



AMRELI  
STEELS



أمید پارس

Annual Report 2021







# أمیدوار

## A Renewed Hope

Last year saw the world finally come to terms with the new reality. With that acceptance came perseverance. With that perseverance came a renewed hope to make the best of what we have.

Imbued with the spirit of respect, resilience and integrity and driven by pursuit of excellence and dynamism, Amreli Steels made the most of the opportunity that accompanied the returning consumer confidence. We broke many records and enjoyed unprecedented successes during the year.

With a healthy dose of prudence and vigilance, we hope and pray that this pattern of recovery and success continues in the years to come.



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# Corporate Information

A close-up photograph of a hand holding a small green plant seedling. The hand is positioned on the right side of the frame, with the fingers gently gripping the base of the plant. The background is a dark, textured surface, likely soil or gravel, which fills the majority of the image. The lighting is soft, highlighting the skin of the hand and the vibrant green of the plant.

## Vision

"Committed to strengthen the economy and society"

## Mission

- Be the brand of choice for all stakeholders
- Empower people
- Continue to invest in state-of-the-art steel manufacturing and associated technologies
- Achieve rebar sales in excess of 1.5 million tons annually
- Attain the highest standards of health and safety





# Core Values

## RESPECT

- We treat others the way we want to be treated
- Give respect - regardless
- We value diversity and believe in equality
- We value differences of opinions
- We respect the environment

## RESILIENCE

- We never give up
- We stand tall in adversity
- We embrace challenges
- We view failures and mistakes as learning opportunities
- We will win – if not immediately, then definitely

## INTEGRITY

- We deliver what we promise
- We uphold the highest standards of ethics and honor
- We act transparently
- We do the right thing
- We speak up when our Values are compromised

## DYNAMISM

- We stay ahead of the curve
- We change the game
- We are innovative and aggressive
- We are decisive and take calculated risks
- We are agile and move fast

## EXCELLENCE

- We give our best everyday
  - We strive to excel in every aspect of our business
  - We operate outside our comfort zone
  - We adapt to best practices
  - We believe in continuous improvement
-



# 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 two re-rolling plants situated at S.I.T.E. Karachi and Dhabaji are using one of the most modern hot re-rolling technologies in the industry with a nameplate capacity of 180,000 metric tons and 425,000 metric tons of rebars per annum respectively.

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

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# Company Information

## BOARD OF DIRECTORS

**Mr. Abbas Akberali**  
*Chairman, Non Executive Director*

**Mr. Shayan Akberali**  
*Chief Executive Officer*

**Mr. Teizoon Kisat**  
*Independent Director*

**Mr. Zafar Ahmed Taji**  
*Independent Director*

**Mr. Badar Kazmi**  
*Independent Director*

**Ms. Kinza Shayan**  
*Non-Executive Director*

**Ms. Mariam Akberali**  
*Non-Executive Director*

## AUDIT COMMITTEE

**Mr. Teizoon Kisat**  
*Chairman*

**Mr. Zafar Ahmed Taji**  
*Member*

**Mr. Badar Kazmi**  
*Member*

**Ms. Kinza Shayan**  
*Member*

## HUMAN RESOURCE & REMUNERATION COMMITTEE

**Mr. Zafar Ahmed Taji**  
*Chairman*

**Mr. Teizoon Kisat**  
*Member*

**Mr. Shayan Akberali**  
*Member*

**Ms. Kinza Shayan**  
*Member*

*Chief Operating Officer (Strategy)*  
**Mr. Hadi Akberali**

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

*Company Secretary*  
**Mr. Adnan Abdul Ghaffar**

*Head of Internal Audit*  
**Ms. Alina Osama Ali**

## EXTERNAL AUDITORS

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

## INTERNAL AUDITORS

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

## SHARES REGISTRAR

*THK Associates (Pvt) Limited*  
*Plot No. 32-C, Jami Commercial*  
*Sreet-2, D.H.A., Phase-VII, Karachi-75500*  
*UAN No: (021) 111-000-322*  
*Direct No: (021) 35310187*  
*Email: sfc@thk.com.pk*

## CORPORATE ADVISOR

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



## **BANKERS**

*Al Baraka Bank Pakistan Limited*  
*Askari Bank Limited*  
*Allied Bank 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 Islamic Bank Limited*  
*Meezan Bank Limited*  
*National Bank of Pakistan*  
*Pak China Investment Company Limited*  
*Pakistan Kuwait Investment Company (Private) Limited*  
*Samba Bank Limited*  
*Standard Chartered Bank (Pakistan) Limited*  
*United Bank Limited*

## **REGISTERED OFFICE**

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

## **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

## **E-MAIL**

*investor-relations@amrelisteels.com*

## **WEBSITE INFORMATION**

*www.amrelisteels.com*



## Product Portfolio

Being the pioneer in Pakistani steel market not just in terms of technology as well as market's best 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 product brands of Amreli Steels along with their unique features:

### 1. Amreli Steels Maxima

- Based on BS 4449
- Ideal for hi-rise buildings
- Strength 72,500 PSI
- The strongest rebar available in the market
- Upto 15% consumption saving as compared to G-60
- Safely weldable
- Earthquake resistant in select seismic zones
- Value for money due to uniform gauge
- Made from Billet, purpose-built for construction reinforcement

### 2. Amreli Steels Xtreme

- Based on BS 4449
- Ideal for hi-rise buildings
- Strength 72,500 PSI
- The strongest rebar available in the market
- Upto 15% consumption saving as compared to G-60
- Safely weldable
- Earthquake resistant in select seismic zones
- Value for money due to uniform gauge
- Made from Billet, purpose-built for construction reinforcement

### 3. Amreli Steels Ultima

- Based on ASTM 706
- Ideal for residential and commercial projects especially in high seismic activity zones
- Strength 60,000 PSI
- Ultimate Tensile Strength 80,000 PSI
- Tensile/Yield Strength Ratio > 1.25
- Earthquake resistant in select seismic zones
- Value for money due to uniform gauge
- Made from Billet, purpose-built for construction reinforcement

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

### Amreli Steels can offer\*

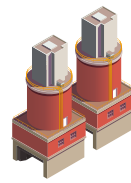
- Rebars conforming to any international standard
- Rebars with rib patterns as per any international standard
- Cut-to-length as per requirement up to 16M in length
- 1.25 ratio in ASTM
- 8mm deformed rebars in ASTM 615, ASTM 706 and BS 4449 in Pakistan

*\*These customized services are available for large quantities only. Lead times will vary on case to case basis.*

## Geographical Presence



**Head Office**  
Karachi



**Factories**  
1. Dhabeji  
2. S.I.T.E. Karachi



**Regional Offices**  
1. Hyderabad  
2. Sukkur  
3. Multan  
4. Lahore  
5. Islamabad



**Warehouses**  
1. Karachi  
2. Lahore  
3. Islamabad

### Number Of Existing Retailers /Stockists



<b>Sindh</b>	
Karachi	80
Interior Sindh	61
<b>Punjab</b>	
Lahore	15
Islamabad	08
Multan	33
<b>Khyber Pakhtunkhwa</b>	05
<b>Balochistan</b>	03
<b>Total</b>	<b>205</b>



Retailers/Stockist Network: The company has presence throughout the Country with Regional Offices , extensive Stockist / Retailers network at all strategic locations.




# Management Objectives

The objectives of the Company are aimed at achieving sustainable productivity, 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 Steel's improved performance in all spheres of its operations.

Maintaining our competitive position in the core business aligned with corporate goals, making every employee a self-assessor with defined yearly targets and transparent measuring criteria, we employ our brand name, unique organizational culture, professional excellence and financial strength diversifying in local and multinational environments through acquisitions and new projects thus achieving synergy towards value creation for our stakeholders. 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.

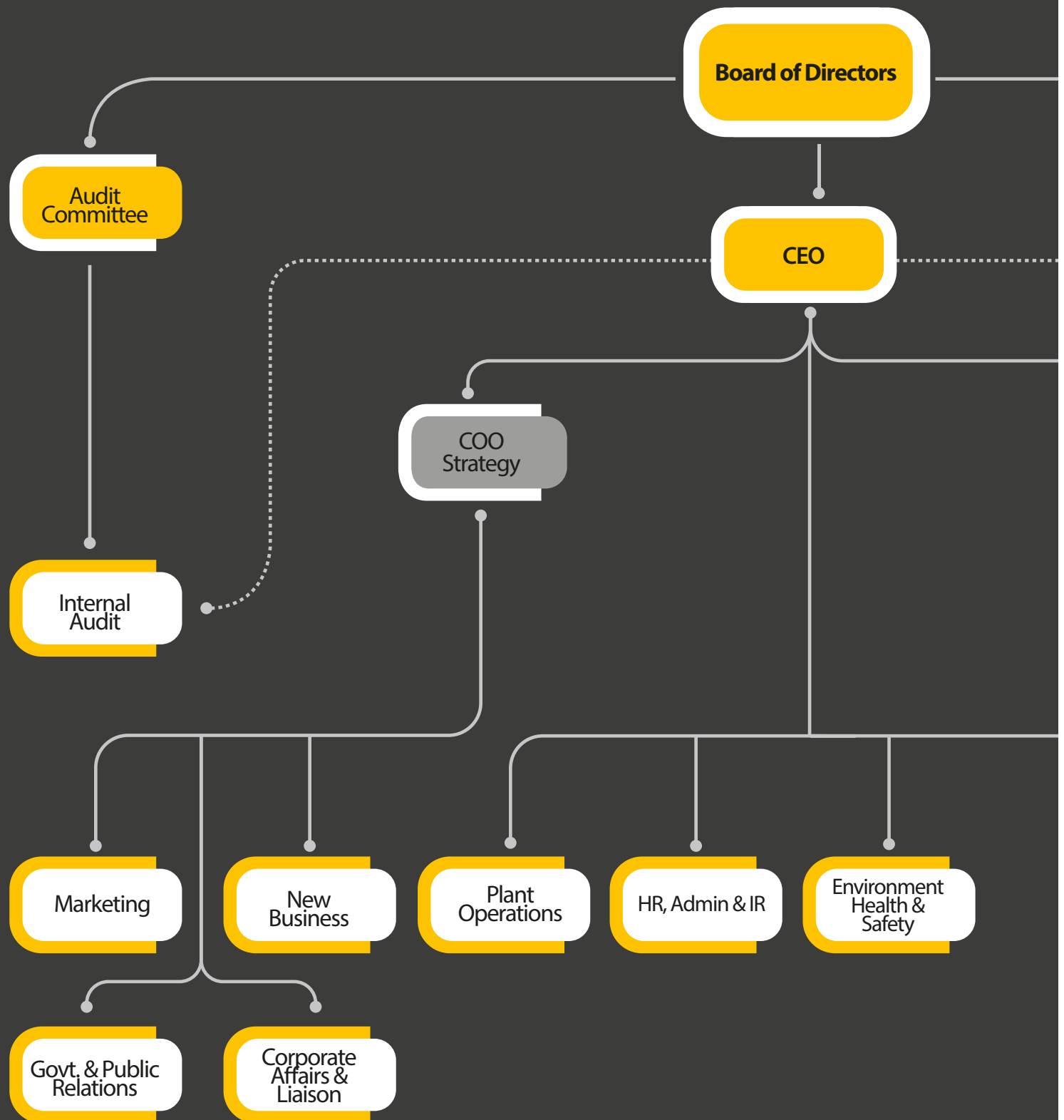




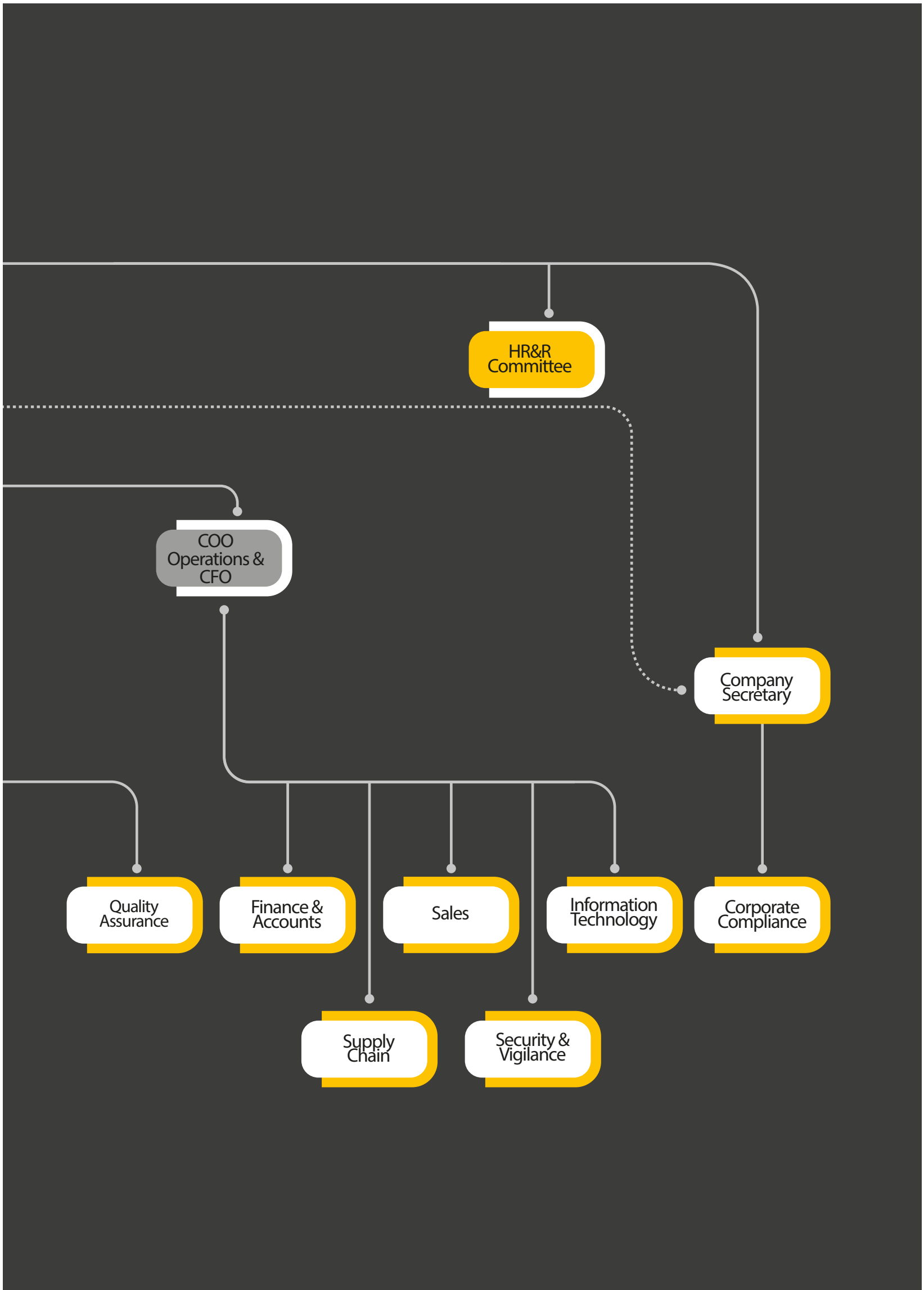
Some of the most significant strategic objectives of the Company are outlined as under:

- Be the brand of choice for all stakeholders
  - Empower people
  - Continue to invest in state-of-the-art steel manufacturing and associated technologies
  - Achieve rebar sales in excess of 1.5 million tons annually
  - Attain the highest standards of health and safety
  - Ensure that business policies and targets are in conformity with the national goals
  - Contribute in meeting the country's demand for construction of steel products
  - Ensure customer satisfaction by providing best value, quality products and unmatched services
  - Target a reasonable return on the shareholders' existing and projected investments
  - To function at optimal efficiency in our business operations as a way to increase productivity
  - To introduce existing products into new markets and new products into new and existing markets
  - To have all products meet standards of excellence guidelines
  - To develop and implement a promotional plan to drive increased business
  - To develop the leadership abilities and potential of our team
-

# Organizational Structure







# Board Of Directors' Profile



## Abbas Akberali

*Chairman  
Non-Executive Director*

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, New York. He has played an influential role in driving reforms aimed towards the growth of Pakistan's steel industry. With a passion for increasing Pakistan's literacy rate, Mr. Akberali is also a founding member of the Hunar Foundation and serves on the Board of other notable non-profit organizations.

## Shayan Akberali

*Chief Executive Officer*

Mr. Shayan Akberali joined Amreli Steels in 2002 and over the past two decades he has played an integral role in growing the Company by overseeing production enhancement, technical development, planning and expanding the sales footprint of the Amreli brand across Pakistan. As the CEO of the largest rebar producing Company in Pakistan, Mr. Akberali's focus is on operational excellence with passion for developing the HR capital of the Company. He has built a strong team of professionals across all verticals that bring functional expertise as well as leadership to steer the Company towards higher growth.



## Zafar Ahmed Taji

*Independent Director*

Mr. Zafar Ahmed Taji started his professional career in 1971 after completing MBA from IBA Karachi holding first position. Since then, he has spent more than 40 years with a number of multinational companies like Exxon Corporation, Union Carbide of USA and British American Tobacco/Pakistan Tobacco. During these assignments, he has headed the Finance, IT, and HR functions at various times. He has been a member of Prime Minister Pay and Pension Commission, Advisor to Pakistan Air Force, Advisor to Chairman PIA and Chairman PCB, HR Director of Interloop and Sapphire Group of Companies. He has also served as Dean of Riphah University and Director General of NUST Business School.

Mr. Taji is a certified Corporate Governance professional from PICG and a certified practitioner from Mentoring University of USA. During the last 15 years, he has invested most of his time and efforts towards becoming an effective "Leader of Change" wherein he has put extensive efforts for planning, creating, and implementing a totally new organizational transformation philosophy in a number of companies.







## 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.

## 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 has over 30 years of experience in Finance and Audit and has held many senior management positions in multiple business areas. 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 at OLP and Micro Finance Bank. He is also a certified Director.



## Kinza Shayan

*Non-Executive Director*

Hailing from a family of academics and public service, Ms. Kinza brings her accounting and finance background to the Board of Amreli Steels. She is a proud mother and an active homemaker. Ms. Kinza has lent her time and knowledge as being a valued member of the Board's Audit and HR&R Committees, and has been a member of the Company's Board since it got listed on PSX.

## 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 Listed Companies (Code of Corporate Governance) Regulations, 2019 (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
Total	: 07

### Composition:

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

The present Board of Directors of the Company comprises of 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 directors as the Chairman of the Committees. These committees are mainly composed of independent and non-executive directors.

### Female Directors

The Company is committed to 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 (Respect, Resilience, Integrity, Dynamism and Excellence) 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

Following the election of directors at the Extraordinary General Meeting (EOGM) of the Company on 06 May 2021, the Board of Directors reconstituted both the Committees (i.e. Audit Committee and HR&R Committee) with no change in the composition and Terms of References of the Committees.

### Board's Audit Committee (BAC)

During the year, six (6) 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:

Composition	Meetings Held						Meetings Attended
	24-Aug-20	09-Sep-20	26-Oct-20	06-Feb-21	25-Mar-21	19-Apr-21	
Mr. Teizoon Kisat <i>Chairman</i>	✓	✓	✓	✓	✓	✓	6/6
Mr. Zafar Ahmed Taji <i>Member</i>	✓	✓	✓	✓	✓	✓	6/6
Mr. Badar Kazmi <i>Member</i>	—	—	✓	✓	✓	✓	4/6
Ms. Kinza Shayan <i>Member</i>	✓	✓	✓	✓	✓	✓	6/6

## 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 (HR&R) Committee

During the year, two (02) meetings of the HR&R Committee were held. The meetings were held in Pakistan. The attendance by each Director in the HR&R Committee meeting is as follows:

Composition	Meetings Held on		Meetings Attended
	08-March-2021	22-June-2021	
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. Kinza Shayan <i>Member</i>	✓	—	1/2

## 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 matter delegated to the Committee by the Board of the Company from time to time.



## Management Committees

Management Committees	Functions	Functions Frequency	Members	Designation
Price Setting Committee	<ol style="list-style-type: none"> <li>1. Analyze demand and supply</li> <li>2. Analyze movement in global and local scrap prices</li> <li>3. Analyze change in exchange rates</li> </ol>	As and when required	Shayan Akberali Mazhar Hussain Sheikh Fazal Ahmed	CEO Head of Sales COO – Operation & CFO
Human Resource Steering Committee	<ol style="list-style-type: none"> <li>1. Oversee the Company's compensation and benefits policies generally</li> <li>2. Evaluate employee's performance and review the Company's management succession plan</li> <li>3. Hiring and disciplinary action policies</li> <li>4. Assess departmental needs of human resource</li> <li>5. Evaluate overall / function wise organogram of the Company</li> </ol>	Monthly	Shayan Akberali Hadi Akberali Asif Zahoor Muhammad Yousuf Mehmood Zoebe Salemwala Noman Sajjad Fazal Ahmed	CEO COO – Strategy Head of HR & Administration Sr. Manager HR Head of Corporate Affairs Group Head Plants & Production COO – Operations & CFO
Scrap Planning Committee	<ol style="list-style-type: none"> <li>1. Obtain sale forecast</li> <li>2. Plan the production maintaining the optimum inventory level</li> <li>3. Scrap procurement planning</li> </ol>	Monthly	Shayan Akberali Mazhar Hussain Sheikh Noman Sajjad Ashfaq Vighio Danish Hassan Raj Khatri Arsalan-ur-Rehman Taha Umer Fazal Ahmed	CEO Head of Sales Group Head Plants & Production Head of Supply Chain Manager Stores & Spares Manager Commercial Manager Inventory Deputy CFO COO – Operations & CFO
SAP Steering Committee	<ol style="list-style-type: none"> <li>1. Design and implement SAP for new projects</li> <li>2. Discuss issues faced and their solutions</li> <li>3. Discuss possibilities of induction of new modules</li> </ol>	Fortnightly	Javed Asghar Asif Zahoor Ashfaq Vighio Saima Naveed Amir Raza Salman Ali Khan & Divisional Coordinators	Chief Information Officer Head of HR & Administration Head of Supply Chain Head of Business App. & Support Business Applications Lead Controller SAP FICO
IT Steering Committee	<ol style="list-style-type: none"> <li>1. Prioritize IT-enabled investment</li> <li>2. Monitor service levels of improvement</li> <li>3. Monitor IT service delivery</li> <li>4. Monitor projects</li> </ol>	Monthly	Hadi Akberali Javed Asghar Noman Sajjad Asif Zahoor Ashfaq Vighio Saima Naveed Syed Mohtashim Ali Rizvi Fazal Ahmed	COO – Strategy Chief Information Officer Group Head Plants & Production Head of HR & Administration Head of Supply Chain Head of Business App. & Support Manager Infrastructure & Support COO – Operations & CFO
Enterprise Risk Management Steering Committee	<ol style="list-style-type: none"> <li>1. Develop and cultivate Enterprise Risk Management (ERM) culture</li> <li>2. Devise and execute ERM philosophy and frameworks</li> <li>3. Ensure awareness of ERM philosophy and mechanism organization wide</li> <li>4. Monitor effectiveness of ERM framework consistently</li> </ol>	As and when required	Shayan Akberali Fazal Ahmed Fazal Ahmed Khan  Javed Asghar	CEO COO – Operations & CFO Manager Sales Admin. & Credit Control Chief Information Officer



## 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, operational experience and expertise enable us to minimize our environmental impact and successfully manage the social challenges and inherent risk that are present in our industry.

Our guiding principles for sustainability are as follows:

- Maintain highest degree of corporate governance practices;
- Conduct business activities with the highest principles of honesty, integrity, truthfulness and honor;
- 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 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;
- Deliver superior value for our shareholders – our intent is to outperform our competitors by delivering superior growth, margins and returns to our shareholders;
- 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;
- 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;
- Be transparent in reporting and validating our progress – our intent is to provide our stakeholders with thorough and timely information on our progress.

## Amreli Steels' Green Energy Initiative

Transforming its vision into actions, Amreli Steels Ltd. has once again executed its first mover strategy by adopting sustainable energy solutions in the steel sector of Pakistan.

Enlightening the way for others to follow, Amreli Steels has invested in the installation of a 4.43MWp PV Solar Plant at its Dhabeji production facility making it the largest renewable energy project in Pakistan's steel industry.



The commercial operations of the solar plant successfully commenced in April 2021. The plant consists of the latest MonoPerc Solar Panels and will generate almost 7,000,000 KWh annually resulting in a carbon footprint reduction of approximately 4,500,000 Kg CO<sup>2</sup> yearly. Energy generated from this resource has the lowest LCOE (Levelized Cost of Energy) which is less than half of the grid price. A state-of-the-art SCADA system has also been installed for the monitoring of the solar plant and the live data can be accessed through cloud storage.

The steel industry is considered to be a large contributor of greenhouse gas emissions and has energy intensive operations. As an environmentally responsible organization, Amreli Steels understands the important role it has to play in mitigating the climate change effects and hopes to increase its renewable power generation footprint in the years to come.



## Health, Safety and Environment (HSE) 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 environmental 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 programs 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.

## Business Continuity Plan

The objective of having a Business Continuity and Disaster Recovery Plan and associated controls is to ensure that the organization can still accomplish its mission and it would not lose the capability to process, retrieve and protect information maintained in the event of an interruption or disaster leading to temporary or permanent loss of computer facilities.

Amreli Steels has its production environment at head office with synchronized servers at Sher Shah location connected with replications through dark fiber. A tertiary warm site is being buildup at Dhabeji. In case of any disaster, the company would be able to continue its operations smoothly. Amreli Steel is following the National Institute for Standards and Technology (NIST) Special Publication 800- 34, Contingency Planning for Information Technology Systems Disaster Recovery Plan which includes:

- Develop the contingency planning policy statement.
- Conduct the business impact analysis (BIA).
- Identify preventive controls.
- Develop recovery strategies.
- Develop an IT contingency plan.
- Plan testing, training and exercising.
- Plan maintenance.





## Corporate Social Responsibility

Envisioned with strengthening the economy and society, giving back has always been at the core of Amreli Steels. Driven by the same, Amreli Steels has been dedicated to serving the unprivileged and empowering the community by giving it a solid foundation.

Aligned with its aim, the Management directs its munificent efforts towards the areas of education, health care and the society in general.

### 1. The Hunar Foundation (THF)

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

### 2. Namal Foundation

Namal provides quality higher education and gives equal opportunities to the marginalized youth. By working towards making higher education available for talented young generation, Namal is laying a foundation for a vibrant and growing society. Amreli Steels, aligned with its mission of empowering people, is paving the way for Namal to achieve the noble purpose. Amreli Steels is financially supporting the 10 bright students of Namal in completing their 4 years' graduation. Hence Amreli Steels is committed to ensure accessible and affordable higher education that will enable Pakistan to stand amongst the leading nations.

### 3. The Citizens Foundation (TCF)

The Citizen's Foundation 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, Amreli Steels funded TCF's Achar Salar, Dhabaji Campus in 2010 and continues to cover its operational expenses. The campus provides classroom facilities for 142 students every year. As a recognition of the contributions, the campus had been named after the Akberali family. The organization has also installed solar panels at the TCF Akberali campus thereby reducing the school's carbon footprint and reducing the pressure on fossil fuels.

### 4. Women's Foundation

Amreli Steels laid the initiative of the Women's Foundation in Dhabaji, with the aim of empowering women through vocational training. A class of 50 students at a time is trained quarterly, in the sewing and stitching. The course extends to 3 months and towards the end, each graduate is awarded with a certificate and a personal sewing machine on needs basis.

### 5. Khana Ghar

Khana Ghar has been run for more than 15 years by Parveen Saeed – the lady who was dubbed as the 3 Rupee lady by the international media because she offered food to the needy persons in Karachi for PKR 3 per head. Khana Ghar serves 2 meals to more than 4000 people in Karachi every day. Amreli Steels contributes to this noble cause through funding to ensure that over 500,000 meals are served every year.

