیٹوریم ہال انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP)، بلاک - 8، چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن، 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 2019 اور ان کے بارے میں ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی منظوری۔
- 2۔ آئندہ مالی سال اختتامیہ 30 جون 2020 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 آئندہ مالی سال اختتامیہ 30 جون 2020 تک ایک مرتبہ پھر کمپنی کے بیرونی آڈیٹرز کے بطور تعینات کیا جائے۔ ریٹائر ہونے والے آڈیٹرز کی جانب سے اپنی اہلیت کی بنیاد پر ایک مرتبہ پھر مالی سال اختتامیہ 30 جون 2020 کیلئے اپنی خدمات پیش کی گئی ہیں۔

اس کے علاوہ دیگر امور:

- 3۔ ان کے علاوہ ایسے دیگر امور کو زیر غور لانا جنہیں پیش کرنے کی جہیز مین کی جانب سے اجازت دی جائے۔

بحکم بورڈ
عبدان عبدالغفار
کمپنی سیکرٹری

03 اکتوبر 2019

کراچی

نوٹس:

1۔ حصص منتقلی کھاتوں کی بندش:

کمپنی کے حصص منتقلی کھاتے 17 اکتوبر 2019 سے 26 اکتوبر 2019 تک بند رہیں گے (دونوں ایام مذکورہ بھی اس میں شامل ہیں)۔ ہمارے رجسٹرار / منتقلی ایجنٹ میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، 40- سی، پی ای سی ایچ ایس، کراچی کو دفتری اوقات کار کے دوران 16 اکتوبر 2019 تک موصول ہونے والی شمیرز 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 منافع منقسمہ کے لئے اہل ہوں گے۔

2۔ اجلاس عام میں شرکت اور پراکسی کی نامزدگی:

- i۔ 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، تقریر کرنے اور حق رائے دہی استعمال کرنے کا مجاز ہوگا۔
- ii۔ اجلاس میں شرکت کیلئے ایک غیر پرشدہ پراکسی فارم ممبران کو ارسال کئے جانے والے نوٹس ہذا کے ساتھ منسلک کیا جا رہا ہے۔ پراکسی فارم کی مزید نقول حاصل کرنے کیلئے دفتری اوقات کار کے دوران کمپنی کے رجسٹرڈ شدہ دفتر سے رابطہ کیا جاسکتا ہے۔
- iii۔ پراکسی کے کارآمد ہونے کیلئے ضروری ہے کہ پراکسی کی درخواست کمپنی کے رجسٹرڈ شدہ 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۔
- iv۔ پراکسی فارم کیلئے لازم ہے کہ باقاعدہ پرشدہ ہو، اس پر دستخط اور مہر ثبت ہو اور فارم پر دو گواہان کے نام، پتے، شناختی کارڈ نمبر اور ان کے دستخط درج ہوں
- v۔ 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 مورخہ 26 جنوری 2000 میں دی گئی ہدایات پر عمل کریں۔

اجلاس میں شرکت کیلئے:

- i۔ افراد کی صورت میں، حاملین اکاؤنٹ، حاملین ذیلی اکاؤنٹ اور / یا ایسا کوئی شخص جس سکیورٹیز گروپ اکاؤنٹ کی صورت میں ہو اور ان کی تمام تر تفصیلات قواعد کے عین مطابق اپ لوڈ بھی کی جا چکی ہوں پر اجلاس میں شرکت کیلئے لازم ہوگا کہ اپنی شناخت ثابت کرنے کیلئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ ظاہر کریں۔
- ii۔ سینٹرل ڈپازٹری کمپنی (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۔
- iii۔ 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:

- i۔ انفرادی شخص کی صورت میں حامل اکاؤنٹ یا ذیلی اکاؤنٹ اور / یا ایسے افراد جن کی سکیورٹیز گروپ کی صورت میں ہو 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۔
- ii۔ پراکسی فارم پر دو گواہان کے دستخط ثبت کئے جائیں گے اور فارم پر گواہوں کے نام، پتے اور قومی شناختی کارڈ نمبر درج ہونا بھی لازم ہے۔
- iii۔ مستفید ہونے والے شیئر ہولڈرز اور پراکسی کی جانب سے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول فراہم کیا جانا بھی ضروری ہے۔
- iv۔ اجلاس میں شرکت کے وقت اپنی شناخت ثابت کرنے کیلئے پراکسی پر لازم ہے کہ اپنا اصل قومی شناختی کارڈ ظاہر کرے۔
- v۔ کارپوریٹ اداروں کی جانب سے بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نمونہ دستخط پراکسی فارم کے ساتھ جمع کروانا لازم ہے۔

Pattern of Shareholding with Additional Information

As on 30 June 2019

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	37,733,212	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	12,500	0.00

Associated Companies, Undertakings and Related Parties

Mahvash Akberali	1	55,732,930	18.76
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Public Sector Companies and Corporations	-	-	-
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Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds

Banks, DFI & NBFI	5	17,249,400	5.81
Insurance Companies	10	4,193,300	1.41
Modaraba	2	7,500	0.00

Mutual Funds	19	1,322,547	0.45
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General Public

Local	10,434	30,976,841	10.43
Foreign	318	2,461,292	0.83

Others	101	15,314,700	5.16
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Foreign Companies	3	2,015,000	0.68
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Total	10,902	297,011,427	100.00
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Shareholders holding 5% or more	Shares Held	Percentage
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 2018-19				
Name	Date of Transaction	No. of Shares Sold	No. of Shares Purchased	Rate Per Share Rs.
Fazal Ahmed	04 October 2018	-	5,000	58.78
Fazal Ahmed	01 March 2019	25,000	-	44.44
Zafar Ahmed Taji	19 March 2019	-	2,000	39
Zafar Ahmed Taji	09 April 2019	-	10,000	36.22

Pattern of Shareholding

As on 30 June 2019

Number of Shareholders	Shareholdings From - To	Shares Held	Percentage
408	1 - 100	16,497	0.0056
6064	101 - 500	2,979,429	1.0031
1816	501 - 1000	1,786,885	0.6016
1740	1001 - 5000	4,548,705	1.5315
386	5001 - 10000	3,059,433	1.0301
117	10001 - 15000	1,531,157	0.5155
77	15001 - 20000	1,419,280	0.4779
54	20001 - 25000	1,266,504	0.4264
34	25001 - 30000	975,850	0.3286
19	30001 - 35000	632,447	0.2129
19	35001 - 40000	735,717	0.2477
8	40001 - 45000	352,600	0.1187
22	45001 - 50000	1,091,000	0.3673
13	50001 - 55000	689,700	0.2322
3	55001 - 60000	180,000	0.0606
3	60001 - 65000	193,500	0.0651
9	65001 - 70000	622,200	0.2095
8	70001 - 75000	594,000	0.2000
3	75001 - 80000	234,000	0.0788
4	80001 - 85000	334,400	0.1126
6	85001 - 90000	535,000	0.1801
5	90001 - 95000	467,500	0.1574
16	95001 - 100000	1,592,500	0.5362
4	100001 - 105000	409,500	0.1379
1	105001 - 110000	110,000	0.0370
2	110001 - 115000	225,000	0.0758
2	115001 - 120000	232,500	0.0783
1	120001 - 125000	120,700	0.0406
2	125001 - 130000	255,476	0.0860
3	130001 - 140000	416,000	0.1401
1	140001 - 145000	145,000	0.0488
5	145001 - 150000	745,500	0.2510
1	150001 - 155000	155,000	0.0522
1	160001 - 165000	162,000	0.0545
1	165001 - 170000	170,000	0.0572
1	170001 - 175000	175,000	0.0589
2	175001 - 180000	357,500	0.1204
1	180001 - 185000	181,000	0.0609
1	185001 - 190000	190,000	0.0640
4	195001 - 200000	800,000	0.2694
1	200001 - 205000	201,000	0.0677
2	205001 - 210000	418,000	0.1407
1	210001 - 215000	213,200	0.0718
2	265001 - 270000	534,000	0.1798
1	280001 - 285000	283,000	0.0953
1	290001 - 295000	291,000	0.0980

Pattern of Shareholding

As on June 30, 2019

Number of Shareholders	Shareholdings From - To	Shares Held	Percentage
3	295001 - 300000	896,000	0.3017
1	310001 - 315000	313,000	0.1054
1	345001 - 350000	350,000	0.1178
1	395001 - 400000	400,000	0.1347
1	425001 - 430000	425,500	0.1433
1	465001 - 470000	466,500	0.1571
1	495001 - 500000	500,000	0.1683
1	660001 - 665000	660,500	0.2224
1	715001 - 720000	720,000	0.2424
1	920001 - 925000	925,000	0.3114
1	1110001 - 1115000	1,114,200	0.3751
1	1140001 - 1145000	1,144,759	0.3854
1	1205001 - 1210000	1,206,000	0.4060
1	1230001 - 1235000	1,231,000	0.4145
1	1705001 - 1710000	1,709,000	0.5754
1	1710001 - 1715000	1,713,500	0.5769
1	1745001 - 1750000	1,746,383	0.5880
1	2180001 - 2185000	2,180,500	0.7341
1	2410001 - 2415000	2,412,000	0.8121
1	2495001 - 2500000	2,500,000	0.8417
1	2995001 - 3000000	3,000,000	1.0101
1	3495001 - 3500000	3,500,000	1.1784
1	3915001 - 3920000	3,918,000	1.3191
1	11205001 - 11210000	11,209,200	3.7740
1	35690001 - 35695000	35,694,840	12.0180
1	37415001 - 37420000	37,419,212	12.5986
1	55730001 - 55735000	55,732,930	18.7646
1	91290001 - 91295000	91,294,723	30.7378
10905	Total	297,011,427	100.0000

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 UAN: (+92-21) 111 - AMRELI (267354)
- By writing to: The Company Secretary
Amreli Steels Limited
Plot No. A-18, S.I.T.E. Karachi, Pakistan
- By sending an email: adnan.ghafar@amrelisteels.com
investor-relations@amrelisteels.com
- By accessing website: <http://amrelisteels.com/investor-relations#Complaints>

DISCLAIMER: "In case investors' complaints are not properly redressed by the Company, investors may lodge their complaints with Securities and Exchange Commission of Pakistan ("the SECP"). However, SECP will entertain only those complaints which were at first directly requested to be redressed by the Company and the Company has failed to redress the same. Further, the complaints that are not relevant to SECP's regulatory domain/competence shall not be entertained by the SECP."

- By accessing SECP: <https://sdms.secp.gov.pk/>

Issues Raised in the Last Annual General Meeting and Decisions taken

The Company conducted its last (34th) Annual General Meeting (AGM) on 23 October 2018 held at the Auditorium Hall of the Institute of Chartered Accountants of Pakistan; Besides approval of annual audited accounts for the ended 30 June year 2018 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 Chair of the meeting, Directors, Chief Executive Officer and the Chief Financial Officer of the Company. Other than routine enquiries, no issues were raised by the shareholders which require decision or implementation thereof. The meeting ended successfully with prayers for further growth and development of the Company.



Encouraging Minority Shareholders to Attend General Meetings

The Company disseminates the notice of its general meetings to all registered shareholders along-with annual report containing financial statements of the Company. Besides this, the Company also publishes the notice of AGM in English and Urdu newspapers having circulation across the Country and shareholders are also informed by Company through timely updating the notice of AGM and other relevant information at the official website of the Company as well as designated web-portal of the Pakistan Stock Exchange.

Shareholders are also encouraged to avail the facility of video conferencing (as per the prescribed procedures) and getting notices by email addresses (as provided by shareholders) to encourage maximum attendance at the meetings.

Stakeholders' Engagement Process

Stakeholders	Management of Stakeholders' Engagement	Effect and Value to Amreli Steels Limited (ASL)
Institutional Investors / Shareholders	ASL acknowledges and honors the trust, of investors that 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.
Customers & Suppliers	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.
Banks and Other Lenders	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.	Dealing with banks and lenders is key to ASL's performance in terms of the following: <ul style="list-style-type: none"> • Access to funds • Better interest rates and loan terms • Minimal fees • Higher level of customer service • Effective planning for the future
Media	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.
Regulators	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.3.9 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.
Analysts	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.
Employees	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.
Local Community and General Public	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.

Summary of Analysts’ Briefing taken Place During the Year 2018-2019

The Company has history of conducting multiple Analyst Briefing Sessions during a financial year at premises easily accessible for better participation from analyst community by giving fair advance intimation to analysts’ community. The Chief Executive Officer and Chief Operating Officer (Operations) & CFO of the Company gave presentation on financial and operational details of the Company during Analyst Briefing Sessions pertaining to the respective periods covered. We also keep posting the presentations on the Company’s website immediately after the Analyst Briefing Sessions which can easily be viewed by all respected shareholders of the Company as well as the analysts. The same can be viewed by accessing Investors’ Relations portion of the Company’s website (i.e. <https://www.amrelisteels.com/investor-relations#investorInformation>).

The Company has conducted the following three Analyst Briefing Sessions with the objective of ensuring timely and equitable distribution of information to analyst community -

1. Analysts’ Briefing for the period ended 30 June 2018 held on 18 September 2018
2. Analysts’ Briefing for the period ended 31 December 2018 held on 05 March 2019
3. Analysts’ Briefing for the period ended 31 March 2019 held on 06 May 2019

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 team comprising of trained staff to closely monitor Company’s trade receivable and its aging, together with system based control over credit limits to keep it in line with the Company credit policy. The Company meets its cash flow requirements through internal cash generation which comprises mainly of the sales revenue and any further requirements are sourced through external financing. The cash management team strives to minimize the cost of short term financing through active monitoring of sales receipts and utilizing only the cheaper sources of financing available.

The Company prioritizes its internal source of finance as a primary mean to finance its working capital and expansion projects, however, external sources are utilized only after extensive cash flow forecasting, examining all the cash inflows and outflows.

During the year under consideration, due to abrupt downturn in the economy, rupee devaluation and overall decline in national consumption of the country, the Company could not achieve a targeted selling price to reflect increase in the cost of manufacturing which has resulted in decline in gross margin and creating an imbalance of receipts and payments. However, with the efficient and proactive cash flow management, we have managed to timely meet all short-term and long-term obligations. The Company has been assigned a credit rating of A1 for short term and A for long by PACRA. With a strong timely repayment history coupled with good credit ratings 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 repayment 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.

Major Events During the Financial Year 2018-2019

September 2018

- Board of Directors’ Meeting was held on 11 September 2018. The Board approved the annual audited financial statements of the Company for the year ended 30 June 2018 and the Directors’ Report thereon and recommend to the shareholders 22% (i.e. Rs. 2.2 per share) final cash dividend for the year ended 30 June 2018.

October 2018

- 34th Annual General Meeting (AGM) of the Company was held on 23 October 2018 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 2018 and 22% (i.e. Rs. 2.2 per share) final cash dividend for the year ended 30 June 2018.
- Shareholders of the Company in 34th AGM approved a Special Business 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.

- Board of Directors’ Meeting was held on 26 October 2018. The Board approved the condensed interim financial statements for the first quarter ended 30 September 2018 along with the Directors’ Report thereon.

November 2018

- The Company successfully transferred its first “Electronic Payment of Final Cash Dividend for the year ended 30 June 2018” through electronic mode on 09 November 2018 directly into the bank accounts of those shareholders who have submitted their bank account details, in accordance with the Companies (Distribution of Dividend) Regulations, 2017.

February 2019

- Board of Directors’ Meeting was held on 27 February 2019. The Board approved the condensed interim financial statements for the half year ended 31 December 2018, along with the Directors’ Report thereon.

April 2019

- Board of Directors’ Meeting was held on 27 April 2019. The Board approved the condensed interim, financial statements for the third quarter ended 31 March 2019 along with the Directors’ Report thereon.

Corporate Governance

Revolutionizing the Art of Steel Making in Pakistan

Annual Report 2019

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Corporate Governance, Risk Management and Compliance

The Company recognizes that Governance, Risk Management, and Compliance (GRC) are three pillars that work together for the purpose of assuring 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
- Code of Corporate Governance
- 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
- Other 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
- Whistle Blowing Policy
- Other Significant policies formulated by the Company from time to time

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.

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

Risk management is predicting and managing risks that could hinder the Company to achieve 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

BOARD MEETING

First Quarter Ending
30 September 2019
Last week of October 2019

BOARD MEETING

Half Year Ending
31 December 2019
Second week of
February 2020

BOARD MEETING

Third Quarter Ending
31 March 2020
Last week of
April 2020

BOARD MEETING

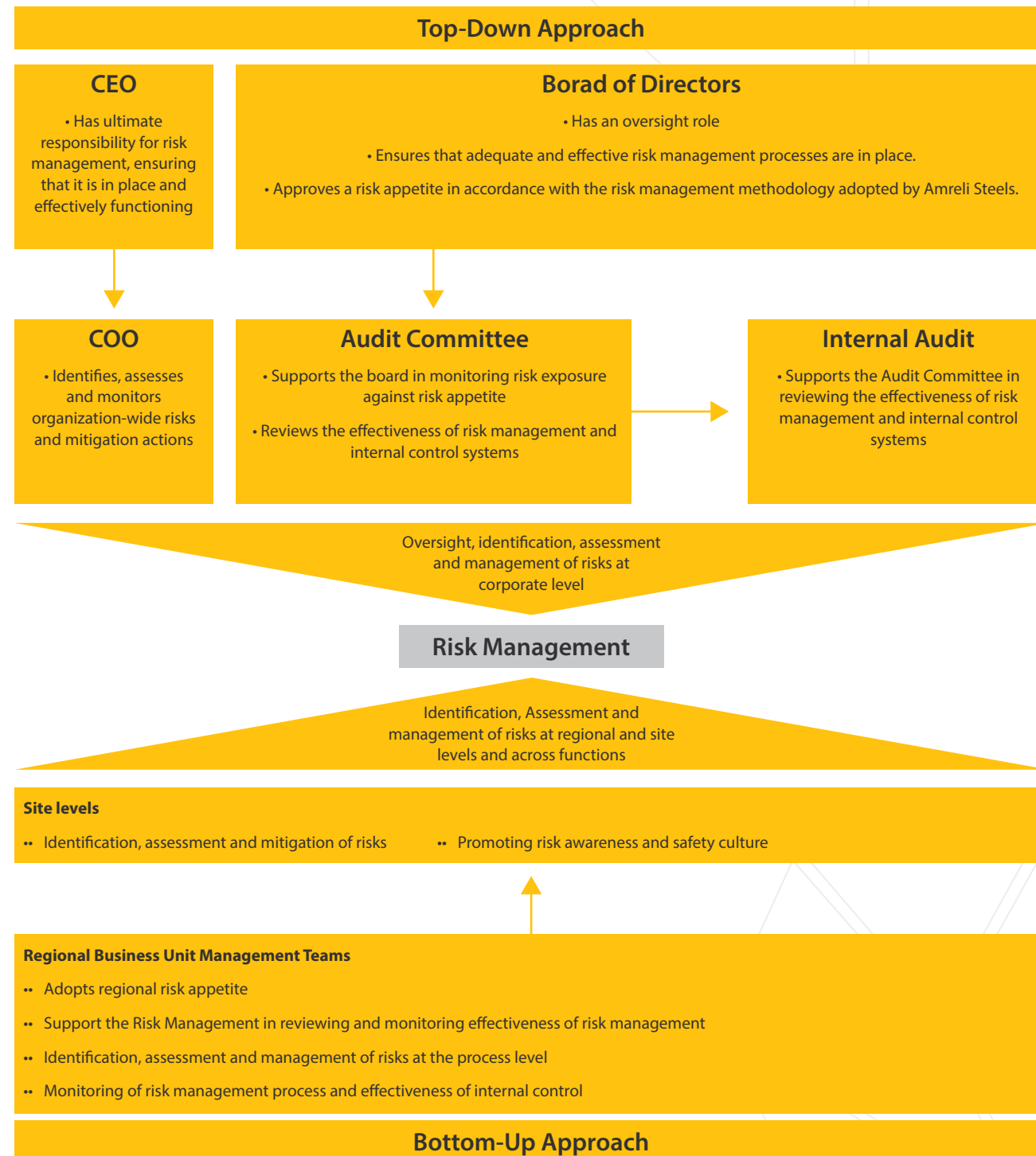
Year Ending
30 June
2020
Last week
of August
2020

ANNUAL GENERAL MEETING

Year Ending
30 June 2020
Last week of
October 2020

TENTATIVE DATES FOR THE FINANCIAL YEAR 2019-20

Risk Management Approach and Governance



Risk Management Process

RISK IDENTIFICATION

RISK ASSESSMENT

RISK REPORTING

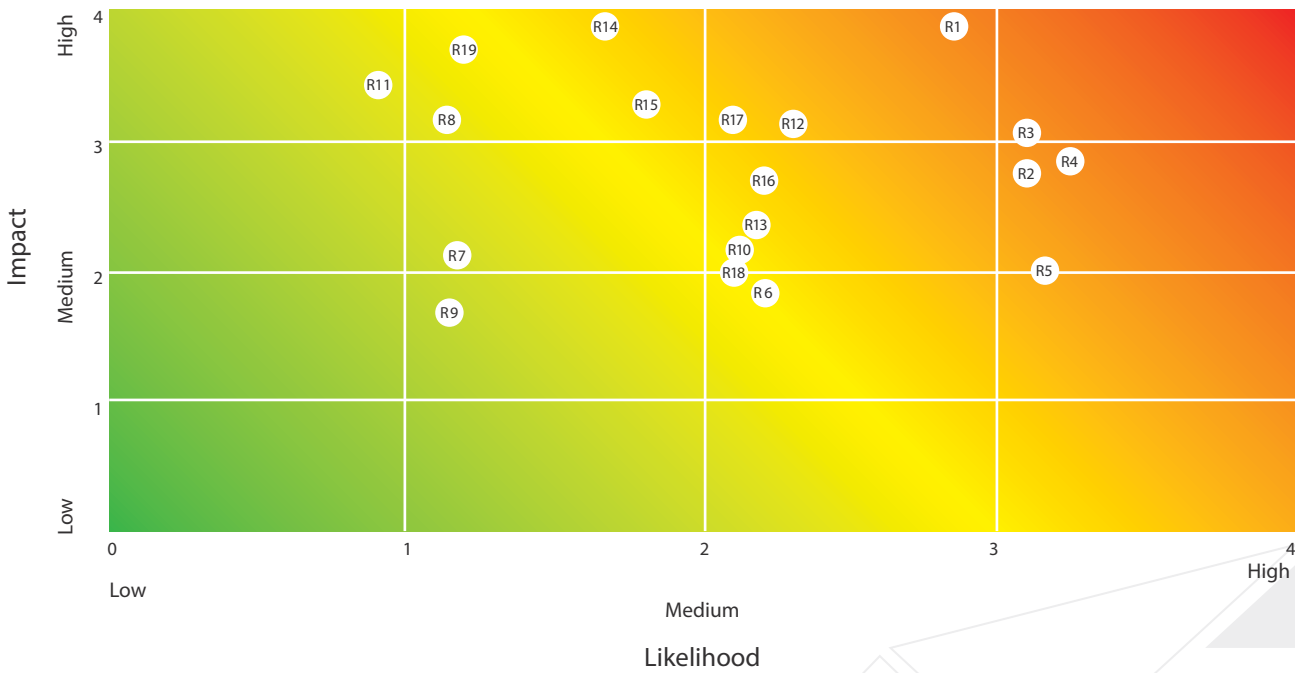
RISK RATING

RISK RESPONSE

Risk Management Chart

Risk Factor		Likelihood	Impact
R1	Change in government laws and policies	3	4
R2	Economic factors, industry conditions, industry cyclical	3	3
R3	Interest rate risk	3	3
R4	Foreign exchange risk	3	3
R5	Liquidity risk	3	2
R6	Counter-Party risk	2	2
R7	Financial Reporting risk	1	2
R8	Breach of IT security	1	3
R9	Unable to meet customers' demands	1	2
R10	Business interruption due to power outages.	2	2
R11	Technology failing to provide cost & quality competitiveness	1	3
R12	Failure to maintain high potential human capital	2	3
R13	Product competition	2	2
R14	Health & safety	2	4
R15	Supply chain management risk	2	3
R16	Operational disruption	2	3
R17	Environmental risk	2	3
R18	Litigation & regulatory compliance risk	2	2
R19	Product risk	1	4

Risk Assessment Chart



Principal Risks & Mitigation Strategies

SR. NO	RISK	DESCRIPTION	MITIGATION	CRITICALITY
Strategic Risk				
1	Change 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 largest Steel re-bard manufacturer; our top management continuously seeks dialogue with the policy makers at different forums to safeguard the interest and growth of steel industry in Pakistan. By doing so, we try to further enhance our share in national GDP with a philosophy that Local industries plays pivotal role on overall economic growth of Pakistan. It is expected from current government that it will put its every effort to achieve its goal of economic revival of the Pakistan by making polices and taking steps that will help in growth of GDP by protecting and giving more business conducive environment to local industries, especially construction material related. Recently the Prime Minister of Pakistan has approved Industry status for Construction sector which will result in attracting due attention of Government in developing this industry by applying policies conducive for it in true letter and spirit. Besides this, our top management including Board of Directors keeps keen eyes on any probable imbalances in government policies and devices appropriate plans to avoid effects of any uncertainties coming out of such imbalances.	Medium
2	Economic factors, industry conditions, industry cyclical	The cyclic nature of steel industry may adversely affect our business. The construction is dependent on overall economic conditions of the country and any adverse effects on economy may directly impact steel Industry.	The Company continuously tracks changes in economic environment, pertaining to steel industry in particular and overall in general and has aligned its strategy proactively to address risks arising out of it. The current economic condition of Pakistan is improving towards stabilization and the Company expects that this will go on for few years to come. Also the Company is anticipating that continuous progress in CPEC projects, major investment in Power sector and increase in Foreign Direct Investments would result in improved economy and especially boom in construction industry. The Company strategy is to seek new customers and at the same time secure existing valued customer.	High

SR. NO	RISK	DESCRIPTION	MITIGATION	CRITICALITY
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 good credit ratings are the key drivers for acquiring competitive interest rates, despite interest rate hike during this year.	Medium
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 an external risk and Company's management controls it through proper planning based on future outlook of FOREX rates and as well the arrangement of hedging on occasions. The management strongly believes that as the political and economic stability consolidates in the country, the exchange rate will be stabilized.	Medium
5	Liquidity risk	Our risk of default on our financial commitments to other parties.	Strong adherence to practice of fulfillment of commitments has a positive impact on our lenders and that's why our credit ratings are stabilized at "A" for long term and "A1" for short term issued by PARCA during this year.	Low
6	Counter-Party risk	Risk of default in payments by credit customers.	Maintenance of healthy relationship with customers is 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 customer's annual appraisal.	Very Low
7	Financial Reporting risk	Risk of reporting issues with regulators and authorities.	The Company complies with the best practices issued by regulatory authorities of Pakistan. The Financial Statements are in conformity with International Financial Reporting Standards. Our accounts, finance and compliance teams are well experienced and professional for the continuously monitoring and implementing changes in legal or reporting framework. With a well reputed External audit firm, a strong Internal Audit function along with outsourced Internal Audit firm the risk is duly mitigated.	Very Low
Operational Risk				
8	Breach of IT security	Risk that IT security can be breached causing loss to the stored information.	In 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 constantly communicated about cyber-attack threats to raise staff awareness. Information Security is evaluated both internally and by competent independent experts on regular basis.	Low

Operational Risk				
9	Unable to meet customers' demands	Risk that the Company 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 in to support supply of finished product to its customers.	As one of the largest producers of quality steel rebars 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 Control labs that conduct vigorous checks before delivery of products to customers. The staff of Quality Control labs continuously receives trainings and awareness to 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, the Company has enhanced its Logistics facilities and with warehouses in Lahore and Islamabad.	Very Low
10	Business interruption due to power outages.	Prolonged power outages will result in delayed production and 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 single point of failure. The Company has a dedicated bay at K-Electric's Dhabeji grid station, from which its dedicated power feeders transmits 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 other on standby. Each of these feeders originates at K-Electric substation and terminates at the plant with no other customer of K-Electric drawing power from these lines.	Very Low
11	Technology failing to provide cost & quality competitiveness	Sacrificial loss in profitability due to outdated technology or failure in technology system.	The Company values automation and modernization of operations, as we have State-of-the-art equipment for melting and slit rolling which is contracted from an international conglomerate Primetals Technologies, which is joint venture between Siemens, VAI, and Mitsubishi, that provides steel manufacturing solutions across the value chain. The Company expects such technological aspect will help us in obtaining unparalleled cost & quality benchmarks, which will translate into a better bottom line.	Very Low
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 a vigorous Succession planning to identify, engage and retain intellectual capital by offering challenge-reward based conducive work environment.	Very Low

Financial risk				
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 coming year 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 rebars 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 win-win situation for the Company and its valued customers. Budgetary control mechanism is also established within organization for which act as control mechanism for day to day activities.	Low
14	Health & safety	Poor health & safety environment may become root cause of fatal work place accidents which can result in lowering of employees' motivation and which ultimately might cost the reputation of the Company.	The Company highly values health and safety of every employee and ensure safety procedures are followed to avoid any unwanted circumstances via educating the employees about work place safety through continuous trainings and awareness programs. We are also in the process of implementing OHSAS 18001.	Low
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 our 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 production process, the Company optimize the use of market intelligence and updates vendor performance report regularly.	Low
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 supports succession planning. The Company has maintained storage with sufficient insurance stock to reduce possible downtime in case of any operational break down.	Very Low
17	Environmental risk	Actual or potential threat of adverse effects on environment arising out of company activities.	The Company believes in a Clean & Green environment and always lookout for the betterment of the society in particular and country in general. The Company has registered our plant under Self-Monitoring and Reporting Program (SMART), monitored by Pakistan Environmental Protection Agency under the umbrella of Ministry of Environment, Government of Pakistan.	Low

Compliance Risk				
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 regulatory environment and proactively deals with the changes in regulatory framework. We have an experienced team of professionals and advisors who focus on evaluation of risks in all legal transaction. Training is also provided to our employees to remain up to date with the relevant regulations.	Very Low
Compliance Risk				
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.	Very Low

Internal Control Framework

Internal control is 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 have both in-House internal audit as well as 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 at semiannually has independent sessions with the external auditor and the Management to discuss the adequacy and effectiveness of internal financial controls.