### 6. Sirat-ul-jannah Orphanage

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



The Hunar Foundation (THF)



Namal Foundation



The Citizens Foundation (TCF)

## “De-Commoditizing Steel Rebars” Amreli Steels’ Journey to the Summit of Rebar Marketing

When Amreli Steels ventured to undertake the largest expansion in Pakistan’s Steel Rebar Market in 2015, we knew we had a 50-year legacy and a solid business reputation to work with. Our business objective was clear – to create a national market for our enhanced capacity. The marketing challenge was to convert our excellent business reputation into a consumer-relevant brand recognition. But the commodity-like nature of this category was a clear obstacle in our path. The sad fact was that a steel rebar is not even in the subconscious mind of the consumer. It is a highly technical product that gets buried deep in the walls, the floors and the roofs behind layers of concrete and paint. It suffers from the “out of sight – out of mind” syndrome. A consumer only starts to understand the importance of steel after the construction is complete when a building starts to dilapidate pre-maturely or when a natural disaster occurs.

We knew our marketing efforts had to be bold, innovative and integrated in nature to create a holistic brand experience. We started with a comprehensive research that allowed us to understand the drivers and barriers of all stakeholders across the value chain. We studied their purchase behaviour and measured their expectations from rebars. Based on this data, we started formulating our marketing strategy, which was further cascaded at the brand and retail level.

We started with the offline world and reviewed the in-store retail experience, which at the time was very poor. We undertook a Retail Space Standardization exercise nationally. We introduced informative posters and literature that simplified highly technical information for the layman. We developed a Brand Architecture to organize our product portfolio and introduced 3 new Product Brands.



We rolled out 1st-of-its-kind Retailtainment Event Series across various cities of Pakistan. We introduced Monthly Trade Marketing Reports to monitor our retailer’s performances and then organized “Knowledge Refresher Events” to reiterate the purpose and usage guidelines of our POSM.





## “De-Commoditizing Steel Rebars ” Amreli Steels’ Journey to the Summit of Rebar Marketing

We revitalized our official social media and revamped our company website to enable the discovery of our retailers through google maps. We introduced Whatsapp Marketing to share category and brand factoids among our customers to improve their technical knowledge.

We also built the City of Jinnah Monument at the Amreli Steels Circle next to Dolmen Mall Karachi which features 4 portraits of Quaid-e-Azam Mohammad Ali Jinnah made from our rebars. It is the first industrial art installation in a public space of Pakistan and has become a benchmark for companies involved in enhancing the outdoor space across Pakistan.

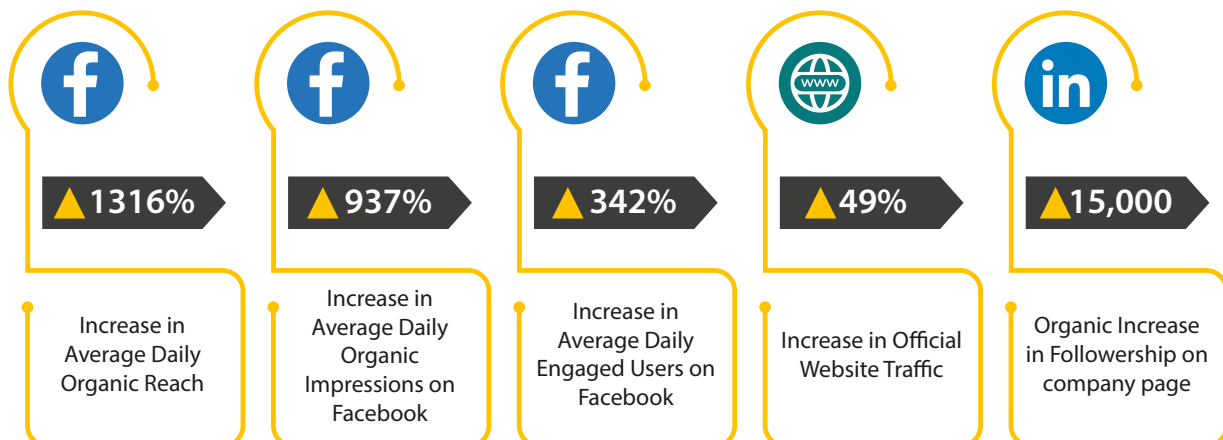


For our communication strategy, the objective was to create awareness of the quality parameters of rebars and establish Amreli Steels’ superiority. Our communication journey had a bumpy start. Our first major campaign was praised for its emotional approach but it was unable to establish the quality of our rebars. Our follow-up campaign humanized functional properties of rebars more literally and established the importance of billets and international standards for the audience. Its product story also became a visual standard for the category and many brands copied its product animation in their campaigns.

However, we wanted to raise the bar even further. After a month-long strategizing exercise where we reviewed our research data and past findings, we compiled a 7-page long brief. Our product insight served as the inspiration for story telling and became the basis of our idealistic protagonist who is mocked and critiqued by everyone at various stages of his life but he always stands up for what is “right”. When his children grow up, he provides them with all the support needed to propel their futures even at the expense of his own plan of building a house. Through his actions, he becomes an example for his children who show that they have learned to choose “right” over “popular” when a contractor who is building their new house offers to use the “popular” kind of rebar. By depicting the strength of character needed to stand up for what is “right”, this human story showcased the concept of “strength” in a new but relatable way and became the basis of our new communication platform “Aap ki tarha SOLID” (As SOLID as you).



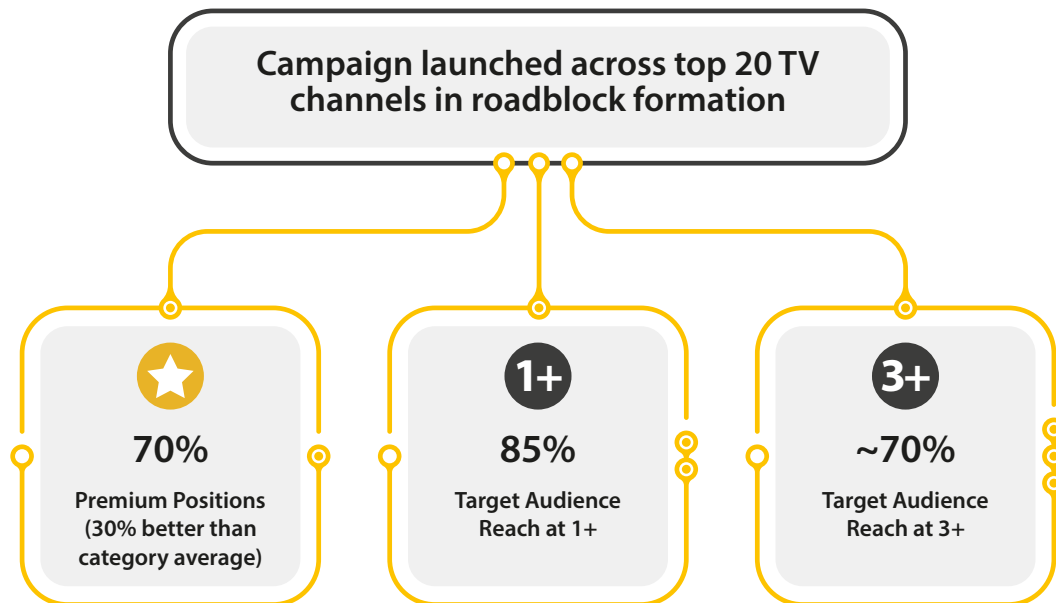
Our digital campaign started from 5th June and ended on 31st July. It immediately garnered 1.3 Million+ organic views and 68,000+ engagements without any media boost in its first 3 days. In total, the campaign reached 95% of our target group (TG) available on Facebook, accumulating 16 million+ views and 310K+ engagements. Over 30 million impressions were served on GDN (including Youtube). We received extremely positive word-of-mouth and a major brand uplift on Facebook after the digital run ended.





## “De-Commoditizing Steel Rebars ” Amreli Steels’ Journey to the Summit of Rebar Marketing

Our campaign push on TV in August had the highest premium positions, FOC minutes and value additions in the form of program sponsorships, station branding, PIPs, Scrolls and logos. These efforts increased our paid-to-value ratio. The campaign was featured in numerous renowned online publishers and earned FOC media worth PKR 12 million in commercial airtime. Industry experts lauded our fresh and out-of-the-box approach to communication. Even after taking a 3-month break at the start of 2021, our campaign recall was very high and it continued receiving critical acclaims for being a communication that challenged stereotypes and broke new grounds. In the brand health tracker 2021 conducted by AC Nielsen in February, we recorded an increase of 53% in brand awareness, 79% in brand consideration, 93% increase in brand preference and 100% increase in brand recommendation. These metrics combined to increase our Brand Equity Index by a whopping 125% as compared to 2019. Our campaign was recognized on marketing award platforms like Effies Pakistan where we won the Gold Award for Best Campaign in the Construction, Real Estate and Allied Industry and 3 awards at the Pakistan Digital Awards which included the Jury Award for Campaign of the year.



As the economy slowly recovered during FY 20-21, Amreli Steels was in the perfect position to lead the market. We broke steel industry's production, sales and delivery records. Our quarterly revenue in Q1 increased by 29% YOY. We broke the industry record of highest monthly sales in October by selling 36,500 tons. We broke this record again by selling 43,276 tons in the month of June 2021. With powerful campaigns and an emotionally potent communication platform, our brand now enjoys unprecedented acceptance in new markets and unimaginable differentiation in the rebar category.

We were the first steel brand and in some cases, the first building materials brand to take all the initiatives mentioned above which eventually became an industry standard. Our work is “emulated” by our competition and it continues to inspire the building materials category. Such practices and tactics may deter many companies but we consider it a very big validation of our marketing efforts. For us, it simply reinforces our position as the one true leader of steel rebars in Pakistan.



## Human Resource

Today, Amreli Steels enjoys the prestige as a pioneer in the industry, the well-fortified position has been attained through the exemplary devotion and tireless efforts of our people – our employees. While consistently progressing with our Mission “Empowering People”, we aim at interweaving our conducive work environment with a performing and rewarding culture which stimulates the development of our people and enables them to perform at their best.

### Rising Star Program

Living by our vision – “to bring a positive change in the lives of our fellow colleagues” – a brilliant initiative was taken to recognize the outstanding performance of our employees. Accordingly, a “Rising Star” program was launched to identify and reward the star performers. The program was led by the “Rising Star Committee” directly under the supervision of CEO. It consisted of a comprehensive process of star performers’ identification, nomination and final assessment along with the selection and disbursement of rewards. Out of 334 employees across the organization, 165 employees were eligible for the program based on a consistent good performance for previous 3 years. After further shortlisting, 58 employees were nominated for the final assessment and 30 employees were selected as the Company’s Rising Stars. This was indeed a moment of great pride for the brilliant employees as well as for the entire organization. Lately, a wonderful celebration was held by the management in admiration of the Rising Stars. The program will be executed every year to identify and reward the upcoming high performers in the subsequent years.

### Mentoring Program for Rising Stars

Strategic and systematic organizations always think and work exceptionally. They always ensure the execution of strategic principles efficiently and effectively. Amreli Steels, in line with the development of its Rising Stars, launched a “Mentoring Program” where the Divisional and Departmental Heads volunteered themselves as the mentors for Rising Stars. The program is being spearheaded by Mr. Zafar Taji who had been previously associated with reputable MNCs and is presently among the Board Members at Amreli Steels.

### Learn and Grow

Learning and development goes hand-in-hand. Strengthening an enabling learning culture has always been at the core of Amreli Steels. When COVID-19 brought physical and in-class learning opportunities to halt, HR Department engaged its employees through multiple online and e-learning platforms at the ease of their accessibility. Such learning opportunities provided employees with handy mobile options to learn at the ease of home at their favorite time. It also inhibited in them a sense of self- development. All in all, approximately 4,100 learning hours were spent by employees during FY 2021.

### Journey of Vision Mission & Values

Following the launch and roll-out of Company’s Vision Mission and Values (VMV) across the organization, the 2nd important phase was to rollout the same till the grass-root level for employees, that is, the frontliners/non-management staff. In order to ensure that the selected 26 VMV trainers are aligned with the training protocols, a comprehensive session on “Train the Values Trainer (for Frontliners)” was conducted. The trainers then disseminated further the VMV rollout sessions to 593 non-management team members across the organization. The objective of directing and orienting the employees towards the achievement of one vision and one mission was thus ensured. Further programs as off-shoot of this exercise have been conceptualized and will be executed in the upcoming years to ensure that we live by our values and that the Vision & Mission are translated into organizational and departmental goals.

### Capitalizing Technological Landscape

The world is progressing ahead swiftly with consistent technological advancement. Lengthy, time bound and location restricted processes are usually frustrating and are now getting replaced. Demonstrating dynamism, Amreli Steels has been proactive in adapting and implementing the smart, user-friendly and more accessible alternatives. In pursuit of the same, Amreli Steels has launched the Amrelian Portal powered by SharePoint which is an employee self-service portal, thereby, the HR’s objective of process automation, paperless environment and transparency has become achievable to a great extent. It is anticipated that the SharePoint platform has a lot more potential and therefore the developments on the Amrelian Portal are still continued.











# Information for Shareholders



## Notice of the 37<sup>th</sup> Annual General Meeting

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting (AGM) of the shareholders of Amreli Steels Limited (the Company) will be held on Thursday, 21 October 2021 at 10:00 am via video conference facility 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 2021, together with the Directors' and Auditors' reports thereon.
2. To appoint auditors of the Company for the financial year ending 30 June 2022 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 re-appointment as external auditors for the year ending 30 June 2022. The retiring auditors, being eligible, have offered themselves for re-appointment for the year ending 30 June 2022.

### 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: 29 September 2021  
Place: Karachi

### Notes:

#### 1. Participation in the AGM Proceeding via Video Conference Facility:

Due to recent surge in Covid-19 cases and to avoid large public gathering at one place in order to control the spread of the virus, the Company shall hold its AGM through video conference facility in pursuance to Circular 04 of 2021 read with Circular No. 6 of 2021 notified by the Securities and Exchange Commission of Pakistan (SECP) dated 19 February 2021 and 03 March 2021 respectively.

The members/proxies interested to participate in the AGM are requested to share below information at investor-relations@amrelisteels.com with subject "Registration for 37th AGM of Amreli Steels Limited" alongwith valid copy of CNIC (both sides) –

Shareholder Name	Folio/ CDC Number	CNIC Number	Cell Number	Registered Email Address

Video-link and login credentials will be shared with the members/proxies whose email containing all the above particulars are received at the given email address by the close of business on 19 October 2021.

The members can also provide their comments and questions for the agenda items of the AGM on WhatsApp Number: 0331-1201504 and email: investor-relations@amrelisteels.com

#### 2. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from 12 October 2021 to 21 October 2021 (both days inclusive). Transfers received in order by our Share Registrar, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial, Street-2, D.H.A., Phase-VII, Karachi-75500, Pakistan by the close of business on 11 October 2021 will be considered in time for attending the meeting.

#### 3. 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 (in English and Urdu) is attached in the Annual Report. The form of proxy is also available at the Company's website.
- 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).
- vi. In case of a corporate entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be submitted at the registered office not less than 48 hours before the time of the meeting.



#### 4. Change in Members Addresses:

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

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

The Annual Report of the Company for the year ended 30 June 2021 has been placed on the Company's website.

#### 6. Circulation of Annual Financial Statements for the year ended 30 June 2021 through DVD:

Pursuant to the approval of shareholders in the 32<sup>nd</sup> AGM held on 25 October 2016, the annual report of the Company for the year ended 30 June 2021 is being circulated to the members through DVD.

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

In pursuance to S.R.O.787(I)/2014 dated 08 September 2014, the SECP has permitted companies to circulate annual audited financial statements along with notice of AGM to its members through email. Accordingly, members who desire to receive annual financial statements and notices of the Company through email in future (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. The consent form has been uploaded on the Company's website. Any change to such arrangement(s) should be communicated to the Company on standard request form.

#### 8. Consent for Video Conference Facility:

In compliance with Section 134(1)(b) of the Companies Act, 2017 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 ten (10) days prior to the date of the AGM.

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

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

#### Special Notice to the Shareholders for Conversion of Physical Shares into Book-Entry Form:

In compliance with section 72 of the Companies Act, 2017 and SECP's letter No. CSD/ED/Misc./2016-639-640 dated 26 March 2021, listed companies are required to replace existing physical shares issued by them into Book-Entry Form. In view of the above requirement, shareholders of the Company having physical folios/ share certificates are requested to convert their shares from physical form into Book-Entry Form as soon as possible.

Conversion of physical shares into Book-Entry Form would facilitate the shareholders in many ways i.e. safe custody of shares, readily available market for instant sale and purchase of shares, eliminate risk of loss & damage, easy & safe transfer with lesser formalities as compared to physical shares. The shareholders of the Company may contact Share Registrar of the Company [i.e. M/s. THK Associates (Pvt.) Limited] for assistance in conversion of physical shares into Book-Entry Form.

#### Reminder to the Shareholders for Submission of (24 digit IBAN) Bank Account Details:

In terms of section 242 of the Companies Act, 2017, SECP's SRO No. 1145(I)/2017 dated 06 November 2017, SECP's SRO No. 421(I)/2018 dated 02 April 2018 and SECP's Letter No. CL/CSD/Misc/2014-30 dated 19 March 2021, 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.

Accordingly, the shareholders of the Company who have not yet provided relevant details of their bank accounts (i.e. 24 digit IBAN) are hereby once again reminded to MANDATORILY provide their bank account details to Share Registrar of the Company [i.e. M/s. THK Associates (Pvt.) Limited] to receive their future cash dividends (if any) through electronic mode and comply with the regulatory requirement. E-Dividend Mandate Forms are available at the Registered Office of the Company and can also be downloaded from the Company's website.

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

#### THK Associates (Pvt) Ltd

Plot No. 32-C, Jami Commercial, Street-2,

D.H.A., Phase-VII, Karachi-75500, Pakistan

UAN No: (021) 111-000-322

Direct No: (021) 35310187

Email: sfc@thk.com.pk



کمپنی کی جانب سے سالانہ اجلاس عام (بذریعہ ویڈیو کانفرنس) 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۔

### خصوصی نوٹس برائے حصص داران - کاغذی (Physical) حصص کی بک انٹری (Book-Entry Form) کی شکل میں منتقلی:

کمپنیز ایکٹ 2017 کے سیکشن 72 اور ایس ای سی پی کے لیٹر نمبر CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے تمام لسٹڈ کمپنیوں کیلئے لازم قرار دیا گیا ہے کہ اپنے فزیکل (کاغذی) حصص کو بک انٹری کی شکل میں منتقل کر لیں۔ ان ہدایات کے پیش نظر کمپنی کے تمام حصص داران سے گزارش کی جاتی ہے کہ اگر ان کے پاس کاغذی/فزیکل شکل میں فوئو/حصص سرٹیفکیٹس ہیں تو انھیں جلد از جلد بک انٹری کی شکل میں تبدیل کر والیں۔

فزیکل (کاغذی) حصص کی بک انٹری کی شکل میں تبدیلی سے حصص داران کو کئی لحاظ سے سہولت میسر آئے گی جیسا کہ حصص کا محفوظ تحویل میں منتقل ہو جانا، فوری طور پر حصص کی خرید و فروخت کیلئے مارکیٹ کا بہم دستیاب ہونا، حصص کے کھوجانے یا ضائع ہوجانے کے خطرے کا ازالہ اور فزیکل (کاغذی) حصص کے مقابلے میں قدرے کم رسمی کارروائی کے ذریعے حصص کی منتقلی۔ کمپنی کے تمام حصص داران سے گزارش کی جاتی ہے کہ فزیکل (کاغذی) حصص کی بک انٹری کی شکل میں تبدیلی کیلئے اگر کسی بھی قسم کی مدد درکار ہو تو کمپنی کے شیئر رجسٹرار (میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ) سے رابطہ کیا جاسکتا ہے۔

### حصص داران کو کمپنی کی جانب سے بینک اکاؤنٹ کی تفصیلات (بمعہ 24 ہندسوں پر مبنی IBAN) جمع کروانے کیلئے یاد دہانی کا نوٹس:

کمپنیز ایکٹ 2017 کے سیکشن 242، ایس ای سی پی کی جانب سے جاری کردہ ایس آر او نمبر 1145(I)/2017 مورخہ 6 نومبر 2017، ای ای سی پی کے ایس آر او نمبر 421(I)/2018 مورخہ 2 اپریل 2018 اور ایس ای سی پی کے لیٹر نمبر CL/CSD/Misc/2014-30 مورخہ 19 مارچ 2021 کے مطابق اگر کسی بھی لسٹڈ کمپنی کو اپنے حصص داران کو منافع منقسمہ دینا مقصود ہو تو منافع منقسمہ بذریعہ الیکٹرانک طریقہ کار یعنی براہ راست حصص داران کی جانب سے فراہم کردہ بینک اکاؤنٹ میں ہی جمع کروایا جائے گا۔

لہذا، کمپنی کے ایسے تمام حصص داران جن کی جانب سے بینک اکاؤنٹ (بمعہ 24 ہندسوں پر مبنی IBAN) کی تفصیلات جمع نہیں کروائی گئی ہیں کو بذریعہ نوٹس ہذا ایک مرتبہ پھر یہ یاد دہانی کروائی جاتی ہے کہ کمپنی کے شیئر رجسٹرار (میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ) کے پاس اپنے بینک اکاؤنٹ سے متعلق تفصیلات لازماً جمع کروادیں تاکہ اگر

مستقبل میں کوئی بھی منافع منقسمہ دینا مقصود ہو تو مجاز اتھارٹی کی ہدایات کے مطابق منافع منقسمہ کی بذریعہ الیکٹرانک طریق کار براہ راست حصص داران کے بینک اکاؤنٹ میں جمع کروایا جاسکے۔ کمپنی کے رجسٹرڈ شدہ دفتر میں ای-ڈیویڈنڈ مینڈیٹ فارم دستیاب ہیں اور یہ فارم کمپنی کی ویب سائٹ سے ڈاؤن لوڈ بھی کئے جاسکتے ہیں۔

کسی بھی مسئلے یا سوالات کی صورت میں / معلومات حاصل کرنے کیلئے ممبران درج ذیل پتے پر ہمارے حصص رجسٹرار سے رابطہ کر سکتے ہیں۔

ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ،

پلاٹ نمبر 32-C، جامی کمرشل، اسٹریٹ نمبر 2،

ڈی ایچ اے، فیز VII، کراچی 75500، پاکستان

UAN: 021-111-000-322

براہ راست نمبر 021-35310187

ای میل: sfc@thk.com.pk

**5- ویب سائٹ پر مالیاتی گوشواروں اور رپورٹس کی دستیابی:**

کمپنی کی سالانہ رپورٹ برائے مالی سال 30 جون 2021 کو کمپنی کی ویب سائٹ پر فراہم کر دی گئی ہے۔

**6- سالانہ مالیاتی گوشوارے برائے مالی سال اختتامیہ 30 جون 2021 کی بذریعہ ڈی وی ڈی (DVD) فراہمی:**

حصص داران کی جانب سے 32 ویں سالانہ اجلاس عام منعقدہ 25 اکتوبر 2016 میں منظوری کی بنیاد پر مالی سال اختتامیہ 30 جون 2021 سے متعلق آڈٹ شدہ مالیاتی گوشوارے کو بذریعہ ڈی وی ڈی (DVD) ارسال کئے جارہے ہیں۔

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

بحوالہ ایس آر او نمبر 2014/(1)787 مورخہ 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 بھیج سکتی ہیں۔ اسی مناسبت سے ہم ان ممبران کو سالانہ مالیاتی دستاویزات اور اطلاعات بذریعہ ای میل (بجائے سی ڈی/ڈی وی ڈی/یو ایس بی) 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 سلسلے میں درخواست فارم کمپنی کی ویب سائٹ پر فراہم کر دیا گیا ہے۔ اس سلسلے میں کسی بھی قسم کی تبدیلی سے متعلق کمپنی کو درخواست فارم کے ذریعے ہی آگاہ کیا جائے۔

**8- ویڈیو کانفرنس کی سہولت کے حصول کیلئے درخواست:**

کمپنیز ایکٹ کے سیکشن (b)(1)134 کے تحت اگر کراچی کے علاوہ کسی اور جغرافیائی محل وقوع پر کمپنی کے اوسطاً 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 10 دن پہلے موصول ہو۔

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

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

ویڈیولنک اور آن لائن رابطے سے متعلق معلومات ایسے تمام ممبران / پراسی کو فراہم کر دی جائیں گی جن کی جانب سے اوپر دیئے گئے ای میل ایڈریس پر مذکورہ بالا معلومات کمپنی کے مندرجہ بالا ای۔ میل ایڈریس پر مورخہ 19 اکتوبر 2021 دفتری اوقات ختم ہونے سے قبل موصول ہو جائیں گی۔

ممبران اپنی آراء اور سالانہ اجلاس عام کے ایجنڈے سے متعلق سوالات کے لئے واٹس ایپ نمبر 0331-1201504 اور ای۔ میل ایڈریس investor-relations@amrelisteels.com پر بھیج سکتے ہیں۔

## 2- حصص منتقلی کھاتوں کی بندش:

کمپنی کے حصص منتقلی کھاتے 12 اکتوبر 2021 سے 21 اکتوبر 2021 تک بند رہیں گے (دونوں ایام مذکورہ بھی اس میں شامل ہیں)۔ ہمارے رجسٹرار / منتقلی ایجنٹ میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر 32-C، جامی کمرشل، اسٹریٹ نمبر 2، ڈی ایچ اے، فیڑ VII، کراچی 75500، پاکستان کو دفتری اوقات کار کے دوران 11 اکتوبر 2021 تک موصول ہونے والی شیرز کی منتقلی کی درخواستوں کو تسلیم کیا جائے گا اور وہ ممبران سالانہ اجلاس عام میں شرکت کے لئے اہل ہوں گے۔

## 3- اجلاس عام میں شرکت اور پراسی 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 پراسی نامزد کر دے اور نامزد کردہ شخص بھی اجلاس میں شرکت کرنے، رائے دینے، تقرر کر کے اور حق رائے دہی استعمال کرنے کا مجاز ہو گا۔
- ii- اجلاس میں شرکت کیلئے ایک غیر پرشدہ پراسی فارم (انگریزی اور اردو) سالانہ رپورٹ کے ساتھ منسلک کیا جا رہا ہے۔ پراسی فارم کمپنی کی ویب سائٹ پر بھی موجود ہے۔
- iii- پراسی کے کارآمد ہونے کیلئے ضروری ہے کہ پراسی کی درخواست کمپنی کے رجسٹرڈ شدہ دفتر کو اجلاس منعقد ہونے سے کم از کم 48 گھنٹے پہلے موصول ہونا لازم ہے۔ ممبر اور پراسی کے کارآمد قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل بھی پراسی فارم کے ساتھ منسلک کرنا لازمی ہے۔
- iv- پراسی 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- سینٹرل ڈیپازٹری کمپنی (CDC) اکاؤنٹ کے حاملین سے گزارش ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے جاری کردہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 میں دی گئی ہدایات پر عمل کریں۔
- vi- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نمونہ دستخط از نامزد شدہ افراد بھی رجسٹرڈ شدہ دفتر میں اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے جمع کروانا ضروری ہے۔

## 4- حصص داران کے پتے میں تبدیلی سے متعلق اطلاع:

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





## اطلاع برائے 37 واں سالانہ اجلاس عام

بذریعہ اطلاع دی جاتی ہے کہ امریلی اسٹیلز لمیٹڈ (کمپنی) کے حصص داران کا 37 واں سالانہ اجلاس عام بروز جمعرات مورخہ 21 اکتوبر 2021 صبح 10 بجے بذریعہ ویڈیو کانفرنس مندرجہ ذیل امور کی منظوری کے لئے منعقد ہوگا:

عمومی امور:

- 1۔ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بابت مالی سال اختتامیہ 30 جون 2021 اور ان کے بارے میں ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی منظوری۔
  - 2۔ آئندہ مالی سال اختتامیہ 30 جون 2022 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 2022 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 2022 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 چیرمین کی جانب سے اجازت دی جائے۔

بحکم بورڈ



عدنان عبدالغفار

کمپنی سیکرٹری

29 ستمبر 2021

کراچی

نوٹس:

1۔ اجلاس عام میں شرکت بذریعہ ویڈیو کانفرنس:

حالیہ دنوں کوورونا (Covid-19) کے مریضوں کی تعداد میں ہونے والے اضافے اور ایک مقام پر بڑے عوامی اجتماع کی حوصلہ شکنی کیلئے اٹھائے جانے والے اقدامات کے پیش نظر اور سیکیورٹی: اینڈ ایکسیچینج کمیشن آف پاکستان (SECP) کے جاری کردہ سرکلر نمبر 04 بابت 2021 اور سرکلر نمبر 06 بابت 2021 مورخہ 19 فروری 2021 اور 03 مارچ 2021 بالترتیب کے تحت کمپنی کا 37 واں سالانہ اجلاس عام بذریعہ ویڈیو کانفرنس منعقد ہوگا۔

ایسے ممبران / پرانے جو کہ اجلاس عام میں شرکت کے متمنی ہیں سے گزارش کی جاتی ہے کہ اپنی درج ذیل معلومات investor-relations@amrelisteels.com پر ای میل کر دیں جس کا عنوان "Registration for 37th AGM of Amreli Steels Limited" ہونا چاہیے، اسی کے ساتھ ساتھ اپنے کارآمد قومی شناختی کارڈ کے دونوں اطراف کی نقل بھی منسلک کر دیں۔

نام حصص دار	فولیو / سی ڈی سی نمبر	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	موبائل فون نمبر	رجسٹرڈ شدہ ای۔ میل ایڈریس

## Pattern of Shareholding with Additional Information

As at 30 June 2021

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
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### 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	12,000	0.00

### Associated Companies, Undertakings and Related Parties

Mahvash Akberali	1	55,732,930	18.76
Public Sector Companies and Corporations	-	-	-

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

Banks, DFI & NBFI	8	7,791,000	2.62
Insurance Companies	6	2,027,500	0.68
Modaraba	-	-	-
Mutual Funds	26	5,786,500	1.95

### General Public

Local	11,091	44,945,827	15.14
Foreign	464	3,508,853	1.19
Others	106	9,331,400	3.14
Foreign Companies	1	150,000	0.05
<b>Total</b>	<b>11,712</b>	<b>297,011,427</b>	<b>100.00</b>

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 2020-21

Name	Date of Transaction	No. of Shares Sold	Rate Per Share Rs.
Zafar Ahmed Taji	17 July 2020	5,000	41.00/-
Zafar Ahmed Taji	20 July 2020	1,500	41.72/-
Zafar Ahmed Taji	21 July 2020	1,000	42.75/-



## Pattern of Shareholding

As at 30 June 2021

Number of Shareholders	Number of Shareholders From	To	Shares Held	Percentage
395	1	100	14,293	0.0048
5,689	101	500	2,802,783	0.9437
1,964	501	1,000	1,937,719	0.6524
2,382	1,001	5,000	6,546,407	2.2041
560	5,001	10,000	4,597,674	1.5480
179	10,001	15,000	2,336,503	0.7867
135	15,001	20,000	2,473,079	0.8327
72	20,001	25,000	1,712,779	0.5767
46	25,001	30,000	1,324,126	0.4458
26	30,001	35,000	870,600	0.2931
30	35,001	40,000	1,155,717	0.3891
19	40,001	45,000	833,500	0.2806
45	45,001	50,000	2,230,600	0.7510
8	50,001	55,000	431,500	0.1453
10	55,001	60,000	590,500	0.1988
7	60,001	65,000	436,500	0.1470
7	65,001	70,000	473,700	0.1595
9	70,001	75,000	670,000	0.2256
7	75,001	80,000	545,500	0.1837
9	80,001	85,000	745,900	0.2511
2	85,001	90,000	177,000	0.0596
3	90,001	95,000	281,000	0.0946
10	95,001	100,000	1,000,000	0.3367
5	100,001	105,000	511,500	0.1722
2	105,001	110,000	219,500	0.0739
1	110,001	115,000	115,000	0.0387
2	115,001	120,000	239,000	0.0805
1	120,001	125,000	125,000	0.0421
5	125,001	130,000	644,000	0.2168
1	130,001	135,000	135,000	0.0455
1	140,001	145,000	143,500	0.0483
6	145,001	150,000	897,500	0.3022
1	150,001	155,000	155,000	0.0522
1	155,001	160,000	160,000	0.0539
1	160,001	165,000	161,500	0.0544
1	165,001	170,000	166,000	0.0559
4	180,001	185,000	733,000	0.2468
3	185,001	190,000	570,000	0.1919
5	195,001	200,000	1,000,000	0.3367
1	200,001	205,000	205,000	0.0690
1	205,001	210,000	209,500	0.0705
1	215,001	220,000	215,500	0.0726
1	225,001	230,000	227,500	0.0766
1	230,001	235,000	233,500	0.0786





## Pattern of Shareholding

As at 30 June 2021

Number of Shareholders	Number of Shareholders From	To	Shares Held	Percentage
2	235,001	240,000	474,000	0.1596
1	240,001	245,000	241,500	0.0813
5	245,001	250,000	1,250,000	0.4209
1	250,001	255,000	255,000	0.0859
1	260,001	265,000	263,200	0.0886
1	265,001	270,000	270,000	0.0909
1	275,001	280,000	276,000	0.0929
1	280,001	285,000	283,000	0.0953
3	295,001	300,000	900,000	0.3030
1	320,001	325,000	321,000	0.1081
1	330,001	335,000	335,000	0.1128
3	335,001	340,000	1,014,000	0.3414
1	380,001	385,000	384,000	0.1293
4	395,001	400,000	1,597,000	0.5377
1	425,001	430,000	428,500	0.1443
1	445,001	450,000	450,000	0.1515
1	500,001	505,000	500,500	0.1685
1	505,001	510,000	506,500	0.1705
1	525,001	530,000	526,000	0.1771
1	565,001	570,000	570,000	0.1919
3	595,001	600,000	1,800,000	0.6060
1	760,001	765,000	761,000	0.2562
1	800,001	805,000	802,000	0.2700
1	895,001	900,000	900,000	0.3030
2	995,001	1,000,000	2,000,000	0.6734
1	1,050,001	1,055,000	1,055,000	0.3552
1	1,245,001	1,250,000	1,250,000	0.4209
1	1,250,001	1,255,000	1,254,759	0.4225
1	1,485,001	1,490,000	1,489,000	0.5013
1	1,670,001	1,675,000	1,670,500	0.5624
1	1,745,001	1,750,000	1,746,383	0.5880
1	1,995,001	2,000,000	2,000,000	0.6734
1	2,000,001	2,005,000	2,003,500	0.6746
1	2,225,001	2,230,000	2,225,500	0.7493
1	3,495,001	3,500,000	3,500,000	1.1784
1	35,690,001	35,695,000	35,694,840	12.0180
1	37,730,001	37,735,000	37,732,212	12.7040
1	55,730,001	55,735,000	55,732,930	18.7646
1	91,290,001	91,295,000	91,294,723	30.7378
11,712			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:	<a href="http://amrelisteels.com/investor-relations#Complaints">http://amrelisteels.com/investor-relations#Complaints</a>

**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 last AGM & Decisions taken

The 36<sup>th</sup> Annual General Meeting of the Company held on 27 October 2020 via video conference facility. Besides approval of annual audited accounts for the year ended 30 June 2020 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.

## Stakeholders' Engagement Process

Stakeholders	Management of Stakeholders' Engagement	Effect and Value to Amreli Steels Limited (ASL)
<b>Institutional Investors / Shareholders</b>	ASL acknowledges and honors the trust our investors have put in us by striving to provide a steady return on their investment. We rigorously enforce a transparent relationship with all our stakeholders.	The providers of capital allow ASL the means to achieve its vision.
<b>Customers &amp; Suppliers</b>	ASL has invested significantly over the years in customer relationship management. Our continuous and sustainable growth is also attributable to engaging reputed suppliers as business partners for supply of industrial inputs, equipment and machinery.	Our success and performance depends upon the loyalty of our customers, their preference and our supply chain management.
<b>Banks and Other Lenders</b>	Banks and other financial institutions are engaged by the Company on an on-going basis in relation to negotiation of rates, lending purposes, short term financing, deposits and investments. Banks are also consulted on issues linked with letters of credit and payments to suppliers, along with other disbursements of an operational nature.	Dealings with banks and lenders is key to ASL's performance in terms of the following: <ul style="list-style-type: none"> <li>• Access to funds</li> <li>• Better interest rates and loan terms</li> <li>• Minimal fees</li> <li>• Higher level of customer service</li> <li>• Effective planning for the future</li> </ul>
<b>Media</b>	Different communication mediums are used on need basis to apprise the general public about new developments, activities and philanthropic initiatives of ASL.	By informing the media of the developments and activities of ASL, effective awareness is created regarding the Company and the products and services offered, indirectly having a positive impact.
<b>Regulators</b>	ASL prides itself in being a responsible corporate citizen and abides by the laws and regulations of Pakistan. ASL consciously ensures that all the legal requirements of other countries are also fulfilled while conducting business outside Pakistan.  ASL has paid a total of Rs. 8.56 Billion tax (comprising in terms of income taxes, federal excise duties, sales taxes and custom duties) to Government Exchequer during the financial year under review and continues to be one of the highest taxpayers of Pakistan.	Laws and regulations, determination of prices and other factors controlled by the Government affect ASL and its performance.
<b>Analysts</b>	In order to remain transparent and attract potential investors, ASL regularly engages with analysts on details of projects already disclosed to the regulators, with due regard to regulatory restrictions imposed on inside information and or trading, to avoid any negative impact on the Company's reputation or share price.	Providing all the required information to analysts on the historical performance of the Company, material announcement made during the period and help them understand the industry and its dynamics more clearly to create a positive investor environment.
<b>Employees</b>	ASL's commitment to its most valued resource, a dedicated and competent workforce, is at the core of its human resource strategy. ASL provides a nurturing and employee friendly environment while investing considerably in local and foreign employee trainings. Besides monetary compensations, ASL has also invested in health and fitness activities for its employees.	ASL's employees represent its biggest asset. They implement every strategic and operational decision and represent the Company in the industry and community.
<b>Local Community and General Public</b>	In addition to local communities near plant sites, ASL engages with general public at large through its CSR Activities. This engagement helps to identify needed interventions in the field of education, health and general economic uplift of the society.	The people of the Country provide the grounds for ASL to build its future on.



## 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. The Company always facilitates and ensures shareholders' presence while entertaining their requests if feasible and viable. It values and honors their inputs, records their concerns, prepositions, suggestions in minutes and keeps them abreast on the progress and subsequent actions. Shareholders can also actively participate during general meetings in discussions on operations, objectives and future strategy of the Company.

### Summary of Corporate and Analysts' Briefing Sessions held during the Year 2020-21

In addition of conducting mandatory Corporate Briefing Session (CBS), the Company conducted two Analyst Briefing Sessions during the financial year under review through virtual means for the analyst community by giving fair advance intimation to shareholders and analysts' community. Chief Financial Officer and Financial Controller of the Company gave presentation on financial and operational details of the Company during Corporate/Analyst Briefing Sessions pertaining to the respective periods covered. Presentations were also posted on the Company's website after the Corporate/Analyst Briefing Sessions, which can easily be viewed by 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>).

Following Corporate/Analyst Briefing Sessions were held during the financial year 2021 –

1. Corporate Briefing Session for the year ended 30 June 2020 held on 24 November 2020;
2. Analysts' Briefing for the period ended 31 December 2020 held on 10 February 2021;
3. Analysts' Briefing for the period ended 31 March 2021 held on 05 May 2021.

## 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 a robust liquidity management system with a dedicated and experienced team to manage its liquidity position and debt profile. The treasury team actively manages the working capital requirements, plans and accurately projects the cash flow needs of the Company providing a defense against any liquidity risk.

The working capital requirements of the Company are primarily met through the internal generation of funds which includes sales receipts from customers, and through the external short term financing. Special controls are placed on customer receipt through vigorous follow-ups of receivables, ageing analysis, revisiting the credit limits, securing advance and cash sales. The Company has also developed a dedicated credit administration and monitoring department to secure its trade debts primarily from the commercial segment. Also, to avoid any unusual cash blockages there is a robust communication and coordination mechanism in place between treasury, sale, inventory management and production department to maintain an optimum level of inventories at all times.

Due to the adverse impact of the COVID-19 pandemic on the economy of the country in preceding year, the liquidity position of the Company was greatly affected. However, with efficient and timely cash management, the Company was able to meet its cash flow requirements to support its operations and strengthen its financial position. The Company also took the benefit of a very timely announced State bank of Pakistan scheme during COVID-19 and deferred its short-term maturities up to Rs. 7.7 billion for one year. However, due to the picking up of economy and the Company's prudent cash management strategies all deferred maturities were paid off in full, well before the respective due dates. The Company also timely took the advantage of subsidized financing offered by the State bank of Pakistan to support the economy. The Company has obtained Rs. 321.6 million financing under refinance scheme and Rs. 1,076 million under Islamic Temporary Refinance Facility to provide salaries to its workers/staff to avoid layoffs during the times of adversity and to fund capital expenditure for adopting cost-efficient production processes respectively. The Company overall enjoys a strong business relationships with banks and other lending institutions through its uncrippled credit history.

During the year under consideration, the economic indicators of the country have improved, the reported GDP of 3.9% was much higher than expectations and in comparison to last year. The rupee largely remained stable against US dollar and the country witnessed an overall positive business sentiment. This positivity provided a stimulus to the demand for steel bars and other allied products. Resultantly, this year the Company sold 33% higher quantity as compared to the similar period last year coupled with timely collection of receivables and maintained an optimum level of inventories. The Company bounced back from the position of loss by posting a healthy profit in the statement of profit or loss for the year in consideration. All key financial ratios such as earnings before interest, tax, depreciation and amortization (EBITDA), debt service coverage ratio and interest cover ratio also improved as compared to the preceding year.

During the year, the Company spent Rs. 1,273 million on capital expenditure which was principally aimed at reducing the cost of production and increasing production efficiencies, which will result in further strengthening of the Company's financial position and performance ultimately giving good and healthy returns on investment to the shareholders.

## Major Events During the Financial Year 2020-2021

### September 2020

Board of Directors' Meeting was held on 11 September 2020. The Board approved the annual audited financial statements of the Company for the year ended 30 June 2020 and the Directors' Report thereon.

### October 2020

36<sup>th</sup> Annual General Meeting (AGM) of the Company was held on 27 October 2020 via video conference facility for approval of annual audited accounts for the year ended 30 June 2020.

Board of Directors' Meeting was held on 29 October 2020. The Board approved the condensed interim financial statements for the first quarter ended 30 September 2020 along with the Directors' Report thereon.

### November 2020

The mandatory Corporate Briefing Session (CBS) for the year ended 30 June 2020 was held on 24 November 2020.

### February 2021

Board of Directors' Meeting was held on 08 February 2021. The Board approved the condensed interim financial statements for the half year ended 31 December 2020 along with the Directors' Report thereon.

### April 2021

Board of Directors' Meeting was held on 20 April 2021. The Board approved the condensed interim financial statements for the third quarter ended 31 March 2021 along with the Directors' Report thereon.

### May 2021

An Extraordinary General Meeting (EOGM) of the Company was held on 06 May 2021 to elect seven Directors as fixed by the Board of Directors of the Company in accordance with the provisions of Section 159(1) of the Companies Act, 2017 for a period of three years commencing from 06 May 2021. The number of persons who offered themselves to be elected was not more than the number of Directors fixed by the Board of Directors of the Company under Section 159 (1) of the Companies Act, 2017; therefore all the retiring directors of the Company were re-elected as Directors of the Company at the said EOGM by the shareholders for a period of three years, namely –

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







# Corporate Governance



## 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
- Listed Companies (Code of Corporate Governance) Regulations, 2019
- 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 Memorandum and 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 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

Tentative Dates for the Financial Year 2021-22

- **Board Meeting**

For the First Quarter ending 30 September 2021  
Last week of October 2021

- **Corporate Briefing Session**

For the year ended 30 June 2021  
Third Week of November 2021

- **Board Meeting**

For the Half Year ending 31 December 2021  
Second week of February 2022

- **Board Meeting**

For the Third Quarter ending 31 March 2022  
Last week of April 2022

- **Board Meeting**

For the year ending 30 June 2022  
Last week of August 2022

- **Annual General Meeting**

For the year ending 30 June 2022  
Last week of October 2022





## Risk Management Governance

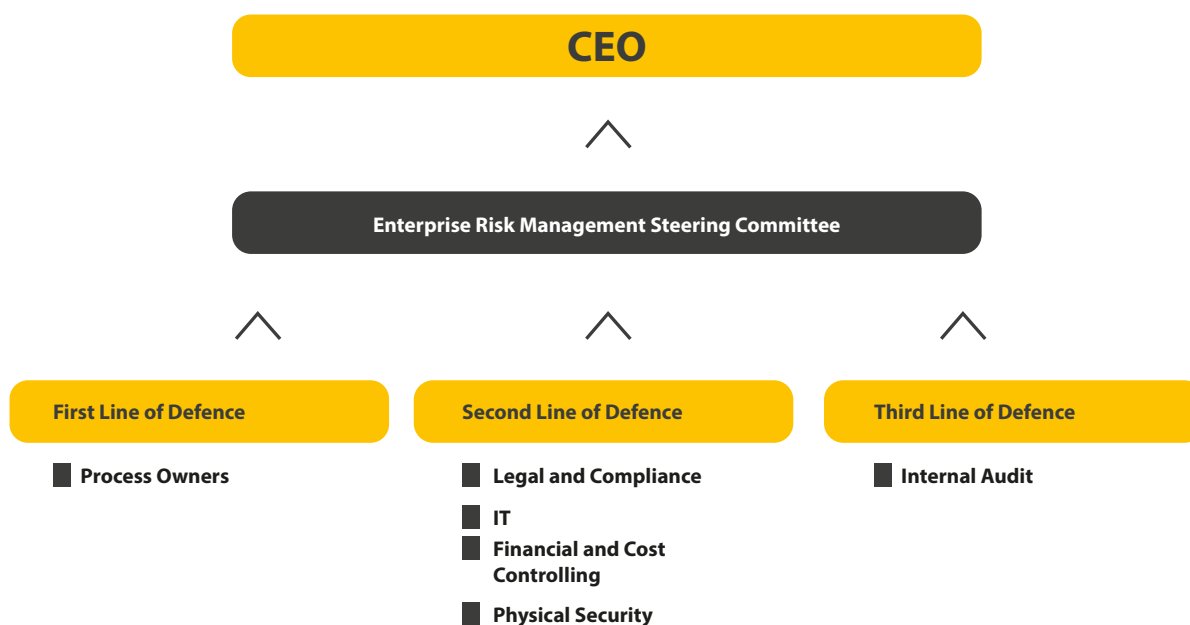


## Risk Management Process

The Board is responsible for maintaining and reviewing the effectiveness of our risk management activities from a strategic, financial, and operational perspective. These activities are designed to identify and manage, rather than eliminate, the risk of failure to achieve business objectives or to successfully deliver our business strategy. We follow the Three Lines of Defence approach to risk management. Risks are owned and managed within company and reviewed at least annually.

Step 1 Risk Identification	Step 2 Risk Assessment	Step 3 Risk Response	Step 4 Risk Reporting and Monitoring
<ul style="list-style-type: none"> <li>• Consider key business objectives</li> <li>• Identify principal risks</li> <li>• Identify key controls</li> </ul>	<ul style="list-style-type: none"> <li>• Assess controls</li> <li>• Estimate likelihood, And impact</li> <li>• Consider legal, reputation and conduct exposure</li> </ul>	<ul style="list-style-type: none"> <li>• Accept or remediate current risk and control environment</li> <li>• Determine corrective action if needed</li> </ul>	<ul style="list-style-type: none"> <li>• Business unit and Process level and ERM Steering Committee and Audit Committee</li> </ul>

### Three Lines of Defence



## Risk Categories

### Strategic risk

- R1 Change in government laws and policies
- R2 Economic factors, industry conditions, industry cyclicality
- R3 Reputation risk









### Financial risk

- R4 Interest rate risk
- R5 Foreign exchange risk
- R6 Liquidity risk
- R7 Counter-Party risk
- R8 Financial Reporting risk











### Operational risk

- R9 Breach of IT security
- R10 Unable to meet customers' demands
- R11 Business interruption due to power outages.
- R12 Technology failing to provide cost & quality competitiveness
- R13 Failure to maintain high potential human capital
- R14 Product competition
- R15 Health & safety
- R16 Supply chain management risk
- R17 Operational disruption
- R18 Environmental risk
- R19 Litigation & regulatory compliance risk




## Impacted Capital

Health and Safety		Customers	
Human Resource		Business operations	
Investor		Business partners	
Environment		Communities	

## Principal Risks & Opportunities Report

Sr. No	Risk	Description	Source of Risk	Mitigation Strategy and Opportunities	Impacted Capital	Assessment
<b>Strategic Risk</b>						
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.	External	<ul style="list-style-type: none"> <li>The management of Amreli Steels continuously seeks dialogue with the policymakers at different forums to safeguard the interest and growth of the steel industry in Pakistan.</li> <li>The Industry status for the construction sector will result in the growth of the industry.</li> <li>The announced housing schemes and construction relief package 2020 has helped the construction sector.</li> </ul>	 	Medium
2.	Economic factors, industry conditions, industry cyclicality	The cyclic nature of steel industry may adversely affect our business. The construction sector is largely dependent on government's spending and overall economic conditions of the country and any adverse effects on economy may directly affect steel Industry.	External	<ul style="list-style-type: none"> <li>The Company continuously tracks changes in the economic environment of the Country in general and steel industry in particular and aligns its strategy proactively to address risks arising out of it.</li> <li>The announced GDP target of 4.8% for the financial year 2022 together with the announcement of mega projects in the public sector and large dams will help the company utilize its available plant capacity and will help the construction sector to recover at a faster pace from the losses it suffered during the Pandemic hit year, 2020.</li> </ul>	 	Medium
3.	Reputation Risk	Risk of loss in revenues resulting from goods returned or bad publicity in press on quality and performance of the product.	Internal	<ul style="list-style-type: none"> <li>Amreli Steels has established a formal management system conforming to ISO 9001:2008. We are an ISO 9001:2008 Certified Company.</li> <li>All our products are approved and certified by the Pakistan Standards Quality Control Authority (PSQCA).</li> <li>The Company maintains a modern testing laboratory where each heat produced is tested against International Standards (ASTM A-615 &amp; BS 4449:2005).</li> <li>The staff of the testing facility is professionally trained by foreign experts to use the machines and deliver accurate results.</li> </ul>		Low
<b>Financial Risk</b>						
4.	Interest rate risk	Changes in Interest rates can cause changes in the borrowing cost of the company.	External	<ul style="list-style-type: none"> <li>The management is continuously taking steps to improve the working capital position.</li> <li>The risk is reduced because of reduced interest rates.</li> </ul>	 	Medium
5.	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.	External	<ul style="list-style-type: none"> <li>Amreli Steels treasury function minimizes the risk through proper planning based on the future outlook of FOREX rates and by entering into hedging arrangement, if required.</li> <li>The risk is dealt with monitoring of economic situations for informed decision-making and regular engagement with external parties to assess the risk.</li> </ul>	 	Medium
6.	Liquidity risk	Our risk of default on our financial commitments to other parties.	Internal	<ul style="list-style-type: none"> <li>Strong adherence to the practice of fulfillment of commitments has a positive impact on our lenders.</li> <li>The Company maintains healthy relationship with different lenders to</li> </ul>		Low



Sr. No	Risk	Description	Source of Risk	Mitigation Strategy and Opportunities	Impacted Capital	Assessment
Financial Risk						
				<ul style="list-style-type: none"> <li>keep the availability of financing option.</li> <li>The Company negotiates its terms with suppliers and customers to reduce working capital.</li> </ul>		
7.	Counter-Party risk	Risk of default in payments by credit customers.	External	<ul style="list-style-type: none"> <li>Maintenance of a healthy and active relationship with customers is a key to mitigate the credit risk. Credit is extended only to those customers who enjoy good market reputation, have financial strength and are able to secure a minimum number required for credit on Amreli's internally designed credit scorecard. There is a proper credit committee in place to approve the transaction. Limits once assigned is entered into the ERP and cannot be changed without the approval of credit committee. Proper written agreements are in place along with open cheques with a value, 25% over and above the assigned credit limit.</li> <li>We have defined follow-up procedures. The payment, sales, and operational performance of customers are properly documented and are incorporated into the customer's appraisal.</li> <li>The Company has a segment of credit control to strengthen receivable management in response to increased risk arising due to an increase in revenue.</li> </ul>	  	Medium
8.	Financial Reporting risk	Risk of reporting issues with regulators and authorities.	Internal	<ul style="list-style-type: none"> <li>The Company complies with the best practices issued by the regulatory authorities of Pakistan. The Financial Statements conform to International Financial Reporting Standards.</li> <li>Our accounts, finance, and compliance teams are well experienced and professionally qualified for the continuous monitoring and implementing changes in the legal or reporting framework.</li> <li>With a well-reputed External Audit firm, a strong Internal Audit function along with outsourced Internal Audit firm the risk is duly mitigated.</li> </ul>		Very Low
9.	Breach of IT security	Risk that IT security can be breached causing loss to the stored information.	External	<ul style="list-style-type: none"> <li>The Company regularly monitors IT controls for the security of data and information flow by implementing secure connections and firewalls.</li> <li>The Company also maintains an appropriate data backup mechanism to ensure data availability in case of any damage via the development of comprehensive Disaster Recovery Strategy and conduct of data recovery on a regular basis.</li> </ul>	    	Low

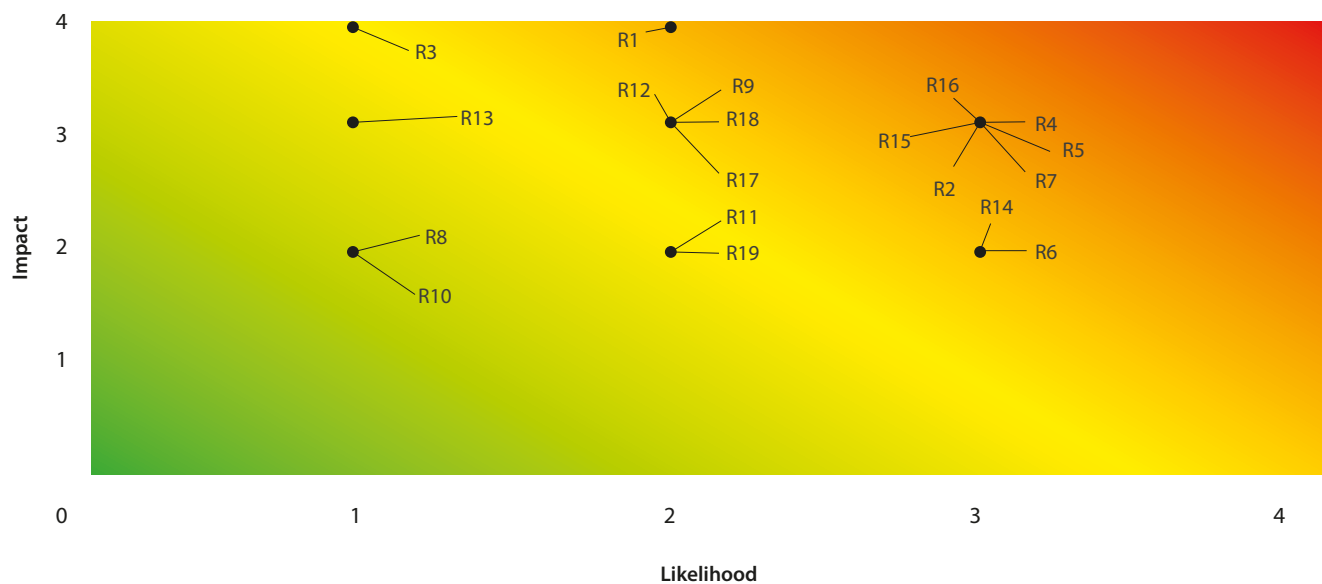
Sr. No	Risk	Description	Source of Risk	Mitigation Strategy and Opportunities	Impacted Capital	Assessment
Operational Risk						
				<ul style="list-style-type: none"> <li>The employees are constantly communicated about cyber-attack threats to raise staff awareness.</li> <li>The Information Security is evaluated both internally and by competent independent experts on a regular basis.</li> </ul>		
10.	Unable to meet customers' demands	The company is unable to supply desired quantity to its customers.	Internal	<ul style="list-style-type: none"> <li>The Company has enough production capacity to meet any sudden rise in demand.</li> <li>The Company has enhanced its logistics facilities by increasing current warehouse capacity and increasing dispatch units (Warehouses) in different part of countries.</li> </ul>		Very Low
11.	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.	External	<ul style="list-style-type: none"> <li>At Dhabeji plant, the Company is supplied with power by K-Electric from the national grid at 132KV/11KV with the transformer rating of 50/63 MVA which is more than sufficient to cater to the requirement of Company's existing operations and expansion plans. Further, the Company has laid one extra phase cable of 123KV to avoid a single point of failure. The Company has a dedicated bay at K-Electric's Dhabeji grid station, from which its dedicated power feeders transmit power at 132KV voltage to the grid station at the site.</li> <li>The Rolling Mill plant at S.I.T.E 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 the K-Electric substation and terminates at the plant with no other customer of K-Electric drawing power from these lines.</li> </ul>		Low
12.	Technology failing to provide cost & quality competitiveness	Sacrificial loss in profitability due to outdated technology or failure in technology system.	Internal	<ul style="list-style-type: none"> <li>The Company has installed state-of-the-art equipment for melting and slit rolling, which are contracted from an international conglomerate manufacturer and equipment supplier, Primetals Technologies. The Company expects this investment to give it competitive technological advantage and unparalleled cost &amp; quality benchmarks, which will help translate into a better bottom line.</li> </ul>		Low
13.	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.	Internal	<ul style="list-style-type: none"> <li>HR ensures vigorous succession planning to identify, engage, and retain intellectual capital by offering a challenge-reward based conducive work environment.</li> </ul>		Very Low
14.	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.	External	<ul style="list-style-type: none"> <li>The Company believes in healthy competition and at the same time intends to enhance its market share in the coming years by increasing its market outreach.</li> <li>The installation of the fifth-generation</li> </ul>		Low