Internal Control Framwork				
Control Environment Management is keen to promote Integrity, ethical values and the commitment to competence. 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.	Risk Amreli Steels has ongoing process of identifying and analyzing risks. Mechanisms are developed to respond to the changing condition. The identified risk are evaluated and prioritized to in order to take appropriate action.	Control Activities The policies and procedures are developed in order to ensure management 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	Information & Communication We have defined formal mechanism of communication and sharing of information amongst the departments and stakeholders. All responsible personal have been given clear understanding of their role in internal control system as well as how individual activities relate to the others.	Monitoring 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
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

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 2019 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 2019.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 27 September 2019

Statement of Compliance with the Listed Companies Code of Corporate Governance Regulations, 2017 For The Year Ended 30 June 2019

Amreli Steels Limited 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
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2. The composition of Board is as follows:

Independent Directors	Mr. Badar Kazmi
	Mr. Zafar Ahmed Taji
	Mr. Teizoon Kisat
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 Board Meetings.
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. The Company arranges orientations courses for its Directors as and when needed to apprise them of their duties and responsibilities. Out of seven Board Members, five Directors have obtained certificate of the Directors' Training Program from 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 Chief Financial Officer, 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. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board of Directors.
12. The Board has formed following committees comprising of members given below:

a. Audit Committee	Mr. Teizoon Kisat - Chairman
	Mr. Zafar Ahmed Taji
	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 –
 - a) Audit Committee – Five meetings during the financial year ended 30 June 2019.
 - b) HR&R Committee – Two meetings during the financial year ended 30 June 2019.
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

12 September 2019
Karachi.

Role of CEO

The Chief Executive Officer 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.



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.

CHAIRMAN'S REVIEW



Dear Shareholders,

It is my pleasure to present the annual audited financial statements for the year ended 30 June 2019 and my review on the performance of your Company. The outgoing financial year was difficult for our country, economy and your Company, which faced strong headwinds from all directions. Inflationary policy measures taken by the government have significantly increased the cost of doing business while wages remain flat, disposable income has decreased and savings have eroded. The 'hard landing' approach taken by policy makers has shaken business sentiment and drastically softened demand, resulting in an erosion of margins across industries, including the steel industry.

Increasing market share has and will continue to be a key milestone that the management strives towards, regardless of the negative macro-economic scenario. In the outgoing year, Amreli's growth is particularly encouraging in Punjab where sales volumes increased by 67%. Having utilized only 48% of our total rebar capacity, the management is determined to translate an increasing plant utilization into greater market share, creating depth in the sales mix by having a greater presence in a multitude of geographical areas.

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.

I expect the current financial year to be tough for the nation's economy as policy makers try and bring some stability to macro-economic indicators and stay the course on structural reforms. However, the worst may be over as the stakeholders start to adjust to the economic jolts seen over the past 8 months. The new normal will soon start to take over and industry may see some margin recovery in the second half of the current financial year.

For the long steel segment these are testing times since demand has dropped well below supply, resulting in low utilization and margins. With the increasing pressure of interest costs, tax compliance and regulation on quality standards, many smaller units will cease operations that will give market space to documented and formal units. As macro-economic indicators stabilize, inflows from development institutions and CPEC can also help re-build demand. Ultimately, a lot depends on government spending and business sentiment as this will boost steel demand.

Regardless of economic recovery, the Amreli team will continue to focus on meeting market share, cost cutting and customer experience milestones. Your Company continues to build the capabilities and infrastructure in order to operate at full capacity and utilization. We are proud to be custodians of the Amreli brand, which is getting stronger every year in the minds of professionals and consumers, backed by a strong commitment to quality and service.

As Chairman of the Board, I am ensuring that we follow the best governance practices to ensure transparency and protection to all shareholders of the Company and comply with relevant laws and regulations. I am responsible for leading the Board, fostering a culture of openness and constructive debate and ensuring that the management continues to take decisions which create value for you.

The Board recognizes that well defined Corporate Governance processes are vital to enhancing corporate accountability and is committed to ensure high standards of Corporate Governance to preserve and maintain stakeholder value. I would like to apprise you that a formal and effective self-assessment mechanism has been put in place to evaluate the overall performance of the Board, its members and sub-committees. The Board has performed its duties and responsibilities diligently and has contributed effectively in guiding the Company in its strategic affairs. The overall performance of the Board, its members and sub-committees has been assessed as 'Satisfactory'.

I would like to acknowledge my appreciation to all Board Members for their value addition, support and continued guidance. I would also like to thank you for your support and confidence.

ABBAS AKBERALI
Chairman

12 September 2019

چیمبر مین کا جائزہ

عزیزہ حصہ داران،

میں انتہائی مسرت کے ساتھ آپ کی کمپنی کے آڈٹ شدہ سالانہ مالیاتی گوشوارے برائے مالی سال اختتامیہ 30 جون 2019 اور کمپنی کی کارکردگی کے بارے میں اپنی جائزہ رپورٹ آپ کی خدمت میں پیش کر رہا ہوں۔ زیر نظر مالی سال ملک، معیشت اور آپ کی کمپنی کیلئے ایک مشکل وقت تھا جس کے دوران تمام اطراف سے مشکلات کا سامنا رہا۔ حکومت کی جانب سے افراط زر کے سلسلے میں متعارف کروائی جانے والی پالیسی کے تحت لئے جانے والے اقدامات کی وجہ سے کاروباری لاگت میں، بہت اضافہ ہوا ہے جبکہ آمدن پہلے جیسی ہی رہی جس کی وجہ سے قابل تصرف آمدن میں کمی ہوئی اور اسی نسبت سے بچت میں بھی کمی دیکھی گئی۔ پالیسی سازوں کی جانب سے "تخت اقدامات" کی وجہ سے کاروباری ماحول بری طرح متاثر ہوا ہے اور طلب میں کافی کمی آئی ہے جس کا لازمی نتیجہ یہ نکلا ہے کہ تمام صنعتوں میں منافع کی شرح بری طرح متاثر ہوئی ہے جس میں اسٹیل کی صنعت بھی شامل ہے۔

مارکیٹ میں اپنے حصے کو بڑھانا وہ اہم قدم ہے جس کی سمت میں انتظامیہ کی تمام کوششیں مرکوز ہیں اس بات سے قطع نظر کہ کلی معاشی نظام منفی منظر نامہ ظاہر کر رہا ہے۔ زیر نظر مالی سال کے دوران بالخصوص پنجاب میں امریلی کی شرح نمو حوصلہ افزا رہی اور فروخت کے حجم میں 67% اضافہ درج کیا گیا ہے۔ ابھی ریلیار کی کل پیداواری صلاحیت کا محض 48% زیر استعمال لایا گیا ہے جبکہ مارکیٹ میں اپنا حصہ بڑھانے کے اقدامات کو مد نظر رکھتے ہوئے انتظامیہ اس بات کیلئے پرعزم ہے کہ پیداواری صلاحیت کا بھرپور استعمال کیا جائے اور اس سلسلے میں فروخت کیلئے پیش کی جانے والی مصنوعات کے امتزاج کو بہتر بنایا جائے اور ملک کے طول و عرض میں اپنی موجودگی کو ممکن بنایا جائے۔

ہماری کامیابی کا راز ہمارے ملازمین کے اخلاص اور انتھک محنت میں مضمر ہے جو کہ سالہا سال سے جاری مقامی اور عالمی معاشی بحرانوں کے باوجود ہمہ وقت ایسی حکمت عملی میں کوشاں رہتے ہیں جس کی بدولت کمپنی صارفین کی ضروریات کو مد نظر رکھتے ہوئے اعلیٰ معیار کی مصنوعات پیش کرتی رہی ہے۔

بظاہر یہ محسوس ہوتا ہے کہ رواں مالی سال بھی ملکی معیشت کیلئے ایک سخت سال ثابت ہوگا جیسا کہ پالیسی ساز کلی معاشی اشاریوں میں مثبت تبدیلیوں کے خواہاں ہیں اور بنیادی معاشی ڈھانچے میں تبدیلی لانے کیلئے کوششیں جاری رکھے ہوئے ہیں۔ تاہم ان بدترین حالات پر قابو پانے جانے کی امیدیں ہیں کیونکہ شراکت داروں نے اپنی پالیسیوں کو سخت معاشی اصلاحات کے مطابق ڈھالنا شروع کر دیا ہے جو کہ گزشتہ آٹھ ماہ کے دوران دیکھی گئی ہیں۔ حالات جلد معمول پر آنے کی توقع ہے اور امید کی جاتی ہے کہ رواں مالی سال کی دوسری سہ ماہی سے صنعت اپنی کھوئی ہوئی منفعت دوبارہ حاصل کرنے میں کامیاب ہو جائے گی۔

عرصہ دراز سے اسٹیل سیکٹر کیلئے کڑے امتحان کا وقت ہے کیونکہ رسد کے مقابلے میں طلب میں کافی کمی آئی ہے جس کی وجہ سے کمپنیاں اپنی پیداواری صلاحیتوں کو مکمل طور پر زیر استعمال نہ لاسکیں اور ان کی منفعت پر منفی اثرات مرتب ہوئے ہیں۔ بڑھتی ہوئی شرح سود، ٹیکس قوانین کی سختی اور معیار کو برقرار رکھنے کیلئے قواعد کی پاسداری جیسے اقدامات کی وجہ سے بہت سے چھوٹے کارخانے کام بند کر سکتے ہیں جس کی وجہ سے ان کمپنیوں کو کام کرنے کے مواقع میسر آئیں گے جو باقاعدہ ضوابط کے تحت منظم و مربوط ہیں۔ جیسے ہی کلی معاشی اشاریے مثبت ہوں گے ترقیاتی اداروں اور CPEC سے طلب آنا شروع ہو جائے گی اور مجموعی طلب میں اضافہ ہوگا۔ بالآخر اسٹیل کی طلب میں اضافے کیلئے حکومتی اخراجات اور سازگار کاروباری ماحول پر ہی سب سے زیادہ انحصار ہے۔

معاشی بحالی سے قطع نظر، امریلی کی ٹیم مارکیٹ میں اپنا حصہ بڑھانے، پیداواری لاگت میں کمی اور صارفین کی اعتماد سازی کیلئے اپنی کوششیں جاری رکھے گی۔ آپ کی کمپنی کی جانب سے بنیادی ڈھانچے اور صلاحیتوں میں اضافے کیلئے بھی مسلسل حکمت عملی مرتب کی جا رہی ہے تاکہ ہم اپنی مکمل پیداواری صلاحیت سے بھرپور استفادہ کر سکیں۔ ہمیں اس بات پر فخر

ہے کہ ہم امریلی برانڈ کے نگہبان ہیں جو کہ ہرگز رتے سال کے ساتھ پیشہ ورانہ افراد اور عام صارفین کی نظر میں مضبوط سے مضبوط تر ہو رہا ہے جس کی بنیاد اعلیٰ معیار اور خدمت پر ہماری جانب سے کسی بھی قسم کا سمجھوتہ نہ کرنا ہے۔

بطور چیمبر مین بورڈ، میری جانب سے اس بات کو بر لحاظ سے یقینی بنایا جا رہا ہے کہ شفافیت اور کمپنی کے حصہ داران کے مفادات کی حفاظت ممکن ہو اور اس کے ساتھ ساتھ تمام رجحان قوانین اور قواعد کی مکمل پاسداری کی جائے۔ بورڈ کی رہنمائی کرنا، کشادہ نظری کے کلچر کو فروغ دینا، مثبت بحث کو رواج دینا اور اس بات کو یقینی بنانا کہ انتظامیہ کی جانب سے ایسے اقدامات اٹھائے جائیں کہ آپ کی سرمایہ کاری کی قدر میں اضافہ ہو، میری ذمہ داریوں میں شامل ہے۔

بورڈ اس بات سے بخوبی آگاہ ہے کہ کارپوریٹ گورننس کی پاسداری وہ بنیادی قدم ہے جس کی بنیاد پر کارپوریٹ احتساب کو ممکن بنایا جاسکتا ہے، اس لئے بورڈ اس بات کیلئے پرعزم ہے کہ کارپوریٹ گورننس کے اعلیٰ معیار کو ممکن بنانے اور تمام شراکت داروں کے سرمائے کی قدر میں اضافے کیلئے ٹھوس اقدامات اٹھائے جائیں۔ میں یہاں یہ بات بھی آپ کے گوش گزار کرنا چاہوں گا کہ بورڈ، اس کے تمام ممبران اور اس کی کمیٹیوں کی جانب سے خود احتسابی کا نظام بھی وضع اور نافذ کیا جا چکا ہے۔ بورڈ کی جانب سے کمپنی کی رہنمائی اور حکمت عملی مرتب کرنے کے سلسلے میں کوئی کسر نہیں اٹھا رکھی گئی ہے۔ بورڈ، اس کے ممبران اور ذیلی کمیٹیوں کی کارکردگی "اطمینان بخش" قرار دی گئی ہے۔

اس موقع پر میں بورڈ ممبران کی جانب سے کی جانے والی کوششوں کو سراہنا چاہتا ہوں جن کی بدولت کمپنی کی صلاحیتوں میں اضافہ ممکن ہوا اور ہمیں ان کی مکمل حمایت اور رہنمائی میسر رہی۔ میں حصہ داران کی جانب سے مکمل حمایت اور اعتماد کیلئے بھی ان کا بے حد مشکور ہوں۔



عباس اکبر علی

چیمبر مین

12 ستمبر 2019

CEO’s Message



Dear Shareholders,

2018-2019 was a challenging year at Amreli Steels. With the economy slowing down to 3.3% GDP and the large scale manufacturing sector contracting by 3.6%, your Company struggled to pass on the increase in cost of doing business to its customers. Our revenue for the year sharply increased by 84.5% as compared to last year, whereas our gross margins took a nosedive by 12.1%. In quantity terms, your Company increased sales volume of prime bars by 61% YoY, from 172,448 tons to 277,416 tons. The financing cost of your Company increased by a massive 165% within the last year and with a PKR devaluation of 31.4%, our bottom line was adversely impacted.

Apart from an unprecedented rise in the topline, there are other achievements to celebrate during FY19.

- The 4th furnace at the Dhabeji plant was successfully commissioned which will increase billet supply in the current financial year.
- The state of the art warehousing facility in Lahore was made operational to ensure better service and quick deliveries to customers in Punjab.
- For the first time in Pakistan, the production team at Dhabeji successfully rolled and launched the 8mm rebar.

Working within this difficult economic environment, we are vigorously forging ahead to optimize our operational efficiencies and excellence in various processes across the organization. We are focused to further

enhance our sales channels across the country for the additional production capacity that has been created.

Continuous work is being done across the human resources vertical as we feel that our employees are the life line of our organization and the Company’s existence depends on the quality of human capital we deploy. Certain groundbreaking work is being done on succession planning and retention programs, along with a complex performance based reward strategy that we recently implemented. My personal goal is to see Amreli Steels as an employer of choice across all levels and I am keeping no stone unturned to achieve this goal.

The next year looks to be equally challenging as I feel the economic landscape of Pakistan will take atleast a couple of years to improve. Public development spending cuts have already taken place and with the fiscal deficit growing, I see the GDP to further contract which will result in a massive demand cycle contraction. Moving forward, the execution of dams and the implementation of the Naya Pakistan Housing Scheme will provide much needed impetus to the construction sector.

I would like to recognize the efforts of our executive management team for their leadership and hard work during these difficult times. I would also like to thank you for your support and confidence in the Company and would like to thank the government, customers, vendors and financial institutions for their continued support along with our employees and the management team for their deep level of commitment to the Company.

Yours sincerely,

SHAYAN AKBERALI
Chief Executive Officer
12 September 2019

DIRECTORS’ REPORT TO THE MEMBERS

The Board of Directors of the Company present the Annual Report and the annual audited financial results of the Company for the year ended 30 June 2019.

The Board of Directors of the Company as of 30 June 2019 consists of:

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

The names and composition of the Board of Directors as of 30 June 2019 are as follows:

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 Economic Scenario

The global economy witnessed a strong growth of 4.0% in 2017 which slowed down to 3.6% in 2018 and is expected to further decrease to 3.3% in 2019 according to the Pakistan Economic Survey 2018-19. The prime factors for the decline in world economic activities have been the rising trade tensions between the United States and China and the uncertainty on BREXIT. The growth is expected to return to 3.6% in 2020, which is largely dependent upon improvement in performance by stressed and highly uncertain emerging markets and developing economies.

The Pakistan economy grew at a rate of 3.3% during the outgoing financial year against an ambitious target of 6.2%. Our economy which grew at an average rate of above 5% in the last three years became unsustainable and a slowdown was inevitable due to macroeconomic fiscal and current account imbalances. The new government, short of any other options, opted to enter into yet another IMF program to avoid default on its international financial commitments. The IMF program comes with an array of harsh conditionalities where the rupee was devalued by a staggering 31.4% and the interest rate was doubled from 6.9% to 12.7% respectively. Both these factors resulted in the increasing of our input costs substantially. This in turn caused the inflation to double from 3.9% to almost 8.8% towards the end of the financial year 2019. The growth target for agriculture, industry and services projected at 3.8%, 7.6% and 6.5% respectively were missed by miles when compared to the actual growth of 0.85%, 1.4% and 4.7% respectively in the corresponding sectors.

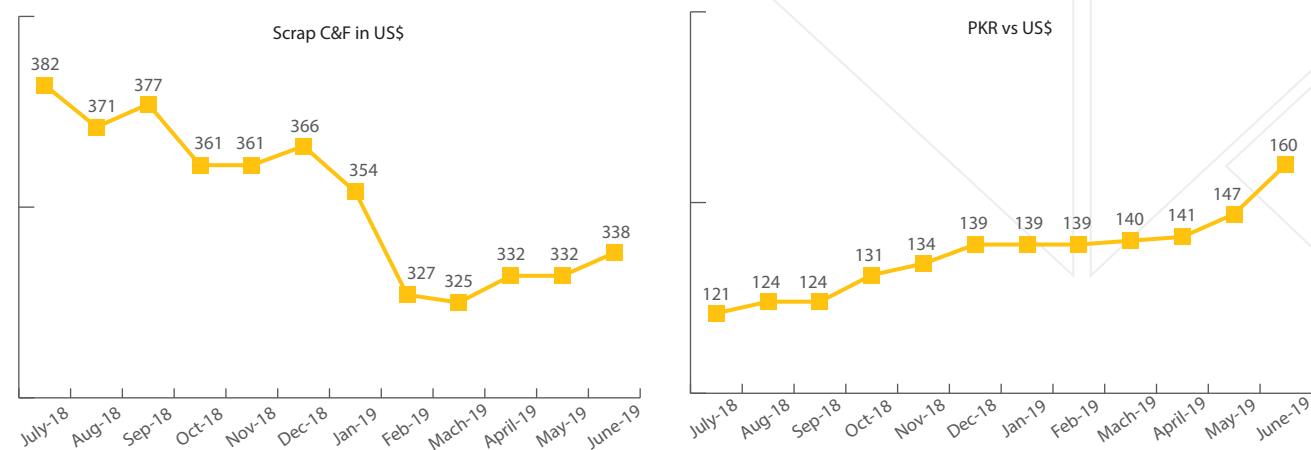
The Large Scale Manufacturing (LSM) in Pakistan, which covers 78% share of the total manufacturing sector and constitutes about 10.2 % of GDP was no different as it witnessed negative growth of 3.64% as compared to last year. There were number of factors which contributed to the negative growth in LSM, which was primarily due to the lower PSDP expenditures of Rs.617 billion against the initial target of Rs.1,000 billion.

Overview of Global and Local Steel Industry

According to the World Steel Report, global steel demand increased during 2018 whereas moderate growth is expected in 2019 and 2020, owing to slowdown of the global economy, uncertainty of the global trade environment and volatility in the financial markets. The steel demand is expected to slightly decelerate in the developed economies whereas emerging economies (excluding China) are likely to witness more steel demand in 2019 and 2020. In developing Asia (excluding China), steel demand is expected to grow by 6.5% and 6.4% in 2019 and 2020 respectively, making it the fastest growing region in the global steel industry.

The construction industry in Pakistan is passing through a difficult phase as a result of rising operational costs, increased competition, decreased demand, changing market dynamics and inconsistent government policies. This is evident from the negative growth of 10.26% posted by the Iron & Steel Sector during the financial year 2018-19. The demand of housing and construction decreased due to a continuous increase in the price of building materials, cost of financing and a number of additional tax measures taken by the government in an effort to document the economy. In the southern part of the country and particularly in Karachi, construction activities remained lackluster as a result of complete ban on high rise buildings which was later partially lifted but greatly hurt the sentiments of the construction sector during the time. A number of mega projects including Dasu dam never really kicked off putting further pressure on demand for construction steel.

The international scrap prices eased down from US \$ 380 in July 2018 to US \$ 338 in June 2019, but the benefit of decrease in international scrap prices was entirely consumed by the rupee devaluation which increased from PKR 121.5/USD in July 2018 to PKR 159.7/USD in June 2019.



Performance of Amreli Steels Limited

Despite all challenges, most of them beyond the control of your Company, we recorded our highest revenue of Rs.28.6 billion in the outgoing financial year (2018-2019) compared to Rs.15.5 billion in the last financial year, reflecting an increase of 84.5%. This was a result of achieving the highest ever sales volume of 277,416 metric tons of prime rebars during the outgoing year as compared to 172,448 metric tons of prime rebars in FY-18, recording an increase of 60.9% in sales quantity. The increase in sales was possible due to record production of 297,283 metric tons of billets and 290,892 metric tons of rebars in FY-19 as compared to 186,471 metric tons of billets and 182,741 metric tons of rebars produced in FY-18.

However, due to the phenomenal rupee devaluation which resulted in an increase in all input costs, the cost of manufacturing increased by 27.6% on a per ton basis, all of which obviously could not be passed through to the customer. This resulted in decrease in gross profit by 12.1% as compared to last year. The net profit after tax was recorded at Rs.32.8 million as compared to Rs1,585 million in the last year.

Based on percentage of revenue, distribution expense increased slightly, mainly due to increase in advertisement cost whereas administrative expenses remained under control. However, finance cost significantly increased to Rs.1,262 million from Rs.476 million as compared to last year because of the increase in borrowings and cost of borrowing during the outgoing financial year. This resulted in a loss before tax of Rs.67 million during the year as compared to profit before tax of Rs1,394 million of the last year.

The macro-economic imbalances persisting in the economy, uncertainty on the government's economic policies, contraction in the overall economy, decline in industrial growth, continuous weakening of the local currency, increased inflationary pressures, additional tax measures and regulatory adjustments did not allow your Company to pass through the ever escalating costs of doing business which ultimately resulted in overall decline in the profitability of the Company.

Financial Performance

A comparison of the key financial indicators of the Company for the year ended 30 June 2019 with the corresponding year is as under:

Particulars	30 June 2019	30 June 2018
.....Rupees in thousands.....		
Sales Revenue	28,595,976	15,500,543
Gross Profit	2,423,584	2,758,408
Operating Profit	1,195,142	1,870,754
(Loss)/ Profit Before Tax	(67,161)	1,394,431
Profit After Tax	32,823	1,585,237

Basic and Diluted Earnings Per Share (EPS)

Basic and Diluted EPS of the Company stands at Re.0.11 for the financial year 2018-2019 as compared to Rs.5.34 for the last financial year.

Statement Of Value Addition & Wealth Distribution

	2019		2018	
	'000'	%	'000'	%
WEALTH GENERATED				
Revenue from sales	28,595,976		15,500,543	
Revenue from other income	7,096		22,543	
Less: bought in material and services	(22,118,921)		(9,913,345)	
Value added by Company	6,484,151		5,609,741	
WEALTH DISTRIBUTED				
To Employees:				
Salaries, wages and other benefits	1,076,630	17%	766,147	14%
To Government:				
Duties and taxes	3,427,497	53%	2,355,483	42%
To Providers of Capital:				
Charges and markup	1,262,303	19%	476,323	8%
For Replacement of Assets:				
Depreciation	684,898	11%	426,551	8%
To Shareholders:				
Dividend	-	0%	653,425	12%
To Company:				
Retained profit	32,823	1%	931,812	17%
	6,484,151		5,609,741	

Future Outlook

Our country's economy is passing through a difficult phase as there is a dire need to improve exports and reduce imports of non-essential items to support balance of payment and address the twin deficit. The government is trying to increase the tax net and documentation of the economy to generate much needed revenue. In order to meet targets set by the IMF, a further rupee devaluation of 10% to 15% cannot be ruled out. Interest rates are likely to remain more or less stable during FY-20.

We expect the demand of construction steel to improve towards the second half of the financial year 2019-20. With a move to document the economy, we believe a large number of fragmented and unstructured steel producers will cease to exist, creating space for the structured integrated units to further expand their capacity. We may expect commencement of construction activities at large infrastructure projects and the Naya Pakistan Housing Scheme to further give impetus to the demand of steel bars.

Your company will continue to increase its market share and foot print across the country by maximizing its production and sales. We are hopeful that the right steps on part of the government and a promise of providing a conducive business environment to reform the economy will translate into tangible actions and result in improving the overall economic sentiment.

The management of your Company is fully committed towards managing current challenges by taking all necessary steps to bring the Company on the path of recovery and prosperity. Your Company is focused on delivering growth and producing quality products at competitive prices.

Corporate Governance and Financial Reporting Framework

The Board of Directors of the Company are dedicated towards 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 -

- 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 controls 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 a 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 2019 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 2019 stands Nil.

Board of Directors and its Committees

The Board

The governance at Amreli Steels 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	5
Teizoon Kisat	7
Badar Kazmi	3
Zafar Ahmed Taji	6
Shayan Akberali	6
Kinza Shayan	3
Mariam Akberali	5

Board's Audit Committee

The Board's Audit Committee (BAC) monitors the Company's systems of internal controls 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 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, five (5) 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 of Directors	Number of meetings attended
Teizoon Kisat	5
Badar Kazmi	1
Zafar Ahmed Taji *	3
Kinza Shayan	4

* Zafar Ahmed Taji added as member to Board's Audit Committee on 16 October 2018.

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 twice. The meetings were 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 meetings is as follows:

Name of Directors	Number of meetings attended
Zafar Ahmed Taji	2
Teizoon Kisat	2
Shayan Akberali	2
Mariam Akberali	-

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

Annual Performance Evaluation of Board of Directors and Committees of the Board

The Company ensures to evolve and follow the corporate governance guidelines and best practices sincerely to not just boost long term shareholders value but also to respect minority rights. The Company considers it as inherent responsibility to disclose timely and accurate information regarding financial performance as well as the leadership and governance of the Company. A report on annual performance evaluation of Board of Directors and its Committees is part of Chairman's Review which is annexed in this annual report.

Female Directors

The Company is committed in promoting gender diversity in the workplace and equal opportunities for all, based on merit and suitability. Female Directors represent 28% of the composition of Board of Directors of the Company. By having female directors on Board, the Company also complies with section 154 of the Companies Act, 2017 and Code of Corporate Governance Regulations, 2017. The Board and management of the Company encourage females to join the organization.

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 are certified directors from the Pakistan Institute of Corporate Governance/ Institute of Chartered Accountants of Pakistan. The remaining two Directors will acquire the required directors' training within the time specified in the CCG. In order to keep Board Members aware about the changes in the Corporate Laws, the Company arranges refresher courses on a continuous basis.

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 26 October 2019 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 2020.

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 annexed in this annual report.