Sr. No	Risk	Description	Source of Risk	Mitigation Strategy and Opportunities	Impacted Capital	Assessment
Operational Risk						
				plant gives the Company the benefits of competitive conversion costs and economies of scale and production of high-quality products, provides competitive advantage over other steel rebar manufacturers.		
15.	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.	Internal	<ul style="list-style-type: none"> <li>The risk is reduced via educating the employees about workplace safety through continuous training and awareness programs.</li> <li>The Company has adopted best practices to counter the challenges of the Covid-19 pandemic.</li> </ul>		Medium
16.	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.	Internal/ External	<ul style="list-style-type: none"> <li>The Company maintains adequate stock levels to support smooth operations and has enough storage space to maintain safety stock at an appropriate level.</li> <li>The Company has strong commitments from its vendors in terms of quality and competitive prices of raw materials.</li> <li>In the case of over-dependence, the Company also has alternate vendors on its approved vendor list.</li> <li>To avoid disturbance in the production process, the Company optimizes the use of market intelligence and updates vendor performance.</li> </ul>		Medium
17.	Operational disruption	Operational disruption due to any conflict, miscommunication or unavailability of resources.	Internal	<ul style="list-style-type: none"> <li>The Company functions through a well-defined structure with a defined flow of information to avoid any conflict or communication gap.</li> <li>The Company has adequate human resources, and the operational workflow designs to support succession planning.</li> <li>The Company has maintained storage with sufficient spares to reduce possible downtime in case of any potential breakdown.</li> </ul>		Low
18.	Environmental risk	Actual or potential threat of adverse effects on environment arising out of company activities.	External	<ul style="list-style-type: none"> <li>The plant at company is installed with a PLC-based APC (Air Pollution Controller) which reduces the carbon footprint by capturing fumes and dust for safe disposal, instead of releasing them in the air.</li> <li>The Company has registered its plant under the Self-Monitoring and Reporting Program (SMART), monitored by Pakistan Environmental Protection Agency under the umbrella of the Ministry of Environment, Government of Pakistan.</li> </ul>		Low
19.	Litigation & regulatory compliance risk	New laws, regulations or other requirements may result in new liability in the case of non-compliance.		<ul style="list-style-type: none"> <li>The Company regularly monitors changes in the regulatory environment and proactively deals with the changes in the regulatory framework.</li> <li>The Company has an experienced team of professionals and advisors who focus on the evaluation of risks in all legal transactions.</li> <li>The Company provides training to its employees to remain up to date with the relevant regulations.</li> </ul>		Low

## Risk Assessment Chart

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

3 or below	Very Low
4 to 7	Low
8 to 11	Medium
12 to 16	High





## Internal Control Framework

Internal control is integral part of our activities. It consist 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 that are;

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

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Board considers that strong internal controls are integral to the sound management of the organization, and it is committed to maintaining strict financial, operational, and risk management control over all its activities with formally defined lines of responsibility, delegated authorities, and clear operating processes. The systems that the Board has established are designed to safeguard both the shareholders' investment and the assets of the company. Entity level controls are in place for the achievement of desired objectives. To ensure the effectiveness and reliability of internal control, ASL has both in-House internal audits as well as an 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 with 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 the internal audit function, process owners undertake corrective actions in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

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

### Internal Control Framework

Control Environment	Risk	Control Activities	Information & Communication	Monitoring
<p>Management is keen to promote Integrity, ethical values and the commitment to competence.</p> <p>Company and departmental Organograms are designed properly assigning the appropriate lines for reporting of each functional area.</p> <p>Key Performance Indicators (KPIs) are established to monitor the performance of its departments against their stated objectives.</p>	<p>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 in order to take appropriate action.</p>	<p>The policies and procedures are developed in order to ensure that management directives are understood clearly and carried out properly.</p> <p>All necessary actions are taken to address risks to achieve entity's objective.</p> <p>These include a range of activities such as approvals, authorizations, verifications, reconciliations, budgeting, security of assets, segregation of duties and reviews of operating performance.</p>	<p>Amreli has a defined formal mechanism of communication and sharing of information amongst the departments and other stakeholders.</p> <p>All responsible personnel have been given clear understanding of their roles in internal control system as well as how their individual activities relate to others.</p>	<p>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.</p>



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## Independent Auditors' Review Report

### To the members of Amreli Steels Limited

#### Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of Amreli Steels Limited (the Company) for the year ended 30 June 2021 in accordance with the requirements of regulation 36 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. 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.

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 2021.

Chartered Accountants

Place: Karachi

Date: 15 September 2021



## Statement of Compliance with the Listed Companies (Code Of Corporate Governance) Regulations, 2019 for the Year Ended 30 June 2021

Amreli Steels Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner.

- The total number of Directors of the Company are 7 as per the following:

Male	5
Female	2

- The composition of Board is as follows:

Independent Directors	Mr. Badar Kazmi
	Mr. Zafar Ahmed Taji
	Mr. Teizoon Kisat
Non-Executive Director	Mr. Abbas Akberali
Female (Non-Executive Directors)	Ms. Kinza Shayan
	Ms. Mariam Akberali
Executive Director	Mr. Shayan Akberali

- The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
- 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.
- The Board has developed Vision and Mission statements, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval and subsequent update is maintained by the Company.
- 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.
- 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 meetings of the Board.
- The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations.
- Five Directors of the Company have attended the Directors' Training Program conducted by the Pakistan Institute of Corporate Governance/ Institute of Chartered Accountants of Pakistan (ICAP) and the remaining two Directors will acquire the required Directors' training in due course.
- The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
- The Board has formed the following committees comprising of members given below:

a. Audit Committee	Name of Committee Members	Category
	Mr. Teizoon Kisat - Chairman	Independent Director
	Mr. Zafar Ahmed Taji	Independent Director
	Mr. Badar Kazmi	Independent Director
	Ms. Kinza Shayan	Non-Executive Director
b. Human Resource and Remuneration Committee	Name of Committee Members	Category
	Mr. Zafar Ahmed Taji - Chairman	Independent Director
	Mr. Teizoon Kisat	Independent Director
	Mr. Shayan Akberali	Executive Director
	Ms. Kinza Shayan	Non-Executive Director

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The number of meetings of the committees held during the year are as under
  - a) Audit Committee – Six meetings
  - b) Human Resource and Remuneration Committee – Two meetings
15. The Board has 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 and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
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 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

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



**Abbas Akberali**  
Chairman  
13 August 2021  
Karachi





## Role of CEO

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

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

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

## 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/ 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 meetings. 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 and my review on the performance of your Company for the outgoing financial year 2021. While global challenges to suppress the pandemic continued throughout the financial year, Pakistan's economy, the steel industry and your Company recovered well beyond expectations. The construction stimulus package announced by the Government along with a fairly controlled spread of the pandemic, allowed Pakistan's economy to thrive amidst the peaks and ebbs of COVID-19 waves.

Your Company delivered a splendid performance and achieved excellent results during the year under review by breaking all its past records of revenue and sales volumes. The Company recorded a 47.8% increase in its top line and registered a 33% volumetric growth as compared to the last financial year. Your Company recorded a massive increase of 150.5%, 751.5% and 210% respectively in gross profit, operating profit and profit after tax for the financial year under review as compared to FY-20.

Demand for construction activity should remain strong for the foreseeable future due to the numerous projects in the pipeline on the infrastructure, corporate and housing fronts. Keeping the current account and the PKR-USD exchange rate under control will be the key economic driver for the government to enable modest

interest rates along with fiscal space for spending and consumption. The steel industry's main challenge will be the rising cost of doing business. International commodity prices are unsustainably high as countries across the world undergo stimulus spending and supply chains remain extremely volatile. The cost of energy continues to erode competitiveness of Pakistani businesses and interest rates could rise if the current account and inflow of foreign funds is not carefully curated. Despite these challenges, your Company has plans to continue its growth trajectory.

The Board of Directors, management and employees of your Company are committed to growth despite the volatility in local and global economies, and are tirelessly executing strategies that have enabled your Company to produce high quality products. Increasing market share will continue to be a key milestone that the management strives towards, regardless of macro-economic imbalances.

I praise the Board and the Management of your Company for developing strategies to ensure the safety & well-being of our employees & workers, and cope with the extra-ordinary circumstances created due to the outbreak of COVID-19. Moreover, the management has been taking excellent initiatives that involve investing in the latest technology to bring in operational efficiencies, reduce cost and take responsible steps to reduce your Company's carbon footprint. Renewable energy and a paperless drive are a few examples of such steps taken to meet our vision and objectives.

Being Chairman of the Board, I confirm that we follow the best governance practices to ensure transparency, protect the interest of minority shareholders and comply with all applicable laws and regulations. The Board completely recognizes its role of governance, oversight of the business, decision-making, risk and control framework, regulatory compliances, strategic planning, devising direction to protect and enhance long-term goals and strategic values. In line with regulatory requirements, an annual self-assessment is carried out to determine the effectiveness and performance of the Board, its members and sub-committees which remained satisfactory.

I would like to extend my gratitude to all Board Members for their valuable participation, support and continued guidance. I would also like to thank all Amreliaans for their extra-ordinary efforts, support and confidence.

**Abbas Akberali**  
Chairman  
13 August 2021  
Karachi

کے مفادات کے تحفظ اور تمام مروجہ قواعد و ضوابط و قوانین پر عملدرآمد کیا جاسکے۔ بورڈ گورننس، کاروباری معاملات پر نظر رکھنے، فیصلہ سازی، لاحق خطرات اور کنٹرول فریم ورک، قواعد کی پاسداری کروانے، حکمت عملی وضع کرنے اور طویل المدتی پیرائے میں مقاصد کو آگے بڑھانے اور حکمت عملی کی اقدار کی پاسداری جیسے امور میں اپنی ذمہ داریوں سے بخوبی آگاہ ہے۔ قواعد کو ملحوظ خاطر رکھتے ہوئے، سالانہ خود احتسابی کا عمل دہرایا جاتا ہے تاکہ بورڈ، اس کے ممبران اور ذیلی کمیٹیوں کی مؤثر کارکردگی کو جانچا جاسکے اور اب تک کے جائزے کے مطابق ان کی کارکردگی کو اطمینان بخش پایا گیا۔

میں اپنی جانب سے تمام بورڈ ممبران کا تہہ دل سے ممنون ہوں کہ انکی گراں قدر خدمات، حمایت اور رہنمائی ہمارے شامل حال رہی۔ میں تمام امریلیٹیز کا بے حد شکر گزار ہوں کہ انھوں نے غیر معمولی کاوشوں، اخلاص اور اعتماد کے ساتھ اپنی خدمات فراہم کیں۔



عباس اکبر علی

چیرمین

13 اگست 2021

## جائزہ از چیمبر مین

معزز حصص داران،

میں انتہائی مسرت کے ساتھ آپ کی کمپنی کی سالانہ آڈٹ شدہ مالیاتی دستاویزات بابت اختتام پذیر مالی سال 2021 اور کمپنی کی کارکردگی پر اپنا جائزہ آپ کی خدمت میں پیش کر رہا ہوں۔ ایک جانب ختم ہونے والے مالی سال کے دوران کورونا سے پیدا ہونے والی عالمی وباء مسائل پیدا کرتی رہی تو، دوسری جانب پاکستان کی معیشت، لوہے کی صنعت اور آپ کی کمپنی نے امید سے بڑھ کر بہتر کارکردگی کا مظاہرہ کیا۔ وبائی صورتحال سے بخوبی نمٹتے ہوئے حکومت پاکستان کی جانب سے تعمیراتی صنعت کیلئے دیئے جانے والے زبردست پیکیج نے وبائی صورتحال میں بھی پاکستان کی معیشت کو اتار چڑھاؤ کے اس ماحول میں سنبھالے رکھا۔

آپ کی کمپنی کی جانب سے زیر نظر مالی سال کے دوران زبردست کارکردگی کا مظاہرہ کیا گیا جس کے باعث کمپنی نے آمدن اور فروخت کے اپنے ہی بنائے تمام پرانے ریکارڈ توڑ دیئے، گزشتہ مالی سال کے مقابلے میں کمپنی نے آمدن کے لحاظ سے 47.8% اور حجم کے لحاظ سے 33% اضافہ حاصل کیا ہے۔ اگر منافع کی شرح کو دیکھا جائے تو یہاں بھی کمپنی نے نمایاں کارکردگی دکھائی ہے، جیسا کہ دیکھا جاسکتا ہے کہ گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران کمپنی کا خام منافع، کاروباری منافع اور منافع بعد از ٹیکس بالترتیب 150.5%، 715.5% اور 210% رہا۔

مستقبل میں تعمیراتی سرگرمیوں کا زور و شور سے جاری رہنا قرین قیاس ہے کیونکہ انفراسٹرکچر، کارپوریٹ اور ہاؤسنگ اسکیموں کے بہت سے پروجیکٹس پر کام جاری ہے۔ اگر کرنٹ اکاؤنٹ اور ڈالر کے مقابلے میں پاکستانی روپے کی قدر کو قابو میں رکھا جائے تو نہ صرف حکومت کیلئے شرح سود کو کم سطح پر رکھنا ممکن ہوگا بلکہ اخراجات اور دولت صرف کرنے کیلئے بڑی حد تک گنجائش بھی پیدا ہو جائے گی۔ لوہے کی صنعت کا سب سے بڑا چیلنج کاروباری لاگت میں اضافہ ہے۔ بین الاقوامی مارکیٹ میں اشیاء کی قیمتیں غیر معمولی حد تک بڑھی ہوئی ہیں کیونکہ اقوام عالم میں خرچ کرنے کا رجحان ہے اور ترسیل کاری کا نظام بھی غیر یقینی کی صورتحال سے دوچار ہے۔ توانائی کی بڑھتی ہوئی قیمتوں کی وجہ سے پاکستانی کاروباری حلقوں کی قوت مسابقت ختم ہوتی جا رہی ہے، اگر کرنٹ اکاؤنٹ اور بیرون ملک سے نقد رقم کی ترسیلات صحیح انداز سے نہ نمٹا گیا تو شرح سود میں اضافہ بھی ہو سکتا ہے۔ مذکورہ تمام مسائل کے باوجود آپ کی کمپنی آگے بڑھنے اور نشوونما کے منصوبے پر کارفرما ہے۔

مقامی اور بین الاقوامی سطح پر معیشت میں غیر یقینی صورتحال کے باوجود آپ کی کمپنی کے بورڈ آف ڈائریکٹرز، انتظامیہ اور تمام ملازمین پر عزم ہیں کہ کمپنی کو مزید آگے لے کر جانا ہے اور کمپنی کو اس قابل بنانا ہے کہ ہم اعلیٰ معیار کی مصنوعات تیار کرتے رہیں۔ کمپنی کی کارکردگی کو جانچنے کیلئے مارکیٹ میں کمپنی کا حصہ ایک اہم پیمانہ ہوگا جس کے حصول کیلئے معاشی غیر متوازن اشاریوں کے باوجود کمپنی کی انتظامیہ انتھک محنت کرتی رہے گی۔

جس طرح بورڈ اور انتظامیہ نے ملازمین اور ورکرز کی حفاظت و فلاح و بہبود کیلئے حکمت عملی وضع کی ہے اور Covid-19 سے پیدا ہونے والی صورتحال کے باوجود حالات کا ڈٹ کر مقابلہ کیا وہ قابل ستائش ہے۔ مزید برآں، انتظامیہ کی جانب سے جدید ٹیکنالوجی میں سرمایہ کاری کے ضمن میں زبردست اقدامات اٹھائے گئے ہیں تاکہ کمپنی کی کارکردگی کو مزید مؤثر بنایا جائے، پیداواری لاگت میں کمی لائی جائے اور کمپنی کی جانب سے کاربن اخراج کو بھرپور ذمہ داری کے ساتھ قابل قبول حد تک کم کیا جائے۔ قابل تجدید توانائی کا حصول اور پیپر کے بغیر معمولات کاروبار چلانے کیلئے اٹھائے جانے والے اقدامات اسی سلسلے کی کڑیاں ہیں جو کہ ہمارے مقاصد اور نظریہ کے عین مطابق ہیں۔

بورڈ کا چیمبر مین ہونے کے ناطے، میں اس بات کی تصدیق کرتا ہوں کہ ہماری جانب سے گورننس کے بہترین اصولوں کی پاسداری کی جاتی ہے تاکہ شفافیت، اقلیتی حصص داران



## CEO's Message



Dear Shareholders,

The outgoing fiscal year saw a V-shaped recovery with most of the economic activity getting back on track. With businesses adjusting to the new-normal, the wheels of the economy started inching forward steadily. Against all odds, the country's GDP witnessed a healthy growth of 3.94% fueled by robust consumption across the value chain.

Our revenue for the outgoing fiscal year increased by 47.8% as compared to last year, whereas our gross margins increased by 150.5%. In quantity terms, sales volume of re-bars saw a massive growth by 33% YoY, from 272,382 tons to 362,949 tons. Our 5 year CAGR registered an impressive growth of 26%.

The global lockdowns due to the pandemic have created an extreme shortage of scrap in the world market. This has resulted in the price of scrap doubling from USD 285 per ton in July 2020 to USD 560 per ton in July 2021. Doubling down on the reduced availability of scrap, supply chain disruptions have created havoc with freight rates globally increasing by over 100%. In addition to the increase of cost of scrap, the electricity prices have increased by over 29% in the outgoing fiscal year. Cost of scrap and the cost of electricity constitute 79% of your company's COGS, and hence your company had no other option but to pass on this price increase to the end consumer.

Your company powered up its 4.43 MW Solar Plant at Dhabeji. This is a small step toward decreasing energy dependency on the grid and become the first steel company of Pakistan to implement green energy solutions of this size. Your company is working on reducing its energy dependency on the grid and various technical studies have been initiated in this regard.

In line with our mission of becoming a brand of choice for all stakeholders, we have been working hard to become a household name for the general public. This year, we have managed to elevate our brand to unprecedented heights with our widely applauded campaign "Aap ki tarha SOLID". Not only did we achieve the impossible of creating an emotional connection with our audience, we also saw significant increase in our brand metrics including brand awareness, preference and recommendation. Our campaign has also received numerous awards from prestigious platforms like Effies Pakistan and Pakistan Digital Awards. I say this with pride that Amreli Steels has not only raised the bar but become the benchmark in marketing practices for the 'building materials' category.

With the government having announced a massive construction package to boost the economy, we are optimistic and looking forward to the coming year, predicting an increased demand in construction goods. Moving forward, the execution of dams and the implementation of the Naya Pakistan Housing Scheme will bode well for the construction industry. However, we have to be aware that our low vaccination rates will be a potential threat to the country's economic recovery, as we are seeing the resurgence of the 4<sup>th</sup> wave as per the writing of this report.

With steel manufacturing being the backbone of any developing economy, Pakistan's per capita steel consumption is approximately 40 kgs, well below the 256 kgs world's average steel consumption. Even a mere 5 kgs increase in the per capita steel consumption of Pakistan, we will need almost 1.1 million tons of added steel capacity in the country. There are huge opportunities for the steel industry in Pakistan to exponentially grow. All what is required is stable long term policy from the government, subsidized financing for putting up of new manufacturing facilities, providing a level playing field and making available the necessary infrastructure such as land and utilities to the industry.

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  
13 August 2021

## Directors' Report to the Members

The Board of Directors of your Company present the annual report and the annual audited financial results of your Company for the year ended 30 June 2021.

The Board of Directors of the Company as of 30 June 2021 consists of:

<b>Total Number of Directors</b>	<b>7</b>
i) Men	5
ii) Women	2

The names and composition of the Board of Directors as of 30 June 2021 are as follows:

<b>Composition of Directors</b>	<b>Name of Directors</b>
a. Independent Directors	1) Badar Kazmi
	2) Zafar Ahmed Taji
	3) Teizoon Kisat
b. Non-Executive Director	4) Abbas Akberali
c. Female Non-Executive Directors	5) Kinza Shayan
	6) Mariam Akberali
d. Executive Director	7) Shayan Akberali

### Economy

According to a recent World Economic Outlook published by the International Monetary Fund (IMF), economic recoveries are differing across countries, and global projections remain highly uncertain due to pandemic-induced disruptions and the extent of policy support by respective governments worldwide. The lasting damages from this unprecedented crisis needs to be addressed via effective policy making. The global growth for 2021 and 2022 is projected at 6% and 4.9% respectively, which is far stronger than earlier projections made by the IMF. This growth will be made possible by additional fiscal support, anticipated vaccine-powered recovery and continued reopening of economic activities. However, the 4<sup>th</sup> wave will possibly slow down economic growth with the spreading of the Delta variant ravaging economies across the globe.

The economy of Pakistan in FY-21 did considerably better than expected. Despite a myriad of challenges, Pakistan's economy moved progressively on the path of sustainable growth due to various policy measures being implemented and the government's focus to restart economic activity across the country. Pakistan also did relatively better in coping up with the pandemic compared to many other countries around the globe, which helped it record a V – shaped recovery in FY-21. Manufacturing witnessed broad-based growth as major sectors of LSM showed significant improvement i.e., textile, food, beverages, tobacco, non-metallic mineral products and automobile. First nine months of FY-21 recorded highest LSM growth of 8.99 percent since FY-2007. According to Pakistan Planning Commission Annual Report 2021-2022, GDP registered growth of 3.94% during the financial year under review whereas GDP growth of the country is targeted at 4.8% for the financial year 2021-22. According to Pakistan Bureau of Statistics (PBS), overall growth in Large Scale Manufacturing (LSM) stood at 14.85% during July-June 2021 as compared to negative growth of 9.8% in the same period last year.

Current account deficit narrowed to a 10-year low in FY-21, down by 58% to \$1.9 billion in July-June FY-21 from \$4.4 billion a year ago, as higher exports and remittances offset hefty import payments. Inflows of foreign exchange through the Roshan Digital Account (RDA) crossed the \$1.5 billion mark. During July-June FY-21, workers' remittances posted historically high growth of 27 percent and reached \$ 29.4 billion. According to the SBP, Pakistan's Overseas Workers' Remittances surged by 9 % from \$2.46 billion in June 2020 to \$2.7 billion in June 2021. SBP's foreign exchange reserves rose to almost \$16 billion, a four-year high, which helped a great deal in keeping a stable rupee dollar parity during most part of the financial year before faltering towards the end of the fiscal year under review.

The policy rate remained unchanged at 7.0 percent throughout the year under review, which improved business sentiments thus stimulating economic activities. IMF has acknowledged that the government policies have been critical in supporting the economy and saving lives and livelihoods with the aggressive intervention of the State Bank of Pakistan.

The surprise GDP growth of 3.94% sums up the positive results of FY-21. It also endorses the strength of the broad-based economic rebound underway since the start of the fiscal year which was possible due to targeted fiscal measures and aggressive monetary stimulus. This positive momentum is likely to persist, translating into an even higher growth next year.

## Construction Sector

The construction industry remained the prime focus of the government after the export oriented industries. During the outgoing year, the GoP announced a Rs.33 billion markup subsidy for financing. Construction under the “Naya Pakistan Housing Scheme” is picking up. There were certain roadblocks in financing the projects earlier on, which appear to have been addressed by increasing the limits of housing units and by resolving the issue of pricing through interest rates subsidy offered by GoP. The steps taken have allowed low cost home financing starting as low as 3% with maximum financing of upto Rs.10 million for a tenor upto 10 years.

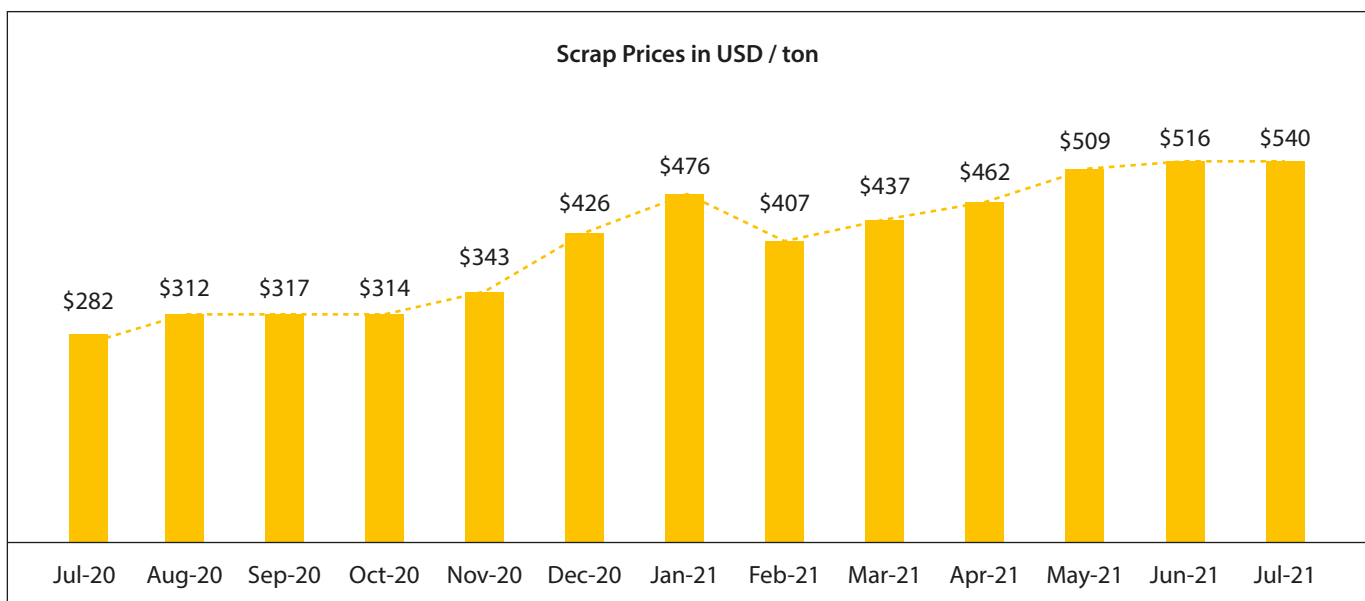
During FY-21, the number of applications for housing and construction finance increased significantly and the amount of loan applications increased by Rs.111 billion or 75% over FY-20, reaching Rs.259 billion by end of June 2021. An increase of this quantum in housing and construction finance in one year is unprecedented in Pakistan’s history. To accelerate activity in this area, the GoP encouraged and pushed banks to support and facilitate customers interested in availing the government’s mark-up subsidy scheme for housing.