Strategic Planning

The Board of Directors regularly review the strategic direction of the Company in Board Meetings. The Board ensures that short term & long term business and operational strategies established by the management are in line with the Company's overall business objectives.

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 2019 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 2019 is annexed 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) 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) 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 report.

Business Continuity Plan

The Company's comprehensive Business Continuity Plan (BCP) is in place which includes activities required to keep the organization running without interruption of normal operations during a period of disaster. The report on BCP is annexed in this annual report.

Health, Safety and Environment - 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) to ensure the well-being of people who work with us as well as of the communities where we operate. The detailed policy of HSE is enclosed in this annual report.

Human Resource Management

The Company employs motivated workforce that steers the organization towards its vision through professional development and motivation. The Company has been on a journey of Human Resource (HR) transformation. The HR strategy is constantly redefined to meet the needs and challenges of an organization operating in an evolving market. The HR Management Report 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 2019 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".

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 NIL final cash dividend for the year ended 30 June 2019.

Contribution to National Exchequer

The Company contributed Rs.3.9 billion (FY 2018: Rs.2.9 billion) towards the National Exchequer on account of various government levies, taxes and import duties in the year under review up by 36.8% 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 conveys its appreciation to all valued stakeholders of the Company including respected shareholders, valued customers, financial institutions and suppliers for their association, support and trust on the Company. The unwavering and energetic efforts by the management and employees of the Company are highly commendable which has enabled the Company to be a market leader in the steel industry of Pakistan.

For & on behalf of Board of Directors



SHAYAN AKBERALI
Chief Executive Officer

Date: 12 September 2019
Place: Karachi



TEIZOON KISAT
Director

ضابطہ اخلاق

کمپنی کا 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 عسروں سے استوار ہیں۔ یہ کمپنی کی بنیادی پالیسی کا لازمی حصہ 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

بورڈ تمام شراکت داروں بشمول محترم صارفین، مالیاتی اداروں اور ترسیل کاروں کا بھی اس موقع پر تہہ دل سے شکریہ ادا کرنا چاہتا ہے جنہوں نے ہمیشہ ہمارا ساتھ دیا اور ہمارا یہ رشتہ دوطرفہ مفادات، اعتماد اور بھروسے پر مبنی ہے۔ بورڈ کی جانب سے کمپنی کی انتظامیہ اور تمام ملازمین کی جانب سے پیش کی جانے والی انتھک خدمات کو بھی سراہا جاتا ہے جس کی بدولت کمپنی وطن عزیز کی اسمٹیل کی صنعت میں ایک مارکیٹ لیڈر کی حیثیت سے پہچانی جاتی ہے۔

برائے و مخانب بورڈ آف ڈائریکٹرز



تیزون کست
ڈائریکٹر



شایان اکبر علی
چیف ایگزیکٹو آفیسر

تاریخ: 12 ستمبر 2019

بمقام: کراچی

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 نادہندہ 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 "Internal Control Framework" سالانہ رپورٹ کے ساتھ منسلک کی گئی ہے۔

کاروباری تسلسل کی منصوبہ بندی (Business Continuity Plan)

کمپنی کی جانب سے کاروبار میں تسلسل کیلئے بنائے 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 دیئے جاسکتے ہیں۔ (BCP) سے متعلق معلومات کو رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

صحت، حفاظت اور ماحولیات۔ کمپنی کے کاروباری افعال کے ماحول پر اثرات (HSE Policy)

کمپنی صحت، حفاظت اور ماحول کے سلسلے میں اعلیٰ معیارات کے حصول کیلئے پرعزم ہے تاکہ ان افراد کی فلاح و بہبود کو یقینی بنایا جاسکے جو ہمارے ساتھ کام کرتے ہیں اور اس کمیونٹی کا خیال بھی رکھا جائے جس میں رہ کر ہم کام کرتے ہیں۔ "HSE Policy" کو رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

ہیومن ریسورس منجمنٹ

کمپنی کی جانب سے ایسے پرعزم افراد کو لیا جاتا ہے جو کمپنی کے وژن کے مطابق پیشہ ورانہ مہارتوں اور عزم کے ساتھ کمپنی کو چلانے کے اہل ہوں۔ کمپنی اس وقت ہومین ریسورس کے اصلاحی دور سے گزر رہی ہے۔ کمپنی کی ہیومن ریسورس پالیسیوں کو مستقل بنیادوں پر جانچا جاتا ہے تاکہ ابھرتی ہوئی مارکیٹ کے ماحول میں پیدا ہونے والی ضروریات اور چیلنجوں سے نبرد آزما ہوا جاسکے۔ ایچ آر منجمنٹ رپورٹ ہذا سالانہ رپورٹ کے ساتھ منسلک ہے۔

ریٹائرمنٹ پر ملازمین کیلئے سہولیات

کمپنی کی جانب سے ایسے تمام ملازمین کیلئے جو کہ ایک مقررہ مدت ملازمت پوری کر چکے ہیں ایک غیر منظور اور غیر فنڈ شدہ گریجویٹ اسکیم قائم کی گئی ہے۔ گریجویٹ کیلئے تخمینے بناتے وقت حقیقت سے قریب ترین قیاس پر مبنی مندرجات کو درج کیا جاتا ہے۔ تازہ ترین قیاسات 30 جون 2019 کے پیش کئے گئے تھے جن کیلئے پروجیکٹڈ پونٹ کریڈٹ میٹھڈ کو بنیاد بنایا گیا تھا۔

کارپوریٹ معاشرتی ذمہ داریوں کے تحت اقدامات (Corporate Social Responsibility)

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۔

کارپوریٹ گورننس کی پاسداری

کمپنی کے 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 جاتا 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 پالیسیاں مرتب کرے۔

منافع منقسمہ اور تخصیصات

مالیاتی نتائج کو مد نظر رکھتے ہوئے 30 جون 2019 کو ختم ہونے والے مالی سال کیلئے نقد منافع منقسمہ کا اعلان نہیں کیا گیا ہے۔

قومی خزانے میں ادائیگی

کمپنی کی جانب سے سرکاری ٹیکسوں، لیویز اور درآمدی ڈیوٹیز کی مدات میں زیر نظر مالی سال کے دوران 3.94 ارب روپے قومی خزانے میں جمع کروائے گئے (بمطابق مالی سال 2018-19 یہ رقم 2.88 ارب روپے تھی) جو کہ گزشتہ مالی سال کے مقابلے میں 37 فیصد 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۔

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 رپورٹنگ کی تاریخوں کے مابین اہم تبدیلیاں (مابعد واقعات)

30 جون 2019 سے رپورٹنگ کی تاریخ تک کوئی غیر معمولی واقعات پیش نہیں آئے اور نا ہی کمپنی کی جانب سے کوئی ایسا معاہدہ ہوا ہے جس کی بنیاد پر کمپنی کے مالیاتی نتائج پر کوئی منفی اثرات مرتب ہوں۔

ترتیب حصص داری

مالی سال اختتامیہ 30 جون 2019 سے متعلق کمپنی کی ترتیب حصص داری سالانہ رپورٹ کے ساتھ منسلک ہے۔

کمپنی کے ڈائریکٹرز، اہم حصص داران، انتظامی افسران اور اسکے 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 سیکورٹیز ایکٹ 2015 کے ضوابط کے مطابق اس کی باقاعدہ اور بروقت اطلاع پاکستان اسٹاک اینڈ ایکسچینج اور ایس ای سی پی کو دی جا چکی ہے۔

"ایگزیکٹو سے مراد چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر (آپریٹنگز)، 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) بھی موجود ہے جس 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) بھی فراہم کیا گیا ہے۔ اس کام کو ترجیحی بنیادوں پر کیا جاتا ہے اور اسکے 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 سسٹم کے تحت استعمال میں لایا جاتا ہے۔ SAP اور ERP سسٹمز میں خفیہ کوڈ کے ذریعے ان دستاویزات تک محفوظ رسائی کو ممکن بنایا گیا ہے۔ کمپنی ایکٹ 2017 کے قواعد کی رو سے تمام قردادوں کی اطلاعات اور بورڈ کے اجلاسوں کی کاروائی کو فزیکل طور پر کم از کم دس (10) سال کیلئے محفوظ رکھا جاتا ہے اور الیکٹرانکس ذرائع کے تحت یہ دستاویزات ہمیشہ کیلئے محفوظ ہوتی ہیں۔ مزید برآں، ممبران کی جانب سے پیش کی گئی قراردادیں اور عام اجلاسوں کی کاروائیوں کو فزیکل اور الیکٹرانکس طریقے سے بیس (20) سال کی مدت کیلئے محفوظ رکھا جاتا ہے۔

کمپنی کے اہم افعال (کاروبار کی نوعیت)

کمپنی بنیادی طور پر اسٹیل کے بلیٹس اور ریلرز 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 کا پورٹ فولیو امریکی اور برطانوی معیار کے مطابق اعلیٰ معیار کے مضبوط ڈی فورڈ ہارڈ 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 کمپنی کے اندر 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 تجزیے 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 اصلاحی 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 گورننس 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 مذکور ہیں جسے سالانہ رپورٹ سے منسلک کیا جا چکا 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 جا چکا ہے اور زیر نظر مالی سال سے متعلق آڈیٹرز کی رپورٹ میں کوئی تبدیلی واقع نہیں ہوئی۔

ڈائریکٹرز کے نام	اجلاسوں میں حاضری کی تعداد
ظفر احمد تاجی	2
تیزون کست	2
شایان اکبر علی	2
مریم اکبر علی	-

بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت ناکر سکنے والے ممبران کی رخصت منظور کر لی گئی تھی

بورڈ اور اس کی کمیٹیوں کی سالانہ کارکردگی کا جائزہ

کمپنی کی جانب سے اس بات کیلئے مخلصانہ کوششیں کی جاتی ہیں کہ کمپنی میں کارپوریٹ گورننس اور سنہری اصولوں کی مکمل پاسداری کو ممکن بنایا جائے تا صرف اس لئے کہ حصص داران کے سرمایہ کاری کی قدر میں طویل المیعاد اضافہ کیا جائے بلکہ اس لئے بھی اقلیتی حقوق کی حفاظت کو بھی ممکن بنایا جاسکے۔ کمپنی اس بات کو اپنی بنیادی ذمہ داری سمجھتی ہے کہ مالیاتی معلومات کو بروقت اور صحیح صحیح پیش کیا جائے اور کمپنی لیڈر شپ اور گورننس کو بھی منظر عام پر لایا جائے۔ بورڈ اور اس کی کمیٹیوں کی سالانہ کارکردگی سے متعلق ایک رپورٹ چیئرمین جائزہ کا حصہ ہے جسے سالانہ رپورٹ ہذا کے ساتھ منسلک کیا گیا ہے۔

خواتین ڈائریکٹرز

کمپنی اس بات کیلئے پرعزم ہے کہ کام کی جگہ مرد و خواتین کے امتزاج میں مزید بہتری پیدا کی جائے اور برابری کی بنیاد پر مواقع فراہم کئے جائیں جس کی بنیاد میرٹ اور مستقل مزاجی ہو۔ بورڈ کے ممبران میں 28 فیصد خواتین شامل ہیں۔ بورڈ میں خواتین ممبران کو شامل کئے جانے سے کمپنی کی جانب سے کمپنیز ایکٹ 2017 کے سیکشن 154 اور کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 پر بھی عمل کیا جا رہا ہے۔ بورڈ اور کمپنی انتظامیہ کی جانب سے خواتین کی حوصلہ افزائی کی جاتی ہے کہ وہ کمپنی میں شمولیت اختیار کریں۔

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 ڈائریکٹروں 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 ناکرے جس میں اس کا اپنا معاوضہ متعین کیا جا رہا ہو۔ کمپنی کیا جانب سے غیر انتظامی ڈائریکٹرز کو معاوضہ ادا نہیں کیا جاتا۔

کے کہ وہ اجلاسوں میں شرکت کیلئے تشریف لائیں تو انھیں 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 کبھی بھی ضرورت محسوس ہو تو بورڈ کی جانب سے ڈائریکٹرز کیلئے تعارفی کورسز کا انعقاد کیا جاتا ہے جن میں انھیں 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 سے اس بات کو ممکن بنایا جاسکے کہ ڈائریکٹرز کمپنی کے تمام افعال کو اچھی طرح سمجھ لیں۔

کمپنی کے پانچ ڈائریکٹرز کی جانب سے اس تربیتی پروگرام میں سند یافتہ ہیں، جس کا اہتمام پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس اور انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کی جانب سے کیا گیا تھا۔ باقی ماندہ دو (2) ڈائریکٹرز بھی (CCG) کی جانب سے متعین کردہ وقت کے اندر اندر تربیتی پروگرام میں شرکت کر لیں گے۔ بورڈ کے ممبران کو کارپوریٹ قوانین میں ترامیم سے آگاہ رکھنے کیلئے کمپنی کی جانب سے گاہ بگاہ تربیتی کورسز کا انعقاد کیا جاتا ہے۔

بیرونی آڈیٹرز

موجودہ بیرونی آڈیٹرز (M/s. EY Ford Rhodes Chartered Accountants) سالانہ اجلاس عام کے اختتام منعقدہ 26 اکتوبر 2019 کو ریٹائر ہو رہے ہیں، تاہم انکی 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 مالی سال اختتامیہ 30 جون 2020 کیلئے ایک مرتبہ پھر تعینات کرنے کی توثیق کی ہے۔

اندرونی آڈٹ

بورڈ کی جانب سے اندرونی آڈٹ کے کام کو (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 پیش 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۔

کاروباری حکمت عملی

بورڈ آف ڈائریکٹرز کی جانب سے بورڈ کے اجلاسوں میں کمپنی کی حکمت عملی اور سمت کے تعین کا مسلسل جائزہ لیا جاتا ہے۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی کی انتظامیہ کی جانب سے کاروباری افعال کو سرانجام دینے کیلئے طویل المیعاد اور قلیل المیعاد حکمت عملیاں کمپنی کے مجموعی اہداف سے ہم آہنگ ہوں۔

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 منظور شدہ اور غیر فنڈ شدہ 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 2019 کو پروجیکٹڈ یونٹ کریڈٹ طریقے کے تحت بنایا گیا ہے۔ کیونکہ یہ ایک غیر فنڈ شدہ اسکیم ہے اس لئے اس سے کسی قسم کی کوئی سرمایہ کاری نہیں کی جاسکتی اس لئے بتاریخ 30 جون 2019 اس سلسلے میں سرمایہ کاری کی قدر صفر ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

بورڈ

امریلی اسٹیل لمیٹڈ میں گورنرس کا نظام بورڈ آف ڈائریکٹرز اور کمپنی کی انتظامیہ کی جانب سے ایک مسلسل عمل کا نتیجہ ہے۔ گورنرس کے اس نظام کی جھلک کمپنی کے 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 گورنرس کے ڈھانچے کو وضع کرنے کے سلسلے میں ان تمام تر قوانین 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 آرکیٹیکچر آف ایسوسی ایشن سے بھی ہم آہنگ ہے۔ اس طریقہ 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۔

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 گورنرس کے قابل اعتناء 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
تیزون کست	7
بدر کاظمی	3
ظفر احمد تاجی	6
شایان اکبر علی	6
کنزہ شایان	3
مریم اکبر علی	5

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 کرتا 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، آڈٹ کمیٹی انتظامیہ کی جانب سے لئے گئے اقدامات پر نظر ثانی کرنے کے ساتھ ساتھ انکی اصلاح کی کوششیں بھی کرتی ہے۔ 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۔ آڈٹ کمیٹی کے بلائے پر چیف فنانس آفیسر باقاعدگی کے ساتھ 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 آڈٹ کمیٹی کا چیئر مین بورڈ کے سامنے اپنی رپورٹ پیش کرتا ہے۔

زیر نظر مالی سال کے دوران بورڈ کی آڈٹ کمیٹی کے پانچ (5) اجلاس منعقد کئے گئے۔ تمام اجلاس پاکستان میں ہی منعقد کئے گئے۔ آڈٹ کمیٹی کے اجلاسوں میں ڈائریکٹرز کی حاضری سے متعلق تفصیلات درج ذیل ہیں:

ڈائریکٹرز کے نام	اجلاسوں میں شرکت اور حاضری
تیزون کست	5
بدر کاظمی	1
ظفر احمد تاجی *	3
کنزہ شایان	4

* ظفر احمد تاجی کو 16 اکتوبر 2018 کو بورڈ کی آڈٹ کمیٹی میں بطور ممبر شامل کیا گیا۔

انسانی وسائل و ادائیگیوں کی کمیٹی (HR&R Committee)

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

زیر نظر مالی سال کے دوران انسانی وسائل و ادائیگیوں کی کمیٹی کے دو (2) اجلاس منعقد کئے گئے۔ یہ اجلاس پاکستان میں منعقد کئے گئے۔ کمپنی کا چیف ایگزیکٹو آفیسر (CEO) انسانی وسائل و ادائیگیوں کی کمیٹی کا ممبر بھی ہے۔ HR ڈیپارٹمنٹ کے سربراہ نے مدعو کئے جانے پر انسانی وسائل و ادائیگیوں کی کمیٹی کے اجلاس میں شرکت کی۔ انسانی وسائل کی کمیٹی کے اجلاس میں ڈائریکٹرز کی حاضری سے متعلق تفصیلات درج ذیل ہیں:

کمپنی کی جانب سے دولت میں اضافے اور دولت کی تقسیم کا بیان

2018		2019		تفصیلات	
%	'000'	%	'000'	دولت میں اضافے کے ذرائع	
	15,500,543		28,595,976	آمدن از فروخت	
	22,543		7,096	آمدن از دیگر ذرائع	
	(9,913,345)		(22,118,921)	منہا: اشیاء و خدمات کی خریداری	
	5,609,741		6,484,151	کمپنی کی جانب سے قدر میں اضافہ	
				دولت کی تقسیم	
14%	766,147	17%	1,076,630	برائے ملازمین	
42%	2,355,483	53%	3,427,497	برائے حکومت	
				تنخواہیں، اجرتیں اور دیگر مراعات	
				ڈیوٹیز و ٹیکسز	
8%	476,323	19%	1,262,303	برائے سرمایہ کار	
8%	426,551	11%	684,898	آٹاٹوں کی تبدیلی کی مد میں	
12%	653,425	0%	-	برائے حصص داران	
17%	931,812	1%	32,823	برائے کمپنی	
				اخراجات و سود	
				فروڈگی	
				منافع منقسمہ	
				محفوظ منافع	
	5,609,741		6,484,151		

مستقبل پر نظر

ہمارے ملک کی معیشت اس وقت بہت ہی مشکل وقت سے گزر رہی ہے، اس وقت اس بات کی اشد ضرورت ہے کہ برآمدات کو بڑھایا جائے اور غیر ضروری اشیاء کی درآمدات میں کمی لائی جائے تاکہ ادائیگیوں کے توازن میں بہتری آئے اور دو عددی عدم توازن کا تدارک کیا جاسکے۔ حکومت کی جانب سے اس بات کی کوششیں کی جارہی ہیں کہ ٹیکس ادا کرنے والوں کی تعداد میں اضافہ کیا جائے اور معیشت کو ضوابط کے تحت لا کر آمدن میں اضافہ کیا جاسکے۔ آئی ایم ایف کی جانب سے متعین کئے گئے اہداف کو مد نظر رکھتے ہوئے یہ بات بعید از قیاس نہیں ہے کہ روپے کی قدر میں 10 فیصد سے 15 فیصد مزید کمی کی جائے گی۔ مالی سال 20-2019 کے دوران شرح سود کم و بیش یکساں رہنے کی توقع ہے۔

ہم اس بات کی امید کرتے ہیں کہ مالی سال 20-2019 کی دوسری سہ ماہی کے دوران تعمیراتی صنعت میں استعمال ہونے والے اسٹیل کی طلب میں اضافہ ہوگا۔ جیسا کہ معیشت کو ضوابط کے تحت لایا جا رہا تو ان اقدامات کے پیش نظر اس بات کی توقع کی جاسکتی ہے کہ غیر منظم ری رولز منظر عام سے غائب ہونا شروع ہو جائیں گے اور اس طرح منظم اور مربوط یونٹس کو کام کرنے کے مزید مواقع میسر آئیں گے۔ اس بات کی امید بھی کی جاسکتی ہے کہ سی پیک کے تحت بنیادی ڈھانچے کی تعمیرات کیلئے بڑے منصوبوں اور نیا پاکستان باؤسنگ اسکیم کا آغاز کیا جائے گا جس کی بدولت اسٹیل کی طلب میں اضافہ ہوگا۔

کمپنی مارکیٹ میں اپنے حصے میں اضافے کیلئے اپنی کوششیں مسلسل جاری رکھے گی اور پورے ملک میں ان اقدامات کے پیش نظر پیداواری حجم اور فروخت میں اضافے کیلئے کوششیں جاری رکھی جائیں گی۔ ہم امید کرتے ہیں کہ حکومت کی جانب سے معیشت کو مضبوط کرنے اور سازگار کاروباری حالات پیدا کرنے کے عزائم کے پیش نظر معاشی اصلاحات کیلئے اٹھائے جانے والے اقدامات ٹھوس نتائج کے حامل ہونگے اور ان کی بنیاد پر مجموعی معاشی صورتحال میں بہتری آئے گی۔

آپ کی کمپنی کی انتظامیہ موجودہ خطرات سے نبرد آزما ہونے کیلئے پوری طرح تیار اور پرعزم ہے اور اس سلسلے میں ایسے اقدامات اٹھانے کیلئے تیار ہے جس کی وجہ سے کمپنی خوشحالی کے راستے پر گامزن ہو سکے۔ آپ کی کمپنی کی توجہ اس جانب مبذول ہے کہ کمپنی کی نشوونما پر توجہ دی جائے اور کاروباری افعال میں مناسب لاگت پر معیاری پیداوار اور مؤثر حکمت عملی کے ذریعے پیداواری لاگت کو کم کیا جائے۔

کارپوریٹ گورننس اور فنانشل رپورٹنگ کا دائرہ کار

کمپنی کے بورڈ آف ڈائریکٹرز کمپنی میں کوڈ آف گورننس کے اعلیٰ معیار کی پاسداری کیلئے پرعزم ہے۔ 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 رقم اور حصص میں رد و بدل 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 ترامالیاتی تخمینے معقول اور قرین قیاس ہیں۔

د۔ مالیاتی دستاویزات 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 مؤثر 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 مؤثر بنایا جائے۔

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 منسلک کیا گیا ہے۔

اضافہ ہوا۔ لاگت میں اس اضافے کی وجہ سے مہنگائی کی شرح بھی دگنی ہو گئی جو کہ مالی سال 2019 کے آخر میں 3.9 فیصد سے بڑھ کر 8.8 فیصد تک جا پہنچی۔ زراعت، صنعت اور خدمات کے شعبوں میں شرح نمو کے اہداف بالترتیب 3.8 فیصد، 7.6 فیصد اور 6.5 فیصد مقرر کئے گئے تھے لیکن اصل حاصل شدہ اہداف میں اور مقرر شدہ اہداف میں پائے جانے والا فرق بہت زیادہ تھا، مقرر شدہ اہداف کے بالمقابل حاصل شدہ اہداف بالترتیب 0.85 فیصد، 1.4 فیصد اور 4.7 فیصد رہے۔

پاکستان میں بڑے پیمانے کی صنعت جوکل صنعتی شعبے 78 فیصد اور جی ڈی پی کا تقریباً 10.2 فیصد ہے اس کا حال بھی مختلف نہیں رہا، اس شعبے میں گزشتہ سال کے اسی عرصے کے مقابلے میں منفی 3.64 فیصد کی شرح نمو درج کی گئی ہے۔ بڑے پیمانے کی صنعتوں میں منفی شرح نمو کے ذمہ دار کئی عوامل ہیں جن میں سے ایک یہ بھی ہے کہ عوامی ترقیاتی منصوبوں کیلئے ابتدا میں مخصوص کئے گئے 1000 ارب روپے میں سے صرف 617 ارب روپے خرچ ہوئے۔

عالمی اور مقامی اسٹیل کی صنعت کا جائزہ

ورلڈ اسٹیل رپورٹ کے مطابق 2018 میں اسٹیل کی طلب میں بہت کم اضافہ درج کیا گیا ہے، جبکہ سال 2019 اور 2020 کے دوران بھی اسٹیل کی طلب میں معمولی اضافے کی توقع کی جا رہی ہے جس کی وجہ عالمی معیشت کی سست روی، عالمی تجارتی منظر نامے کی غیر یقینی صورتحال اور مالیاتی مارکیٹوں میں اتار چڑھاؤ ہے۔ ترقی یافتہ ممالک میں اسٹیل کی مانگ میں معمولی گراوٹ کی توقع ہے جبکہ ابھرتی ہوئی معیشتوں (ماسوائے چین) میں مالی سال 2019 اور 2020 کے دوران اسٹیل کی طلب میں زیادہ اضافے کی توقع ہے۔ (ماسوائے چین) کے ترقی پذیر ایشیائی ممالک میں اسٹیل کی طلب میں مالی سال 2019 اور 2020 کے دوران بالترتیب 6.5 فیصد اور 6.4 فیصد اضافے کی توقع ہے اور اس طرح عالمی اسٹیل شعبے میں یہ علاقہ تیز ترین شرح نمو کا حامل رہے گا۔

پاکستان میں تعمیراتی صنعت اس وقت مشکل وقت سے گزر رہی ہے جس کی وجوہات کاروباری اخراجات میں اضافہ، بڑھتا ہوا مقابلہ، بڑھتی ہوئی رسد، گرتی ہوئی طلب، مارکیٹ کے بدلتے ہوئے حالات اور غیر مستقل حکومتی پالیسیاں ہیں۔ اس کا اظہار آئرن اینڈ اسٹیل سیکٹر کی جانب سے مالی سال 2018-19 کیلئے شائع کی جانے والی رپورٹ سے بھی ہوتا ہے جس میں منفی 10.26 فیصد کی شرح نمو دکھائی گئی ہے۔ گھروں کی تعمیرات اور طلب میں تعمیراتی سامان کی قیمتوں میں مسلسل اضافے، تمویل لاگت میں اضافے، حکومت کی جانب سے عائد کئے جانے والے مختلف ٹیکسوں اور معیشت کے ریکارڈ کا قاعدہ ضوابط کے تحت لانے کی وجہ سے مندی کا شکار رہی ہے۔ ملک کے جنوبی حصے بالخصوص کراچی میں بلند و بالا عمارتوں کی تعمیرات پر پابندی عائد کئے جانے کی وجہ سے بھی تعمیراتی سیکٹر سست روی کا شکار رہا تاہم اس پابندی کو بعد ازاں اٹھالیا گیا گو پابندیوں میں یہ نرمی جزوی طور پر کی گئی ہے۔ بہت سے بڑے پروجیکٹس بشمول داسو ڈیم کا آغاز ہی ناکیا جا سکا جس کی وجہ سے اسٹیل کی صنعت مزید دباؤ کا شکار رہی۔

عالمی سطح پر خام مال کی قیمتوں میں کمی واقع ہوئی ہے جو کہ جولائی 2018 میں 380 امریکی ڈالر سے کم ہو کر جون 2019 میں 338 امریکی ڈالر تک آ گئی، تاہم بین الاقوامی سطح پر خام مال کی قیمتوں میں آنے والی کمی کا فائدہ ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کی وجہ سے حاصل نہ ہو سکا اور ڈالر جو کہ جولائی 2018 میں 121.5 روپے کا تھا جون 2019 میں بڑھ کر 159.7 روپے کا ہو گیا۔

امریکی اسٹیل کی کارکردگی

تمام تر نامساعد حالات کے باوجود جن پر کمپنی کی گرفت بھی نہ تھی، آپ کی کمپنی کی جانب سے مالی سال (2018-2019) کے دوران کمپنی کی اب تک کی تاریخ کی بلند ترین آمدن 28.6 ارب روپے کمائی ہوئی جبکہ گزشتہ مالی سال میں اسی عرصے کے دوران آمدن 15.5 ارب روپے تھی یعنی کمپنی کی آمدن میں گزشتہ سال کی نسبت اس سال 84.5 فیصد کا اضافہ درج کیا گیا ہے۔ آمدن کی اس بلند ترین سطح کی وجہ پرائم ریبارز کی فروخت کا حجم تھا جو کہ گزشتہ مالی سال 277,416 میٹرک ٹن رہا جبکہ یہ اب تک کا فروخت

کیا جانے والا سب سے زیادہ حجم تھا۔ 2018 کے اسی عرصے کے دوران پرائم ریبارز کی فروخت کا حجم 172,448 میٹرک ٹن تھا اور اس طرح اس کے مقابلے میں فروخت کے حجم میں 60.9 فیصد کا اضافہ درج کیا گیا ہے۔ فروخت میں اس اضافے کی وجہ مالی سال 2019 کے دوران بلٹس کا 297,283 میٹرک ٹن کا پیداواری حجم اور ریبارز کا 290,892 میٹرک ٹن رہا جبکہ گزشتہ مالی سال 2018 کے اسی عرصے کے دوران یہ حجم بالترتیب 186,471 میٹرک ٹن اور 182,741 میٹرک ٹن درج کیا گیا تھا۔

تاہم روپے کی قدر میں ہونے والی زبردستی کمی کی وجہ سے تمام پیداواری لاگتوں میں اضافہ ہوا اور مجموعی طور پر پیداواری لاگت میں 27.7 فیصد فی ٹن کا اضافہ درج کیا گیا ہے جو کہ صارفین تک کسی صورت بھی منتقل نہیں کیا جاسکتا تھا اس لئے زیر نظر مالی سال کے دوران پچھلے مالی سال کے مقابلے میں خام منافع میں 12.1 فیصد کمی درج کی گئی ہے۔ منافع بعد از ٹیکس 32.8 ملین روپے درج کیا گیا ہے جبکہ گزشتہ مالی سال کے دوران منافع بعد از ٹیکس 1,585 ملین روپے درج کیا گیا تھا۔

آمدن کے فیصدی تناسب کے اعتبار سے مال کی ترسیلی لاگت میں کچھ اضافہ درج کیا گیا ہے جس میں بنیادی طور پر اشتہارات کی لاگت شامل ہے تاہم انتظامی امور پر آنے والے اخراجات قابو میں رکھے گئے۔ تاہم تمویل لاگت میں غیر معمولی اضافہ درج کیا گیا ہے جو اس سال 1,262 ملین روپے رہا جو کہ گزشتہ مالی سال کے دوران 476 ملین روپے تھا جس کی وجہ شرح سود میں ہونے والا زبردستی اضافہ تھا اور اس کے علاوہ زیر نظر مالی سال کے دوران قرضوں کا حجم بھی پہلے کی نسبت زیادہ رہا۔ اس کا نتیجہ یہ رہا کہ زیر نظر مالی سال کے دوران قبل از ٹیکس 67 ملین روپے کا نقصان درج کیا گیا ہے جبکہ گزشتہ سال اسی عرصے کے دوران 1,394 ملین روپے کا منافع قبل از ٹیکس درج کیا گیا تھا۔

کلی معاشی اشاریوں میں پائے جانے والے عدم توازن، حکومتی پالیسیوں، معیشت کی مجموعی سست روی، صنعتی پیداوار میں کمی، روپے کی قدر میں مسلسل کمی، بڑھتی ہوئی مہنگائی، اضافی ٹیکسوں کے بوجھ اور ریگولیٹری ایڈجسٹمنٹ کی وجہ سے آپ کی کمپنی کو بڑھتی ہوئی پیداواری لاگت کا سامنا رہا جس کے منفی اثرات کمپنی کے منافع پر مرتب ہوئے جس میں بے پناہ کمی واقع ہوئی۔

مالیاتی کارکردگی

کمپنی کی جانب سے 30 جون 2019 کو ختم ہونے والے مالی سال کے دوران پیش کی جانے والی مالیاتی کارکردگی کا جائزہ ہلکا سا گزشتہ مالی سال ذیل میں پیش کیا جا رہا ہے:

تفصیلات	30 جون 2019	30 جون 2018
	----- روپے ہزاروں میں -----	
آمدن از فروخت	28,595,976	15,500,543
خام منافع	2,423,584	2,758,408
کاروباری منافع	1,195,142	1,870,754
منافع قبل از ٹیکس	(67,161)	1,394,431
منافع بعد از ٹیکس	32,823	1,585,237

بنیادی و تحلیلی آمدن فی حصص

کمپنی کی جانب سے حاصل کی گئی بنیادی و تحلیلی آمدن فی حصص زیر نظر مالی سال 2018-19 کے دوران 0.11 روپے فی حصص درج کی گئی ہے جبکہ گزشتہ مالی سال کے دوران آمدن فی حصص 5.34 روپے فی حصص درج کی گئی تھی۔

ڈائریکٹرز رپورٹ برائے ممبران

ڈائریکٹرز کی جانب سے مالی سال اختتامیہ 30 جون 2019 سے متعلق کمپنی کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی گوشوارے کو آپ کی خدمت میں پیش کئے جا رہے ہیں۔

بتاریخ 30 جون 2019 کمپنی کا بورڈ آف ڈائریکٹرز ذیل افراد پر مشتمل ہیں:

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

بتاریخ 30 جون 2019 کمپنی کا بورڈ آف ڈائریکٹرز میں شامل افراد کے نام اور امتزاج درج ذیل ہیں:

ڈائریکٹرز کا متزاج	ڈائریکٹرز کے نام
i۔ خود مختار ڈائریکٹرز (Independent Directors)	(1) بدر کاظمی (2) ظفر احمد تاجی (3) تیزون کست
ii۔ دیگر 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

جائزہ برائے معاشی حالات

عالمی منظر نامے سے متعلق پاکستان اکنامک سروے 2018-19 کے مطابق عالمی سطح پر 2017 کے دوران معاشی شرح نمو 4.0 فیصد تھی جو کہ 2018 میں کم ہو کر 3.6 فیصد ہو گئی اور اس بات کے خدشات پائے جاتے ہیں 2019 میں عالمی معاشی شرح نمو 3.3 فیصد کی سطح تک گر سکتی ہے۔ عالمی سطح پر معیشت کی اس منفی صورتحال کی بنیادی وجہ امریکہ اور چین کے درمیان بڑھتے ہوئے تجارتی تناؤ اور بریگزٹ (BREXIT) کی وجہ سے پیدا ہونے والی غیر یقینی صورتحال ہیں۔ سال 2020 میں ایک مرتبہ پھر معاشی شرح نمو 3.6 فیصد تک آنے کی امید ہے جس کا انحصار بڑی حد تک ابھرتی ہوئی منڈیوں میں پائے جانے والی تناؤ کی صورتحال اور ان کی کارکردگی اور ترقی پذیر ممالک کی معاشی کارکردگی پر ہوگا۔

پاکستان میں مالی سال 2018-19 کے دوران 6.2 فیصد کی زبردست شرح نمو کی توقع کے برعکس معاشی شرح نمو 3.3 فیصد رہی۔ گزشتہ تین سالوں کے دوران 5 فیصد کی اوسط شرح نمو سے زائد کی سطح پر ترقی کرنے والی معیشت میں گراؤٹ کلی معیشت میں پائے جانے والی غیر یقینی کیفیت کی وجہ سے ناگزیر تھی، جس میں مالی خسارہ اور کرنٹ اکاؤنٹ بیلنس میں پایا جانے والا عدم توازن نمایاں ہے۔ بین الاقوامی سطح پر اپنی ذمہ داریوں سے نمٹنے اور ناندہنگی سے بچنے کی غرض سے پاکستان کی موجودہ نئی حکومت کے پاس اس کے سوا اور کوئی چارہ نہ تھا کہ آئی ایم ایف سے پروگرام حاصل کیا جاتا۔ آئی ایم ایف کی جانب سے اس پروگرام کیلئے سخت شرائط پیش کی گئیں جس کے تحت ڈالر کے مقابلے میں روپے کی قدر میں 31.4 فیصد تک کمی کی گئی اور شرح سود کو 6.9 فیصد سے بڑھا کر 12.7 فیصد کو تقریباً دگنا کر دیا گیا۔ ان دونوں عوامل کی وجہ سے پیداواری لاگت میں بڑی حد تک

Audit Committee Report

Introduction

We are pleased to present annual Audit Committee Report which provides an insight into our work, the issues handled and the focus of the Audit Committee's deliberations during 2018-19. 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 and internal control system and related compliance and governance matters. We are also responsible for making a recommendation to the Board on the appointment or reappointment of the external auditor

Audit Committee Members

Chair: Mr. Teizoon Kisat (Independent Non-Executive and financially-literate* Director)

Members:

Zafar Ahmed Taji** (Independent Non-Executive Director)

Badar Kazmi (Independent Non-Executive Director)

Kinza Shayan (Non-Executive Director)

*as defined in the Listed Companies (Code of Corporate Governance) Regulations, 2017, Chapter X, Regulation 28 (1)(C).

** Mr. Zafar Ahmed Taji was added as member of Board's Audit Committee on 16th October 2018.

The members of the Audit Committee have the appropriate knowledge, skills and experience to carry out the tasks entrusted to the Committee by the Board.

Audit Committee Attendance

During the current year, five meetings were held and attendance was as tabled.

Name of Directors	Number of meetings attended
Teizoon Kisat	5
Badar Kazmi	1
Zafar Ahmed Taji *	3
Kinza Shayan	4

Synopsis of Activities

Financial Reporting

The financial reporting was assessed to ensure that credible and reliable information should be timely reported. Annual and quarterly financial statements were reviewed prior to their approval by the Board of Directors.

Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholders' needs.

All related party transactions have been reviewed by the Audit Committee.

Effectiveness of Internal Control System

The Audit Committee reviewed, discussed and briefed the Board on the regular reports on risks, controls and assurance, in order to monitor the effectiveness of internal controls over financial reporting, compliances and operational matters.

The Audit Committee, on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management responses. This has ensured the continual evaluation of controls and improved compliances.

External Auditor

The Audit Committee is responsible for monitoring the ongoing effectiveness & independence of the external auditor and making recommendations to the Board with respect to the re-appointment of external auditor.

The external auditor was allowed direct access to Audit Committee. The key findings presented through management letter presented by external auditor, were discussed and actions were recorded.

On 11th September 2018, the Audit Committee recommended to the Board re-appointment of external auditor for the year ending 30 June 2019. The Shareholders approved the recommendation in Annual General Meeting held on 26th October 2018 and M/s. EY Ford Rhodes., Chartered Accountants were appointed as external auditor of the Company for the year ending 30 June 2019.

Internal Auditor

Internal Audit has been outsourced to a reputed Chartered Accountant firm. The Committee met the Audit firm and Head of Internal Audit separately without executive management being present to discuss, among other matters, management’s responsiveness to internal audit recommendations and the effectiveness of the internal audit process. The findings were carefully considered by the Committee, with management given direction to ensure that necessary steps were taken to mitigate any issues. Head of Internal Audit attends all Committee meetings, during which reports are considered and discussed in detail.



TEIZOON KISAT
Chairman of the Board Audit Committee

Date: 12 September 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.

Whistle Blowing 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@amrelsteels.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.

Policy Framework for Determining Remuneration of Directors

Amreli Steels always strives to attract and retain professionals with high expertise to operate business with determination and dedication which creates value for its shareholders. The objective of the policy framework is to provide fair, transparent and sound remuneration policy that is aligned with business strategy, risk and responsibilities to ensure that shareholders remain informed, confident in the management of the Company and to support positive outcome across the economic and social context in which the Company operates.

The remuneration policy attracts, motivates and retains qualified members of the Board of Directors to align the interests of the Board of Directors with the interests of the shareholders in such a way that it does not impair the independence of the respective Board Members.

Policy for Related Party Transactions

A complete and updated list of related parties has been maintained by the Company. All transactions with related parties are carried out on an unbiased and arm length basis as per policy approved by the Board of Directors of the Company. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. The Internal Audit Function ensures that all related party transactions are carried on an arm length basis. After review by the Audit Committee, the transactions are placed before the Board for their consideration and approval. All transactions with related parties where majority of Directors of the Company are interested are referred to the shareholders in a general meeting for approval.

Policy of security clearance of Foreign Directors

The Company is committed to the well-being of its Board and has in place various protocols and procedures to ensure the safety and security of its Board Members including Foreign Directors, however currently the Company does not have any Foreign Director at Board.

Statement on mechanism of Board's Performance and Delegation of Authority to Management by Board

The Directors are fully aware of the level of trust entrusted in them by the shareholders for managing the affairs of the Company and safeguarding their interests. Thereby, the Board exercises its powers and carries out its fiduciary duties with a sense of objective judgment and independence in the best interests of the Company. The Board participates actively in major decisions of the Company including but not limited to appointment of key management, reviewing the annual business plan, approval of budgets for capital expenditures, investments in new ventures, approval of related party transactions, review of matters recommended / reported by Board's Committees, review of status of any law suits and report on governance, risk management and compliance issues. The Board also monitors Company's operations by approval of interim and annual financial statements and dividend, review of internal and external audit observations regarding internal controls and their effectiveness.

The Board has constituted Committees of Directors and management with adequate delegation of powers to effectively focus on the issues and ensure expedient resolution. These Committees meet as often as required to oversee the performance in respective areas. Each Committee has its own charter with goals and responsibilities.

The Committees of the Board include Audit Committee and Human Resource & Remuneration Committee. The Management Committees include Price Setting Committee, Human Resource Steering Committee, Scrap Planning Committee, SAP Committee and IT Steering Committee. The Board meets at least once a quarter. The CEO, CFO and other members of the Executive Committee and/or other employees attend the meetings of the Board at the invitation of the Chairman for the purpose of reporting or imparting information. The Committees report on their activities and results to the Board. The Board has delegated the executive management of the Company to the CEO for smooth operation and day to day business affairs of Company.

Annual Performance Evaluation of the Board, its Committees, Members, the Chairman and the CEO

Amreli Steels ensures to evolve and follow the corporate governance guidelines and best practices sincerely to not just boost long term shareholders value but also to respect minority rights. The Company considers it as inherent responsibility to disclose timely and accurate information regarding financial performance as well as the leadership and governance of the Company.

The Board of Directors at Amreli Steels has recognized that it would be imperative for them to continually assess how effectively the Board, its Committees members and CEO are performing their roles against the objectives and the goals they have set with the assistance of the Human Resource & Remuneration Committees, as a critical structural tool for assessing Board's effectiveness and efficiency as required under the Code of Corporate Governance, 2017.

The effectiveness and performance of the Board, its Committees, Members, Chairman, and CEO is evaluated on following factors –

- **Board Structure:** Its composition, constitution and diversity and that of its Committees, competencies of the members, Board and Committee charters, frequency of meetings, procedures;
- **Dynamics and Functioning of the Board:** Information availability, interactions and communication with CEO and senior executives, Board agenda, cohesiveness and the quality of participation in Board meetings;
- **Business Strategy Governance:** Board's role in Company strategy;
- **Financial Reporting Process, Internal Audit and Internal Controls:** The integrity and the robustness of the financial and other controls regarding related party transactions on arm's length basis;
- **Monitoring Role:** Monitoring of policies, strategy implementation and systems;
- Supporting and Advisory Role;
- The Chairperson's Role;
- Relationship: Assessment of quality of relationship between the Board and its Committees;

How the organization implemented governance practices exceeding legal requirements

The term "Governance" refers to a system of company's management that focuses on responsibility, transparency and sustainable value creation. It encompasses the management and monitoring system of the company, including its organization, business principles and guidelines, as well as internal and external controls and monitoring mechanisms.

At Amreli, the Board of Directors are committed towards the principles of good corporate governance across the Company through its top management. The Board and management of the Company always focus towards the stakeholders expectation that the Company is managed and supervised responsibly and proper internal controls and risk management policy and procedures are in place for efficient and effective operations of the Company, safeguarding of assets, compliance with laws and regulations and proper financial reporting in accordance with International Financial Reporting Standards and other applicable laws.

The Board encourages high standards of professionalism, ethical practices, accountability and transparency, in line with the global best practices and statutory requirements which are embedded in the Company's governance structure through implementation of sound internal controls, Code of Conduct and Whistle Blowing Policy of the Company to provide long-term benefits to all stakeholders. The Board being cognizant to its responsibility has established a robust governance mechanism surpassing the legal and regulatory requirements which regularly evaluate the processes to ensure growth in stakeholders' value besides safeguarding the interests of minority shareholders.

The Company conducts its operations in accordance with principles of good corporate governance and provides timely, regular and reliable information on its activities, structure, financial situation and performance to all shareholders. The Company continuously strives towards improving sound governance, best management and CSR practices in day-to-day business activities.

Presence of the Chairman of the Board Audit Committee at the Annual General Meeting

The 34th AGM of the Company was held on 23 October 2018 at the Auditorium Hall of the Institute of Chartered Accountants of Pakistan (ICAP), Block-8, Chartered Accountants Avenue, Clifton, Karachi. The Chairman of Board Audit Committee Mr. Teizoon Kisan (an Independent, Non-Executive Director) was present in the meeting to answer questions on the Audit Committee's activities and matters within the scope of the Board's Audit Committee. The AGM was also chaired by Mr. Kisan due to absence of the Chairman of the Board (Mr. Abbas Akberali) being out of town, in pursuance of Section 134(5) of the Companies Act, 2017. All queries raised by shareholders at the AGM were duly answered by the Chairman, Directors, CEO and CFO present in the meeting upto satisfaction of the shareholders.

Statement on the Management's and Board of Directors' Responsibility towards the preparation and presentation of 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 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.

Corporate Governance and Financial Reporting Framework

The Board of Directors of the Company are dedicated in 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 in this Annual Report.
- 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 2019 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 2019 stands Nil.

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Six Years at a Glance

	----- (Rupees in million) -----					
	2019	2018	(Re-Stated) 2017	(Re-Stated) 2016	2015	2014
FINANCIAL POSITION						
Assets Employed						
Property, plant and equipment	16,966	15,529	12,253	8,442	7,504	7,566
Intangible assets	32	28	20	27	24	-
Long term investments	15	15	15	15	15	15
Long term deposit	138	136	129	131	130	133
Current assets	12,460	10,935	5,791	8,150	4,589	3,411
Total Assets	29,611	26,643	18,209	16,765	12,262	11,126
Financed By						
Shareholders' equity	12,244	12,880	11,146	10,690	5,871	4,839
Long-term liabilities						
Long term finance	1,507	2,204	712	525	1,150	2,049
Current portion of long term finance	1,187	775	310	484	952	550
	2,693	2,980	1,022	1,008	2,102	2,599
Non-current and deferred liabilities	1,386	1,162	1,222	1,212	1,005	932
Current liabilities	14,475	10,396	5,129	4,339	4,236	3,308
Current portion of long term finance	(1,187)	(775)	(310)	(484)	(952)	(550)
	13,288	9,621	4,819	3,856	3,284	2,757
Total Funds Invested	29,611	26,643	18,209	16,765	12,262	11,126
OPERATIONS						
Turnover	28,596	15,501	13,284	12,400	14,414	11,965
Gross profit	2,424	2,758	2,468	2,792	2,514	1,376
Operating profit	1,195	1,871	1,697	2,085	1,940	1,011
EBITDA	1,892	2,305	2,025	2,437	2,233	1,307
Profit / (loss) before tax	(67)	1,394	1,445	1,749	1,272	380
Profit after tax	33	1,585	1,074	1,279	1,011	252
Total comprehensive income	17	2,328	1,050	1,288	1,003	263
Capital expenditures (addition during the year)	2,122	2,916	4,133	1,292	192	123
EPS	0.11	5.34	3.62	4.81	4.54	1.13

CASH FLOW SUMMARY

	2019	2018	2017	2016	2015	2014
Net cash generated from / (used in) operating activities	749	(2,219)	3,649	(987)	1,089	1,727
Net cash generated from / (used in) investing activities	(2,137)	(2,924)	(4,133)	(1,293)	(206)	(96)
Net cash generated from / (used in) financing activities	1,404	5,204	172	2,582	(867)	(1,645)
Increase / (decrease) in cash and cash equivalents	16	62	(312)	301	16	(14)
Cash and cash equivalents at end of the year	147	131	70	381	80	63

Vertical Analysis & Horizontal Analysis

Vertical Analysis

BALANCE SHEET

EQUITY AND LIABILITIES

Share Capital And Reserves

Issued, subscribed & paid up share capital	10.03%	11.15%	16.31%	17.72%	23.48%	22.86%
Capital reserves	9.42%	10.47%	15.32%	16.63%	0.00%	0.00%
Revenue reserves - accumulated profit	14.12%	17.74%	20.11%	18.54%	8.79%	2.99%
Actuarial gain / (loss) on gratuity fund	-0.19%	-0.15%	-0.17%	-0.04%	-0.04%	0.02%
Revaluation surplus on property, plant and equipment	7.97%	9.14%	9.64%	10.91%	15.65%	17.61%
	41.35%	48.34%	61.21%	63.76%	47.88%	43.49%

Non Current Liabilities

Long term financing	5.09%	8.27%	3.91%	3.13%	9.38%	18.41%
Finance lease	0.00%	0.00%	0.00%	0.00%	0.00%	0.52%
Loan from related party	0.95%	0.00%	0.00%	0.00%	0.00%	0.00%
Deferred liabilities	0.69%	0.58%	0.64%	0.43%	0.55%	0.42%
Deferred taxation	3.04%	3.78%	6.07%	6.80%	7.58%	7.41%
Other financial liability	0.00%	0.00%	0.00%	0.00%	0.06%	0.03%
	9.77%	12.64%	10.62%	10.36%	17.58%	26.79%

Current Liabilities

Trade & other payables	12.02%	8.21%	5.26%	5.73%	5.94%	7.37%
Contract liabilities	0.95%	0.90%	0.87%	0.72%	2.12%	0.49%
Unclaimed dividend	0.02%	0.01%	0.01%	0.00%	0.00%	0.00%
Interest / mark-up accrued	1.19%	0.51%	0.31%	0.29%	0.67%	0.89%
Short term borrowings	30.69%	26.47%	19.92%	16.26%	18.04%	15.58%
Current portion of long term financing	4.01%	2.91%	1.70%	2.88%	7.76%	4.94%
Current portion of finance lease	0.00%	0.00%	0.00%	0.00%	0.00%	0.46%
Taxation - net	0.00%	0.00%	0.09%	0.00%	0.00%	0.00%
	48.88%	39.02%	28.17%	25.88%	34.54%	29.73%

TOTAL EQUITY AND LIABILITIES

ASSETS

Non-Current Assets

Property, plant, equipment & other assets	57.30%	58.28%	67.29%	50.35%	61.20%	68.00%
Intangibles	0.11%	0.10%	0.11%	0.16%	0.20%	0.00%
Long term investment	0.05%	0.06%	0.08%	0.09%	0.12%	0.14%
Long term deposits	0.47%	0.51%	0.71%	0.78%	1.06%	1.19%
	57.92%	58.96%	68.20%	51.39%	62.58%	69.34%

Current Assets

Stores & spares	4.52%	3.26%	3.40%	3.58%	4.12%	4.00%
Stock in trade	22.24%	28.00%	18.70%	26.30%	18.55%	14.07%
Trade debts	11.49%	6.71%	7.99%	12.35%	9.44%	8.36%
Loan and advances	0.06%	0.09%	0.12%	0.75%	0.71%	0.24%
Other receivables	0.43%	0.85%	0.97%	2.55%	2.72%	1.04%
Sort term investment	0.00%	0.00%	0.00%	1.79%	0.00%	0.00%
Trade deposits & short term prepayments	0.12%	0.17%	0.24%	0.29%	0.40%	1.14%
Taxation - net	2.71%	1.48%	0.00%	0.51%	0.83%	1.23%
Cash and bank balances	0.50%	0.49%	0.38%	0.48%	0.65%	0.57%
	42.08%	41.04%	31.80%	48.61%	37.42%	30.66%

TOTAL ASSETS

	2019	2018	2017 (Re-Stated)	2016 (Re-Stated)	2015	2014
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
57.30%	58.28%	67.29%	50.35%	61.20%	68.00%	57.92%
0.11%	0.10%	0.11%	0.16%	0.20%	0.00%	0.11%
0.05%	0.06%	0.08%	0.09%	0.12%	0.14%	0.47%
0.47%	0.51%	0.71%	0.78%	1.06%	1.19%	58.96%
4.52%	3.26%	3.40%	3.58%	4.12%	4.00%	22.24%
22.24%	28.00%	18.70%	26.30%	18.55%	14.07%	11.49%
11.49%	6.71%	7.99%	12.35%	9.44%	8.36%	0.06%
0.06%	0.09%	0.12%	0.75%	0.71%	0.24%	0.43%
0.43%	0.85%	0.97%	2.55%	2.72%	1.04%	0.00%
0.00%	0.00%	0.00%	1.79%	0.00%	0.00%	0.12%
0.12%	0.17%	0.24%	0.29%	0.40%	1.14%	2.71%
2.71%	1.48%	0.00%	0.51%	0.83%	1.23%	0.50%
0.50%	0.49%	0.38%	0.48%	0.65%	0.57%	42.08%
42.08%	41.04%	31.80%	48.61%	37.42%	30.66%	100.00%
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Vertical Analysis & Horizontal Analysis

Horizontal Analysis

	2019 Vs 2018	2018 Vs 2017	2017 Vs 2016	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013
BALANCE SHEET						
EQUITY AND LIABILITIES						
Share Capital And Reserves						
Issued, subscribed & paid up share capital	0.00%	0.00%	0.00%	3.16%	13.18%	7.66%
Capital reserves	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%
Revenue reserves - accumulated profit	-11.58%	29.07%	17.84%	188.24%	223.63%	78.19%
Actuarial gain / (loss) on gratuity fund	39.48%	31.21%	386.02%	25.95%	-343.05%	-134.32%
Revaluation surplus on property, plant and equipment	-3.01%	38.71%	-4.08%	-4.65%	-2.08%	-5.12%
	-4.94%	15.56%	4.26%	82.08%	21.34%	4.98%
Non Current Liabilities						
Long term financing	-31.64%	209.57%	35.76%	-54.40%	-43.86%	29.33%
Finance lease	0.00%	0.00%	0.00%	0.00%	-100.00%	-67.97%
Loan from related party	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Deferred liabilities	31.95%	33.12%	62.02%	7.47%	44.68%	14.26%
Deferred taxation	-10.58%	-8.89%	-3.03%	22.53%	12.86%	1.45%
Other financial liability	0.00%	0.00%	0.00%	-100.00%	178.58%	-81.38%
	-14.08%	74.09%	11.39%	-19.44%	-27.69%	13.13%
Current Liabilities						
Trade & other payables	62.68%	128.41%	-0.26%	31.79%	-11.16%	36.05%
Contract liabilities	16.78%	51.55%	31.87%	-53.81%	382.35%	-67.50%
Unclaimed dividend	111.54%	75.37%	100.00%	0.00%	0.00%	0.00%
Interest / mark-up accrued	160.07%	140.66%	16.89%	-41.70%	-16.56%	6.12%
Short term borrowings	28.85%	94.43%	33.06%	23.27%	27.62%	-43.98%
Current portion of long term financing	53.06%	149.89%	-35.85%	-49.21%	73.07%	11.50%
Current portion of finance lease	0.00%	0.00%	0.00%	0.00%	-100.00%	-52.51%
Taxation - net	0.00%	-100.00%	100.00%	0.00%	0.00%	0.00%
	39.23%	102.67%	18.21%	2.43%	28.07%	-27.41%
TOTAL EQUITY AND LIABILITIES	11.14%	46.32%	8.61%	36.72%	10.21%	-5.71%
ASSETS						
Non-Current Assets						
Property, plant, equipment & other assets	9.25%	26.73%	45.15%	12.49%	-0.82%	-2.73%
Intangibles	14.48%	36.70%	-23.71%	9.85%	5955.97%	-44.70%
Long term investment	-0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Long term deposits	1.58%	4.81%	-1.54%	1.21%	-2.35%	-38.88%
	9.19%	26.49%	44.15%	12.27%	-0.54%	-3.53%
Current Assets						
Stores & spares	53.82%	40.46%	3.22%	18.74%	13.57%	12.44%
Stock in trade	-11.70%	119.11%	-22.81%	93.86%	45.32%	-23.77%
Trade debts	90.34%	22.85%	-29.72%	78.79%	24.53%	62.69%
Loan and advances	-19.59%	5.21%	-82.31%	43.65%	223.53%	-79.97%
Other receivables	-43.92%	28.69%	-58.75%	28.35%	186.94%	-70.84%
Short term investment	0.00%	0.00%	-100.00%	100.00%	0.00%	0.00%
Trade deposits & short term prepayments	-18.75%	0.65%	-10.10%	0.42%	-61.71%	310.16%
Taxation - net	104.52%	100.00%	-100.00%	-14.76%	-26.35%	-2.13%
Cash and bank balances	12.18%	88.44%	-14.26%	1.76%	25.61%	-18.07%
	13.94%	88.84%	-28.95%	77.62%	34.51%	-10.30%
TOTAL ASSETS	11.14%	46.32%	8.61%	36.72%	10.21%	-5.71%