## Steel

World crude steel production witnessed a growth of 14.4% between Jan 21 to June 21 as compared to the similar period last year. In Asia and Oceania, the growth rate for crude steel production was 13.8%, while the highest (28%) was recorded in Africa and South America; the lowest (8.7%) growth was witnessed in CIS and Middle East, as reported by the World Steel Association. Globally the steel markets witnessed progress but the pace and distribution of recovery remained highly uneven. The steel supply trajectory is accelerating at a slower pace across the world due to the extension of EU safeguard measures for another three years and imposition of 15 percent export tariff by the Russian Government. Turkey is struggling with high interest rates and inflation, which has put pressure on demand. In Europe, steel demand is strong and prices for deformed bars and wire rods have reached an all-time high. The downstream industry in Europe was not able to find much support in Brussels, which has decided that the threat of trade deflection is still too high for Europe. Internationally, prices are not only a huge problem for the steel industry, but availability of reliable steel is a big issue. While the demand is high, the customers are suffering from supply problems compounded with severe supply chain disruptions.

Freight rates are extremely high and have touched USD 90 per ton to Pakistan viz a viz USD 35 per ton pre-pandemic. Strong intra-European demand for scrap and steel as well as historically high scrap-to-steel spreads have greatly limited the availability of scrap to the sub-continent. Due to pandemic related lockdowns across the globe, generation of ferrous scrap has greatly reduced thus sending the prices of scrap sky rocketing.

The volatility in international raw material prices along with supply chain disruptions continues to remain top challenges for the steel industry globally. During the year under review, scrap prices remained on an increased trajectory, as depicted in the graph below. In July 2020, average scrap purchase price was US \$ 282 per ton, as compared to US \$ 516 per ton in June 2021, which increased further to US \$ 540 per ton in July 2021. Similarly, the price of steel rebar in international markets as per LME was US \$ 435 FOB China in July 2020 and in July 2021 the average rebar prices were US \$ 750 FOB Turkey and US \$ 815 FOB China (without sales tax). The freight charges to Pakistan from Turkey and China in July were approximately US \$ 90 to US \$ 120 per ton respectively. Whereas, in Pakistan the price of Rebar in July 2021 was US \$ 833, without sales tax (but inclusive of all other duties and taxes). Hence the rebars prices in Pakistan were at a discount of more than 20% as compared to international markets.



(above prices represent monthly average prices of Shredded and Bundle scrap)

To cope with the growing demand for re-bars, the long steel sector in Pakistan invested heavily in melting and re-rolling facilities. Dependency on imported ferrous scrap is approximately 75% with the balance 25% being generated locally. The industry on a whole employs nearly 100,000 skilled, semi-skilled and non-skilled workers in the country. The current contribution to the national ex-chequer of this sector stands at around PKR 150 Billion and import substitution of USD 1.2 Billion.

The pricing of scrap is beyond the control of manufacturers and price of steel rebar acts in direct relation to international prices of scrap. Pakistan's steel industry, as explained above, is selling bars at substantially low prices by absorbing increase in cost of manufacturing, thus constantly reducing its margins. This is evident from the fact that average industry gross margins, which stood approximately at 19% in the period from 2014 to 2018 have now reduced to less than 14%, and in case of Amreli, it is less than 12%. Likewise, the net margin on long products is currently as low as 4%, which used to be 10% in the years 2014 to 2018. This leaves no room for the local steel manufacturers to absorb the increasing costs further, but to pass it on to the end consumers to meet its financial obligations and to remain in business.

The long steel industry of Pakistan has done more than its share by absorbing massive cost increases in shape of high scrap prices, increase in cost of electricity & gas, and increase in cost of additives and stores & spares. For industry to remain in business and to earn a reasonable return on investment strong policy interventions and a long-term roadmap is the need of the hour. In the next ten years, given the scope of construction in the country and analyzing steel consumption across the globe, Pakistan is set to double its steel consumption. Timely policy interventions will yield benefits many folds not only for the industry but for the Country as well, and will help in building quality infrastructure of Pakistan.

To help bring the cost of manufacturing down and support the construction related economic activities in the Country, the government must –

- abolish regulatory duty of 5% on primary raw material not available locally;
- reduce custom duty of 3% on HMS and additional custom duty of 2% on all scrap;
- reduce sales tax by 50%;
- make suitable amendments in the refinance scheme of the State Bank of Pakistan for renewable energy by increasing the maximum loan amount from Rs.6 billion to Rs.10 billion; increasing tenure of the loan from 10 to 15 years and allowing full draw down to captive power users, without putting any upper cap on the capacity of the renewable energy project;
- provide level playing field to the documented steel sector;
- remove tax anomalies on various inputs available to manufacture rebars;
- reduce turnover tax on the manufacturers from 1.25% to 0.5%; and dealers, sub-dealers, distributors, and retailers to 0.25%;
- set minimum sale price of rebars on quarterly basis; and
- take budgetary measures effecting the Steel Sector in consultation with stakeholders and their relevant associations, in our case Pakistan Association of Large Steel Producers.

#### Performance of Amreli Steels

A comparison of the key financial indicators of the Company for the year ended 30 June 2021 with the corresponding year is as under:

Particulars	30 June 2021	30 June 2020 (Restated)
.....Rupees in thousands.....		
Sales Revenue	39,218,453	26,532,144
Gross Profit	4,542,138	1,813,186
Operating Profit	3,033,435	356,256
Profit / (Loss) Before Tax	1,383,951	(1,943,015)
Profit / (Loss) After Tax	1,368,259	(1,242,029)
Earnings / (Loss) per share basic and diluted (in Rupees)	4.61	(4.18)



Despite a number of challenges faced due to pandemic related uncertainties and highly volatile international scrap markets, your Company performed exceedingly well, breaking all its past records of sales volume and revenue. The top line grew by 47.8% and the volumes by 33 %. The overall sales of the Company increased by Rs.12.7 billion during the financial year under review as compared to the last financial year. Sales volume of 362,949 metric tons of prime rebars was recorded during the year. Gross profit, operating profit and profit after tax recorded an increase of 150.5%, 751.5% and 210%, respectively during the financial year under review as compared to the corresponding financial year.

The distribution expenses as a percentage of sales revenue decreased to 2.41% during the year under review as compared to 2.57% of the corresponding year. The administrative expenses as a percentage of sales revenue decreased to 1.41% during the year under review as compared to 1.9% of the corresponding year. The operating profit was recorded at Rs.3,033 million as compared to Rs.356.3 million in the corresponding period last year.

The finance cost decreased by 28.3% during the financial year under review, due to the decrease in the policy rate. The SBP has given an indication of stable interest rates for the remaining year, which bodes well for the economy.

The 'Statement of Value Addition' clearly shows the impact of high duties and taxes on the product. The Company's contribution towards duties and taxes in FY 21 increased by a 61.5% (increase by Rs.3.264 billion) which increased the cost of rebars for the end consumer substantially.

The Company's loss in FY-20 was fully recovered in FY-21. The complete turnaround is attributable to positive macro-economic factors, strong demand, the passion and commitment of our employees the brand "Amreli Steels" and deployment of aggressive marketing strategies. Effie Gold Award for best advertisement and three more such awards are testimony to this fact.

#### Statement of Value Addition & Wealth Distribution

Statement of Value Addition		2021	%	2020	%
		.....Rupees in thousands.....			
Source of funds					
	Revenue from sales with sales tax	45,878,507		31,039,884	
	Revenue from other income	45,724		8,167	
	Less: Bought in material and services	(32,462,363)		(22,675,648)	
	<b>Value added by the Company</b>	<b>13,461,868</b>		<b>8,372,403</b>	
Applied to					
Employees	Salaries and benefits	1,324,597	10	1,141,733	14
Government	Income tax, sales tax, excise, custom duty and others	8,567,712	64	5,350,399	63
Providers of Capital	Mark-up	1,649,484	12	2,299,271	27
Replacement of Assets	Depreciation	551,814	4	859,352	11
Company	Retained profit / Loss	1,368,260	10	(1,126,617)	-15
		<b>13,461,868</b>	<b>100</b>	<b>8,372,403</b>	<b>100</b>

## Outlook

Supply of quality scrap and its rising prices remain a daunting challenge. Scrap prices have been increasing at an alarming pace peaking at US \$ 540 per ton in the month of July 2021 from US \$ 282 in the month of July 2020, registering an increase of more than 200% in 13 months. The scrap price is likely to remain high due to a number of reasons; this include the demand supply gap emanating from stimulus packages offered across the globe, difficulties in collection of scrap due to pandemic and its variants, shortage of containers and ships for transportation and increase in use of scrap by China for lowering its carbon emission. Recent floods in China and Germany have further aggravated the already difficult supply chain situation.

The cost of power is another concern, which is the second largest input for your Company. The electricity rates increased by 28% from June 2020 to June 2021. If the increasing trend continues, the cost of goods manufactured will go up further. Given very low margins, manufacturers will jack up the prices to recover the cost.

Despite a magnitude of global and local challenges, the management of your Company remains cautiously optimistic about the growth prospects for the financial year FY 22. With a GDP target of 4.8% the demand is likely to remain robust. The upsurge in demand will come from the Naya Pakistan Housing Scheme, a robust demand in the retail sector and increased infrastructure spending. Low interest rates bode well for the economy in general and the construction industry in particular. Due to the construction package announced by the Government, some 1000 new builders and developers have registered their projects to take benefit of the Prime Minister's package.

Your Company is well poised to take maximum benefit from the strong steel demand in the near future. As a brand leader, it has the manufacturing capacity in place to raise its production level and consequently sell more to maintain its leadership position in the South, and by making further inroads to the North market. The supply chain network of the company is adequate to meet the production and sales level of up to 600,000 tons. Continuous investment in the development of the company's human capital is yielding good results, which are reflective in your company's performance.

The Company stands at the forefront of the industry, bringing benefits to all stakeholders, including our valuable shareholders. The management has consistently prioritized investing back into the business despite the changing external environment. We foresee significant opportunities for growth in Pakistan's steel industry and we will continue to invest in technology to bring down our costs to serve our valued customers and shareholders by living our purpose of strengthening the economy and society.

## Corporate Governance and Financial Reporting Framework

The Board of Directors of your Company is 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 -

- (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 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 2021 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 2021 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 (07) 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 - Chairman	07
Teizoon Kisat	07
Badar Kazmi	07
Zafar Ahmed Taji	07
Shayan Akberali	07
Kinza Shayan	07
Mariam Akberali	07

### 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, six (6) 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 - Chairman	06
Badar Kazmi	04
Zafar Ahmed Taji	06
Kinza Shayan	06

### 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, two (02) meetings of the HR&R Committee were held. 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 - Chairman	02
Teizoon Kisat	02
Shayan Akberali	02
Kinza Shayan	01

### 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.

### 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, 2019. 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, Mission and Values 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. 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 in due course. 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 21 October 2021 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 2022.

### **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 "Audit Committee Report" 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 2021 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 2021 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](http://www.amrelisteels.com)) which, inter-alia, contains up-to-date information on the Company's activities, financial reports, notices and announcements.

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

### **Safeguarding of Records**

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

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

The Company is engaged in manufacturing and selling of steel bars and billets and is the largest manufacture 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.

### **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 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 2021 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 2021.

### Contribution to National Exchequer

The Company contributed Rs.8.56 billion (FY 2020: Rs.5.30 billion) towards the National Exchequer on account of various government levies, taxes and import duties in the year under review up by 61.5% as against last year.

### 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.

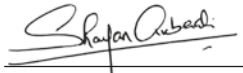
### Operating & Financial Data

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

### Acknowledgement

The Board expresses its gratitude to all the valued stakeholders including respected shareholders, valued customers, financial institutions and suppliers for their confidence and support. The Board would also like to thank the management and employees for their sincere contributions and tireless efforts in driving the Company on the path of growth.

For & on behalf of Board of Directors



**Shayan Akberali**  
Chief Executive Officer



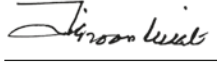
**Teizoon Kisat**  
Director

13 August 2021  
Karachi

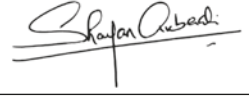
## اظہار تشکر

بورڈ تمام گرامی قدر شراکت داروں بشمول معزز حصص داران، قابل قدر صارفین، مالیاتی اداروں اور ترسیل کاروں کا تہہ دل سے مشکور ہے کہ ان کا اعتماد اور انکی حمایت ہمیشہ ہمارے شامل حال رہی۔ بورڈ اس موقع پر کمپنی کی انتظامیہ اور تمام ملازمین کا بھی شکریہ ادا کرنا چاہتا ہے جن کی انتھک محنت اور گراں قدر خدمات کی وجہ سے کمپنی ترقی کی راہوں پر گامزن ہے۔

برائے ومخانب بورڈ آف ڈائریکٹرز



تیزون کست  
ڈائریکٹر



شایان اکبر علی  
چیف ایگزیکٹو آفیسر

13 اگست 2021

کراچی

وقت حقیقت سے قریب ترین قیاس پر مبنی مندرجات کو درج کیا جاتا ہے۔ تازہ ترین قیاسات 30 جون 2021 کے پیش کئے گئے تھے جن کیلئے پروجیکٹڈ یونٹ 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 پر عزم ہیں۔ کمپنی کی جانب سے کارپوریٹ گورننس کے اصولوں پر عمل درآمد کیا جانا ان قواعد و 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 2021 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 مدد میں زیر نظر مالی سال کے دوران 8.56 ارب روپے قومی خزانے میں جمع کروائے گئے (بمطابق مالی سال 2020 یہ رقم 5.30 ارب روپے تھی) جو کہ گزشتہ مالی سال کے مقابلے میں 61.5 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۔

### 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 عصروں 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 نہ چھوڑا 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۔



## 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۔

## ہولڈنگ کمپنی

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

## ادائیگیوں کا طریقہ کار

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

## اندرونی کنٹرول کا نظام

بورڈ اندرونی کنٹرول کے نظام کو پوری کمپنی میں مؤثر انداز سے نافذ کرنے اور چلانے کے سلسلے میں اپنی ذمہ داریوں سے بخوبی واقف ہے۔ آپ کی کمپنی کی جانب سے ایک انتہائی مؤثر 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 مینجمنٹ

کمپنی کی جانب سے ایسے پرعزم افراد کو لیا جاتا ہے جو کمپنی کے وژن کے مطابق پیشہ ورانہ مہارتوں اور عزائم کے ساتھ کمپنی کو چلانے کے اہل ہوں۔ کمپنی اس وقت ہیومن 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 مینجمنٹ 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

## حصص داران سے روابط

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

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

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

## ریکارڈ کی حفاظت

کمپنی کی جانب سے اپنے تمام اثاثوں کی حفاظت کیلئے ایک واضح نظام وضع کیا گیا ہے۔ کمپنی اپنے مالیاتی ریکارڈ کو محفوظ رکھنے کے اقدامات کو بہت اہمیت دیتی ہے۔ اپنے مالیاتی مندرجات کے کھاتوں کو محفوظ بنانے کیلئے کمپنی کی جانب سے SAP کو ERP سسٹمز کے تحت استعمال میں لایا جاتا ہے۔ SAP اور ERP سسٹمز میں خفیہ کوڈ کے ذریعے

ان دستاویزات تک محفوظ رسائی کو ممکن بنایا گیا ہے۔ کمپنیز ایکٹ 2017 کے قواعد کی رو سے تمام قراردادوں 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 الیکٹرانک 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 ریبارز 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 ریباز پر مشتمل ہے اور کمپنی ISO 9001:2008 اور PSQCA جیسے سرٹیفیکیٹس 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 چارٹرز 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 مذكور ہیں جسے سالانہ رپورٹ سے منسلک کیا جا چکا ہے۔

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 2022 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 کرتے ہیں۔ آڈٹ کے شعبے کے سربراہ بیرونی طور پر کمپنی کے اندرونی آڈٹ کرنے والی فرم اور بورڈ کے مابین ایک رابطے کا کام کرتے ہیں۔

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

## 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۔

## کاروبار کی نوعیت میں اہم تبدیلیاں

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

## بیلنس شیٹ اور رپورٹنگ کی تاریخوں کے مابین اہم تبدیلیاں (مابعد واقعات)

30 جون 2021 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 2021 سے متعلق کمپنی کی ترتیب حصص داری سالانہ رپورٹ کے ساتھ منسلک ہے۔

کمپنی کے ڈائریکٹرز، اہم حصص داران، انتظامی افسران اور ان کے ازوج 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 سیکیورٹیز 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 (آپریٹنرز)، چیف آپریٹنگ آفیسر (حکمت عملی)، چیف فنانشل آفیسر، کمپنی سیکرٹری اور اندرونی آڈٹ کے سربراہ ہیں۔"

## 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 سنہرے اصولوں کی مکمل پاسداری کو ممکن بنایا جائے۔ ناصرف 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 چئیرمین جائزہ کا حصہ 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 2019 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 نہ کرے جس میں اس کا اپنا معاوضہ متعین کیا جا رہا ہو۔ کمپنی کی جانب سے غیر انتظامی ڈائریکٹرز کو معاوضہ ادا نہیں کیا جاتا۔ ججز اس 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

ڈائریکٹرز کی تربیت سے متعلق بورڈ کی جانب سے تمام قواعد کی مکمل پاسداری کی گئی ہے۔ کمپنی کے پانچ ڈائریکٹرز نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) / انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی جانب سے منعقد شدہ ڈائریکٹرز ٹریننگ پروگرام میں شرکت کی ہے۔ بقیہ دو ڈائریکٹر بھی قواعد میں مذکور مدت کے اندر اندر مطلوبہ تربیت حاصل کر لیں گے۔

## بیرونی آڈیٹرز

موجودہ بیرونی آڈیٹرز (M/s. EY Ford Rhodes Chartered Accountants) سالانہ اجلاس عام کے اختتام منعقدہ 21 اکتوبر 2021 کو ریٹائر



## 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 بلانے پر چیف فنانشل 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 چھ (6) 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	6
بدر کاظمی	4
ظفر احمد تاجی	6
کنزہ شایان	6

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

انسانی وسائل و ادائیگیوں کی کمیٹی انسانی وسائل، انکی ترقی، جانشینی کی پالیسی اور موضوعوں 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:

ڈائریکٹرز کے نام	اجلاسوں میں حاضری کی تعداد
ظفر احمد تاجی	2
تیزون کست	2
شایان اکبر علی	2
کنزہ شایان	1



- 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 ہیٹھ 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 ساتھ منسلک کیا گیا ہے۔
- ط۔ اکاؤنٹس کے نوٹس میں ٹیکسوں اور لیویز سے متعلق معلومات کو بھی شامل کیا گیا ہے۔
- ی۔ کمپنی کی جانب سے مستقل ملازمین کیلئے ایک غیر 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 کیلئے بنائے جانے والے تخمینے کا انحصار انتہائی محتاط اور آزاد اندازوں پر ہے۔ جدید ترین تخمینے 30 جون 2021 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 2021 اس سلسلے میں سرمایہ کاری کی قدر صفر ہے۔

## بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

### بورڈ

- امرلی اسٹیلو لمیٹڈ میں گورننس کا نظام بورڈ آف ڈائریکٹرز اور کمپنی کی انتظامیہ کی جانب سے ایک مسلسل عمل کا نتیجہ ہے۔ گورننس کے اس نظام کی جھلک کمپنی 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 گورننس کے ڈھانچے کو وضع کرنے کے سلسلے میں ان تمام ترقوانین اور ضوابط کی مکمل پاسداری کی گئی ہے جو کہ پاکستان اسٹاک ایکسچینج میں لسٹڈ کمپنی پر لاگو ہوتے ہیں اور کمپنی کے اندرونی ضوابط کے لحاظ سے یہ ڈھانچہ کمپنی کے آرٹیکلز آف ایسوسی ایشن سے بھی ہم آہنگ ہے۔ اس 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 گورننس کے قابل اعتماد نظریات پر ہوتی ہے۔ کمپنی کا بورڈ تین آزاد، تین غیر انتظامی اور ایک انتظامی ڈائریکٹر پر مشتمل ہے۔
- زیر نظر مالی سال کے دوران بورڈ کے سات (7) اجلاس منعقد کئے گئے ہیں۔ بورڈ کے تمام اجلاس پاکستان کے اندر ہی منعقد کئے گئے۔ ان اجلاسوں اور ان میں شرکت کرنے والے ڈائریکٹرز کی حاضری سے متعلق تفصیلات درج ذیل ہیں:

ڈائریکٹرز کے نام	اجلاسوں میں حاضری کی تعداد
عباس اکبر علی	7
تیزون کست	7
بدر کاظمی	7
ظفر احمد تاجی	7
شایان اکبر علی	7
کنزہ شایان	7
مریم اکبر علی	7

توانائی کی بڑھتی ہوئی قیمتیں بھی ایک بڑا مسئلہ ہے جو کہ کمپنی کی پیداواری لاگت کا دوسرا بڑا حصہ ہے۔ جون 2020 سے جون 2021 تک بجلی کی قیمت میں 28% تک اضافہ ہو چکا ہے۔ اگر قیمت بڑھنے کا یہ رجحان اسی طرح جاری رہا تو صنعتی مصنوعات کی قیمتوں میں بھی مزید اضافہ ہوگا۔ لہذا منافع کی کم شرح کو مد نظر رکھتے ہوئے صنعت کاروں کے پاس مصنوعات کی قیمتیں بڑھانے کے علاوہ کوئی دوسرا راستہ نا ہوگا۔

ان تمام مقامی اور عالمی سطح کے مسائل کے باوجود، آپ کی کمپنی کی انتظامیہ احتیاط کا دامن تھا ہے پر امید ہے کہ مالی سال 2022 میں ہماری مصنوعات کی شرح نمو میں اضافہ ہوگا۔ خام قومی پیداوار کا ہدف 4.8% مقرر کئے جانے کے بعد اس بات کی امید کی جاسکتی ہے کہ طلب میں ہونے والا اضافہ اپنی جگہ برقرار رہے گا۔ طلب میں ہونے والے اضافے کے عوامل میں نیا پاکستان ہاؤسنگ اسکیم، ریٹیل سیکٹر میں زبردست طلب اور انفراسٹرکچر میں بڑھتی ہوئی سرمایہ کاری وغیرہ شامل ہیں۔ کم شرح پر پالیسی ریش نے بالعموم معیشت اور بالخصوص تعمیرات کی صنعت کو پنپنے میں بڑی مدد فراہم کی ہے۔ حکومت کی جانب سے تعمیراتی پیکیج دیئے جانے کے بعد تقریباً 1000 نئے بلڈروں اور ڈیولپروں نے اپنے پروجیکٹس رجسٹرڈ کروائے ہیں تاکہ وزیراعظم کی جانب سے دیئے جانے والے پیکیج سے بھرپور فائدہ اٹھایا جاسکے۔

آپ کی کمپنی مستقبل قریب میں اسٹیل کی رزبردست طلب سے بھرپور فائدہ اٹھانے کیلئے پوری طرح تیار ہے۔ بطور براڈ لیڈر کمپنی بڑھتی ہوئی طلب کے پیش نظر پیداوار بڑھانے کی صلاحیت رکھتی ہے اور ملک کے جنوبی خطے میں بذریعہ زائد فروخت اپنی لیڈر شپ کو قائم رکھنے کی پوزیشن میں ہے، علاوہ ازیں کمپنی شمالی علاقے میں بھی اپنے لئے مزید مقام پیدا کرنے کی صلاحیت کی حامل ہے۔ کمپنی کی ترسیل کاری اس قدر صلاحیت کی حامل ہے کہ 600,000 ٹن تک کی پیداوار کی جاسکے اور اسے فروخت کرنے کیلئے مارکیٹ میں لایا جاسکے۔ کمپنی کی جانب سے اپنے انسانی وسائل کی ترقی کے ضمن میں کی جانے والی سرمایہ کاری کے ثمرات بھی کمپنی کو ملنا شروع ہو چکے ہیں جس کے باعث کمپنی کی کارکردگی میں خاطر خواہ اضافہ ہوا ہے۔

کمپنی انڈسٹری میں صف اول میں کھڑی ہے، کمپنی کی اس پوزیشن کا براہ راست فائدہ ہمارے تمام شراکت داروں کو پہنچتا ہے جن میں ہمارے گراں قدر حصص داران بھی شامل ہیں۔ انتظامیہ کی جانب سے اس بات کو اولین ترجیح دی جا رہی ہے کہ بیرونی تبدیلیوں کے باوجود کمپنی کی آمدن کو دوبارہ کمپنی کے کاروبار میں لگایا جائے۔ ہمیں امید ہے کہ آنے والے دنوں میں پاکستان کے اندر اسٹیل کی انڈسٹری میں ترقی کے بے شمار مواقع موجود ہیں، ہم ٹیکنالوجی میں سرمایہ کاری کو جاری رکھنے کا ارادہ رکھتے ہیں تاکہ پیداواری لاگت کو کم سے کم کیا جاسکے اور اپنے صارفین اور حصص داران کو بہتر خدمات فراہم کر سکیں اور ملک کی معیشت اور سوسائٹی کی ترقی میں اپنا اہم کردار ادا کر سکیں۔

## کارپوریٹ گورننس اور فنانشل رپورٹنگ کا دائرہ کار

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

الف۔ کمپنی کی انتظامیہ کی جانب سے تیار شدہ مالیاتی گوشوارے کمپنی کے تمام امور، آپریشنز کے نتائج، ترسیل نقد رقم اور حصص میں رد و بدل سے متعلق معاملات کی 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 مالیاتی 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۔

کمپنی کو مالی سال 2020 میں ہونے والے نقصان کا مکمل ازالہ مالی سال 2021 میں کر لیا گیا اور کمپنی کی یہ مکمل بحالی، کئی معاشی اشاریوں، بڑھتی ہوئی طلب، "امریلی اسٹیلز" کے برانڈ اور ہمارے ملازمین کی جانب سے اخلاص اور مارکیٹنگ کی بہترین حکمت عملی کی وجہ سے ممکن ہوئی۔ ایف جی گولڈ ایوارڈ برائے مؤثر ترین اشتہاری مہم اور اسی طرح کے دیگر تین ایوارڈز ان حقائق کا منہ بولتا ثبوت ہیں۔

### دولت میں اضافے اور تقسیم کا بیان

تفصیلات	2021 "000"	%	2020 "000"	%
دولت کی پیداوار				
آمدن از فروخت	45,878,507		31,039,884	
آمدن از دیگر ذرائع	45,724		8,167	
منہا: خام مال اور خدمات کی خریداری میں	(32,462,363)		(22,675,648)	
کمپنی کی جانب سے قدر میں کیا جانے والا اضافہ	13,461,868		8,372,403	
دولت کی تقسیم				
برائے ملازمین				
تنخواہیں، اجرتیں اور دیگر مراعات	1,324,597	10	1,141,733	13.64
برائے حکومت				
اکٹم ٹیکس، سیلز ٹیکس، ایکسائز، کسٹم ڈیوٹی اور دیگر	8,567,712	64	5,350,399	63.34
برائے فراہمی سرمایہ کنندگان				
اخراجات و سود	1,649,484	12	2,299,271	27.46
اثاثوں کی تبدیلی کی مد میں				
فرسودگی	551,814	4	870,169	10.39
برائے کمپنی				
محفوظ شدہ منافع	1,368,260	10	(1,242,029)	-14.83
	13,461,868	100	8,372,403	100