Vertical Analysis & Horizontal Analysis

Vertical Analysis

	June-19	June-18	Jun-17	Jun -16	Jun -15	Jun -14
PROFIT OR LOSS						
Turnover - net	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	-91.52%	-82.20%	-81.42%	-77.48%	-82.56%	-88.50%
Gross profit	8.48%	17.80%	18.58%	22.52%	17.44%	11.50%
Distribution cost	-2.51%	-2.49%	-2.54%	-2.75%	-1.95%	-1.62%
Administrative cost	-1.75%	-2.59%	-2.45%	-1.74%	-1.59%	-1.34%
Other operating income	0.02%	0.15%	0.06%	0.12%	0.24%	0.17%
Other charges	-0.06%	-0.79%	-0.88%	-1.33%	-0.69%	-0.25%
Operating profit	4.18%	12.07%	12.77%	16.81%	13.46%	8.45%
Finance cost	-4.41%	-3.07%	-1.89%	-2.71%	-4.63%	-5.28%
Profit/(loss) before taxation	-0.23%	9.00%	10.88%	14.11%	8.82%	3.18%
Taxation	0.35%	1.23%	-2.79%	-3.79%	-1.81%	-1.07%
Profit/(loss) after taxation	0.11%	10.23%	8.09%	10.31%	7.02%	2.11%
Other comprehensive income	-0.06%	4.79%	-0.18%	0.07%	-0.06%	0.09%
Total comprehensive income	0.06%	15.02%	7.90%	10.39%	6.96%	2.20%

Horizontal Analysis

	2019 Vs 2018	2018 Vs 2017	2017 Vs 2016	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013
PROFIT OR LOSS						
Turnover - net	84.48%	16.69%	7.13%	-13.97%	20.46%	12.65%
Cost of sales	105.40%	17.81%	12.57%	-19.25%	12.37%	11.94%
Gross profit	-12.14%	11.76%	-11.60%	11.05%	82.76%	18.44%
Distribution cost	85.75%	14.37%	-1.19%	21.47%	44.62%	14.55%
Administrative cost	24.90%	23.57%	50.19%	-5.50%	42.98%	4.05%
Other operating income	-68.52%	206.39%	-52.22%	-55.75%	72.28%	845.95%
Other charges	-85.61%	5.58%	-29.37%	65.73%	230.40%	93.42%
Operating profit	-36.11%	10.25%	-18.60%	7.48%	91.78%	22.46%
Finance cost	165.01%	89.33%	-25.02%	-49.75%	5.75%	-3.20%
Profit/(loss) before taxation	-104.82%	-3.52%	-17.37%	37.53%	234.75%	118.90%
Taxation	-47.60%	-151.39%	-21.08%	80.49%	104.37%	143.30%
Profit/(loss) after taxation	-97.93%	47.59%	-16.01%	26.46%	300.62%	108.34%
Other comprehensive income	-102.15%	-3135.90%	-371.22%	-207.07%	-182.16%	-164.34%
Total comprehensive income	-99.28%	121.85%	-18.50%	28.42%	281.77%	149.68%

Vertical Analysis & Horizontal Analysis

CASH FLOW

Vertical Analysis

	2019	2018	2017	2016	2015	2014
Net cash generated from / (used in) operating activities	4692%	-3607%	-1171%	-328%	6702%	-12342%
Net cash generated from / (used in) investing activities	-13384%	-4753%	1327%	-429%	-1266%	688%
Net cash generated from / (used in) financing activities	8791%	8459%	-55%	857%	-5336%	11754%
Increase / (decrease) in cash and cash equivalents	100%	100%	100%	100%	100%	100%

Horizontal Analysis

	2019 Vs 2018	2018 Vs 2017	2017 Vs 2016	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013
Net cash generated from / (used in) operating activities	-134%	-161%	-470%	-191%	-37%	-2371%
Net cash generated from / (used in) investing activities	-27%	-29%	220%	528%	114%	-49%
Net cash generated from / (used in) financing activities	-73%	2924%	-93%	-398%	-47%	-637%
Increase / (decrease) in cash and cash equivalents	-74%	-120%	-203%	1755%	-216%	-134%

Operational Highlights

FINANCIAL RATIOS

	UoM	2019	2018	2017	2016	2015	2014
Profitability Ratios							
Gross profit ratio	Percentage	8.48%	17.80%	18.58%	22.52%	17.44%	11.50%
Net profit to sales ratio	Percentage	0.11%	10.23%	8.09%	10.31%	7.02%	2.11%
Return on equity	Percentage	0.27%	12.31%	9.64%	11.96%	17.22%	5.22%
Return on capital employed	Percentage	0.23%	11.77%	9.31%	14.02%	14.54%	3.86%
Operating leverage	Percentage	-42.75%	61.40%	-261.07%	-53.58%	448.55%	177.61%
EBITDA margin to sales	Percentage	6.62%	14.87%	15.24%	19.65%	15.49%	10.92%

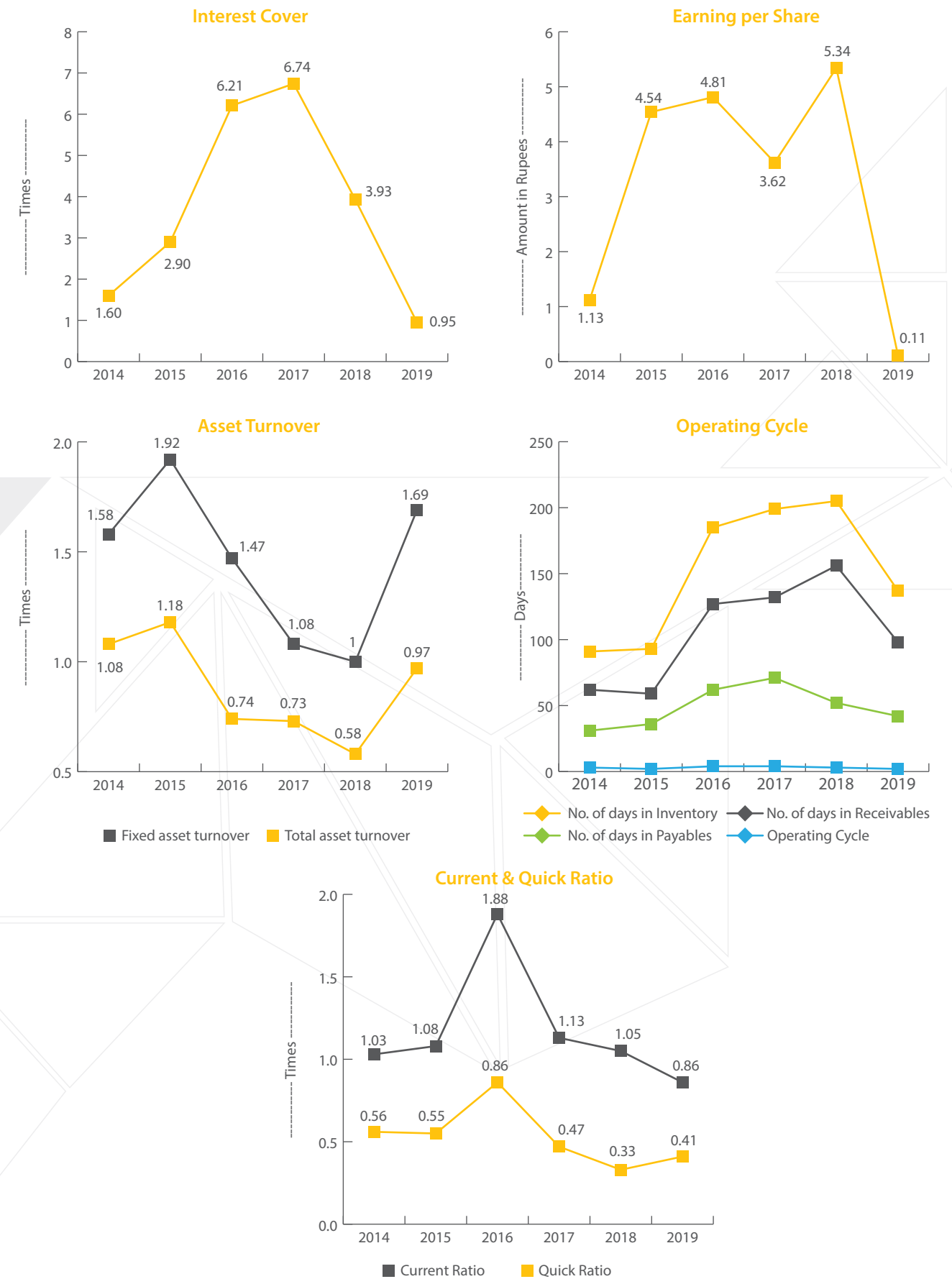
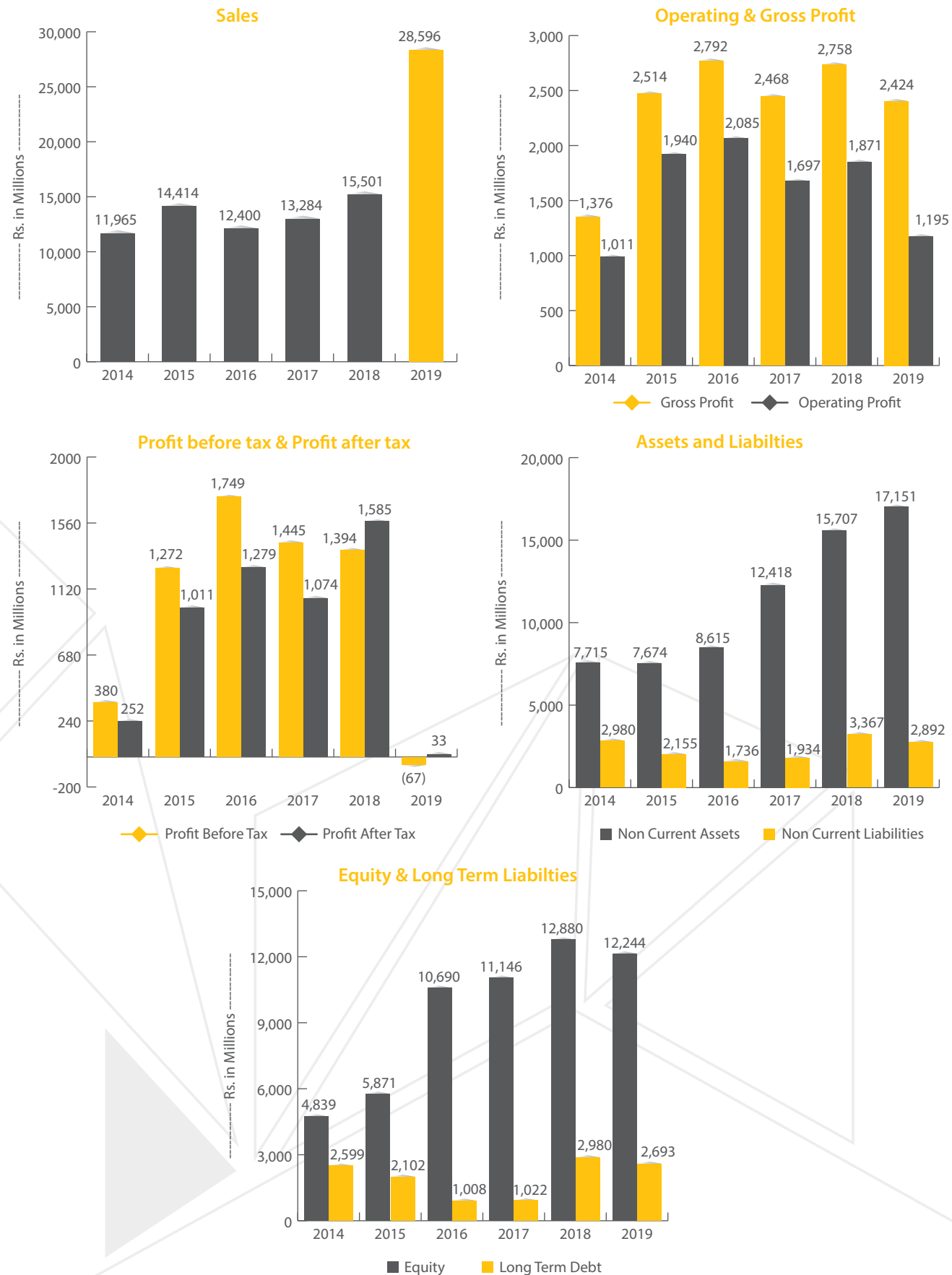
Liquidity Ratios							
Current ratio	Times	0.86 : 1	1.05 : 1	1.13 : 1	1.88 : 1	1.08 : 1	1.03 : 1
Quick / acid test ratio	Times	0.41 : 1	0.33 : 1	0.47 : 1	0.86 : 1	0.55 : 1	0.56 : 1
Cash to current liability	Times	0.01 : 1	0.01 : 1	0.01 : 1	0.09 : 1	0.02 : 1	0.02 : 1
Cash flow from operations to sales	Times	0.03 : 1	-0.14 : 1	0.27 : 1	-0.08 : 1	0.08 : 1	0.14 : 1

Activity / Turnover Ratios							
inventory turnover	Times	3.7	2.3	2.8	2.9	6.2	5.9
No. of days in inventory	Days	98	156	132	127	59	62
Debtor turnover	Times	8.7	7.0	5.2	5.9	10.1	11.6
No. of days in receivables	Days	42	52	71	62	36	31
Creditor turnover	Times	149.8	122.6	93.1	92.3	149.1	128.0
No. of days in payables	Days	2	3	4	4	2	3
Operating cycle	Days	137	205	199	185	93	91
Total asset turnover	Times	1.0	0.6	0.7	0.7	1.2	1.1
Fixed asset turnover	Times	1.7	1.0	1.1	1.5	1.9	1.6

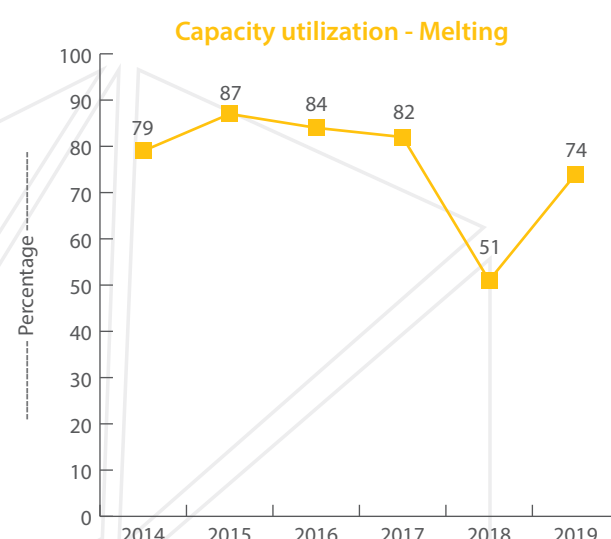
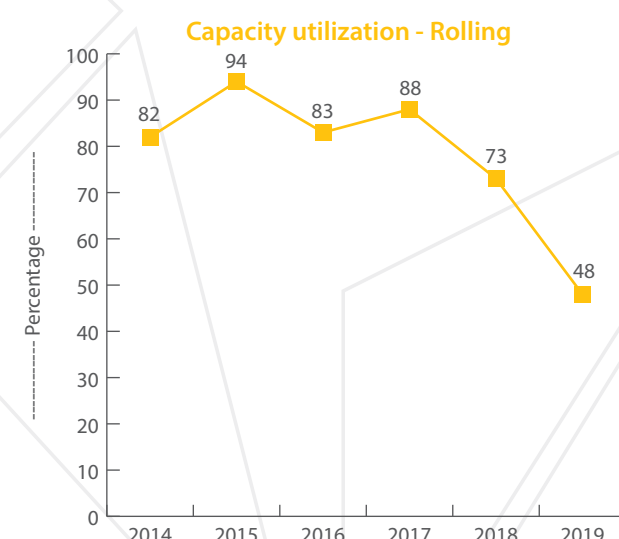
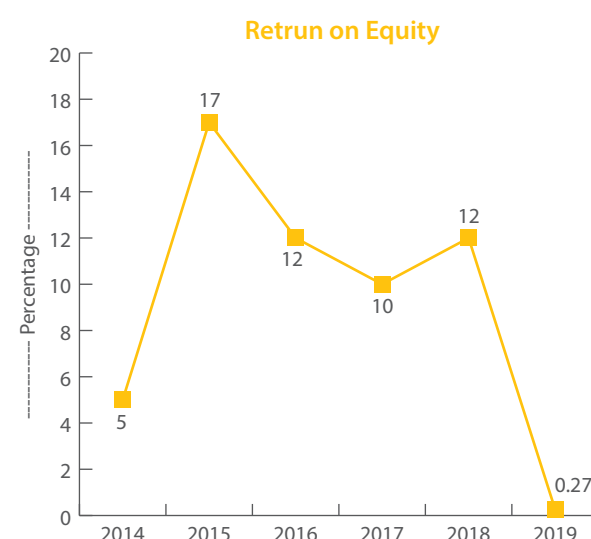
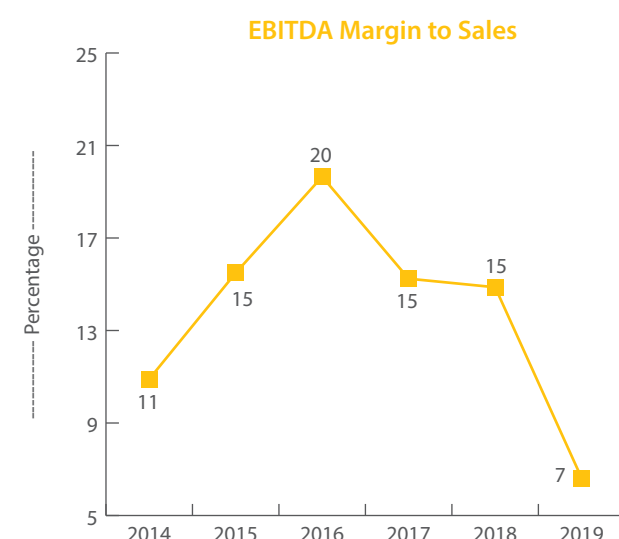
Investment / Market Ratios							
Eps - basic & diluted	Rupees	0.11	5.34	3.62	4.81	4.54	1.13
P/E ratio	Times	223.14	13.21	31.20	9.78	N/A	N/A
Dividend yield ratio	Percent	0.00%	3.12%	1.77%	4.25%	N/A	N/A
Dividend payout ratio	Percent	0.00%	41.20%	55.25%	41.58%	N/A	N/A
Dividend coverage ratio	Times	-	2.43	1.81	2.41	N/A	N/A
Cash dividend per share	Rupees	-	2.20	2.00	2.00	N/A	N/A
Price to book ratio	Times	2.47	7.05	11.29	4.70	N/A	N/A
Stock dividend per share	Percent	-	-	-	-	-	-
Market value per share							
- Year end	Rupees	24.66	70.55	112.95	47.02	N/A	N/A
- Highest	Rupees	79.41	119.48	137.97	78.20	N/A	N/A
- Lowest	Rupees	21.57	64.34	46.90	42.65	N/A	N/A
Break value per share with surplus on revaluation	Rupees	41.22	43.37	37.53	35.99	20.39	19.02
Break value per share without surplus on revaluation	Rupees	33.27	35.17	31.62	29.83	13.73	11.32

Capital Structure Ratios							
Debt / equity ratio	Times	0.12 : 1	0.17 : 1	0.06 : 1	0.05 : 1	0.20 : 1	0.42 : 1
Weighted average cost of debt	Percentage	9.80%	5.57%	5.13%	7.24%	13.00%	11.41%
Financial leverage ratio	Times	0.22 : 1	0.23 : 1	0.09 : 1	0.09 : 1	0.36 : 1	0.54 : 1
Debt service ratio	Times	0.93 : 1	2.93 : 1	2.75 : 1	1.89 : 1	1.76 : 1	1.06 : 1
Interest cover	Times	0.95	3.93	6.74	6.21	2.90	1.60

Graphical Presentation



Graphical Presentation



Analysis of Financial Statements

Statement of financial position

Shareholders' equity & liabilities

Shareholders' equity:

The shareholders' equity of the company faced variations during the last six years due to mix of factors. During FY 14 to FY 18, the reserves increased from Rs. 4.8 billion to Rs. 12.88 billion due to increase in retained profits. However, during the financial year 2019, the shareholders' equity reduced due to decline in profit and payment of dividend.

Non - current liabilities:

Non - current liabilities include long term borrowings, finance lease, deferred liabilities, deferred taxation, and other financial liabilities. From FY 14 to FY 16, the long term borrowings decreased by 42% due to repayment of term loans. However, from FY 17 till FY 19 these were increased due to financing obtained for capital expenditures of various nature necessary for the operation and expansion of the company.

Current liabilities:

Current liabilities comprise of short term borrowings, trade and other payables, unclaimed dividend, current portion of long term borrowing. The short term borrowing increased to Rs. 9,088 million in FY 19 as compared to Rs. 7,053 million in FY 18. This reflects the increased funding of working capital due to increase in cost of doing business, decrease in margins and increase in utilization of production capacities of re-bars and billets.

Assets

Non - current assets:

Property, plant and equipment, long term deposits and intangible assets represents non - current assets. Property, plant and equipment has witnessed an ongoing increase since FY 16 including acquisition and installation of new rolling mill of 425,000 tons capacity at Dhabeji, increase in new melting capacity of 400,000 tons (200,000 tons each in FY 16 and FY 19) to manufacture billets, new office premise at Sky Tower and warehouses in Lahore and Islamabad.

Current assets:

The stock in trade witnessed a rise from Rupees Rs. 1.5 billion to Rs. 6.6 billion from FY14 to FY19. The reason for the increase in stock is the rise in demand of reinforcement bars over the years which is evident from the topline of the Company and also due to rupee devaluation and other inflationary increase in input costs. The Company produced 148,275 tons of Rebars in FY 14 vs 290,892 tons in FY 19. The trade debts surged from Rupees 930 million to 3,406 million from FY14 to FY19 which is in line with the increase in sales revenue.

Analysis of Financial Statements

Profit or loss statement

Turnover and cost of sales

The company recorded its highest sales revenue of Rupees 28.6 billion in FY 19. The increase in revenue is due to increase in sales volume by 61% as compared to FY 18 coupled with increase in sale price. Since FY 14, the company has recorded 19.04% compounded annual growth in revenue till FY 19.

Increase in cost of sales year on year since FY 14 is in line with the increase in the increase in sales revenue. However, the cost of sales drastically increased in FY 19 as compared to earlier years due to abnormal increase in rupee dollar exchange rate.

Gross profit

The gross profit has plunged from 17.8% to 8.46% in FY18 to FY 19. The anomalous rupee devaluation in FY 19 substantially increased the cost of production. Due to economic downturn in the country, the company was not able to pass on this abnormal increase in cost of production to its customers.

Distribution cost

Distribution cost increased from Rs. 194 million to Rs. 716 million from FY 14 to FY 19. This increase is in line with the increase in sale revenue and represents 2.51% of sales for FY 19 as compared to 1.62% in FY 14. The increase in distribution to sales ratio reflect significant cost incurred on advertisement and human capital besides other inflationary impact.

Administration cost

Administration cost increased from Rs. 160 million to Rs. 501 million from FY 14 to FY 19. This increase represents the inflationary increase in cost over the period, increase in company's operations due to increase capacities including significant increase in number of employee's to support its extended operations. As a percentage of sales administration cost in FY 14 was 1.34% and 1.75% in FY 19.

Finance cost

Finance cost in absolute terms increased by 2.65 times in FY 19 as compared to FY 18. The reason for this increase was increase in production and sales volume, decrease in gross margins and increase in interest rates and additional financing obtained for certain capital expenditures that were necessary for the increased operations of the company. Had the margins not reduced and interest rates would have remained same the finance cost would have been lowered by Rs. 400 million, if not more for FY 19. Historically finance cost of the company from FY 14 till FY 17 as a percentage of sales has shown declining trend from 5.28% to 1.89% as the Company has made good profits and efficient utilization of proceeds from Initial Public Offering.

Taxation

Taxation expense varied over time with the variation in profits. However, during the FY 18 and FY 19 tax reversal is due to tax credit availed by the company on its investment in newly installed rolling mill at Dhabeji under section 65(B) and 65(E) of Income tax ordinance 2001, respectively.

Net profit

The net profit increased from Rs. 249 million to Rs. 1.585 billion in FY 14 to FY 18. The increase was due to increase in sales volume, improved margins and lower financing cost. However, the net profit for the year FY 19 almost diminished to Rs. 32 million due to staggering rupee devaluation which increased the cost of entire operations of the company. Further, the decrease in national consumption made it difficult for the Company to pass on the impact increase in cost of production to its selling price. Further, continuous increase in monetary policy rates has held back the Company in shape of huge finance cost which has resulted in decline in profitability.

Cash flow statement

Cash flow from operating activities

Investment in working capital and payment of income taxes resulted in negative balance in FY 16. Increase in sales, improved control on trade debt helped in generating a positive cash flow from operations in FY 17. In FY 18, the company purchased substantial quantities of steel scrap to produce additional billet quantities to full fill the additional requirement created due to the commencement of operations of new rolling mill at Dhabeji resulted in a negative cash flow. In FY 19, the company generated a positive cash flow from operations supported by a better control on trade debts and optimizing stock quantities.

Cash flow from investing activities

The cash flow from investing activities mainly consist of investment in property, plant and equipment. Since FY 16 till FY 19, the Company has invested heavily in plant & machineries to enhance production capacities of both Steel Billets and Rebars by adding two Electric Induction Furnaces of 200,000 tons each and installing modern new Rolling Mill of 425,000 tons at Dhabeji.

Cash flow from financing activities

The cash flow from financing activities consist of dividends payments, short and long term financing and payment of finance cost. In FY 14 and FY 15, the company used cash generated from operations to pay its financial obligations. In FY 16, the Company got listed on Pakistan Stock Exchange (PSX) and raised Rs. 3.5 billion net by issuance of fresh shares to set up new rolling mill and increase billet capacity at Dhabeji. In FY 18 and FY 19, the company obtained both short-term and long-term financing to support increased working capital needs and to fund capital expenditures respectively.

Ratio analysis

Profitability ratios

The company has recorded a cumulative annual sales growth of 19% in FY 19. With the increase in sales revenue, the company's gross profit steadily increased from FY 14 to FY 16, from 11.00% to 22.5%. The gross profit margin started to dwindle from FY 17 due to increase in cost of production. In FY 19, the Company gross profit margin dropped to 8.48% due to abnormal rupee devaluation, increase in interest cost, decrease in national consumption and other macro-economic factors impacting the profitability of the company. The net profit margin remained on an inclining trend from FY 14 to FY 18, however, the same came under pressure in FY 19 due to reasons mentioned above.

Liquidity and working capital ratios

Current ratio of 1.03 times improved to 1.05 times in between FY 14 to FY 18, however, it reduced to 0.86 times in FY 19 due to reason mentioned above. Economic downturn in the Country, rising interest rates and rupee devaluation has affected the company's profitability and anticipated sales revenue in 3rd quarter of FY 19. The demand picked up in 4th quarter of FY 19 and company recorded a handsome volumetric growth of more than 50% as compared to the quantities sold in 3rd quarter of FY 19. This resulted in an improved inventory turnover days of 98 days in FY 19 when compared to 156 days in FY 18. Increase in demand also helped the company to curb down its debtor's days which resulted in an improved debtor days of 42 days when compared to 52 days in FY 18. Creditor days remained in line with the previous years.

In FY 19, the Company recorded its highest sales revenue which resulted in an improved total asset turnover of 1.0 time which is higher by 0.4 time when compared to FY 18. Fixed asset turnover also improved by 0.7 time in FY 19 when compared to 1.0 times of FY 18.

Investment ratios

The earning per share increased from 1.12 in FY 14 to 5.34 in FY 18 due to Company's better profitability in these years. However, it fell to 0.11 in FY 19 because of lowest profitability of the Company in the last six years due to higher production and interest cost as already discussed and explained under the heading profitability ratios.

Analysis of Financial Statements

The Company's shares were traded at Pakistan stock exchange in a price range of 21.57 to 79.47 during the year and 24.66 being the year end price compared to 70.55 of FY 18.

The break value per share improved from 19.02 rupees to 43.37 rupees during FY 14 to FY 18 due to improvement in company's performance. However, reduced slightly to 41.75 rupees in FY 19 due to lower operational performance. Capital Structure Ratio

Debt equity ratio and financial leverage improved to 0.12 time and 0.22 time in FY 19 as compared to 0.17 time and 0.23 time in FY 18 respectively due to repayment of long-term loans. Debt service ratio and interest cover reduced owing to lower net profit in FY 19.

Statement of Value Addition & Wealth Distribution

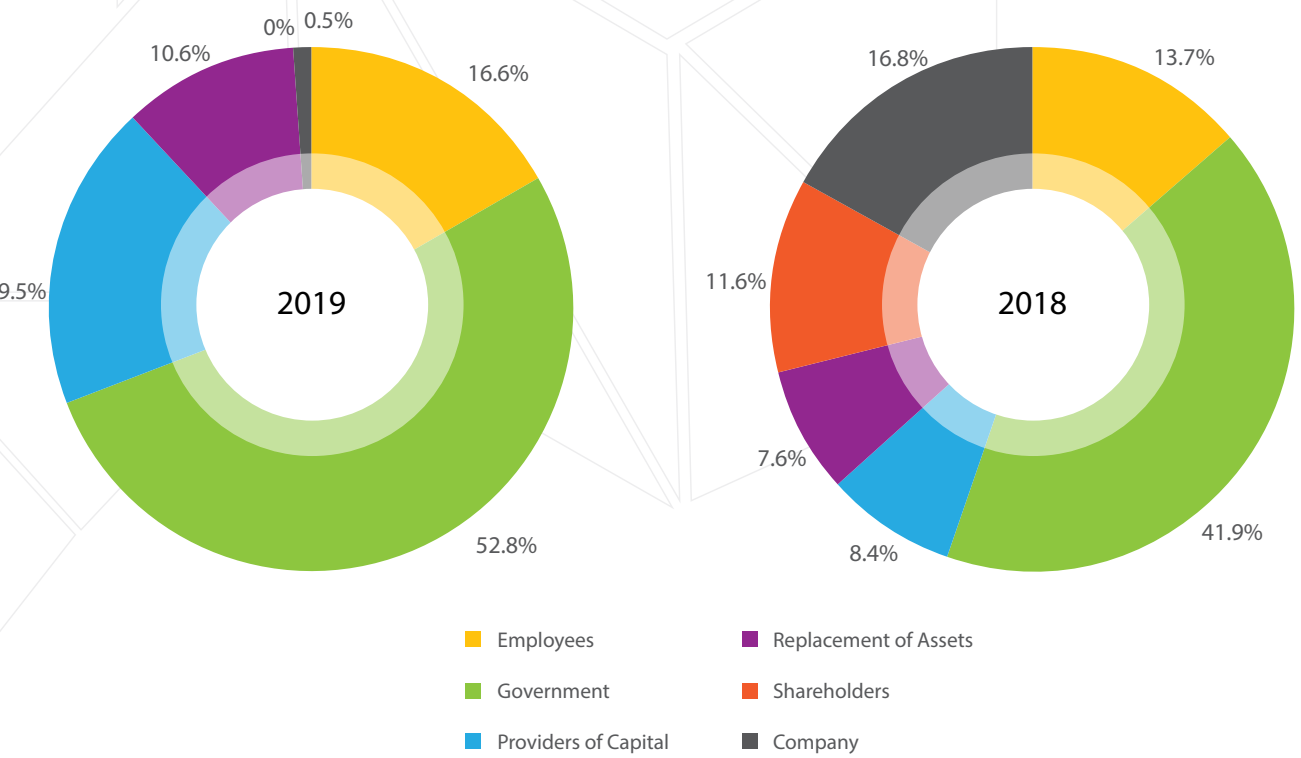
WEALTH GENERATED

Revenue from sales	28,595,976	15,500,543
Revenue from other income	7,096	22,543
Less: bought in material and services	(22,118,921)	(9,913,345)
Value added by company	6,484,151	5,609,741

WEALTH DISTRIBUTED

To employees: Salaries, wages and other benefits	1,076,630	16.6%	766,147	13.7%
To government: Duties and taxes	3,427,497	52.8%	2,355,483	41.9%
To providers of capital: Charges and markup	1,262,303	19.5%	476,323	8.4%
For replacement of assets: Depreciation	684,898	10.6%	426,551	7.6%
To shareholders: Dividend	-	0%	653,425	11.6%
To company: Retained profit	32,823	0.5%	931,812	16.8%
	6,484,151	100%	5,609,741	100%

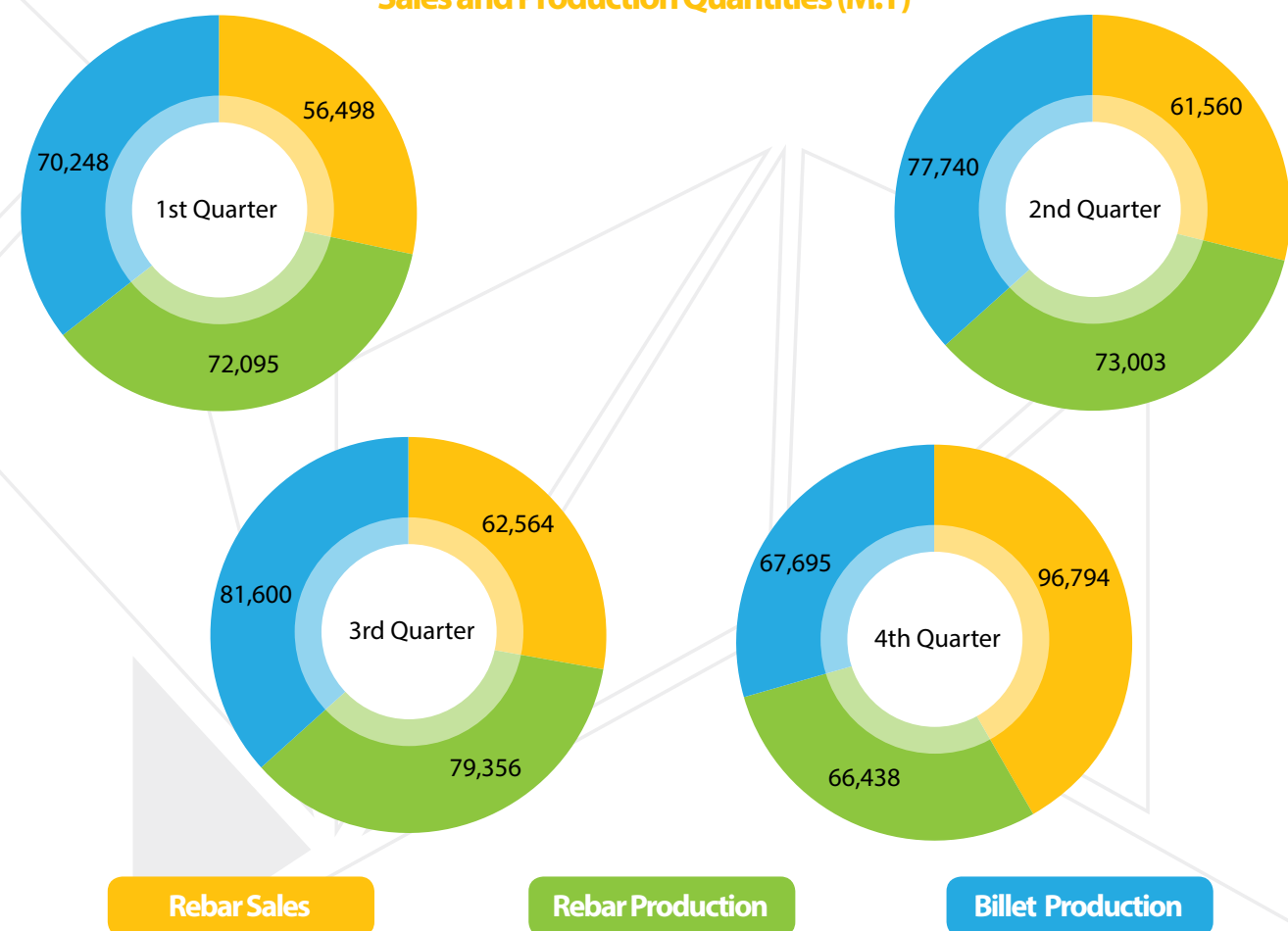
	2019		2018	
	'000'	%	'000'	%
Revenue from sales	28,595,976		15,500,543	
Revenue from other income	7,096		22,543	
Less: bought in material and services	(22,118,921)		(9,913,345)	
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	6,484,151	100%	5,609,741	100%



Quarterly Analysis

	1st QUARTER	2nd QUARTER	3rd QUARTER	4th QUARTER	ANNUAL
-----Amount in Rs.-----					
Sales	5,922,361,265	6,394,866,110	6,405,881,301	9,872,867,316	28,595,975,992
Cost of sales	(5,014,188,143)	(5,777,715,648)	(6,090,860,292)	(9,289,627,602)	(26,172,391,685)
Gross profit	908,173,122	617,150,462	315,021,009	583,239,714	2,423,584,307
Gross profit %	15%	10%	5%	6%	8%
Administrative expenses	(155,967,131)	(128,959,379)	(153,763,623)	(277,795,140)	(716,485,273)
Distribution expenses	(109,208,870)	(127,472,775)	(134,773,262)	(129,894,191)	(501,349,098)
Other expenses	(36,287,106)	(9,193,235)	23,688,324	4,088,075	(17,703,942)
Other income	22,527,897	6,870,104	(24,206,632)	1,904,694	7,096,063
Operating profit	629,237,912	358,395,177	25,965,816	181,543,152	1,195,142,057
Operating profit %	11%	6%	0.4%	2%	4%
Finance cost	(208,610,567)	(281,027,271)	(370,453,388)	(402,211,796)	(1,262,303,022)
Profit / (loss) before taxation	420,627,345	77,367,906	(344,487,572)	(220,668,644)	(67,160,965)
Taxation (expense)/reversal	(12,039,277)	30,376,957	51,727,604	29,919,144	99,984,428
Net profit / (loss)	408,588,068	107,744,863	(292,759,968)	(190,749,500)	32,823,463
Net profit / (loss) %	6.90%	1.68%	-4.57%	-1.93%	0.11%

Sales and Production Quantities (M.T)



COMMENT ON QUARTERLY ANALYSIS

First quarter: The net sales increased by 119% in the first quarter compared to the same period last year. The increase in sales revenue is mainly supported by increase in sales quantity by 74% when compared to corresponding quarter of preceding financial year.

The operating profit of the Company decreased by 2% as compared to corresponding quarter predominantly due to increase in distribution expenses as a result of advertisement campaign on television and other media sources in this first quarter of FY 2019. Further increase is due to increase in cartage and distribution expenses as a result of increase in sales quantity and inflationary effect on prices.

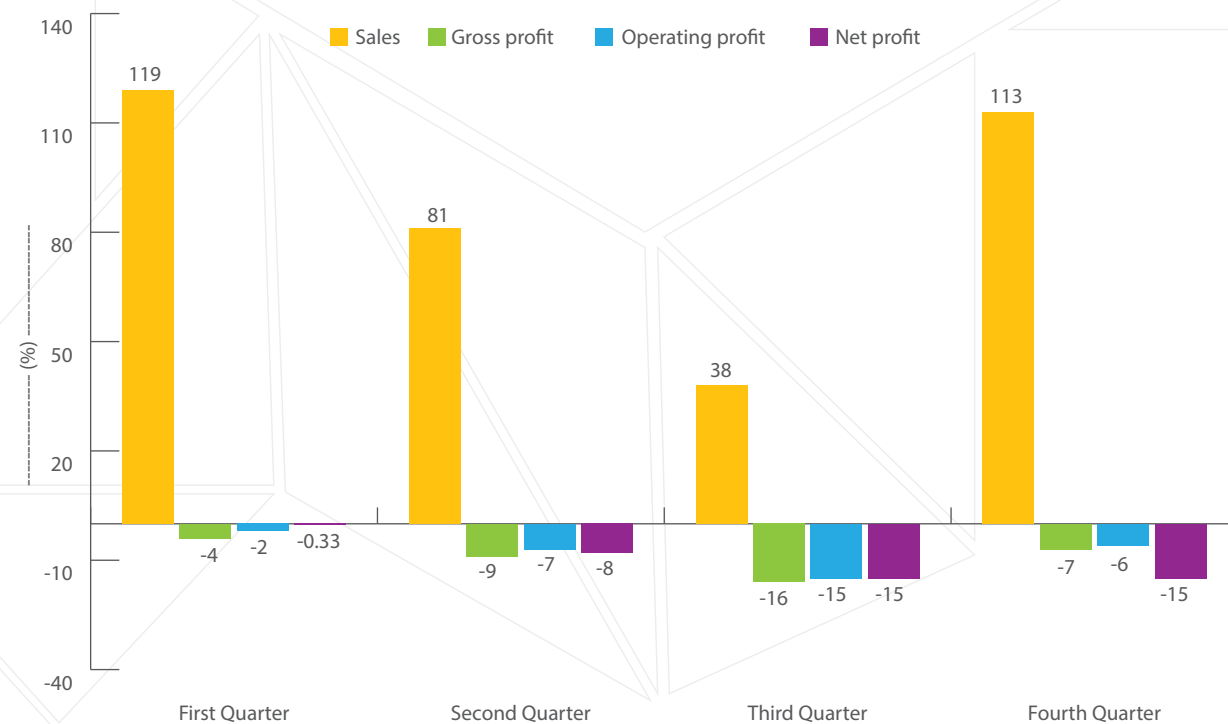
There is an overall increase in quantities produced and sold in the first quarter. However, the net profit margin remained almost unchanged as compared corresponding quarter of previous year.

Second quarter: The Company recorded an increase in sales revenue by 81%, coupled with the increase in sales quantity by 49% when compared to the corresponding quarter of preceding financial year. The gross profit margin dropped by 9% when compared to same quarter of last year, mainly due to abrupt rupee devaluation and decrease in national consumption as a result of which the Company could not achieved a selling price to maintain desired level of gross profit margin.

The operating profit decreased by 7% which is in line with decrease in gross profit margin when compared to corresponding quarter last year.

Sales in terms of quantities increased in this quarter however, the net profit margin declined by 8% which is in line with decrease in operating profit and increase in finance cost due to increased operations and increase in KIBOR.

Variation Chart



Quarterly Analysis

Third quarter: Sales revenue increased by 38% along with increase in sales quantity by 22% when compared to the corresponding quarter last year.

The gross profit margin decreased by 16% in third quarter FY 19 as compared to same quarter last year. The drop in gross profit margin is due to continued rupee devaluation which resulted in expensive raw materials being consumed for production.

The operating profit and net profit decreased by 15% in the third quarter when compared to the corresponding quarter last year which is in line with the decrease in gross profit margin and increased finance cost.

Fourth quarter: The Company's sales revenue increased by 113% along with increase in sales quantity by 105% in the fourth quarter when compared to the corresponding quarter last year.

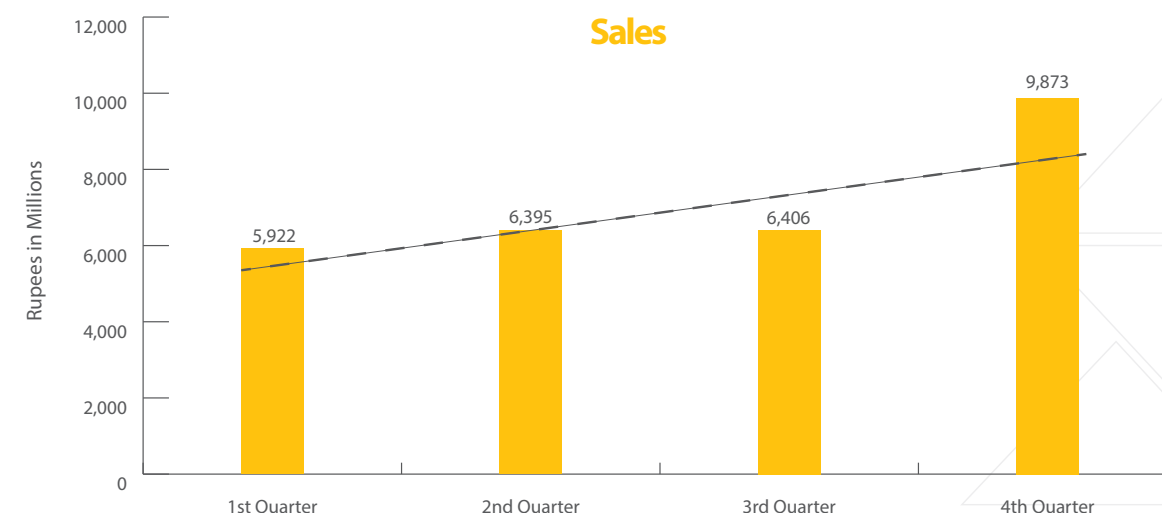
The gross profit decreased by 7% in current quarter when compared to corresponding quarter of last year. The demand picked up in the fourth quarter but the price demand relationship remained highly elastic, as a result Company cannot achieve a higher gross profit margin.

The operating profit decreased by 6% in the fourth quarter when compared to the corresponding quarter last year; the prime reason for this decrease is the reduction in gross profit margin.

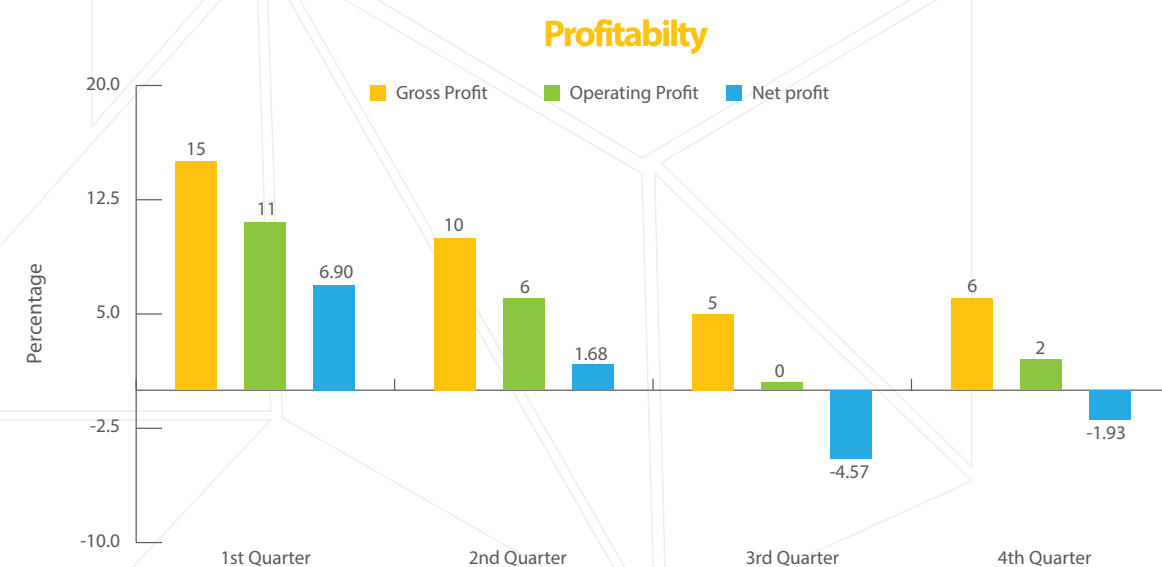
The net profit decreased by 14% in the fourth quarter when compared to the corresponding quarter last year due to increase in finance cost.

Analysis of Variation in Interim Results Reported with Annual Results

The sales revenue presented an increasing trend during every quarter of FY 2019 with an annual increase of 84% when compared to preceding financial year i.e. FY 2018. The increase in sales revenue is supported by the availability of annual 425,000 tons additional manufacturing capacity at Dhabeji.



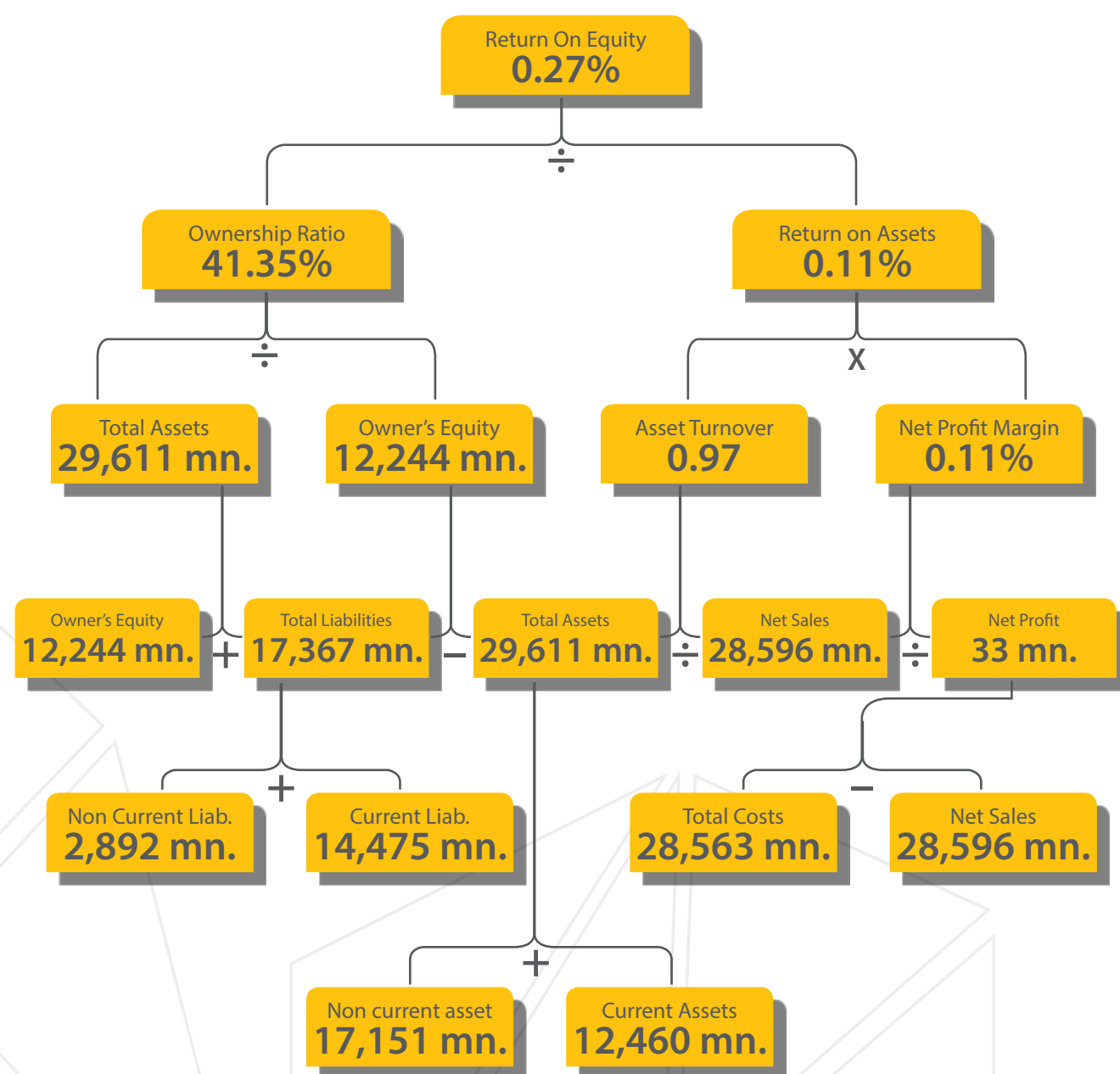
The gross profit declined during the year from 15% to 6% from 1st quarter to 4th quarter FY 2019. The decline is due to abnormal rupee devaluation against dollar which substantially increased the cost of imported raw materials, additives and spares hence the cost of production. Further, due to economic uncertainty and decrease in overall national consumption, the Company was not able to pass on the impact of abnormal increase in cost to maintain margins. The annual gross profit margin during the financial year FY 19 remained at 8%.



The operating profit margin remained consistent with the decrease in gross profit margin starting from 11% in the 1st quarter to 2% in 4th quarter and settling to 4% for the current financial year. Apart from decline in gross margin the reason for decrease in operating margin pertains to increase in advertisement and sales promotion cost.

The net profit margin declined from 6.9% in 1st quarter to a negative margin of 1.93% in 4th quarter. The decrease in net profit margin is consistent with the decrease in operating profit margin. During the year, finance cost also increased three folds as a result of increase in short term borrowings primarily due to rupee devaluation and increase in KIBOR which almost doubled from first quarter to the last quarter resulting in lower quarterly net profit/loss margins each quarter and at the end of the year. The annual net profit margin remained at 0.11% compared to 10% of FY 2018.

Dupont Analysis



Years	Profit Margin (Net Profit/Turnover) A	Asset Turnover (Turnover/Total Assets) B	Leverage Ratio (Total Assets/Total Equity) C	ROE AxBxC
2019	0.11%	97%	2.42	0.27%
2018	10%	58%	2.07	12%
2017	8%	73%	1.63	10%
2016	10%	74%	1.57	12%
2015	7%	118%	2.09	17%
2014	2%	108%	2.30	5%

Cash Flow Statement – Direct Method

CASH FLOW FROM OPERATING ACTIVITIES

Cash receipts from the customers	26,941,356	15,116,566
Cash paid to suppliers and employees	(25,770,000)	(16,963,966)
Cash generated/ (used) in operations	1,171,356	(1,847,400)
Income tax paid	(410,786)	(361,486)
Long term deposits - net	(2,147)	(6,221)
Gratuity paid	(9,314)	(3,615)
Net cash generated from / (used) in operating activities	749,109	(2,218,722)

CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	(2,122,365)	(2,916,000)
Purchase of intangible assets	(15,740)	(14,756)
Proceeds from disposal of operating assets	1,427	7,207
Net cash used in investing activities	(2,136,678)	(2,923,549)

CASH FLOW FROM FINANCING ACTIVITIES

Short term borrowings received	3,104,821	4,234,035
Long-term financing – net	(286,166)	1,957,330
Loan from director	280,000	-
Finance cost paid	(1,045,165)	(394,893)
Dividend paid	(649,956)	(592,686)
Net cash generated from financing activities	1,403,534	5,203,786

Net increase in cash and cash equivalents

Cash and cash equivalent at the beginning of the year	131,074	69,558
Cash and cash equivalents at the end of period	147,039	131,073

Cash and cash equivalent comprise the following:

Cash and bank balances	147,039	131,073
Short-term investment	-	-
Cash and cash equivalents at the end of period	147,039	131,073

Financial Statements

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Independent Auditors' Report

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 2019, 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 2019 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.

Following are the Key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Capital expenditure on capacity enhancement	
As referred to in note 7 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure during the year for new projects to enhance the production capacity.	We obtained understanding of the Company's process with respect to capital expenditure including project budgeting, execution of contracts and accumulation of cost.
Capital expenditures incurred during the year represents a significant transaction and therefore, we have identified the same as a key audit matter.	We reviewed the relevant contracts and documents supporting various components of the capitalised cost.
	We considered whether the items of cost capitalised, meet the recognition criteria of an asset in accordance with the applicable financial reporting standards.
	We also evaluated the basis used by the management for depreciation charged in relation to the asset, by considering factors such as the current useful life estimates and timing of capitalisation.
	We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements.
2. Long term financing for capital expenditure	
As disclosed in note 19 and note 20 to the accompanying financial statements, the Company has obtained additional long term loans amounting to Rs. 458 million from a commercial bank and loan from non-executive director amounting to Rs. 280 million during the current year.	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.
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.	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.
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.	Further, we assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.

Key audit matter	How our audit addressed the key audit matter
3. First time adoption of IFRS 9 'Financial Instruments'	
As referred to in note 4 to the accompanying financial statements, the Company has adopted IFRS 9 'Financial Instruments' with effect from 1 July 2018.	In order to assess the appropriateness of the management's judgement and estimate, our key audit procedures included, among others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts.
IFRS 9 requires the Company to make provision using expected credit losses (ECL) approach as against the incurred loss model previously applied by the management. The management has determined that the most significant impact on the new standard on the Company's financial statements relates to the calculation of ECL against trade debts.	We considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimate. Further, we assessed the integrity and quality of the data used for ECL computation by matching the same with the accounting records and information system of the Company. We also checked the mathematical accuracy of the ECL computation on a sample basis.
Assessment of provision for ECL against trade debts requires significant judgement, estimates and assumptions applied by the management including historical credit loss experience adjusted with forward-looking information.	In addition to the above, we assessed the adequacy of disclosures in the accompanying financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standards.
Given the significance of the judgments related particularly to the estimation of ECL, we have considered this as a key audit matter.	
4. Recoverability and recognition of deferred tax asset	
As disclosed in note 21 to the accompanying financial statements, the Company has recognized deferred tax asset on unused business losses, unabsorbed depreciation and tax credits amounting to Rs. 1,195 million. In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of future steel bar prices, average inflation and exchange rates, growth rate and timing of reversals. The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the significant value of deferred tax asset and the assessment of future taxable income involves significant management judgement about future business and economic factors.	Our audit procedures among others included obtaining an understanding of the process and controls in this area relevant to our audit.
	We evaluated the appropriateness of the components on which the Company has recognized deferred tax asset in light of the requirements of the Income Tax Ordinance, 2001, considering the factors including age and the expiry of the deferred tax asset and tax rates enacted. For this purpose, we involved our internal tax specialist to assist us.
	We evaluated the Company's assumptions and estimates in relation to the likelihood of generating future taxable income, principally by performing sensitivity analysis and testing the key assumptions used by the management.
	We have also assessed the adequacy of the Company's disclosures in accordance with relevant laws as applicable in Pakistan.

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:

- 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 Omer Chughtai.