### نقطہ نظر

معیاری اسکرپ کی رسد اور اس کی بڑھتی ہوئی قیمتیں ایک بہت بڑا مسئلہ ہیں۔ اسکرپ کی قیمتیں پریشان کن حد تک بڑھ چکی ہیں، اسکرپ کی قیمت جولائی 2021 میں 540 ڈالر فی ٹن رہی جبکہ جولائی 2020 میں اسکرپ کی قیمت 299 ڈالر فی ٹن تھی۔ یعنی محض 13 ماہ کے عرصے میں اسکرپ کی قیمت میں 200% تک کا اضافہ ہوا۔ اسکرپ کی قیمت آنے والے دنوں میں بھی زیادہ رہنے کے امکانات ہیں اور اس کی وجوہات میں دنیا بھر میں دیئے جانے والے زبردست ٹیکج کی وجہ سے سپلائی میں پیدا ہونے والا خلاء، کووڈ-19 اور اسکی دیگر انواع کے باعث اسکرپ حاصل کرنے میں مشکلات، اسکرپ کی ترسیل کیلئے کنٹینروں اور جہازوں کی قلت اور چین کی جانب سے کاربن کے اخراج کو کنٹرول کرنے کیلئے اسکرپ کے استعمال میں ہونے والا اضافہ وغیرہ شامل ہیں۔ چین اور جرمنی میں حال ہی میں آنے والے سیلابوں کی وجہ سے پہلے ہی سے دیگر گوں ترسیلات کے حالات کا اب مزید بگڑنے کا خدشہ ہے۔



## امریلی اسٹیلو لمیٹڈ کی کارکردگی

مالی سال اختتامیہ 30 جون 2021 سے متعلق کمپنی کی مالیاتی کارکردگی کی چند اہم جھلکیاں بمقابلہ گزشتہ مالی سال ذیل میں پیش کی جا رہی ہیں:

تفصیلات	30 جون 2021	30 جون 2020
	روپے ہزاروں میں	
آمدن از فروخت	39,218,453	26,532,144
خام منافع	4,542,138	1,813,186
کاروباری منافع	3,033,435	356,256
منافع / (نقصان) قبل از ٹیکس	1,383,951	(1,943,015)
منافع / (نقصان) بعد از ٹیکس	1,368,259	(1,242,029)
آمدن / (نقصان) فی حصص بنیادی و تحلیلی (روپوں میں)	4.61	(4.18)

عالمی وبائی صورتحال اور اسکرپ کی قیمتوں میں بین الاقوامی سطح پر پائی جانے والی غیر یقینی کیفیت جیسے مسائل کے باوجود آپ کی کمپنی کی جانب سے زبردست کارکردگی کا مظاہرہ کیا گیا اور آپ کی کمپنی نے فروخت اور آمدن کے ماضی کے اپنے سارے ریکارڈ توڑ دیئے۔ ہماری آمدن میں %47.8 اور حجم کے لحاظ سے %33 کا اضافہ ریکارڈ کیا گیا ہے۔ گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران کمپنی کی فروخت میں مجموعی طور پر 12.7 ارب روپے کا اضافہ ریکارڈ کیا گیا ہے۔ زیر نظر مالی سال کے دوران پرائم ریبازر کی فروخت کا حجم 362,949 میٹرک ٹن ریکارڈ کیا گیا ہے۔ گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران خام منافع، کاروباری منافع اور منافع بعد از ٹیکس میں بالترتیب %150.5، %751.5 اور %210 کا اضافہ ریکارڈ ہوا۔

گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران تقسیم کاری (distribution expense) کے اخراجات بلحاظ فیصد برائے فروخت میں کمی آئی ہے اور کمی کے بعد یہ اخراجات فروخت کا %2.41 رہے جبکہ گزشتہ سال یہی اخراجات فروخت کا %2.57 ریکارڈ کئے گئے تھے۔ اسی طرح انتظامی اخراجات (administrative expense) فروخت کا %1.41 رہے جبکہ گزشتہ مالی سال کے دوران یہی اخراجات کل فروخت کا %1.9 ریکارڈ کئے گئے تھے۔ زیر نظر مالی سال کے دوران کاروباری منافع 3,033 ملین روپے رہا، جبکہ گزشتہ مالی سال کے دوران کاروباری منافع 356.3 ملین روپے ریکارڈ کیا گیا تھا۔

زیر نظر مالی سال کے دوران تھوبیلی لاگت میں %28.3 کی کمی واقع ہوئی جس کی وجہ پالیسی ریٹس میں کمی جانے والی کمی تھی۔ اسٹیٹ بینک آف پاکستان کی جانب سے اس بات کا عندیہ دیا گیا ہے کہ مالی سال کے بقیہ عرصے کے دوران پالیسی ریٹس میں استحکام رہے گا جو کہ معیشت کی ترقی کیلئے ایک خوش آئند بات ہے۔

"اسٹیٹمنٹ آف ویلیو ایڈیشن" سے ہماری مصنوعات پر عائد بہت زیادہ ڈیوٹیز اور ٹیکسوں کے اثرات صاف ظاہر ہیں۔ مالی سال 2021 کے دوران ڈیوٹیز اور ٹیکسوں کی مد میں کمپنی کی جانب سے ملائے جانے والے حصے میں %61.5 (یعنی 3.264 ارب روپے) کا اضافہ ہوا ہے جس کی وجہ سے صارفین کو بھی ریبازر کی اضافی قیمت کا بوجھ اٹھانا پڑا ہے۔

اسکریپ کی قیمت پر صنعتکاروں کا کوئی کنٹرول نہیں ہے اور سرے کی قیمت کا اسکریپ کی بین الاقوامی قیمت سے براہ راست تعلق ہے۔ جیسا کہ اوپر ذکر کیا جا چکا ہے، پاکستان کی لوہے کی صنعت پیداواری لاگت کا اضافی بوجھ برداشت کرتے ہوئے کم قیمت پر سرے کی فروخت کر رہی ہے جس کے منفی اثرات مسلسل منافع کو کم کرتے چلے جا رہے ہیں۔ اس بات کا اندازہ صنعت کے مجموعی خام منافع سے بھی لگایا جاسکتا ہے جو کہ مالی سال 2014 سے 2018 کے درمیان 19% تھا جو کہ اس وقت کم ہو کر 14% تک آچکا ہے، اور جہاں تک امریلی کا تعلق ہے تو منافع کی یہ شرح 12% تک گر چکی ہے۔ اسی مناسبت سے لاگت پراڈکٹس پر اس وقت منافع کی شرح محض 4% تک ہے جو کہ مالی سال 2014 سے 2018 کے درمیان 10% تک ہوا کرتی تھی۔ ان حالات میں مقامی اسٹیل کی صنعت کے پاس اب یہ گنجائش موجود نہیں ہے کہ پیداواری لاگت کو مزید جذب کیا جاسکے بلکہ اب اسے صارفین تک منتقل کیا جانا ضروری ہے تاکہ اپنے اخراجات کو پورا کر کے صنعت کم از کم اپنے کاروبار کو جاری رکھ سکے۔

لاگت اسٹیل انڈسٹری نے پاکستان میں اپنی قوت برداشت سے زیادہ پیداواری لاگت کو جذب کیا ہے اور بڑھتی ہوئی اس لاگت میں اسکریپ کی بڑھتی ہوئی قیمت، گیس اور بجلی کی قیمتوں میں اضافہ اور ایڈیٹوز (additives) اور اسٹور اور اسپیرز (stores & spares) کی قیمتوں میں ہونے والا اضافہ شامل ہے۔ اگر صنعت کو اپنا کاروبار جاری رکھنا ہے اور اپنی سرمایہ کاری پر محقول منافع کمانا ہے تو انتہائی جامع پالیسی اور طویل المیعاد منصوبہ بندی کی اشد ضرورت ہے۔ ملک کے اندر تعمیراتی سرگرمیوں اور عالمی سطح پر اسٹیل کی طلب کو مد نظر رکھتے ہوئے یہ اندازہ لگایا جاسکتا ہے کہ اگلے دس سال تک کیلئے پاکستان میں اسٹیل کی طلب دگنی ہو سکتی ہے۔ اگر اس سلسلے میں حکومت مداخلت کر کے بروقت طویل المیعاد پالیسی مرتب کر لے تو اس کا فائدہ نہ صرف انڈسٹری کو ہوگا بلکہ پورا ملک اس کے ثمرات سمیٹ سکتا ہے، اور پاکستان میں معیاری انفراسٹرکچر کو بھی فروغ دینے میں مدد ملے گی۔

پیداواری لاگت میں ہونے والے اضافے کو کم کرنے اور ملک کے اندر تعمیرات سے متعلق سرگرمیوں کو فروغ دینے کیلئے حکومت کو چاہیے کہ درج ذیل اقدامات اٹھائے:

- ☆ عدم دستیاب مقامی خام مال پر سے 5% ریگولیٹری ڈیوٹی کو ختم کیا جائے؛
- ☆ ایچ ایم ایس (HMS) پر عائد 3% کسٹم ڈیوٹی میں کمی لائی جائے اور ہر قسم کے اسکریپ پر عائد شدہ 2% اضافی کسٹم ڈیوٹی کو بھی ختم کیا جائے؛
- ☆ سیلز ٹیکس میں 50% تک کمی لائی جائے؛
- ☆ اسٹیٹ بینک آف پاکستان کے قواعد میں مناسب ترامیم کی جائیں اور قرضے کے حد کو 6 ارب سے بڑھا کر 10 ارب کیا جائے، اس کے ساتھ اس کی مدت کو 10 سال سے بڑھا کر 15 سال کیا جائے تاکہ وہ کمپنیاں جو لیکچر پاور (Captive Power) استعمال کرنا چاہتی ہیں اس اسکیم کے تحت مکمل رقوم نکال سکیں اور (Renewable Energy) کے منصوبوں کے لئے حد مقرر نہ کی جائے۔
- ☆ دستاویزی طور پر رجسٹرڈ شدہ صنعت کو برابری کی سطح پر کاروبار کے مواقع فراہم کئے جائیں؛
- ☆ کارخانے داروں پر عائد شدہ مجموعی کاروباری حجم ٹیکس کو 1.25% سے کم کر کے 0.5% تک لایا جائے اور اسی طرح ڈیلرز، ڈسٹری بیوٹرز، سب ڈیلرز اور ریٹیلرز پر عائد شدہ ٹیکس کو بھی 0.25% تک کم کیا جائے؛
- ☆ سہ ماہی کی بنیاد پر جائزہ لینے کے بعد ریبارز کی کم از کم قیمت فروخت کا تعین کیا جائے؛
- ☆ تعمیرات سے منسلک لوہے کی صنعت کیلئے تمام شراکت داروں اور متعلقین کے مشورے کے ساتھ بجٹ کی سطح پر اقدامات اٹھائے جائیں، جیسا کہ ہمارے سلسلے میں پاکستان ایسو سی ایشن آف لارج اسٹیل پروڈوسرز ایک اہم ادارہ ہے۔
- ☆ سرے کے صنعتکاروں کے لئے Input Tax پر حائل بے ضابطگیوں کو دور کیا جائے۔



مالی سال 2021 کے دوران گھروں میں سرمایہ کاری کے لئے موصول ہونے والی درخواستوں میں خاطر خواہ اضافہ ہوا جس کے باعث گھروں میں سرمایہ کاری کے قرض کا حجم 111 ارب یعنی 75% اضافے کے ساتھ جون 2021 کے اختتام تک بڑھ کر 259 ارب روپے تک جا پہنچا۔ جس رفتار اور حجم کے ساتھ تعمیرات کے شعبے میں سرمایہ کاری میں ایک سال میں اضافہ ہوا ہے اس کی نظیر پاکستان کی تاریخ میں نہیں ملتی۔ اس شعبے میں سرگرمی کو بڑھانے کیلئے حکومت نے مضبوط عزم کا اظہار کیا ہے اور بینکوں کی حوصلہ افزائی کی تا کہ بینکس گھروں کی سرمایہ کاری میں دلچسپی رکھنے والے صارفین کو مزید سہولت فراہم کریں۔

## اسٹیل کا شعبہ

جنوری 2021 سے جون 2021 کے دوران گزشتہ مالی سال کے اسی عرصے کے مقابلے میں عالمی سطح پر خام اسٹیل کی پیداوار میں 14.4% کا اضافہ ریکارڈ کیا گیا ہے۔ ایشیاء اور اوشیانا میں خام اسٹیل کی پیداوار کی شرح نمو 13.8% رہی جبکہ سب سے زیادہ شرح نمو 28% افریقہ اور جنوبی امریکہ میں ریکارڈ کی گئی۔ جبکہ سب سے کم شرح نمو 8.7% سی آئی ایس اور مشرق وسطیٰ میں ریکارڈ کی گئی۔ عالمی سطح پر اسٹیل کے شعبے میں ترقی ہوئی ہے۔ عالمی سطح پر اسٹیل کی سپلائی میں سست روی کے ساتھ اضافہ ریکارڈ کیا جا رہا ہے جس کی وجہ یورپی یونین کی جانب سے حفاظتی اقدامات میں مزید تین سال کیلئے سختی اور روسی حکومت کی جانب سے 15% برآمدی ٹیرف میں اضافہ ہے۔ ترکی بلند شرح سود اور افراط زر کے ساتھ آگے بڑھ رہا ہے جس کی وجہ سے طلب پر مبنی دباؤ میں اضافہ ہو رہا ہے۔ یورپ میں اسٹیل کی طلب میں اضافہ ہوا ہے اور ڈیفورڈ بارز اور وائرڈز کی قیمتیں تاریخ کی بلند سطح تک پہنچ چکی ہیں۔ یورپ میں برسلز کے اندر ڈاؤن اسٹریم انڈسٹری کو زیادہ حمایت حاصل نہ ہو سکی جس سے یہ فیصلہ کیا گیا ہے کہ یورپ میں تجارتی کساد بھی بلند سطح پر ہے۔ بین الاقوامی سطح پر اسٹیل کی قیمتیں نہ صرف ایک مسئلہ ہیں بلکہ باعث اسٹیل کی سپلائی بھی ایک مسئلہ ہے۔ جبکہ ایک جانب طلب بہت زیادہ ہے تو دوسری جانب ترسیل کاری میں تعطل پیدا ہونے کے بعد صارفین کیلئے سپلائی کے مسائل بھی پیدا ہو رہے ہیں۔

نقل و حمل کے اخراجات بھی تاریخ کی بلند ترین سطح پر پہنچ چکے ہیں جو کہ پاکستان کیلئے 90 ڈالر فی ٹن تک پہنچ چکے ہیں جو کہ عالمی وبائی صورتحال سے پہلے 35 ڈالر فی ٹن تھے۔ یورپ کے اندر اسکرپ اور اسٹیل کی طلب بڑھنے کی وجہ سے اسٹیل کیلئے فراہم کئے جانے والے اسکرپ کی طلب تاریخ کی بلند سطح پر پہنچ چکی ہے جس کی وجہ سے برصغیر کیلئے اس قسم کا اسکرپ محدود پیمانے پر دستیاب ہے۔ پوری دنیا میں وبائی صورتحال کی وجہ سے کئے جانے والے لاک ڈاؤن سے اسکرپ کی پیداوار میں بھی کمی واقع ہوئی ہے جو کہ اسکرپ کی قیمت میں زبردست اضافے کا باعث ہے۔

عالمی سطح پر اسٹیل کے خام مال کی قیمت میں اتار چڑھاؤ اور ترسیل کاری میں پیدا ہونے والا تعطل اسٹیل انڈسٹری کیلئے ترجیحی مسائل ہیں۔ زیر نظر مالی سال کے دوران خام مال کی قیمتوں میں مسلسل اضافہ ہوتا رہا ہے جو کہ درج ذیل گراف میں بھی ظاہر ہو رہا ہے۔ جولائی 2020 کے دوران اسکرپ کی قیمت اوسطاً 282 ڈالر فی ٹن رہی جو کہ جون 2021 میں 516 ڈالر فی ٹن تک جا پہنچی۔ بعد ازاں یہ قیمت جولائی 2021 میں 540 ڈالر فی ٹن تک جا پہنچی۔ اسی طرح بین الاقوامی مارکیٹ میں اسٹیل ربار کی قیمت بمطابق LME گزشتہ مالی سال جولائی 2020 میں 435 ڈالر FOB China تھی جبکہ جولائی 2021 میں ربار کی یہ قیمت اوسطاً 750 ڈالر FOB Turkey رہی اور 815 ڈالر FOB China تک جا پہنچی جس میں سیلنگس شامل نہیں ہے۔ جولائی کے مہینے میں ترکی اور چین سے نقل و حمل کے اخراجات تقریباً 90 تا 120 ڈالر تھے۔ جبکہ پاکستان میں ربارز کی قیمت سیلنگس کے بغیر جولائی 2021 میں 833 ڈالر تھی جس میں دیگر ٹیکسز اور چارجز بمعہ لینڈنگ چارجز برائے درآمدی اسکرپ شامل تھے۔ اسی لئے پاکستان میں ربارز کی قیمت بین الاقوامی مارکیٹ کے مقابلے میں 20% رعایت کے ساتھ دستیاب تھیں۔

سرینے کی بڑھتی ہوئی طلب سے نمٹنے کیلئے، سرینے کی صنعت نے پاکستان میں بڑے پیمانے پر اسٹیل میلنگ اینڈری رولنگ پلانٹس میں سرمایہ کاری کی۔ درآمد شدہ دھاتی اسکرپ پر تقریباً 75% انحصار کیا جا رہا ہے اور بقیہ 25% مقامی طور پر حاصل کیا جاتا ہے۔ ملک کے اندر اس انڈسٹری میں مجموعی طور پر مہارت، نیم مہارت اور غیر مہارت کے حامل تقریباً 100,000 افراد کو روزگار فراہم کیا جا رہا ہے۔ اس شعبہ کی جانب سے قومی خزانے میں ملایا جانے والا حالیہ حصہ تقریباً 150 ارب روپے اور درآمدات کے مقابل

شامل ہیں۔ دنیا کے بہت سے دیگر ممالک کے مقابلے میں پاکستان کی جانب سے کووڈ-19 سے نمٹنے کیلئے زیادہ موثر حکمت عملی مرتب کی گئی اور اس حکمت عملی کی بناء پر مالی سال 2021 کے دوران V شکل کی طرز پر معیشت کی بحالی ممکن ہو سکی۔ صنعت سازی میں بڑے پیمانے پر اضافہ دیکھا گیا ہے جس کی وجہ سے بڑے پیمانے پر صنعتی شعبے میں ترقی ہوئی ہے جن میں ٹیکسٹائل، غذائی اجناس، مشروبات، تمباکو، غیر دھاتی معدنیات اور آٹوموبائل کے شعبے شامل ہیں۔ مالی سال 2021 کی نو ماہی کے دوران معاشی شرح نمو 8.99% کی بلند ترین سطح پر رہی جو کہ مالی سال 2007 کے بعد سے بلند ترین معاشی شرح نمو ہے۔ پاکستان منصوبہ بندی کمیشن کی سالانہ رپورٹ 2021-2022 کے مطابق خام قومی پیداوار کی شرح 3.94% رہی جبکہ مالی سال 2021-22 کے دوران خام قومی پیداوار کی شرح نمو کا ہدف 4.8% متعین کیا گیا ہے۔ پاکستان بیورو آف اسٹیٹسٹکس (PBS) کے مطابق مالی سال 2021 میں جولائی تا جون بڑے پیمانے کی صنعتوں (LSM) میں مجموعی شرح نمو 14.85% رہی جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران یہی شرح نمو منفی 9.8% تھی۔

مالی سال 2021 کے دوران کرنٹ اکاؤنٹ خسارہ گزشتہ دس سال کی کم ترین سطح پر آ گیا جو 58% کمی کے بعد جولائی تا جون 2021 میں کم ہو کر 1.9 ارب ڈالر رہ گیا جبکہ ایک سال قبل یہی خسارہ 4.4 ارب ڈالر تھا کیونکہ برآمدات میں اضافے اور بیرون ملک سے نقد رقوم کی ترسیل میں اضافے کے باعث درآمدات کی مد میں کمی کی جانے والی ادائیگیوں میں بہت مدد ملی۔ روشن ڈیجیٹل اکاؤنٹ (RDA) کے ذریعے بیرون ملک سے حاصل ہونے والا زرمبادلہ 1.5 ارب ڈالر کی حد کو بھی عبور کر گیا۔ مالی سال 2021 میں جون تا جولائی کے دوران بیرون ملک خدمات سرانجام دینے والے پاکستانیوں کی جانب سے بھیجی جانے والی رقوم میں تاریخی 27% کا زبردست اضافہ ہوا اور اس اضافے کے بعد ان ترسیلات زر کا حجم 29.4 ارب ڈالر تک پہنچ گیا۔ اسٹیٹ بینک آف پاکستان کے مطابق جون 2021 میں بیرون ملک خدمات فراہم کرنے والے پاکستانیوں کی جانب سے رقوم کی ترسیل کا حجم 9% اضافے کے ساتھ بڑھ کر 2.7 ارب ڈالر رہا جو کہ جون 2020 میں 2.46 ارب ڈالر تھا۔ اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر تقریباً 16 ارب ڈالر تک بڑھ گئے جو کہ گزشتہ چار سال کے دوران بلند ترین سطح ہے جس کے باعث مالی سال کے بیشتر عرصے کے دوران ڈالر کے مقابلے میں پاکستانی روپے کی قدر کو مستحکم رکھنے میں مدد ملی تاہم زریں نظر مالی سال کے آخر میں روپے کی قدر میں کافی کمی دیکھی گئی۔

زریں نظر مالی سال کے دوران شرح سود بنا کسی تبدیلی کے 7.0% رہی جس کی وجہ سے کاروباری سرگرمیوں میں تیزی آئی اور معیشت کا اعتماد بحال ہوا۔ آئی ایم ایف کی جانب سے اس بات کو تسلیم کیا گیا ہے کہ اسٹیٹ بینک کی جانب سے بھرپور مداخلت کے ساتھ ساتھ معیشت کی بحالی، زندگیوں کو محفوظ بنانے اور روزگار کی فراہمی کے سلسلے میں حکومت کی جانب سے پالیسیوں نے اہم کردار ادا کیا۔

حیرت انگیز طور پر خام قومی پیداوار کا 3.94% تک پہنچ جانا ہی دراصل مالی سال 2021 کا خلاصہ ہے۔ ان اشاریوں سے مالی سال کے آغاز سے ہی اٹھائے جانے والے ان بڑے بڑے اقدامات کے صحیح ہونے کی بھی تصدیق ہوتی ہے جس کی کامیابی اس بات میں مضمر ہے کہ نئے تیلے مالیاتی اہداف کو مد نظر رکھا گیا اور جارحانہ مالیاتی سرگرمیوں کا آغاز کیا گیا۔ مثبت سمت میں پیدا ہونے والی اس تحریک کے مزید جاری رہنے کے امکانات روشن ہیں اور امید کی جاتی ہے کہ ان اقدامات کی وجہ سے اگلے مالی سال کے دوران زریں نظر مالی سال کے مقابلے میں شرح نمو زیادہ رفتار سے بڑھے گی۔

## تعمیراتی شعبہ

برآمدات پر مبنی صنعتوں کے بعد حکومت کی ساری توجہ تعمیراتی صنعت کی جانب مرکوز رہی۔ زریں نظر مالی سال کے دوران حکومت پاکستان کی جانب سے شرح سود کے ضمن میں 33 ارب روپے کی مراعات برائے ہاؤسنگ فنانس بھی دی گئی۔ "نیا پاکستان ہاؤسنگ اسکیم" کے تحت تعمیرات کا کام اب رفتار پکڑ رہا ہے، پہلے ان پروجیکٹس کی فنانسنگ کی راہ میں بہت سی بڑی رکاوٹیں حائل تھیں جن پر اب ہاؤسنگ یونٹس کی تعداد بڑھانے اور شرح سود کو قابو کر کے حکومت پاکستان کی جانب سے قیمتوں کے سلسلے میں دی جانے والی مراعات کے بعد اب قدرے قابو پایا گیا ہے۔ ان اقدامات کے بعد اب یہ ممکن ہو گیا ہے کہ ہاؤسنگ اسکیم کیلئے کم شرح سود پر سرمایہ کاری کا بندوبست کیا جاسکے جو کم سے کم 3% سالانہ تک بھی ہو سکتا ہے جس کے تحت دس سال تک کیلئے زیادہ سے زیادہ دس ملین روپے کی سرمایہ کاری کو ممکن بنایا گیا ہے۔

## ڈائریکٹرز کی جائزہ رپورٹ برائے ممبران

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے مالی سال سے متعلق سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے آپ کی خدمت میں پیش کر رہے ہیں۔

بتاریخ 30 جون 2021 کمپنی کے بورڈ آف ڈائریکٹرز درج ذیل افراد پر مشتمل ہیں:

7	ڈائریکٹرز کی کل تعداد
5	(i) حضرات
2	(ii) خواتین

بتاریخ 30 جون 2021 کو کمپنی کے بورڈ میں شامل تمام ڈائریکٹرز کے نام اور عہدے درج ذیل ہیں:

ڈائریکٹرز کا امتزاج	ڈائریکٹرز کے نام
الف۔ غیر جانبدار ڈائریکٹرز (Independent Directors)	1۔ بدر کاظمی 2۔ ظفر احمد تاجی 3۔ تیزون کست
ب۔ غیر انتظامی ڈائریکٹر (Non-Executive Director)	4۔ عباس اکبر علی
ج۔ غیر انتظامی ڈائریکٹرز (خواتین) (Female Non-Executive Directors)	5۔ کنزہ شایان 6۔ مریم اکبر علی
د۔ انتظامی ڈائریکٹر (Executive Director)	7۔ شایان اکبر علی

### معیشت

آئی ایم ایف کی جانب سے جاری کردہ حالیہ عالمی معاشی صورتحال کی رپورٹ کے مطابق مختلف ممالک میں معاشی بحالی کی صورتحال مختلف ہے اور کووڈ-19 سے تباہ شدہ معیشتوں کی بحالی اور پوری دنیا میں ان مسائل سے نمٹنے کیلئے مختلف ممالک کی پالیسیوں میں اب تک غیر یقینی صورتحال پائی جاتی ہے۔ ان دور رس نقصانات جن کی ماضی میں کوئی مثال نہیں ملتی سے نمٹنے کیلئے انتہائی مؤثر پالیسیوں کی ضرورت ہے۔ عالمی سطح پر مالی سال 2021 اور 2022 کے دوران معاشی شرح نمو کیلئے بالترتیب 6% اور 4.9% کی پیشن گوئی کی جارہی ہے جو کہ اس سے پہلے آئی ایم ایف کی جانب سے کی جانے والی پیشن گوئیوں کے مقابلے میں بہتر ہے۔ اس سطح کی معاشی شرح نمو کیلئے اضافی مالیاتی امداد، ویکسین کے ذریعے حالات کی ممکنہ بحالی اور معاشی سرگرمیوں کی مسلسل بحالی جیسے اقدامات اہم کردار ادا کر سکتے ہیں۔ تاہم ممکنہ طور پر کووڈ-19 کی چوتھی لہر ایک مرتبہ پھر معاشی سرگرمیوں کو متاثر کر سکتی ہے جس کی وجہ عالمی سطح پر ڈیلٹا وائرس کا پھیلاؤ اور اس سے عالمی سطح پر معاشی سرگرمیاں متاثر ہو سکتی ہیں۔

مالی سال 2021 کے دوران پاکستان میں معیشت کی شرح نمو امید سے زیادہ بہتر رہی۔ بے پناہ مسائل کے باوجود پاکستان کی معیشت زبردست انداز سے آگے بڑھتی رہی اور معاشی شرح نمو میں استقلال پایا گیا جس کی بنیاد حکومت کی جانب سے نافذ کی جانے والی پالیسیاں اور پورے ملک میں معیشت کی بحالی کیلئے اٹھائے جانے والے مختلف اقدامات

## 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 2020-21. 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

The committee comprises of four Non-Executive Directors of which three are independent.

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

Members:

Mr. Zafar Ahmed Taji (Independent Non-Executive Director)

Mr. Badar Kazmi (Independent Non-Executive Director)

Ms. Kinza Shayan (Non-Executive Director):

\*as defined in the Listed Companies (Code of Corporate Governance) Regulations, 2019, Chapter X, Regulation 28 (1)(C).

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. The approved minutes of Audit Committee are circulated to the Board for information and guidance.

### Audit Committee Attendance

During the current year, six (06) meetings were held and attendance was as tabled.

Name of Member	Number of Meetings Attended
Mr. Teizoon Kisan	06
Mr. Zafar Ahmed Taji	06
Mr. Badar Kazmi	04
Ms. Kinza Shayan	06

### Synopsis of Activities

#### Financial Reporting

The Committee has a process to review the financial information of the Company when quarterly and annual financial statements and the reports are presented to the Committee by the CFO. 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.

Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements. Applicable International Financial Reporting Standards were followed in the preparation of financial statements of the Company on a going concern basis, for the financial year ended 30 June 2021, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company for the year under review.

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.

#### Review of related party transactions

The Audit Committee reviewed the statement of significant related party transactions, submitted by the management. Audit Committee ensured the disclosure of materially significant related party transactions. During the year 2020-21, the Company has entered into certain related party transactions as disclosed in the note 46 to the Financial Statements. The details of all related party transactions were placed quarterly before the audit committee of the Company and upon recommendations of the audit committee, the same were placed before the Board for review and approval.



## Audit Committee Report

### 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 Auditors

The Audit Committee is responsible for monitoring the ongoing effectiveness & independence of the external auditors 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 Audit Committee reviewed the Management Letter issued by external auditors and the management response thereto. Observations were discussed with the auditors and required actions recorded.

The audit committee met with the external auditors without the executive management during the year under review to discuss reservations, if any, arising from audit and any matters the external auditors may wish to discuss without the presence of management.

On 09 September 2020, the Audit Committee recommended to the Board re-appointment of external auditors along with fixing remuneration for the year ending 30 June 2021. The Shareholders approved the recommendation in Annual General Meeting held on 27 October 2020 and M/s. EY Ford Rhodes, Chartered Accountants were appointed as external auditor of the Company for the year ending 30 June 2021.

### Internal Auditor

The internal audit function is outsourced by the Company to M/s BDO Ebrahim & Co. The Company has appointed a fulltime employee as Head of Internal Audit holding equivalent qualification prescribed under the CCG Regulations 2019, to act as coordinator between the firm providing internal audit services and the Board. 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.





## Code of Conduct

The Code of Conduct (the Code) 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.

Following are the salient features of the Code of Conduct, however the complete code of conduct can be viewed at the Company's website at the link <https://www.amrelisteels.com/investor-relations#codeOfConduct>

### 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

### 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.

### 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 the Company, they should immediately communicate all the facts to their supervisor or to the Board as the case may be.

### 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.

### 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's 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.



## **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.

## **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.

## **Integrity and Professionalism**

The Company personnel should remember that they are a reflection of 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.

## **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.

## **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.



## Whistleblowing Policy

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

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

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

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

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

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

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

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

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

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

## 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's 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's 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 are disclosed in the financial statements.

## 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 Steering Committee, IT Steering Committee and Enterprise Risk Management 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 and the CEO

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.

The Board of Directors at Amreli Steels has recognized that it would be imperative for it to continually assess how effectively the Board, its Committees, members and CEO are performing their roles against their respective objectives as a critical structural tool for assessing Board's effectiveness and efficiency as required under the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The effectiveness and performance of the Board, its Committees, Members 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's 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 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;
- **Relationship:** Assessment of quality of relationship between the Board and its Committees;
- Supporting and Advisory Role;
- The Chairperson's Role;



## 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 stakeholder's expectations 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's Audit Committee (BAC) at the Annual General Meeting (AGM)

The Chairman of the Board's Audit Committee - Mr. Teizoon Kisat (an Independent Director) was present in the 36<sup>th</sup> AGM of the Company which was held on 27 October 2020, to answer questions on the Audit Committee's activities and matters within the scope of the Board's Audit Committee. 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 the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatements, 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 the 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 the 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 the 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 financial statements;
- 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 2021 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 2021 stands Nil.







# Financial Highlights



## Six Years At A Glance

### FINANCIAL POSITION

#### Assets Employed

	2021	2020 (Restated)	2019 (Restated)	2018	2017	2016
Property, plant and equipment	20,146	17,651	16,966	15,529	12,253	8,442
Right of use asset	100	72	-	-	-	-
Intangible assets	19	24	32	28	20	27
Long-term investments	15	15	15	15	15	15
Long-term deposit	152	135	138	136	129	131
Current assets	15,934	17,345	12,396	10,935	5,791	8,150
<b>Total Assets</b>	<b>36,366</b>	<b>35,243</b>	<b>29,547</b>	<b>26,643</b>	<b>18,209</b>	<b>16,765</b>

#### Financed By

Share capital and reserves	13,941	10,951	12,196	12,880	11,146	10,690
<b>Long-term liabilities</b>						
- Long-term financing	4,821	5,430	1,507	2,204	712	525
- Current portion of long-term financing	1,129	812	1,187	775	310	484
	5,950	6,241	2,693	2,980	1,022	1,008
Non-current and deferred liabilities	1,116	847	1,369	1,162	1,222	1,212
Current liabilities	16,489	18,015	14,475	10,396	5,129	4,339
Current portion of long term finance	(1,129)	(812)	(1,187)	(775)	(310)	(484)
	15,359	17,204	13,288	9,621	4,819	3,856
<b>Total Funds Invested</b>	<b>36,366</b>	<b>35,243</b>	<b>29,547</b>	<b>26,643</b>	<b>18,209</b>	<b>16,765</b>

### OPERATIONS

Turnover - net	39,218	26,532	28,596	15,501	13,284	12,400
Gross profit	4,542	1,813	2,424	2,758	2,468	2,792
Operating profit	3,033	356	1,195	1,871	1,697	2,085
EBITDA	3,571	1,229	1,892	2,305	2,025	2,437
Profit / (loss) before tax	1,384	(1,943)	(67)	1,394	1,445	1,749
Profit / (loss) after tax	1,368	(1,242)	33	1,585	1,074	1,279
Total comprehensive income / (loss)	2,990	(1,246)	17	2,328	1,050	1,288
Capital expenditures	1,273	1,369	2,122	2,916	4,133	1,292
Earning per share / (loss per share) - (Rupees)	4.61	(4.18)	0.11	5.34	3.62	4.81

### CASH FLOW SUMMARY

Net cash generated from / (used in) operating activities	2,440	(4,003)	749	(2,219)	3,649	(987)
Net cash used in investing activities	(1,146)	(1,361)	(2,137)	(2,924)	(4,133)	(1,293)
Net cash (used in) / generated from financing activities	(1,996)	5,825	1,404	5,204	172	2,582
Increase / (decrease) in cash and cash equivalents	(701)	462	16	62	(312)	301
Cash and cash equivalents at end of the year	(1,846)	(1,144)	147	131	70	381

## Vertical Analysis

### BALANCE SHEET

#### EQUITY AND LIABILITIES

##### Share Capital And Reserves

	2021	2020 (Restated)	2019 (Restated)	2018	2017	2016
	%	%	%	%	%	%
Share capital	8.17	8.43	10.05	11.15	16.31	17.72
Capital reserves	7.67	7.91	9.44	10.47	15.32	16.63
Revenue reserves - accumulated profit	12.30	8.41	13.99	17.74	20.11	18.54
Actuarial loss on gratuity fund	-0.18	-0.17	-0.19	-0.15	-0.17	-0.04
Revaluation surplus on property, plant and equipment	10.38	6.49	7.99	9.14	9.64	10.91
	<b>38.33</b>	<b>31.07</b>	<b>41.28</b>	<b>48.34</b>	<b>61.21</b>	<b>63.76</b>

##### Non Current Liabilities

Long term financing	13.26	15.41	5.10	8.27	3.91	3.13
long term provision	0.46	0.00	0.00	0.00	0.00	0.00
Loan from related parties	0.94	0.97	0.95	0.00	0.00	0.00
Deferred liability - defined benefit obligation	0.85	0.72	0.70	0.58	0.64	0.43
Deferred taxation	0.59	0.51	2.99	3.78	6.07	6.80
Lease liabilities	0.23	0.18	0.00	0.00	0.00	0.00
Government grant	0.00	0.02	0.00	0.00	0.00	0.00
	<b>16.33</b>	<b>17.81</b>	<b>9.73</b>	<b>12.64</b>	<b>10.62</b>	<b>10.36</b>

##### Current Liabilities

Trade and other payables	13.96	10.59	12.05	8.21	5.26	5.73
Contract liabilities	1.37	2.73	0.95	0.90	0.87	0.72
Unclaimed dividend	0.02	0.02	0.02	0.01	0.01	0.00
Interest / mark-up accrued	0.73	1.64	1.19	0.51	0.31	0.29
Short term borrowings	26.05	33.80	30.76	26.47	19.92	16.26
Current portion of long-term financing	3.11	2.30	4.02	2.91	1.70	2.88
Current portion of lease liabilities	0.06	0.02	0.00	0.00	0.00	0.00
Current portion of government grant	0.03	0.01	0.00	0.00	0.00	0.00
Taxation - net	0.00	0.00	0.00	0.00	0.09	0.00
	<b>45.34</b>	<b>51.12</b>	<b>48.99</b>	<b>39.02</b>	<b>28.17</b>	<b>25.88</b>

#### TOTAL EQUITY AND LIABILITIES

#### ASSETS

##### Non-Current Assets

Property, plant and equipment	55.40	50.08	57.42	58.28	67.29	50.35
Intangible assets	0.05	0.07	0.11	0.10	0.11	0.16
Long-term investments	0.04	0.04	0.05	0.06	0.08	0.09
Right of use assets	0.28	0.21	0.00	0.00	0.00	0.00
Long-term deposits	0.42	0.38	0.47	0.51	0.71	0.78
	<b>56.19</b>	<b>50.78</b>	<b>58.05</b>	<b>58.96</b>	<b>68.20</b>	<b>51.39</b>

##### Current Assets

Stores and spares	4.00	4.78	4.53	3.26	3.40	3.58
Stock-in-trade	16.48	22.17	22.08	28.00	18.70	26.30
Trade debts	17.38	13.90	11.52	6.71	7.99	12.35
Loans and advances	0.09	0.08	0.06	0.09	0.12	0.75
Other receivables	0.76	1.50	0.43	0.85	0.97	2.55
Short term investment	0.00	0.00	0.00	0.00	0.00	1.79
Trade deposits & short term prepayments	0.06	1.82	0.12	0.17	0.24	0.29
Taxation - net	4.00	3.51	2.72	1.48	0.00	0.51
Cash and bank balances	1.04	1.45	0.50	0.49	0.38	0.48
	<b>43.81</b>	<b>49.22</b>	<b>41.95</b>	<b>41.04</b>	<b>31.80</b>	<b>48.61</b>

#### TOTAL ASSETS

	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
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## Horizontal Analysis

### BALANCE SHEET

#### EQUITY AND LIABILITIES

##### Share Capital And Reserves

	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015
	%	%	%	%	%	%
Share capital	0.00	0.00	0.00	0.00	0.00	3.16
Capital reserves	0.00	0.00	0.00	0.00	0.00	100.00
Revenue reserves - accumulated profit	50.89	-28.30	-12.58	29.07	17.84	188.24
Actuarial loss on gratuity fund	6.62	6.70	39.48	31.21	386.02	25.95
Revaluation surplus on property, plant and equipment	64.93	-3.07	-3.01	38.71	-4.08	-4.65
	<b>27.31</b>	<b>-10.21</b>	<b>-5.31</b>	<b>15.56</b>	<b>4.26</b>	<b>82.08</b>

##### Non Current Liabilities

Long term financing	-11.22	260.34	-31.64	209.57	35.76	-54.40
Loan from related parties	0.00	21.90	100.00	0.00	0.00	0.00
Deferred liability - defined benefit obligation	21.37	24.01	31.95	33.12	62.02	7.47
Deferred taxation	18.46	-79.64	-12.26	-8.89	-3.03	22.53
Lease liabilities	33.59	100.00	0.00	0.00	0.00	0.00
Government grant	-87.87	100.00	0.00	0.00	0.00	0.00
Other financial liability	0.00	0.00	0.00	0.00	0.00	-100.00
	<b>-5.41</b>	<b>118.29</b>	<b>-14.59</b>	<b>74.09</b>	<b>11.39</b>	<b>-19.44</b>

##### Current Liabilities

Trade and other payables	36.07	4.81	62.68	128.41	-0.26	31.79
Contract liabilities	-48.10	242.89	16.78	51.55	31.87	-53.81
Unclaimed dividend	-4.54	-8.97	111.57	75.37	100.00	0.00
Interest / mark-up accrued	-53.74	63.76	160.07	140.66	16.89	-41.70
Short term borrowings	-20.47	31.08	28.85	94.43	33.06	23.27
Current portion of long-term financing	39.16	-31.61	53.06	149.89	-35.85	-49.21
Current portion of lease liabilities	161.25	100.00	0.00	0.00	0.00	0.00
Current portion of government grant	196.42	100.00	0.00	0.00	0.00	0.00
Taxation - net	0.00	0.00	0.00	-100.00	100.00	0.00
	<b>-8.47</b>	<b>24.46</b>	<b>39.23</b>	<b>102.67</b>	<b>18.21</b>	<b>2.43</b>

#### TOTAL EQUITY AND LIABILITIES

	<b>3.19</b>	<b>19.28</b>	<b>10.90</b>	<b>46.32</b>	<b>8.61</b>	<b>36.72</b>
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#### ASSETS

##### Non-Current Assets

Property, plant and equipment	14.14	4.04	9.25	26.73	45.15	12.49
Intangible assets	-23.25	-23.99	14.48	36.70	-23.71	9.85
Right of use assets	38.48	100.00	0.00	0.00	0.00	0.00
Long-term deposits	12.88	-2.02	1.58	4.81	-1.54	1.21
	<b>14.16</b>	<b>4.36</b>	<b>9.19</b>	<b>26.49</b>	<b>44.15</b>	<b>12.27</b>

##### Current Assets

Stores and spares	-13.52	25.83	53.82	40.46	3.22	18.74
Stock-in-trade	-23.31	19.80	-12.56	119.11	-22.81	93.86
Trade debts	28.98	44.01	90.34	22.85	-29.72	78.79
Loans and advances	17.73	53.82	-19.59	5.21	-82.31	43.65
Other receivables	-47.87	314.40	-43.92	28.69	-58.75	28.35
Short term investment	0.00	0.00	0.00	0.00	-100.00	100.00
Trade deposits & short term prepayments	-96.72	1688.79	-18.75	0.65	-10.10	0.42
Taxation - net	17.62	54.05	104.52	100.00	-100.00	-14.76
Cash and bank balances	-25.68	246.41	12.18	88.44	-14.26	1.76
	<b>-8.14</b>	<b>39.92</b>	<b>13.36</b>	<b>88.84</b>	<b>-28.95</b>	<b>77.62</b>

#### TOTAL ASSETS

	<b>3.19</b>	<b>19.28</b>	<b>10.90</b>	<b>46.32</b>	<b>8.61</b>	<b>36.72</b>
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## Vertical Analysis

### PROFIT OR LOSS

Turnover - net
Cost of sales
<b>Gross profit</b>
Distribution costs
Administrative expenses
Reversal of / (allowance for) expected credit losses
Other income
Other expenses
<b>Operating profit</b>
Finance costs
<b>Profit / (loss) before taxation</b>
Taxation
<b>Profit / (loss) after taxation</b>
Other comprehensive income
<b>Total comprehensive Income</b>

2021	2020 (Restated)	2019	2018	2017	2016
%	%	%	%	%	%
100.00	100.00	100.00	100.00	100.00	100.00
-88.42	-93.17	-91.52	-82.20	-81.42	-77.48
<b>11.58</b>	<b>6.83</b>	<b>8.48</b>	<b>17.80</b>	<b>18.58</b>	<b>22.52</b>
-2.41	-2.57	-2.51	-2.49	-2.54	-2.75
-1.41	-1.90	-1.61	-2.25	-2.16	-1.68
0.18	-0.70	-0.14	-0.34	-0.28	-0.06
0.12	0.03	0.02	0.15	0.06	0.12
-0.32	-0.36	-0.06	-0.79	-0.88	-1.33
<b>7.73</b>	<b>1.34</b>	<b>4.18</b>	<b>12.07</b>	<b>12.77</b>	<b>16.81</b>
-4.21	-8.67	-4.41	-3.07	-1.89	-2.71
<b>3.53</b>	<b>-7.32</b>	<b>-0.23</b>	<b>9.00</b>	<b>10.88</b>	<b>14.11</b>
-0.04	2.64	0.35	1.23	-2.79	-3.79
<b>3.49</b>	<b>-4.68</b>	<b>0.11</b>	<b>10.23</b>	<b>8.09</b>	<b>10.31</b>
4.14	-0.01	-0.06	4.79	-0.18	0.07
<b>7.62</b>	<b>-4.70</b>	<b>0.06</b>	<b>15.02</b>	<b>7.90</b>	<b>10.39</b>

## Horizontal Analysis

### PROFIT OR LOSS

Turnover - net
Cost of sales
<b>Gross profit</b>
Distribution costs
Administrative expenses
Reversal of / (allowance for) expected credit losses
Other income
Other expenses
<b>Operating profit</b>
Finance costs
<b>Profit / (loss) before taxation</b>
Taxation
<b>Profit / (loss) after taxation</b>
Other comprehensive income
<b>Total comprehensive Income</b>

2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015
%	%	%	%	%	%
47.81	-7.22	84.48	16.69	7.13	-13.97
40.28	-5.55	105.40	17.81	12.57	-19.25
<b>150.51</b>	<b>-25.19</b>	<b>-12.14</b>	<b>11.76</b>	<b>-11.60</b>	<b>11.05</b>
38.64	-4.80	85.75	14.37	-1.19	21.47
10.18	9.02	32.25	21.40	38.02	-8.96
-137.57	367.75	-24.23	40.35	370.49	0.00
459.86	15.09	-68.52	206.39	-52.22	-55.75
31.15	433.15	-85.61	5.58	-29.37	65.73
<b>751.48</b>	<b>-70.19</b>	<b>-36.11</b>	<b>10.25</b>	<b>-18.60</b>	<b>7.48</b>
-28.26	82.15	165.01	89.33	-25.02	-49.75
<b>-171.23</b>	<b>2793.08</b>	<b>-104.82</b>	<b>-3.52</b>	<b>-17.37</b>	<b>37.53</b>
-102.24	601.10	-47.60	-151.39	-21.08	80.49
<b>-210.16</b>	<b>-3883.96</b>	<b>-97.93</b>	<b>47.59</b>	<b>-16.01</b>	<b>26.46</b>
-42994.79	-76.32	-102.15	-3135.90	-371.22	-207.07
<b>-340.01</b>	<b>-7490.33</b>	<b>-99.28</b>	<b>121.84</b>	<b>-18.50</b>	<b>28.42</b>

## Vertical Analysis

### CASH FLOW

Net cash generated from / (used in) operating activities  
 Net cash used in investing activities  
 Net cash (used in) / generated from financing activities  
 Increase / (decrease) in cash and cash equivalents

2021	2020 (Restated)	2019	2018	2017	2016
%	%	%	%	%	%
-348	-867	4692	-3607	-1171	-328
163	-295	-13384	-4753	1327	-429
284	1262	8791	8459	-55	857
100	100	100	100	100	100

## Horizontal Analysis

### CASH FLOW

Net cash generated from / (used in) operating activities  
 Net cash used in investing activities  
 Net cash (used in) / generated from financing activities  
 Increase / (decrease) in cash and cash equivalents

2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015
%	%	%	%	%	%
-161	-634	-134	-161	-470	-191
-16	-36	-27	-29	220	528
-134	315	-73	2924	-93	-398
-252	2791	-74	-120	-203	1755

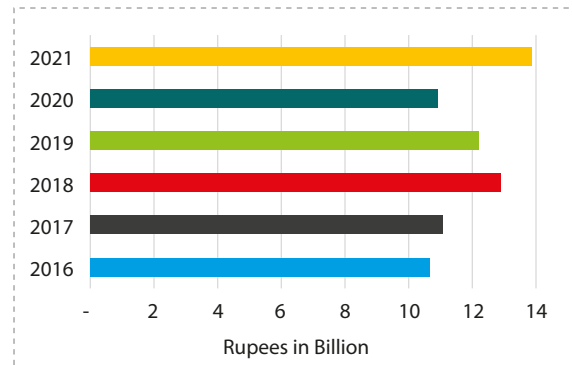
## Six Years' Analysis

### Financial Position, Performance & Cash Flows

#### Statement Of Financial Position

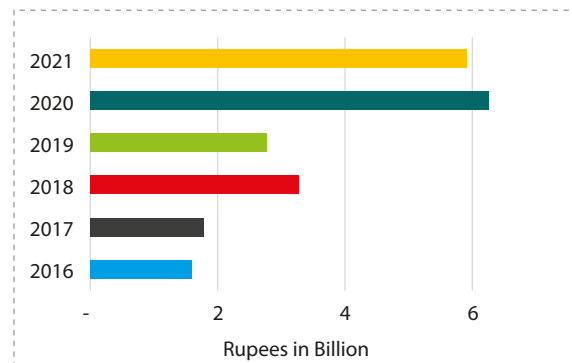
##### Shareholders' Equity:

The shareholders' equity of the Company presented a combination of trends during the last six years due to various factors. During FY 16 to FY 18, the reserves increased from Rs. 10.7 billion to Rs. 12.88 billion due to increase in revenue reserves and share premium reserves created from initial public offerings in FY 16. However, during FY 19 and FY 20, the shareholders' equity was reduced due to payment of dividends and a decline in profits. In FY 21, the shareholder equity increased by Rs. 2.9 billion due to an increase in profit and surplus on revaluation of fixed assets when compared to the position of FY 20.



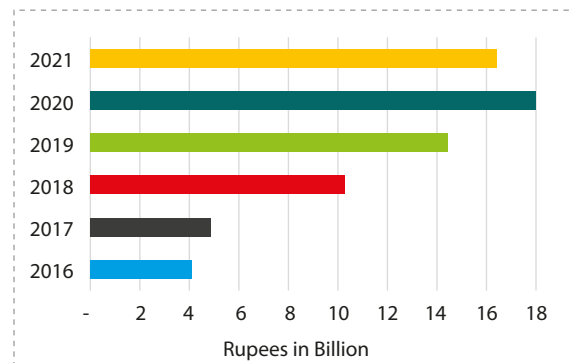
##### Non - Current Liabilities:

Non - current liabilities include long term borrowings, related party loan, deferred liabilities, deferred taxation, lease liabilities and government grant. From FY 16 to FY 19, the non-current liabilities increased mainly due to availing of term loans for capital expenditure. In FY 20, the long-term loans increased to finance permanent working capital. In the year under consideration, the increase in long-term loans is attributable to financing of solar power project and availing of salary refinance and temporary economic refinance facility announced by the State Bank of Pakistan.



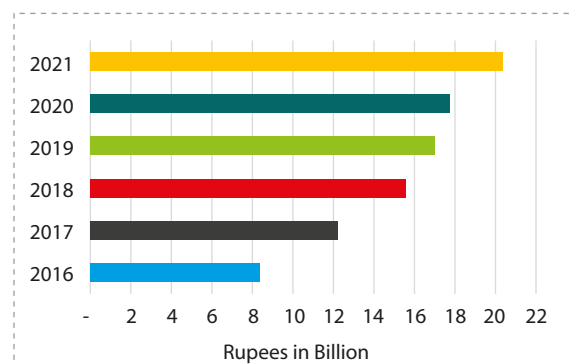
##### Current Liabilities:

Current liabilities comprise short-term borrowings, trade and other payables, unclaimed dividends, current portion of long-term borrowing. The reasons for the increase in current liabilities are attributable to short-term borrowings and trade and other payables, which include financing from Islamic banks i.e. Murabaha. The increase in short-term borrowing reflects the increased working capital requirement due to an increase in capacity utilization and rupee devaluation over the period.



##### Non - Current Assets:

It represents property, plant and equipment, long-term deposits, long-term investments and intangible assets. Property, plant and equipment witnessed an ongoing increase from FY 16 to FY 21 which includes acquisition and installation of a new rolling mill of nameplate 425,000 tons annual capacity, expansion in billets manufacturing capacity from 200,000 tons to 600,000 tons per annum, acquisition of land and construction of Lahore and Islamabad warehouses, installation of 4.2 mega-watts solar power plant at Dhabeji and various other projects aimed at reducing the cost of production and increasing production efficiencies.



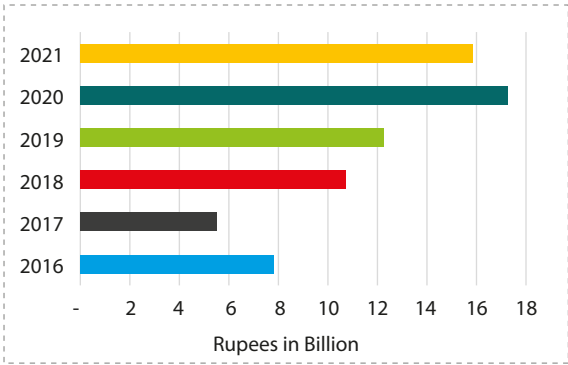


# Six Years' Analysis

Financial Position, Performance & Cash Flows

## Current Assets:

The current assets consist of stores & spares, stock in trade, trade debts, prepaid expenses and cash and bank balances. There is a significant increase in production capacities and sales volume of the Company over the period and due to this fact, the current assets have increased at a compounded annual growth rate of 14.35%. This increase is mainly contributed by stock in trade, which was Rs. 4.4 billion in FY 16 and increased to Rs. 8.1 billion in FY 21 due to increased capacity utilization and rupee devaluation during this period. The trade debt surged from Rs. 2.0 billion in FY 16 to Rs. 6.3 billion in FY 21, which is in line with the increase in sales revenue of the Company.





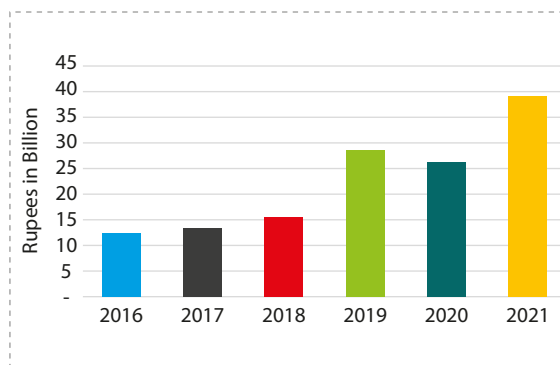
## Six Years' Analysis

### Financial Position, Performance & Cash Flows

#### Statement of Profit or Loss

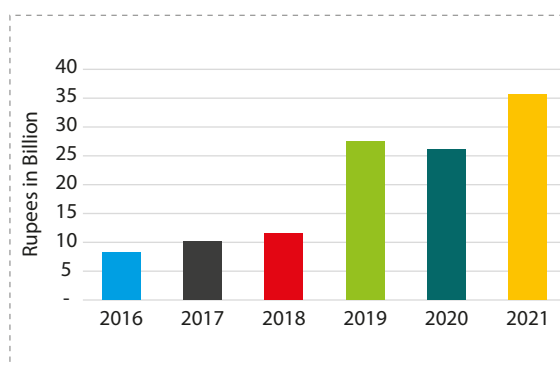
##### Sales:

The sales revenue has grown at a CAGR of 25.90% since FY 16. The revenue growth represents both increase in sales quantities and price, which is supported by increased demand for construction materials. The sale quantities have grown at a CAGR of 19.32%. The Company is continuously increasing its footprints across the country and has been able to increase its sales in the northern region from 20% in FY 16 to 33% in FY 21. During FY 21, the existence of strong demand post COVID-19 lockdown and announcement of construction package by the government has helped the Company to increase its sales volume by 33% and overall sale revenue by 48% as compared to FY 20.