EY Fund Rndm

Chartered Accountants
Place: Karachi

Date: 27 September 2019

Statement of Financial Position

As at 30 June 2019

	Note	2019 ----- (Rupees) -----	2018 -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	16,965,602,305	15,528,653,230
Intangible assets	8	31,925,876	27,888,714
Long-term investments	9	15,289,370	15,289,370
Long-term deposits	10	137,746,032	135,599,448
		<u>17,150,563,583</u>	<u>15,707,430,762</u>
CURRENT ASSETS			
Stores and spares		1,337,909,615	869,765,512
Stock-in-trade	11	6,586,598,119	7,459,068,100
Trade debts	12	3,402,721,624	1,787,703,846
Loans and advances	13	18,798,361	23,377,452
Trade deposits and short-term prepayments	14	35,939,701	44,233,685
Other receivables	15	127,402,134	227,188,878
Taxation – net		803,803,350	393,017,333
Cash and bank balances	16	147,038,804	131,073,813
		<u>12,460,211,708</u>	<u>10,935,428,619</u>
TOTAL ASSETS		29,610,775,291	26,642,859,381
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	2,970,114,270	2,970,114,270
Capital reserve		2,788,741,922	2,788,741,922
Revenue reserves – accumulated profit		4,179,933,539	4,727,294,416
Actuarial loss on gratuity fund		(56,405,671)	(40,439,405)
Revaluation surplus on property, plant and equipment	18	2,361,200,451	2,434,441,250
		<u>12,243,584,511</u>	<u>12,880,152,453</u>
NON-CURRENT LIABILITIES			
Long-term financing	19	1,506,913,763	2,204,388,750
Loan from related party	20	280,000,000	-
Deferred taxation	21	900,142,946	1,006,648,806
Deferred liability	22	205,420,228	155,677,808
		<u>2,892,476,937</u>	<u>3,366,715,364</u>
CURRENT LIABILITIES			
Trade and other payables	23	3,560,081,041	2,188,435,369
Contract liabilities		280,782,509	240,438,386
Interest / markup accrued	24	352,787,278	135,648,698
Short-term borrowings	25	9,087,930,113	7,053,113,896
Current portion of long-term financing	19	1,186,553,740	775,245,124
Unclaimed dividend		6,579,162	3,110,091
		<u>14,474,713,843</u>	<u>10,395,991,564</u>
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		29,610,775,291	26,642,859,381

The annexed notes 1 to 44 form an integral part of these financial statements.

Shayan Qureshi

Chief Executive

Shamir

Director

M. Nadeem

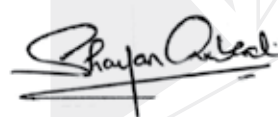
Chief Financial Officer

Statement of Profit or Loss

For the year ended 30 June 2019

	Note	2019 ----- (Rupees) -----	2018 -----
Sales	27	28,595,975,992	15,500,542,721
Cost of sales	28	(26,172,391,685)	(12,742,134,429)
Gross profit		2,423,584,307	2,758,408,292
Distribution costs	29	(716,485,273)	(385,733,038)
Administrative expenses	30	(501,349,098)	(401,410,506)
Other expenses	31	(17,703,942)	(123,053,961)
Other income	32	7,096,063	22,543,009
Operating profit		1,195,142,057	1,870,753,796
Finance costs	33	(1,262,303,022)	(476,323,111)
(Loss) / profit before taxation		(67,160,965)	1,394,430,685
Taxation	34	99,984,428	190,805,976
Net profit for the year		32,823,463	1,585,236,661
Earnings per share – basic and diluted (Rs. per share)	35	0.11	5.34

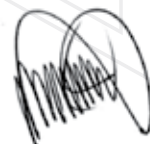
The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

Statement of Other Comprehensive Income

For the year ended 30 June 2019

	2019 ----- (Rupees) -----	2018 -----
Net profit for the year	32,823,463	1,585,236,661
Other comprehensive income		
Items that may be reclassified subsequently to statement of profit or loss:		
Revaluation surplus on property, plant and equipment – net of tax	-	752,804,153
Items that may not be reclassified subsequently to statement of profit or loss:		
Actuarial loss on gratuity fund – net of tax	(15,966,266)	(9,617,891)
	(15,966,266)	743,186,262
Total comprehensive income for the year	16,857,197	2,328,422,923

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive



Director



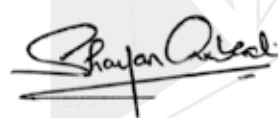
Chief Financial Officer

Statement of Changes in Equity

For the year ended 30 June 2019

	Issued, subscribed and paid-up capital	Capital Reserve Share premium	Revenue Reserve Accumulated profit	Actuarial loss on gratuity fund	Revaluation surplus on property, plant and equipment	Total
	-----Rupees-----					
Balance as at 30 June 2017	2,970,114,270	2,788,741,922	3,662,702,710	(30,821,514)	1,755,014,996	11,145,752,384
Final dividend @ Rs.2 per Ordinary share of Rs. 10 each for the year ended 30 June 2017	-	-	(594,022,854)			(594,022,854)
Net profit for the year	-	-	1,585,236,661	-	-	1,585,236,661
Other comprehensive income / (loss)	-	-	-	(9,617,891)	752,804,153	743,186,262
Total comprehensive income for the year	-	-	1,585,236,661	(9,617,891)	752,804,153	2,328,422,923
Incremental depreciation relating to revaluation surplus on property, plant and equipment – 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
Final dividend @ Rs.2.2 per Ordinary share of Rs. 10 each for the year ended 30 June 2018	-	-	(653,425,139)	-	-	(653,425,139)
Net profit for the year	-	-	32,823,463	-	-	32,823,463
Other comprehensive loss	-	-	-	(15,966,266)	-	(15,966,266)
Total comprehensive income for the year	-	-	32,823,463	(15,966,266)	-	16,857,197
Incremental depreciation relating to revaluation surplus on property, plant and equipment – net of tax	-	-	73,240,799	-	(73,240,799)	-
Balance as at 30 June 2019	2,970,114,270	2,788,741,922	4,179,933,539	(56,405,671)	2,361,200,451	12,243,584,511

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

Statement of Cash Flows

For the year ended 30 June 2019

CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / profit before taxation

Adjustments for:

Depreciation
Amortization
Capital work-in-progress written off
Unrealised exchange loss
Allowance for expected credit loss
Trade debts written off
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 in current liabilities:

Trade and other payables
Contract liabilities

Cash generated from / (used in) operations

Income taxes paid
Gratuity paid
Long-term deposits – net

Net cash generated from / (used in) 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*
Loan from director
Finance costs paid

Net cash inflow from financing activities

Net increase 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

*No non-cash items are included in these activities

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

2019
----- (Rupees) -----
2018

(67,160,965)	1,394,430,685
684,897,652	426,551,302
11,702,814	7,268,869
-	9,610,299
5,807,421	-
39,602,505	52,264,698
-	(394,855)
36,569,160	28,803,590
(908,733)	(1,817,514)
-	(17,810,970)
1,262,303,022	476,323,111
2,039,973,841	980,798,530
1,972,812,876	2,375,229,215
(468,144,103)	(250,534,217)
872,469,981	(4,054,869,502)
(1,654,620,283)	(384,371,379)
4,579,091	(1,156,665)
8,293,984	(285,918)
99,786,744	(50,651,641)
(1,137,634,586)	(4,741,869,322)
295,833,547	437,457,031
40,344,123	81,783,466
336,177,670	519,240,497
1,171,355,960	(1,847,399,610)
(410,786,016)	(361,485,751)
(9,314,438)	(3,614,973)
(2,146,584)	(6,220,835)
749,108,922	(2,218,721,169)
(2,122,365,202)	(2,915,999,520)
(15,739,976)	(14,756,279)
1,427,207	7,207,000
(2,136,677,971)	(2,923,548,799)
(649,956,068)	(592,686,192)
3,104,820,921	4,234,035,055
(286,166,371)	1,957,329,647
280,000,000	-
(1,045,164,442)	(394,892,842)
1,403,534,040	5,203,785,668
15,964,991	61,515,700
131,073,813	69,558,113
147,038,804	131,073,813

Notes to the Financial Statements

For the year ended 30 June 2019

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)
Warehouses	- Plot # F-295 S.I.T.E Karachi (Land measuring area 0.50 Acres) - Noor Road Badami Bagh Lahore (Land measuring 0.79 Acres)

2. STATEMENT OF COMPLIANCE

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 (IFRSs) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are 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 IFRSs, 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 as otherwise disclosed in the accounting policies below.
- 3.2 These financial statements are prepared in Pak Rupees, which is the Company's functional and presentation currency.

4. NEW STANDARDS AND AMENDMENTS

The accounting policies adopted in preparation of these financial statements are consistent with those of the previous year except that the Company has adopted the following new standards and amendments which became effective for the current year:

- IFRS 2 – Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
- IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment)
- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- IAS 40 – Investment Property: Transfers of Investment Property (Amendments)
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration

Improvements to accounting standard issued by IASB in December 2016

IAS 28 – Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 and IFRS 15. The impact of adoption of IFRS 15 and IFRS 9 are described below

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in these financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Company generates its revenue from sale of goods. The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods, and variable consideration did not have any impact on the revenue recognised by the Company. Therefore, adoption of IFRS 15 did not have any material impact on the timing of revenue recognition and the amount of revenue recognized in these financial statements

Further, due to application of the above standards, the Company has revised its policies and incorporate additional disclosures in accordance with the requirements of the above standards in these financial statements.

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The Company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP).

Classification and measurement

IFRS-9 retain but simplifies the measurement model and establishes the measurement categories of financial asset: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. The Company's trade debts and other financial assets previously classified as loans and receivables are now measured at amortised cost.

Investments in term deposit receipts continue to be measured at amortised cost as they are held within the business model with the objective to hold and to collect all contractual cash flows.

Notes to the Financial Statements

For the year ended 30 June 2019

The Classification and measurement of IFRS-9, as described above did not have significant impact on the Company's financial statements.

The Company's financial assets mainly includes long term investments, long term deposits, trade debts, loans, trade deposits, other receivables, cash and bank balances held with commercial banks.

The Company's financial assets mainly includes long term investments, long term deposits, trade debts, loans, trade deposits, other receivables, cash and bank balances held with commercial banks.

Further, the Company's financial liabilities continue to be measured at amortised cost.

Impairment

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Company's trade debt balances amounting to Rs. 39.6 million as disclosed in note 12 of these financial statements.

4.1 Standards, interpretations and amendments to approved accounting standards that are 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:

Standard or Interpretation	Effective date (annual periods beginning on after)
IFRS 3 Definition of a Business (Amendments)	01 January 2020
IFRS 3 Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
IFRS 9 Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10 / IAS 28 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16 Leases	01 January 2019
IAS 1/ IAS 8 Definition of Material (Amendments)	01 January 2020
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
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 financial statements in the period of initial application except for IFRS 16 – Leases. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material 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 January 01, 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.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First Time adoption of IFRSs	01 January 2014
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 17 – Insurance Contracts	01 January 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any, except for leasehold land, building on leasehold land and plant and machinery which are stated at revalued amounts less impairment, if any. Depreciation is charged to statement of profit or loss applying the reducing balance method except for plant and machinery, computers and vehicles which are depreciated on straight line basis and / or unit of production method at the rates disclosed in note 7 to the financial statements. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged for the month in which asset is disposed.

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.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of an asset is recognized in the statement of profit or loss in the period of disposal.

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

Notes to the Financial Statements

For the year ended 30 June 2019

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.

A revaluation surplus is recorded in other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, the increase is recorded in the statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognised in the statement of profit or loss however, a decrease is recorded in statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit

Capital work in progress

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.

5.2 Intangibles

These are carried at cost less accumulated amortization and accumulated impairment loss, if any.

Amortization is charged to statement of profit or loss on straight line basis over its economic useful life at the rate given in note 8 to these financial statements. Amortization on additions is charged from the month in which an intangible asset is available for use while no amortization is charged for the month in which an intangible asset is disposed.

The gain or loss on disposal or retirement of an intangible asset represented by the difference between the sale proceeds and the carrying amount is recognized in the statement of profit or loss in the period of disposal.

An intangible asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

5.3 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in the statement of profit or loss.

5.4 Stores and spares

These are valued at lower of cost, determined using moving average method and Net Realisable Value (NRV), less provision for obsolete items (if any). Items in transit are valued at cost comprising invoice value plus other charges incurred thereon upto the reporting date. Provision is made for items which are obsolete and slow moving and is determined based on management estimate regarding their future usability

5.5 Stock-in-trade

These are valued at the lower of cost and NRV.

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 reporting date

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

5.6 Trade debts and other receivables

These are recognized and carried at original invoice amount being the fair value and subsequently measured at amortised cost. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

Exchange gains or losses arising in respect of trade debts and other receivables in foreign currency are added to their respective carrying amounts.

5.7 Loans, advances and short-term prepayments

These are initially recognised at amortised cost, which is the fair value of the consideration given. Subsequent to initial recognition, assessment is made at each statement of financial position date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

5.8 Investments at amortised cost

These are investments which meet the following criteria:

- these are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These are initially recognized at fair value which is equal to amount of consideration paid at the time of acquisition and subsequently carried at amortised cost.

5.9 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances.

Notes to the Financial Statements

For the year ended 30 June 2019

5.10 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 statement of financial position date.

5.11 Trade and other payables

Liabilities for trade and amounts payable are carried at amortised 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.

Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.12 Financial instruments

During the year, the Company has adopted IFRS 9 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Company for financial instruments. The changes are discussed in note 4 to these financial statements. The new accounting policy for financial instruments are as follows:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured:

- (a) at amortised cost,
- (b) at fair value through other comprehensive income (FVTOCI) and
- (c) at fair value through profit or loss. (FVTPL)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

(a) At amortised cost

A financial asset is measured at amortised if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

(b) At fair value through other comprehensive income

A debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. However, the Company does not have any investment in equity instruments.

(c) At fair value through profit and loss

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI with no recycling of cumulative gains and losses (equity instruments)

These assets are subsequently measured at fair value. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of

Notes to the Financial Statements

For the year ended 30 June 2019

payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As at the date of statement of financial position, Company is not having any equity instrument designated at fair value through OCI.

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Derecognition

A financial asset is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 3 years past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2019

5.13 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, 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 reporting date and adjusted to reflect current best estimate.

The amount recognized as provision is the best estimate of consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation.

5.15 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. Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.16 Foreign currency transactions and translations

Transactions in foreign currencies are accounted for in Pakistan Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange which approximate those prevailing at the statement of financial position date. Exchange differences are recognized in the statement of profit or loss.

5.17 Unclaimed dividend

Dividend declared and remain unpaid from the date it is due and payable.

5.18 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. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method.

Actuarial gain or loss (remeasurements) are immediately recognised in 'Other Comprehensive Income' as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under the Plan.

5.19 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.

5.20 Taxation

Current

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

Deferred

Deferred tax is recognized using the statement of financial position liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognized on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income.

Sales Tax

Sales tax expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included

the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

The sales tax liability of the Company is determined under Rule 58H of the Sales Tax Special Procedures Rules, 2007.

5.21 Revenue recognition

During the year, the Company has adopted IFRS 15 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Company for revenue recognition. The changes have been disclosed in note 4 to these financial statements.

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

Notes to the Financial Statements

For the year ended 30 June 2019

- Revenue from sale of goods and scrap sales is recognised when control of goods have been transferred to a customer at a point in time when the performance obligation is met. Generally, the normal credit term is 30 to 60 days upon delivery.
- Return on short-term deposits and investments at amortised cost are accounted for using the effective interest rate method.

5.22 Dividend and appropriation to / from reserves

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.

5.23 Contingent liabilities

Contingent liability is disclosed when: -

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measure with sufficient reliability.

5.24 Operating segments

For management purposes, the activities of the Company are organized into one reportable operating segment. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organizational and management structure, and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

5.25 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

5.26 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5.27 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

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.

Impairment financial assets

The Company uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for Company's various customer that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in note 37.2 to these financial statements.

Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 22 to the financial statements for the valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position

For the year ended 30 June 2019

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.

Taxation

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

7. PROPERTY, PLANT AND EQUIPMENT

		2019	2018
PROPERTY, PLANT AND EQUIPMENT	Note	----- (Rupees) -----	-----
Operating fixed assets	7.1	14,729,718,176	13,243,636,752
Capital work-in-progress	7.2	2,235,884,129	2,285,016,478
		<u>16,965,602,305</u>	<u>15,528,653,230</u>

Operating fixed assets		2019									
	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	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)			
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			
Additions	-	4,333,854	46,542,051	8,845,196	9,884,526	22,913,875	18,944,680	111,464,182			
Disposals	-	-	-	-	(37,000)	(1,433,460)	(3,421,475)	(4,891,935)			
Transfers from capital work-in-progress	125,758,925	83,554,134	1,843,752,828	5,158,887	1,787,595	-	21,000	2,060,033,369			
Cost / revaluation as at 30 June 2019	1,496,758,925	1,963,377,437	13,709,250,242	44,782,577	76,579,087	59,744,503	63,092,966	17,413,585,737			
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			
Depreciation charge for the year	-	121,874,998	530,991,863	2,890,404	5,738,130	9,896,156	13,506,101	684,897,652			
Disposals	-	-	-	-	(24,313)	(1,118,652)	(3,230,495)	(4,373,460)			
Accumulated depreciation as at 30 June 2019	-	804,765,604	1,778,429,968	14,964,162	21,763,835	24,739,520	39,204,472	2,683,867,561			
Book value as at 30 June 2019	1,496,758,925	1,158,611,833	11,930,820,274	29,818,415	54,815,252	35,004,983	23,888,494	14,729,718,176			
Annual rate of depreciation (%)	-	10	2 to 50 / units of production	10	10	20	26.67				

* Include assets costing Rs. 32.116 million under common ownership under Diminishing Musharaka arrangement.

2018	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Office equipment	Vehicles*	Computers	Total
Note	7.1.1	7.1.1	7.1.1			(Rupees)		
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
	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)	(438,998)	(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.

Notes to the Financial Statements

For the year ended 30 June 2019

7.1.1 Company's leasehold land, building on leasehold land and plant and machinery were revalued by an independent valuer - M/s MYK Associates (Private) Limited on 30 June, 2018 on the basis of present market values for similar sized plots in the vicinity for land and replacement values of similar type of buildings based on present cost of construction (level 2) and 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.

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).

7.1.2 Had there been no revaluation, the book value of leasehold land, buildings on leasehold land and plant and machinery would have been Rs. 536.541 (2018: Rs. 410.782) million, Rs. 786.668 (2018: Rs. 779.321) million and Rs. 10,115.041 (2018: Rs 8,694.056) million, respectively.

Forced Sale value as per the last revaluation report as of June 30, 2018 of land, buildings and plant and machinery is Rs. 1,096.8 million, Rs 967.139 million and Rs.7,484.97 million, respectively.

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
7.1.3 Depreciation charge for the year has been allocated as under:			
Cost of sales – production of bars	28.1	383,448,546	181,365,555
Cost of sales – production of billets	28.1.1	269,893,315	225,267,855
Distribution costs	29	10,304,603	6,222,760
Administrative expenses	30	21,251,188	13,695,132
		<u>684,897,652</u>	<u>426,551,302</u>

7.1.4 There were no disposals during the year of operating fixed assets having written down value in excess of five million.

	2019				2018
	Freehold land	Civil works	Plant and machinery	Total	Total
		(Note 7.2.1 & 7.2.2)			
				(Rupees)	
Opening balance	362,003,718	1,101,385,115	821,627,645	2,285,016,478	5,098,358,653
Additions during the year	262,865	237,199,462	1,780,328,691	2,017,791,018	2,477,439,570
Transfer to operating fixed assets	(125,758,924)	(400,603,723)	(1,533,670,720)	(2,060,033,367)	(5,281,171,447)
Written off during the year	-	-	-	-	(9,610,298)
Refund of advance payment	(6,890,000)	-	-	(6,890,000)	-
Closing balance	<u>229,617,659</u>	<u>937,980,854</u>	<u>1,068,285,616</u>	<u>2,235,884,129</u>	<u>2,285,016,478</u>

7.2.1 During the year borrowing costs have been capitalized amounting to Rs. 79.628 million (2018: 31.963 million) by using capitalization rate of 10% (2018: 6.99%).

7.2.2 Civil works include Rs. 584.459 million in respect of advance against purchase of office premises.

8. INTANGIBLE ASSETS

Computer software

Net carrying value

Balance at the beginning of the year
Additions during the year
Amortisation for the year
Balance at the end of the year

Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
30	27,888,714	20,401,304
	15,739,976	14,756,279
	(11,702,814)	(7,268,869)
	<u>31,925,876</u>	<u>27,888,714</u>

Gross carrying value

Cost
Additions during the year
Accumulated amortization
Balance at the end of the year

47,442,685	32,686,406
15,739,976	14,756,279
(31,256,785)	(19,553,971)
<u>31,925,876</u>	<u>27,888,714</u>

Years

Useful life	5	5
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9. LONG-TERM INVESTMENTS

Represents term deposits receipts held with Islamic and conventional banks as a lien for guarantee issued on behalf of the Company and carry profit rates ranging from 5.22% to 9.7% (2018: 5% to 5.87%) per annum having maturity in June 2024.

10. LONG-TERM DEPOSITS

Margin against guarantees
Utilities
Ijarah / Diminishing Musharaka
Others

Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
10.1	29,155,336	29,155,336
	76,237,177	75,646,386
	27,988,899	25,118,741
	4,364,620	5,678,985
	<u>137,746,032</u>	<u>135,599,448</u>

10.1 Represent interest free deposits.

11. STOCK-IN-TRADE

Raw materials

- In hand
- In transit

28.1.1	1,974,243,847	3,926,397,766
	1,489,036,888	1,388,553,092
	<u>3,463,280,735</u>	<u>5,314,950,858</u>

Work-in-process

28.1	746,594,467	1,000,057,191
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Finished goods

- Manufactured
- Trading

28.1	2,374,173,266	1,141,969,859
28.2	2,549,651	2,090,192
	<u>2,376,722,917</u>	<u>1,144,060,051</u>
	<u>6,586,598,119</u>	<u>7,459,068,100</u>

Notes to the Financial Statements

For the year ended 30 June 2019

12. TRADE DEBTS - unsecured

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Local			
Considered good			
Allowance for expected credit loss	12.1	3,569,471,333 (166,749,709) 3,402,721,624	1,914,851,050 (127,147,204) 1,787,703,846
12.1 Movement of allowance for expected credit loss			
Opening balance		127,147,204	75,277,361
Charge for the year	30	39,602,505	52,264,698
		166,749,709	127,542,059
Written off during the year		-	(394,855)
Closing balance		166,749,709	127,147,204

12.2 The ageing of trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			1-90 Days (Rupees)	91-180 Days	Over 180 Days
2019	3,569,471,333	1,672,057,617	1,606,315,598	110,779,448	180,318,670
2018	1,914,851,050	829,227,728	684,104,617	165,122,950	236,395,755

13. LOANS AND ADVANCES – unsecured

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Loans – considered good			
Executives	13.1	733,332	535,000
Employees	13.2	3,844,448	4,745,280
		4,577,780	5,280,280
Advances			
Considered good			
Suppliers		11,457,898	15,328,528
Employees		2,762,683	2,768,644
	13.3	14,220,581	18,097,172
Considered doubtful			
Less: provision for doubtful advances		1,376,102 (1,376,102) -	1,376,102 (1,376,102) -
		14,220,581	18,097,172
		18,798,361	23,377,452
13.1		1,617,313	890,000

13.1 The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows

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

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Trade deposits			
Considered good			
Security deposits	14.1	10,402,676	23,555,136
Considered doubtful			
Less: provision for doubtful deposits		12,750,000 (12,750,000) -	12,750,000 (12,750,000) -
		10,402,676	23,555,136
Short term prepayments			
- Advertising		3,585,394	5,172,587
- Insurance		2,286,795	4,835,070
- Rent		3,289,849	3,062,702
- Others		16,374,987	7,608,190
		25,537,025	20,678,549
		35,939,701	44,233,685

14.1 Represent interest free deposits.

15. OTHER RECEIVABLES

Sales tax refundable	127,054,944	226,982,039
Others	347,190	206,839
	127,402,134	227,188,878

16. CASH AND BANK BALANCES

Cash in hand	47,030,630	16,661,998
Bank balances		
Current accounts	99,864,712	110,590,697
Saving accounts	143,462	3,821,118
	100,008,174	114,411,815
	147,038,804	131,073,813

16.1 These carry profit at rates ranging from 2.5% to 3.5% (2018: 2.46% to 4.5%) per annum.

Notes to the Financial Statements

For the year ended 30 June 2019

17. SHARE CAPITAL

17.1 Authorized capital

Number of shares		Note	2019	2018
2019	2018		(Rupees)	(Rupees)
420,000,000	420,000,000		4,200,000,000	4,200,000,000
80,000,000	80,000,000		800,000,000	800,000,000
500,000,000	500,000,000		5,000,000,000	5,000,000,000

17.2 Issued, subscribed and paid-up capital

Ordinary of shares of Rs. 10/- each		Note	2019	2018
2019	2018		(Rupees)	(Rupees)
263,883,930	263,883,930		2,638,839,300	2,638,839,300
33,127,497	33,127,497	17.4	331,274,970	331,274,970
297,011,427	297,011,427		2,970,114,270	2,970,114,270

17.3 Following is the detail of shares held by the related parties:

2019	2018
Mr. Abbas Akberali	91,294,723
Ms. Mahvash Akberali	55,732,930
Mr. Hadi Abbas Akberali	37,732,212
Mr. Shayan Akberali	35,694,840
Ms. Kinza Shayan	1,746,383
Ms. Salsabil Akberali	1,254,759
Mr. Fazal Ahmed	-
Mr. Badar Kazmi	1,000
Ms. Mariam Akberali	1,000
Mr. Teizoon Kisat	500
Mr. Zafar Ahmed Taji	12,500
	223,478,847

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 other fixed assets.

17.5 Voting rights, Board selection, right of first refusal and block voting are in proportion to the shareholding.

18. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

Note		2019	2018
		(Rupees)	(Rupees)
	Opening balance	3,251,096,960	2,553,339,842
	Surplus for the year	-	801,106,272
	Transfer to unappropriated profit in respect of incremental depreciation charged during the year	(103,156,055)	(103,349,154)
		3,147,940,905	3,251,096,960
	Related deferred tax liability		
	Opening balance	(816,655,710)	(798,324,846)
	Surplus for the year	-	(48,302,119)
	Incremental depreciation charged during the year	29,915,256	29,971,255
		(786,740,454)	(816,655,710)
18.1		2,361,200,451	2,434,441,250
		960,217,624	960,217,624
		229,417,792	258,765,529
		1,171,565,035	1,215,458,097
		2,361,200,451	2,434,441,250

18.1 Breakup of revaluation surplus net of deferred tax is as follows:

19. LONG-TERM FINANCING – secured

		2019			2018		
		Total	Current	Long-Term	Total	Current	Long-Term
		(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Diminishing Musharaka	19.1	20,929,280	5,394,648	15,534,632	104,213,061	102,471,637	1,741,424
Term finance facilities	19.2	2,672,538,223	1,181,159,092	1,491,379,131	2,875,420,813	672,773,487	2,202,647,326
Total		2,693,467,503	1,186,553,740	1,506,913,763	2,979,633,874	775,245,124	2,204,388,750

19.1 Represents Diminishing Musharaka facilities obtained from Islamic banks. These facilities are repayable in equal monthly / quarterly installments latest by April 2023. These carry markup rate of 3 month KIBOR + 0.50% to 6 month KIBOR + 0.75% per annum (2018: 3 month KIBOR + 0.50% 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 Represents term finance facilities obtained from commercial banks. These facilities are repayable in quarterly / semi-annual installments latest by December 2022. These carry markup rate ranging from 3 month KIBOR + 0.35% to 6 month KIBOR + 1.75% per annum (2018: 3 month KIBOR + 0.35% to 6 month KIBOR + 1.75% per annum). 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 statement of financial position date, the Company has unutilized portion for Diminishing Musharaka and term finance facilities amounting to Rs. 29.05 million and Rs. 173.295 million (2018: Rs. 45.786 million and Rs. 631.523 million) respectively.

20. LOAN FROM A RELATED PARTY – unsecured

Represents loan obtained from a non-executive director amounting to Rs. 280 million during the year at a rate of 3 month KIBOR repayable latest by September 30, 2020.

Notes to the Financial Statements

For the year ended 30 June 2019

21. DEFERRED TAXATION

Deductible temporary differences arising in respect of:

Note	2019 (Rupees)	2018 (Rupees)
Provisions	(183,926,745)	(141,119,105)
Unused tax credits	(1,195,443,746)	(920,753,857)
	(1,379,370,491)	(1,061,872,962)

Taxable temporary differences arising in respect of:

Accelerated tax depreciation / amortization	1,492,772,983	1,251,866,058
Surplus on revaluation of property, plant and equipment	786,740,454	816,655,710
	900,142,946	1,006,648,806

21.1 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.

22. DEFERRED LIABILITY

Defined benefit obligation – gratuity scheme

22.1 Amount recognised in statement of financial position

Note	2019 (Rupees)	2018 (Rupees)
Opening balance	155,677,808	116,942,865
Charge for the year	36,569,160	28,803,590
Recognised in other comprehensive income	22,487,698	13,546,326
Benefits paid	(9,314,438)	(3,614,973)
Closing balance	205,420,228	155,677,808

22.2 Movement in the present value of defined benefit obligation

Current service cost	23,023,317	19,880,598
Interest cost	13,545,843	8,922,992
	36,569,160	28,803,590

22.3 Historical information for defined benefit plans

	2019 (Rupees)	2018 (Rupees)	2017 (Rupees)	2016 (Rupees)	2015 (Rupees)
Present value of defined benefit obligations	205,420,226	155,677,808	116,942,866	72,176,237	67,160,595
Experience adjustment on plan liabilities	22,487,698	13,546,326	34,971,305	(5,664,808)	(7,514,867)

22.4 Principal actuarial assumptions

Note	2019 (Rupees)	2018 (Rupees)
Expected rate of increase in salary level	6.25%	8.00%
Valuation discount rate	13.25%	9.00%
Average expected remaining working life of employees	8 years	8 years
Normal retirement age of employees	60 years	60 years

22.5 Charge for the year has been allocated as follows:

Cost of sales – production of bars	28.1.2	11,752,712	7,395,561
Cost of sales – production of billets	28.1.1.1	7,339,506	6,094,212
Distribution costs	29.1	4,847,278	4,160,806
Administrative expenses	30.1	12,629,664	11,153,011
		36,569,160	28,803,590

22.6 Sensitivity analysis

	2019 (Rupees)		2018 (Rupees)	
	Discount rate + 100 bps	- 100 bps	Salary increase + 100 bps	- 100 bps
Present value of defined benefit obligations	188,512,442	222,969,420	223,310,485	187,943,536

22.6.1 As of June 30, 2019, a total of 578 employees have been covered under the above scheme.

22.6.2 As per the recommendation of the actuary, the charge for the year ending June 30, 2020 amounts to Rs. 60.193 million.

23. TRADE AND OTHER PAYABLES

Note	2019 (Rupees)	2018 (Rupees)
Creditors	241,852,627	107,496,421
Murabaha	2,415,764,921	1,345,760,217
Accrued liabilities	766,381,595	519,847,709
Ijarah rentals payable	719,169	1,128,720
Workers' Welfare Fund	128,024,334	128,024,334
Workers' Profits Participation Fund	-	74,969,392
Withholding tax payable	7,338,395	11,208,576
	3,560,081,041	2,188,435,369

23.1 Represent Murabaha facilities amounting to Rs. 5,150 (2018: Rs. 3,600) million obtained from Islamic banks for purchase of raw material. These carry profit at the rates ranging from 6 month KIBOR + 0.25% to 6 month KIBOR + 1% per annum (2018: 3 month KIBOR + 0.25% to 6 month KIBOR + 0.25% per annum). These facilities are secured by joint hypothecation charge over present and future current assets of the Company with 25% margin.

23.2 Includes Rs. 326.647 (2018: Rs. 250.772) million in respect of gas related accruals on account of Gas Infrastructure Development Cess (GIDC), tariff differences, load differences and other related matters.

23.3 Represents amount of Workers Welfare Fund (WWF) pertaining to financial years ending 30 June 2015 to 30 June 2018. The amount is still outstanding as the matter is still pending adjudication at the Honourable High Court of Sindh due to the 18th amendment in the Constitution of Pakistan.

Notes to the Financial Statements

For the year ended 30 June 2019

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
23.4 Workers' Profits Participation Fund			
Opening balance		74,969,392	77,819,094
Mark-up on funds utilized in the Company's business	33	9,150,374	7,291,543
		84,119,766	85,110,637
Allocation for the year		-	74,969,392
		84,119,766	160,080,029
Paid during the year		(84,119,766)	(85,110,637)
Closing balance		-	74,969,392
24. INTEREST / MARK-UP ACCRUED			
Long-term financing		39,274,390	29,423,239
Short-term borrowings		225,466,920	75,598,728
Murabaha		77,973,571	30,626,731
		342,714,881	135,648,698
Loan from a Director	20	10,072,397	-
		352,787,278	135,648,698
25. SHORT-TERM BORROWINGS – secured			
Cash finance	25.1	1,977,925,131	1,552,430,858
Running finance	25.2	1,752,816,241	1,302,677,786
Istisna	25.3	1,000,000,000	-
Finance against trust receipts	25.4	4,157,188,741	3,953,505,252
Short term loan	25.5	200,000,000	244,500,000
	25.6	9,087,930,113	7,053,113,896
25.1	Represent working capital facilities availed from various Islamic and conventional banks carrying markup/profit ranging from 1 month KIBOR + 0.40% to 6 month KIBOR + 0.75% per annum. (2018: 1 month KIBOR + 0.25% to 6 month KIBOR + 0.25% per annum).		
25.2	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 + 0.75% per annum (2018: 1 month KIBOR + 0.20% to 3 month KIBOR + 0.25% per annum).		
25.3	Represent working capital facilities availed from various Islamic banks carrying profit ranging from 3 month KIBOR + 0.25% to 6 month KIBOR + 0.90% per annum (2018 : Nil).		
25.4	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 + 0.50% per annum (2018: 1 month KIBOR + 0.20% to 6 month KIBOR + 0.25% per annum).		
25.5	Represent working capital facility availed from a bank carrying markup at 1 month KIBOR + 0.85% per annum (2018: 3 month KIBOR + 0.25% per annum).		
25.6	As of the statement of financial position date, the Company has unutilized facilities for short term borrowings from Islamic and conventional banks amounting to Rs. 2,397 million and Rs. 1,714 million (2018: Rs. 564.688 million and Rs. 2,113.573 million) respectively. These facilities are secured by way of Joint Hypothecation charge over present and future current assets of the Company with 25% margin.		

26. CONTINGENCIES AND COMMITMENTS

Contingencies

- 26.1** During the year ended 30 June 2016, the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers' Unit (LTU), Karachi passed an Order on the contention that the Company had 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 filed an appeal against the Order at the Appellate Tribunal Inland Revenue (ATIR) and had secured interim stay from the Honourable High Court of Sindh. However, during the year, the ATIR has decided the case in favour of the Company. As of the year end, the tax authorities have not filed an appeal against the aforesaid decision of the ATIR.
- 26.2** During the year ended 30 June 2016, the DCIR, LTU issued show cause notice dated 13 November 2015 for 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. The Company had filed a law suit against the show cause notice in the Honorable High Court of Sindh, however, during the current year, based on the advice of the legal counsel the suit has been withdrawn by the management of the Company. No further action has been taken by tax authorities in this regard.
- 26.3** 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 2019 is Rs. 1,166.03 million (2018: Rs. 798.91 million). The management, based on a legal advice is confident that the outcome will be in favour of the Company. Accordingly, no provision has been made in these financial statements.

Commitments

	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
26.4 Outstanding letters of credit	3,153,847,202	1,910,517,299
Outstanding letters of guarantee	490,541,134	211,760,464
Capital commitments	-	112,200,000
26.5	Commitments for rentals payable under Ijarah contracts in respect of vehicles and plant and machinery with Islamic banks are as follows:	
	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Not later than one year	56,833,532	40,475,868
Later than one year but not later than five years	85,183,622	79,252,297

Notes to the Financial Statements

For the year ended 30 June 2019

27. SALES – net

	Note	2019 ----- (Rupees) -----	2018 -----
Local			
Manufactured stock		28,493,701,371	15,448,437,178
Trading stock		30,498,649	15,259,297
		<u>28,524,200,020</u>	<u>15,463,696,475</u>
Less: sales tax			
Trading stock		4,431,881	2,217,287
Less: trade discounts			
Manufactured stock		3,327,417	351,084
		<u>28,516,440,722</u>	<u>15,461,128,104</u>
Export sales		79,535,270	39,414,617
		<u>28,595,975,992</u>	<u>15,500,542,721</u>

28. COST OF SALES

Manufactured stock	28.1	26,146,242,449	12,730,753,290
Trading stock	28.2	26,149,236	11,381,139
		<u>26,172,391,685</u>	<u>12,742,134,429</u>

28.1 Cost of sales – manufactured goods

Opening stock – work in progress	11	1,000,057,191	793,767,325
Cost of billets manufactured internally	28.1.1	24,613,180,142	11,940,535,991
Purchases		-	264,188,264
Closing stock – work in progress	11	(746,594,467)	(1,000,057,191)
		<u>24,866,642,866</u>	<u>11,998,434,389</u>

Manufacturing overheads

Stores and spares consumed	28.1.2	209,225,926	115,380,442
Salaries, wages and other benefits		312,378,254	195,377,910
Cartage and transport		81,518,188	110,299,576
Fuel, power and water		1,398,927,613	908,399,335
Depreciation	7.1.3	383,448,546	181,365,555
Ijarah rentals		10,311,654	20,672,356
Repairs and maintenance		45,835,436	48,087,757
Insurance		2,982,886	1,623,907
Rent, rates and taxes		440,334	1,808,835
Consultancy charges		293,342,446	14,752,832
Vehicle running expense		7,195,049	2,502,862
Conveyance and travelling		23,818,515	8,132,751
Entertainment expenses		11,735,463	5,782,668
Others		4,602,748	2,131,488
		<u>2,785,763,058</u>	<u>1,616,318,274</u>
Cost of goods manufactured		<u>27,652,405,924</u>	<u>13,614,752,663</u>
Cost of bars used for own use		(273,960,068)	(64,240,379)
		<u>27,378,445,856</u>	<u>13,550,512,284</u>

Finished goods

Opening stock	11	1,141,969,859	322,210,865
Closing stock	11	(2,374,173,266)	(1,141,969,859)
		<u>(1,232,203,407)</u>	<u>(819,758,994)</u>
		<u>26,146,242,449</u>	<u>12,730,753,290</u>

28.1.1 Cost of billets manufactured internally

Raw material consumed			
Opening stock	11	3,926,397,766	1,544,811,592
Purchases		15,408,233,532	10,223,101,709
		<u>19,334,631,298</u>	<u>11,767,913,301</u>
Closing stock	11	(1,974,243,847)	(3,926,397,766)
		<u>17,360,387,451</u>	<u>7,841,515,535</u>
Manufacturing overheads			
Stores and spares consumed	28.1.1.1	1,888,153,637	854,730,380
Salaries, wages and other benefits		363,391,636	266,465,653
Depreciation	7.1.3	269,893,315	225,267,855
Fuel and power		4,597,382,797	2,642,807,650
Ijarah rentals		22,238,707	18,048,276
Cartage		45,642,272	34,404,451
Repairs and maintenance		14,421,801	11,498,393
Rent, rates and taxes		3,460,860	1,286,225
Insurance		5,598,241	3,757,396
Conveyance and travelling		23,870,170	22,729,660
Entertainment expenses		5,533,532	8,543,464
Vehicle running expense		6,899,152	6,189,800
Others		6,306,571	3,291,253
		<u>7,252,792,691</u>	<u>4,099,020,456</u>
		<u>24,613,180,142</u>	<u>11,940,535,991</u>

28.1.1 Include Rs. 7.339 million (2018: Rs.6.094 million) in respect of staff retirement benefits.

28.1.2 Include Rs. 11.752 million (2018: Rs. 7.396 million) in respect of staff retirement benefits.

28.1.3 Includes consultancy charges with respect to training of staff and technical assistance at rolling mill located at Dhabeji.

28.2 Cost of sales – trading

Opening stock		2,090,192	43,937,561
Purchases		26,608,695	12,403,974
Closing stock	11	(2,549,651)	(2,090,192)
		<u>26,149,236</u>	<u>54,251,343</u>
Cost of bars used for own use		-	(42,870,204)
		<u>26,149,236</u>	<u>11,381,139</u>

Notes to the Financial Statements

For the year ended 30 June 2019

29. DISTRIBUTION COSTS

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Salaries, allowances and other benefits	29.1	111,659,462	90,384,406
Carriage and transport		246,773,585	134,817,613
Advertisement and sales promotion		253,324,254	99,181,327
Depreciation	7.1.3	10,304,603	6,222,760
Utilities		6,885,911	4,984,559
Bundling and special order charges		42,923,492	25,932,594
Rent, rates and taxes		3,826,814	3,091,578
Vehicle running expense		3,857,529	2,130,671
Travelling and conveyance		5,736,394	4,576,716
Packing material		12,360,721	5,112,776
Repair and maintenance		11,473,147	4,404,573
Entertainment		1,345,248	1,763,757
Others		6,014,113	3,129,708
		<u>716,485,273</u>	<u>385,733,038</u>

29.1 Include Rs. 4.847 million (2018: 4.161 million) in respect of staff retirement benefits.

30. ADMINISTRATIVE EXPENSES

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Salaries, allowances and other benefits	30.1	289,200,621	221,418,476
Depreciation	7.1.3	21,251,188	13,695,132
Amortisation	8	11,702,814	7,268,869
Travelling and conveyance		5,943,855	7,600,951
Legal and professional charges		27,035,464	26,584,603
Allowance for expected credit loss	12.1	39,602,505	52,264,698
Vehicles running expenses		12,328,561	8,656,258
Entertainment		10,426,377	5,923,317
Security guard expenses		4,022,568	4,186,749
Insurance		1,893,972	1,929,900
Computer consumables		21,792,226	13,521,925
Rent, rates and taxes		7,173,992	4,703,213
Communication charges		8,738,018	3,020,364
Printing and stationery		4,149,500	6,035,932
Utilities		7,563,980	4,336,923
Auditors' remuneration	30.2	2,505,215	2,314,961
Repairs and maintenance		14,679,086	8,419,335
Ijarah rentals		8,791,046	5,242,785
Others		2,548,110	4,286,115
		<u>501,349,098</u>	<u>401,410,506</u>

30.1 Include Rs. 12.629 million (2018: 11.153 million) in respect of staff retirement benefits.

30.2 Auditors' remuneration

Audit fee	1,525,000	1,496,250
Review of half yearly financial statements and other certifications	540,000	577,500
Out of pocket expenses	440,215	241,211
	<u>2,505,215</u>	<u>2,314,961</u>

31. OTHER EXPENSES

Workers' Profits Participation Fund	-	74,969,392
Workers' Welfare Fund	-	29,987,757
Exchange loss	5,807,421	-
Donations	11,896,521	18,096,812
	<u>17,703,942</u>	<u>123,053,961</u>

31.1 Donations include the following donees to whom donations exceed 10% of total donation or 1 million whichever is higher:

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Rizq Foundation		-	3,000,000
Sina Health ,Education and Welfare		-	3,000,000
The Citizen Foundation		3,350,000	2,400,000
Khana Ghar		1,413,500	-
		<u>4,763,500</u>	<u>8,400,000</u>

32. OTHER INCOME

Income from financial assets

- Profit on saving accounts	896,944	425,970
- Profit on TDRs	835,986	1,018,334
	<u>1,732,930</u>	<u>1,444,304</u>

Income from non-financial assets

Gain on disposal of property, plant and equipment	908,733	1,817,514
Liabilities no longer payable – written back	-	17,810,970
Scrap sales	4,454,400	1,470,221
	<u>5,363,133</u>	<u>21,098,705</u>
	<u>7,096,063</u>	<u>22,543,009</u>

33. FINANCE COSTS

Markup / interest

Long-term financing	206,034,528	69,136,665
Short-term borrowings	835,590,467	320,784,464
Murabaha	184,512,749	71,146,538
Loan from a director	18,072,395	-
Markup on Worker's Profit Participation Fund	9,150,374	7,291,543
	<u>1,253,360,513</u>	<u>468,359,210</u>

Bank charges

	8,942,509	7,963,901
	<u>1,262,303,022</u>	<u>476,323,111</u>

Notes to the Financial Statements

For the year ended 30 June 2019

34. TAXATION

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Current			
- for the year	34.1	-	-
- for prior years		-	(48,184,964)
		-	(48,184,964)
Deferred		(99,984,428)	(142,621,012)
		(99,984,428)	(190,805,976)

34.1 The return of income for the tax year 2018 has been filed by the Company. The said return, as per the provisions of Section 120 of the Income Tax Ordinance, 2001 has been deemed to be an assessment order passed by the Commissioner of Inland Revenue. During the year, provision for current tax is based on minimum tax and final tax regime. Accordingly, tax reconciliation has not been presented in these financial statements.

35. BASIC AND DILUTED EARNINGS PER SHARE

	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Net profit for the year	32,823,463	1,585,236,661
	Number of shares	
Weighted average number of ordinary shares of Rs. 10/- each	297,011,427	297,011,427
	----- (Rupees) -----	
Basic and diluted earnings per share	0.11	5.34

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019		
	Chief Executive	Executives	Total
Managerial remuneration	10,800,000	72,938,132	83,738,132
Housing allowance	4,860,000	32,813,497	37,673,497
Utilities & conveyance	4,860,000	32,732,901	37,592,901
Medical	1,080,000	5,963,746	7,043,746
Bonus	-	14,463,756	14,463,756
Others	-	21,349,768	21,349,768
	21,600,000	180,261,800	201,861,800
Number	1	31	32

	2018		
	Chief Executive	Managing Director	Executives
	----- (Rupees) -----		
Managerial remuneration	9,836,806	477,500	63,310,348
Housing allowance	4,426,563	214,876	28,331,574
Utilities & conveyance	4,305,789	113,874	27,333,814
Medical	983,681	47,750	6,368,010
Bonus	-	-	11,915,186
Others	-	-	17,203,056
	19,552,839	854,000	154,462,788
Number	1	1	30

36.1 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.

36.2 The aggregate amount paid to the six Non-Executive Directors (2018: six Non-Executive Directors) as a fee for attending the meetings is Rs. 2.35 million (2018: Rs. 2.1 million).

37. 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:

37.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured. Under market risk the Company is exposed to interest rate risk, currency risk and other price risk (equity price risk).

37.1.1 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 and term deposit receipts having floating rates. Change in benchmark interest rate by 1% may have a positive or negative impact of approximately Rs. 144.82 (2018: 113.63) million in statement of profit or loss. The analysis is made based on the assumption that all other variables remain constant.

37.1.2 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The liability is denominated in Euros and Dollars. Trade payables exposed to foreign currency risk as at June 30, 2019 amount to Rs. 74.59 million (2018: Nil)

At June 30, 2019, if the Pakistan Rupee had weakened/strengthened by 5% against the Euro and Dollar with all other variables held constant, profit before tax for the year would have been lower/higher by Rs. 3.72 million (2018: Nil), as a result of foreign exchange losses/gains on translation of Euro and Dollar denominated trade payables.

37.1.3 Equity price risk

Price risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as currently the Company has no investments in equity securities.

Notes to the Financial Statements

For the year ended 30 June 2019

37.2 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:

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Investments	9	15,289,370	15,289,370
Trade debts	12	3,402,721,624	1,787,703,846
Loans	13	4,577,780	5,280,280
Security deposits	14	10,402,676	23,555,136
Other receivables	15	347,190	206,839
Bank balances	16	100,008,174	114,411,815
		<u>3,533,346,814</u>	<u>1,946,447,286</u>

37.2.1 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:

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Trade debts			
Customers with no defaults in the past one year		<u>1,701,675,019</u>	<u>1,524,479,672</u>
Bank balances			
Ratings			
A1+		59,222,119	88,200,471
A1		32,740,778	15,881,908
A-1		-	10,328,844
A-2		3,925,194	592
Unrated		4,120,083	-
	16	<u>100,008,174</u>	<u>114,411,815</u>
Investments			
Ratings			
A-1+		-	1,000,000
A1		-	14,289,370
AAA		1,000,000	-
A+		14,289,370	-
	9	<u>15,289,370</u>	<u>15,289,370</u>

37.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with the financial instruments. The management closely monitors the Company's liquidity and cash flow position through its treasury function and ensures availability of funds by maintaining credit facilities available from financial institutions. The liquidity management also involves monitoring of liquidity ratios and maintaining debt financing plans.

Table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	Total
	----- (Rupees) -----				
2019					
Long-term financing	-	331,115,890	855,437,850	1,506,913,763	2,693,467,503
Loan from director	-	-	-	280,000,000	280,000,000
Trade and other payables	-	2,491,459,265	933,259,047	-	3,424,718,312
Contract liabilities	-	280,782,509	-	-	280,782,509
Accrued mark-up	-	313,355,622	39,431,656	-	352,787,278
Short-term borrowings	-	4,334,588,552	4,753,341,561	-	9,087,930,113
	-	<u>7,751,301,838</u>	<u>6,581,470,114</u>	<u>1,786,913,763</u>	<u>16,119,685,715</u>
2018					
Long-term financing	-	65,900,651	709,344,473	2,204,388,750	2,979,633,874
Trade and other payables	-	967,291,505	1,006,941,562	-	1,974,233,067
Contract liabilities	-	240,438,386	-	-	240,438,386
Accrued mark-up	-	115,266,647	20,382,051	-	135,648,698
Short-term borrowings	-	2,712,912,351	4,340,201,545	-	7,053,113,896
	-	<u>4,101,809,540</u>	<u>6,076,869,631</u>	<u>2,204,388,750</u>	<u>12,383,067,921</u>

37.4 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

During the year, the Company's strategy was to minimize leveraged gearing. The Company finances its expansion projects through borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. As of the date of statement of financial position, the Company was financed through equity and debt.

Notes to the Financial Statements

For the year ended 30 June 2019

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Gearing ratio			
Long-term financing	19	2,693,467,503	2,979,633,874
Trade and other payables	23	3,560,081,041	2,188,435,369
Contract Liabilities		280,782,509	240,438,386
Accrued mark-up	24	352,787,278	135,648,698
Short-term borrowings	25	9,087,930,113	7,053,113,896
Total debt		15,975,048,444	12,597,270,223
Cash and cash equivalents	16	(147,038,804)	(131,073,813)
Net debt		15,828,009,640	12,466,196,410
Share capital	17	2,970,114,270	2,970,114,270
Reserves		6,912,269,790	7,475,596,933
Surplus on revaluation of property, plant and equipment	18	2,361,200,451	2,434,441,250
Total equity		12,243,584,511	12,880,152,453
Equity and net debt		28,071,594,151	25,346,348,863
Gearing ratio		56%	49%

37.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The different levels of fair valuation method have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3: Inputs for the asset or liability that are not based on observable market data.

The carrying values of all assets and liabilities reflected in these financial statements approximate their fair values.

There were no changes in the valuation techniques during the year.

38 FINANCIAL INSTRUMENTS BY CATEGORY

38.1 Financial assets as per statement of financial position

At amortised cost

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Term deposits receipts	9	15,289,370	15,289,370
Trade debts	12	3,402,721,624	1,787,703,846
Loans	13	4,577,780	5,280,280
Accrued profit on term deposits receipts	15	347,190	206,839
Bank balances	16	100,008,174	114,411,815

38.2 Financial liabilities as per statement of financial position

At amortised cost

	Note	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Long term financing	19	2,693,467,503	2,979,633,874
Loan from related party	20	280,000,000	-
Trade payable	23	3,424,718,312	1,974,233,067
Interest / mark up accrued	24	352,787,278	135,648,698
Short term borrowing	25	9,087,930,113	7,053,113,896
Unclaimed dividend		6,579,162	3,110,091

39. TRANSACTIONS WITH RELATED PARTIES

Related parties include comprise associated companies, directors and key management personnel of the Company. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

39.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

Nature of transaction

Transaction with director

- Loan from non-executive director (principle plus interest)

2019
----- (Rupees) -----

298,072,395

-

Transaction with associates

- Sale of bars to The Hunar Foundation
- Donation to The Hunar Foundation

1,320,500
200,000

-
-

39.1.1 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 Company	Associate (common directorship)	-
2	Shershah Industries (Private) Limited	Associate (common directorship)	-
3	Hobnob Bakeries	Associate (common directorship)	-
4	Amreli Holding (Private) Limited	Associate (common directorship)	-
5	Hi-Tech Metals Special Economic Zone (Private) Limited	Associate (common directorship)	-
6	The Hunar Foundation	Associate (common directorship)	-
7	Caravan of Life Trust	Associate (common directorship)	-
8	Mr. Abbas Akber Ali	Director	-

39.1.2 None of the key management personnel had any arrangements with the Company other than the employment contract.

Notes to the Financial Statements

For the year ended 30 June 2019

40. PLANT CAPACITY AND ACTUAL PRODUCTION

	Note	2019 ----- (Rupees) -----	2018 -----
40.1 Billets	40.1.1		
Plant capacity – estimated		600,000	400,000
Available capacity		400,000	366,667
Actual production		297,283	186,471

40.1.1 The plant capacity of billet at steel melt shop, Dhabeji was enhanced in the month of June 2019.

	2019 ----- (Rupees) -----	2018 -----
40.2 Bars		
Plant capacity – estimated	605,000	605,000
Available capacity	605,000	250,833
Actual production	290,892	182,741

40.3 The actual production was less than the available capacity due to low demand of steel products and current economic situation.

41. OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment. Total sales of the Company relating to customers in Pakistan were 99% during the year ended June 30, 2019 (June 30, 2018: 99%).

All non-current assets of the Company as at June 30, 2019 and 2018 are located in Pakistan.

Sales to twenty major customers of the Company are around 32% during the year ended June 30, 2019 (June 30, 2018: 35%).

41.1 Geographical information

The Company's gross revenue from external customers by geographical location is detailed below:

	2019 ----- (Rupees) -----	2018 -----
Domestic sales	28,524,200,020	15,463,696,475
Export sales	79,535,270	39,414,617
41.1.1 Region wise export sales are as under:		
China	16,350,731	12,439,978
Korea	63,184,539	26,974,639
	79,535,270	39,414,617

42. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2019 ----- (Number) -----	2018 -----
Total		Total
Total number of employees' as at June 30	1,388	815
Average number of employees' during the year	1,345	813

43. GENERAL

43.1 Corresponding figures have been reclassified / rearranged, wherever necessary.

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

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 12 September 2019 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer

Other Information

- Investors' Education - Jama Punji
- Standard Request Form for Annual Accounts & Notice of AGM
- E-Dividend Mandate Form
- Proxy Form
- Proxy Form (URDU)

**Revolutionizing
the Art of
Steel Making
in Pakistan**

Annual Report 2019

Investors’ Education

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

www.jamapunji.pk

**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

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: _____

Valid Email Address: _____
(to receive Annual Audited Accounts and Notice of General Meeting(s) through email instead of hard copy/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: _____

**AFFIX
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To: _____

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:

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.	

Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
International Bank Account Number (IBAN) (24 digit)	

Signature of the member/shareholder
(Please affix company stamp in case of corporate entity)

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.

**AFFIX
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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.

پراکسی فارم

کمپنی سیکرٹری

امریلی اسٹیلز لمیٹڈ

A-18، سائٹ، کراچی۔

میں / ہم _____ سکند / ساکنان _____ بطور ممبر

(ممبران) امریلی اسٹیلز لمیٹڈ حامل / حاملین _____ عام حصص بحوالہ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر _____

اور ذیلی اکاؤنٹ نمبر _____ بذریعہ ہذا جناب / محترمہ _____ سکند / ساکنان

_____ کو اپنا / ہمارا پراکسی مقرر کرتا / کرتی ہوں / کرتے ہیں تاکہ وہ میری / ہماری جانب سے کمپنی کے 35 ویں سالانہ

اجلاس عام مؤرخہ 26 اکتوبر 2019 دن 12 بجے بمقام آڈیٹوریم ہال انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، چارٹرڈ اکاؤنٹنٹس ایونیو، کلٹن، 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 _____ مؤرخہ _____ 2019

ریونیومہر یہاں چسپاں کریں

دستخط حامل / حاملین حصص

گواہ نمبر 1

دستخط: _____

نام: _____

پتہ: _____

قومی شناختی کارڈ / پاسپورٹ نمبر: _____

گواہ نمبر 2

دستخط: _____

نام: _____

پتہ: _____

قومی شناختی کارڈ / پاسپورٹ نمبر: _____

اہم نکات:

1۔ باقاعدہ پرشدہ اور دستخط شدہ پراکسی فارم کمپنی کے رجسٹرڈ شدہ دفتر A-18 سائٹ کراچی میں اجلاس منعقد ہونے سے کم از کم 48 گھنٹے قبل موصول ہو جانے چاہئیں۔

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 فارم 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۔

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

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کمپنی سیکرٹری
امریلی اسٹیلز لمیٹڈ
A-18، سائٹ کراچی

صحیح مہر چسپاں کریں



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Amreli Steels has created State-of-the-Art, Fully Integrated and 100% Automatic Steel Complex in Pakistan. With focus on technology and scale of the plant.