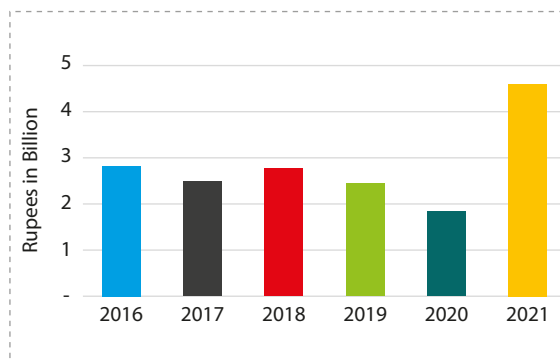
##### Cost of Sale:

The company recorded a year-on-year increase in the cost of sales from FY 16 to FY 18, which is in line with the increase in sales revenue. However, the cost of sales has drastically increased in FY 19 due to abrupt rupee devaluation and cost pushed inflation. In FY 20, in addition to rupee devaluation, the cost also increased due to withdrawal of Industrial Support Package Adjustment on electricity and retrospective charge of Fuel Charge Adjustment by K-Electric and loss of contribution margin during two months lockdown due to COVID-19 pandemic. During FY 21, the increase in cost is due to a significant increase in international scrap prices which skyrocketed from USD 282 per ton in July 2020 to USD 516 per ton in June 2021. The price increase is due to the resumption of global economic activities, especially construction resulting in demand-supply gap and an increase in freight charges due to port congestions. Further, Fuel Charges Adjustment and increase in electricity tariff by K-Electric contributed to increase in cost.



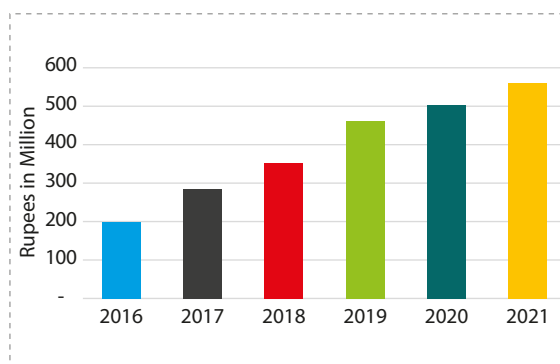
##### Gross Profit:

From FY 16 to FY 18, the gross margin remained at an average level of 19.6% due to healthy macro-economic conditions as a result of GDP growth of more than 5% plus. The gross margin declined in FY 19 & FY 20 to 8.48% and 6.83% respectively due to the contraction of the economy and demand as discussed above. However, with the improvement in economic conditions of the country soon after lifting of lockdown, the announcement of construction package, expansion in demand and stability of rupee against the dollar, the Company was able to record a gross margin of 11.5% in FY 21.



##### Administrative Cost:

Administrative cost increased from Rs. 208 million to Rs. 544 million from FY 16 to FY 21, however in terms of percentage of sales it has improved from 1.68% in FY 16 to 1.39% in FY 21. This increase in absolute terms represents the inflationary increase in cost over the period, increase in the company's operational cost due to increase in production capacities including a significant increase in the number of employees to support its extended operations.

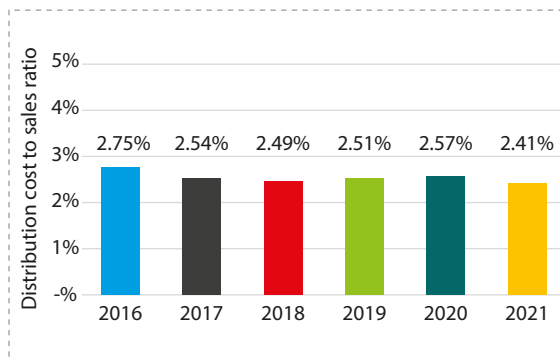


## Six Years' Analysis

### Financial Position, Performance & Cash Flows

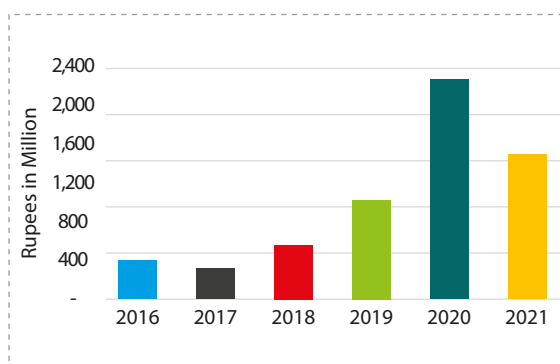
#### Distribution Cost:

Distribution cost increased in line with the increase in sales revenue of the Company from FY 16 to FY 21. The distribution to sale ratio declined from 2.75% in FY16 to 2.41% in FY 21 but in absolute terms, it has increased over the period. The increase is mainly attributable to increase in the advertisement, sales and promotion, which was curtailed in FY 20 due to the lower profitability of the Company, the reasons of which have been discussed above. However, it has increased with the increase in sales revenue during FY21 due to various campaigns carried out in said year including a campaign of "APP KI TERHA SOLID". Further, cartage & transport and bundling & special-order charges have increased due to increase in quantities sold. Salaries, wages and other benefits have also increased over the years due to increase in human capital besides other inflationary increase in the cost.



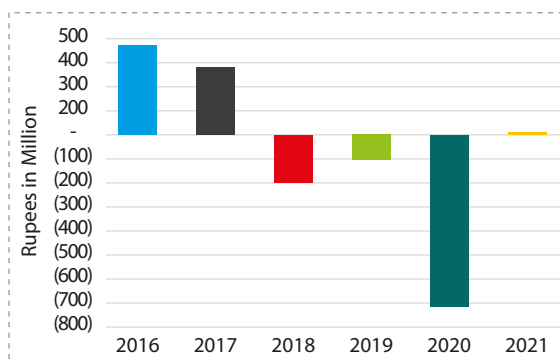
#### Finance Cost:

Finance cost consists of mark-up paid on short-term and long-term borrowings and other financial charges. The company's finance cost has significantly increased from FY 16 to FY 20. The prime reason for increase in short-term borrowings, besides fluctuation in policy rate, the increased utilization of billets and rebar manufacturing capacities of the Company during FY 18 resulted in an increased working capital requirement. Increase in long term finance cost is due to investment in property, plant and equipment to increase production capacities, improve production efficiencies and increase Company's footprints across the country. In FY 20, the finance cost remained on the higher side because of loss incurred due to depressed economic conditions, COVID-19 lockdown and double-digit interest rate. However, in FY 21 the finance cost was reduced due to a decrease in the policy rate by State Bank Pakistan from 14% to 7% to uplift the economy contracted by COVID-19 lockdown.



#### Taxation:

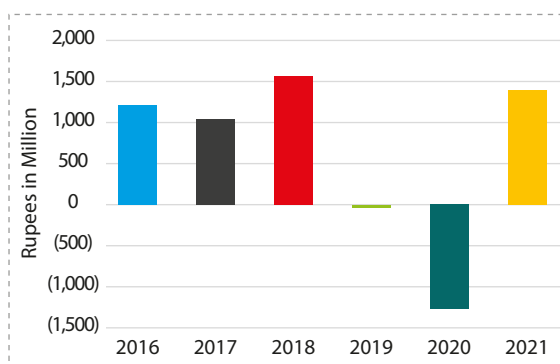
Taxation expense varied over time with the variation in profits. From FY 18 to FY 20, tax reversal is due to tax credit availed by the Company on its investment in the newly installed rolling mill and billet capacity expansion at Dhabeji under section 65(B) and 65(E) of Income tax ordinance 2001 and recognition of deferred tax asset on taxable loss and excess minimum tax over current tax liability under section 113 of the Income tax ordinance 2001. However, In FY 21 it turned into expense due to lapse of section 65(B) credit earlier availed in 2018 and absorption of taxable losses due to the generation of profit, the reasons of which have been explained above.



#### Net Profit:

The Company posted net profits from FY 16 to FY 21 except for the year FY 20 because of the reasons discussed earlier in this analysis. The net profit for FY 19 declined to Rs. 32 million due to abrupt rupee devaluation, which extensively increased the Company's cost of production, increase in finance cost due to more than 100% increase in interest rates and contraction in demand. During FY 20, the economy continued to contract due to the factors discussed earlier in this analysis and as a result Company incurred a net loss of Rs. 1.2 billion.

In FY 21, the Company recorded a net profit of Rs. 1.3 billion depicting a strong recovery in terms of profitability. The Company's performance reflects the overall growth in the economy of the country, pent up demand due to lockdown in FY 20, a stable policy rate and construction package as stimulus for growth. Further, the introduction of various housing schemes under the State Bank of Pakistan refinance scheme to fund the construction of low-cost houses at substantially subsidized markup rates. The demand of steel in the country has picked up pace and the Company was well positioned to avail the opportunity offered and increased its sale volume and market share. Resultantly, the Company was able to achieve a 33% year-on-year increase in quantity sold. On the other side, the global supply chain and international steel scrap prices remained a big challenge for the steel sector, due to which the average price per ton increased by 60% during FY 21 the impact of which has been translated into re-bar prices to maintain the margins.



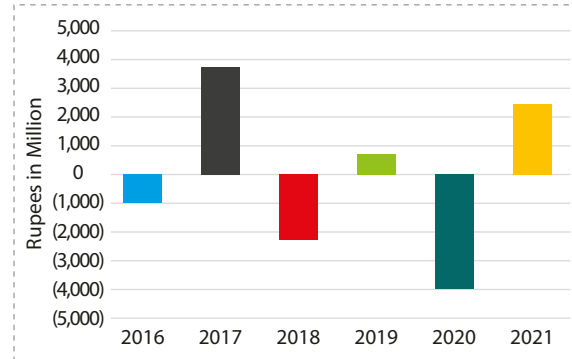
## Six Years' Analysis

### Financial Position, Performance & Cash Flows

#### Statement of Cash Flows

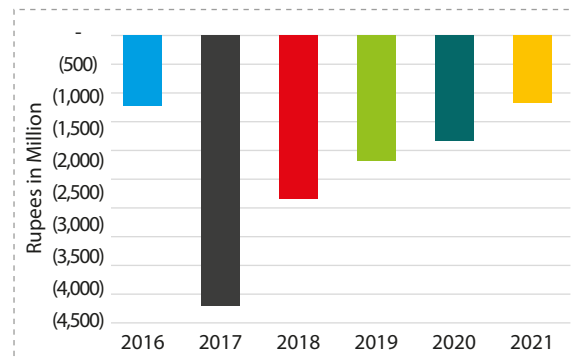
##### Cash flow From Operating Activities:

Investment in working capital and payment of income taxes resulted in a negative balance in FY 16. An increase in sales and improved control on trade debt helped in generating a positive cash flow from operations in FY 17. In FY 18, the Company purchased large quantities of steel scrap to produce billets to full fill the additional requirement created due to the commencement of operations of a new rolling mill at Dhabeji. This resulted in a negative cash flow. In FY 19, the company generated a positive cash flow from operations supported by better control on trade debts and maintaining optimum stock quantities. Cash flows remained under stress in FY 20 due to lockdowns because of COVID-19, contraction of the economy, macro-economic imbalances; which all resulted in negative cash flow from operations in FY 20. During FY 21, the economic conditions of the country improved soon after the lifting of COVID-19 lockdown and because of various stimulus package announced by the government. Resultantly, the Company generated positive cash from operations amounting to Rs. 2.4 billion due to profit and improvement in cash conversion cycle.



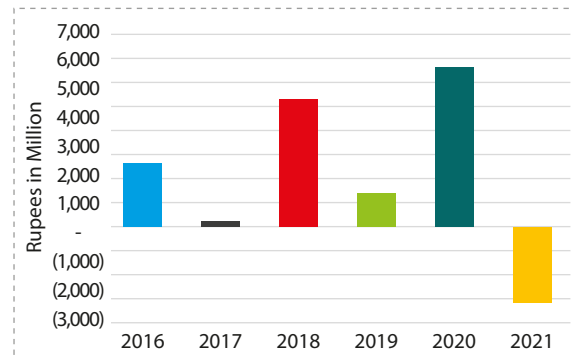
##### Cash flow From Investing Activities:

The cash flow from investing activities mainly consists of investment in property, plant and equipment. Since FY 16, the Company has invested heavily in the enhancement of production capacities of both steel billets and rebars by adding two Induction Furnaces of 200,000 tons each and installation of state of art rolling mill of 425,000 tons at Dhabeji. During FY 20, besides other capital expenditures, the Company has completed the construction of a warehouse in Islamabad after unveiling of Lahore warehouse in the last quarter of FY 19 to spread its footprint across the country. In FY 21, the Company continued to invest in the acquisition of modern technologies including a Solar power plant of 4.2 MW, revamping of Continuous Casting Machine to enhance its productivity, and reducing the cost of manufacturing.



##### Cash flow From Financing Activities:

The cash flow from financing activities consists of dividends payments, movement in short and long-term financing and payment of finance cost. In FY 16, the Company completed the process of initial public offerings and raised Rs. 3.8 billion to fund its capital expenditure as discussed under investing activities heading. In FY 18 and FY 19, the Company obtained short-term and long-term financing to support the increased working capital needs and to fund capital expenditures respectively. In FY 20, the Company obtained syndicated long-term finance of Rs. 4.0 billion for permanent working capital. In FY 21, the Company has generated cash from operations and used it for funding capital expenditure under investing activities and for repayment of long-term debt maturities, payment of finance cost and reducing short-term running finance.



## Ratio Analysis

	UoM	2021	2020 (Restated)	2019 (Restated)	2018	2017	2016
<b>Profitability Ratios</b>							
Gross profit ratio	Percentage	11.58%	6.83%	8.48%	17.80%	18.58%	22.52%
Net profit / (loss) to sales ratio	Percentage	3.49%	-4.68%	0.11%	10.23%	8.09%	10.31%
Return on equity	Percentage	9.81%	-11.34%	0.27%	12.31%	9.64%	11.96%
Return on capital employed	Percentage	7.79%	-8.26%	0.23%	11.77%	9.31%	14.02%
Operating leverage	Percentage	1571.64%	972.55%	-42.75%	61.40%	-261.07%	-53.58%
EBITDA margin to sales	Percentage	9.11%	4.63%	6.62%	14.87%	15.24%	19.65%

### Liquidity Ratios

Current ratio	Times	0.97 : 1	0.96 : 1	0.86 : 1	1.05 : 1	1.13 : 1	1.88 : 1
Quick / acid test ratio	Times	0.60 : 1	0.53 : 1	0.41 : 1	0.33 : 1	0.47 : 1	0.86 : 1
Cash to current liability	Times	-0.11 : 1	-0.06 : 1	0.01 : 1	0.01 : 1	0.01 : 1	0.09 : 1
Cash flow from operations to sales	Times	0.06 : 1	-0.15 : 1	0.03 : 1	-0.14 : 1	0.27 : 1	-0.08 : 1

### Activity / Turnover Ratios

Inventory turnover	Times	5.0	3.4	3.7	2.3	2.8	2.9
No. of days in inventory	Days	73	106	97	156	132	127
Debtor turnover	Times	7.0	6.4	11.0	9.6	7.5	7.7
No. of days in receivables	Days	52	57	33	38	48	48
Creditor turnover	Times	84	75	150	123	93	92
No. of days in payables	Days	4	5	2	3	4	4
Operating cycle	Days	121	158	128	191	176	171
Total asset turnover	Times	1.1	0.8	1.0	0.6	0.7	0.7
Fixed asset turnover	Times	1.9	1.5	1.7	1.0	1.1	1.5

### Investment / Market Ratios

Earning per share / (Loss per share) - basic & diluted	Rupees	4.61	(4.18)	0.11	5.34	3.62	4.81
P/E ratio	Times	9.43	(7.81)	223.14	13.21	31.20	9.78
Dividend yield ratio	Percent	-	-	-	3.12%	1.77%	4.25%
Dividend payout ratio	Percent	-	-	-	41.20%	55.25%	41.58%
Dividend coverage ratio	Times	-	-	-	2.43	1.81	2.41
Cash dividend per share	Rupees	-	-	-	2.20	2.00	2.00
Price to book ratio	Times	4.34	3.26	2.47	7.05	11.29	4.70
Market value per share							
- Year End	Rupees	43.44	32.64	24.66	70.55	112.95	47.02
- Highest	Rupees	54.65	41.61	79.41	119.48	137.97	78.20
- Lowest	Rupees	32.55	15.83	21.57	64.34	46.90	42.65
Break value per share with surplus on revaluation	Rupees	46.94	36.87	41.06	43.37	37.53	35.99
Break value per share without surplus on revaluation	Rupees	34.23	29.16	33.11	35.17	31.62	29.83

### Capital Structure Ratios

Debt / equity ratio	Times	0.35 : 1	0.50 : 1	0.12 : 1	0.17 : 1	0.06 : 1	0.05 : 1
Weighted average cost of debt	Percentage	8.36%	13.31%	9.73%	5.57%	5.13%	7.24%
Financial leverage ratio	Times	1.34 : 1	1.83 : 1	1.16 : 1	0.88 : 1	0.47 : 1	0.39 : 1
Debt service ratio	Times	1.45 : 1	0.35 : 1	0.93 : 1	2.93 : 1	2.75 : 1	1.89 : 1
Interest cover	Times	1.84	0.15	0.95	3.93	6.74	6.21



## Comments On Ratio Analysis

### Profitability Ratios

The Company has recorded a compounded annual sales growth of 25.90% from FY 16 to FY 21. From FY 16 to FY 18, the Company has maintained decent gross margins of 19.6% on average due to favorable economic conditions and the increasing GDP of the country. In FY 19, the Company's gross profit margin dropped significantly to 8.48% due to economic slowdown to address the twin deficit resulting in abnormal rupee devaluation, decrease in national consumption and GDP to 1.4% from 5% in FY 18. The declining trend continued in FY 20 as well and the eruption of COVID-19 pandemic further degraded the situation. As a result, the gross profit margin slipped to 6.83% in FY20. The economic activity in the country started to revive from the beginning of FY 21. This was possible due to the lifting of lockdown and various initiatives taken by the government and the State Bank of Pakistan to support the economy, particularly, construction and allied industry. The GDP grew by 3.94% from negative 0.4% in FY 20 enabling the Company to post a gross profit margin of 11.58%.

The operating profit and net profit margins moved accordingly with the trend of gross margin discussed above. The administrative and distribution cost the Company remained in control from FY 16 to FY 21 as a percentage of sale. The increase in policy rate has exerted pressure on finance cost of the Company in FY 19 and FY 20 resulting in a decline in net profit margin to 0.11% and negative 4.68% respectively. However, in FY 21 with the increase in gross margin and decline in the policy rate to 7% (FY 20: 13%), the Company has recorded a net profit margin of 3.49%.

### Liquidity and Working Capital Ratios

The liquidity ratios are directly attributable to the internal cash generation of the Company. The decline in margins as discussed above has resulted in the current ratio to declining from 1.88 times to 0.97 times from FY 16 to FY 21. During last year, the Company raised a syndicated term loan of Rs. 4 billion to swap with short-term loans with an intention to improve the current ratio to 0.96 times from 0.86 times in FY 20. In FY 21, the current ratio slightly inched up to 0.97 due to generation of profit but remained below par due to current maturities of long-term loans falling due in FY 22.

The inventory days remained between 127 to 73 days from FY 16 to FY 21, respectively. Due to the installation of a new rolling mill and the expansion of melt shop in FY 18, the Company stockpiled the raw material, which resulted in higher inventory days of 156 days. In FY 19, the Company produced 59% and sold 61% excess quantity when compared to FY 18, this resulted in an improvement in inventory days by 58 days to 97 days in FY 19. In FY 20, inventory days increased to 106 days mainly due to COVID-19 lockdown in the fourth quarter, nil consumption and buildup of raw material inventory during such period. In FY 21, the Company maintained just-in-time inventory to ease off the cash flow resulting in inventory days decreasing by 33 days to 73 days. The creditor's days remained in line with the trend.

The debtor days are calculated based on average debtors and net sales. The Company's debtor's days range between 48 days to 52 days from FY 16 to FY 21. The Company is committed to reduced its debtor's days and has established a dedicated sales and credit administration department to administer and monitor receivables from customers. However, due to exceptionally low demand and COVID-19 lockdowns which halted sales, production and collection, FY 20 remained a challenging year for the Company and the debtor's day increased to 57 days in FY 20 when compared to 33 days in FY 19. With improvement in sales and collection in FY 21, the debtor days accordingly reduced to 52 days.

### Investment Ratios

The earning per share remained in the range of Rs. 4.81 to Rs. 4.61 from FY 16 to FY 21. The fluctuation in the earning per share is due to the change in the Company's profitability, which was discussed under the heading of profitability.

The Company's shares were traded at Pakistan stock exchange within a price range of Rs. 32.64 to Rs. 43.44 during the year and Rs. 32.55 being the lowest price and Rs. 54.65 being the highest price during the year FY21.

The breakup value per share without revaluation remained in a range of Rs. 29.83 to Rs. 34.23 from FY 16 to FY 21. The break value per share depends mainly on the capital reserves, revenue reserves and number of ordinary shares. The capital reserves and number of ordinary shares remained unchanged during last six years, however, the revenue reserves fluctuated due to variation in profits the reason of which are discussed under profitability heading.

### Capital Structure Ratios

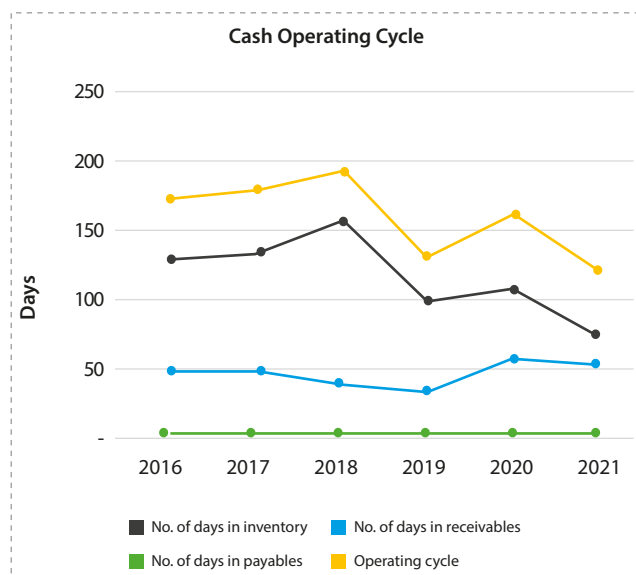
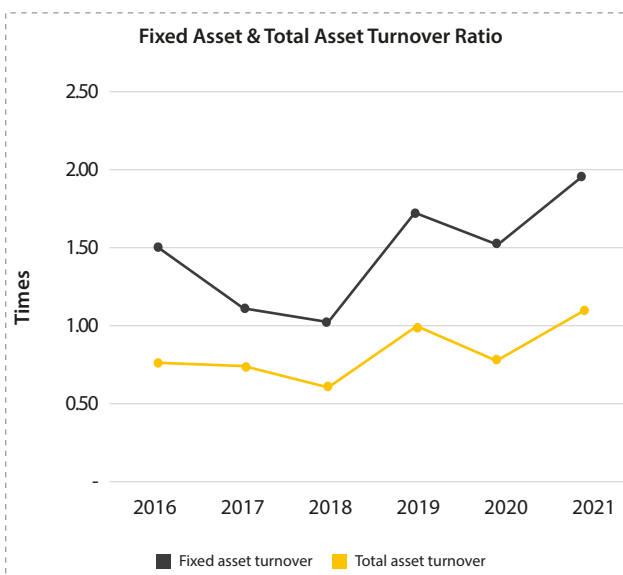
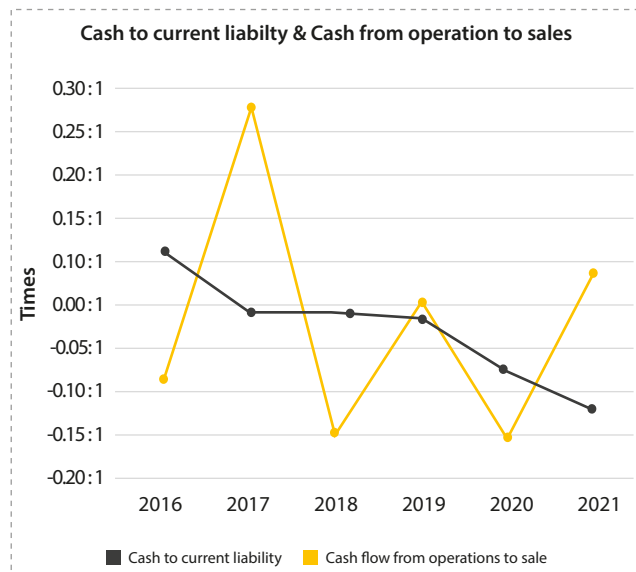
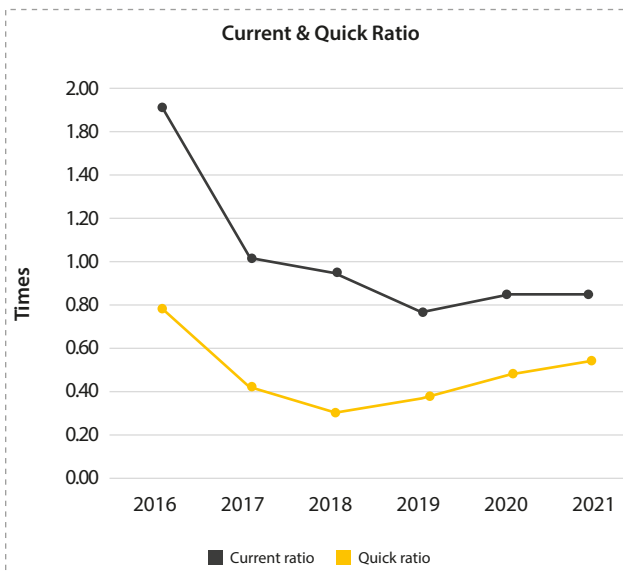
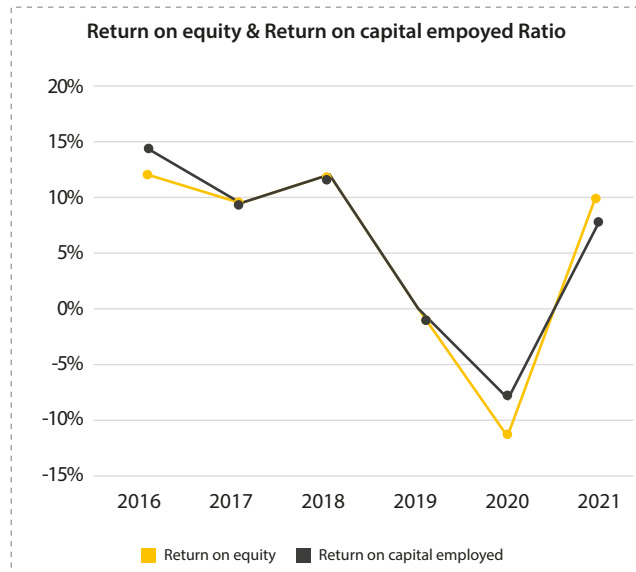
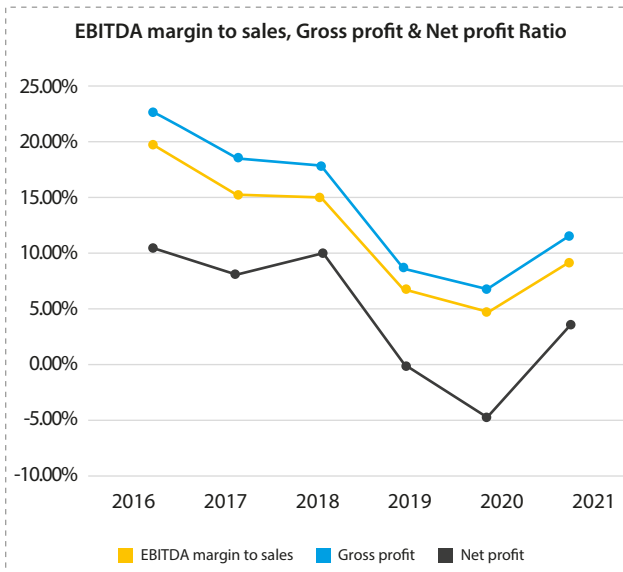
Debt to equity ratio and financial leverage increased over the period from FY 16 to FY 20. The reasons for the increase include investment in plant & machinery for expansion and modernization and increased working capital requirement discussed in detail above under profitability heading. Debt equity ratio and financial leverage improved in FY 21 due to the generation of profit and recording of surplus on revaluation of fixed assets.

Debt service ratio and interest cover dropped from FY 18 to FY 20 due to a significant decrease in profitability and incurring of loss in FY 19 and FY 20 respectively. However, in FY 21, both ratios have improved due to improvement in profitability and a decrease in finance cost.

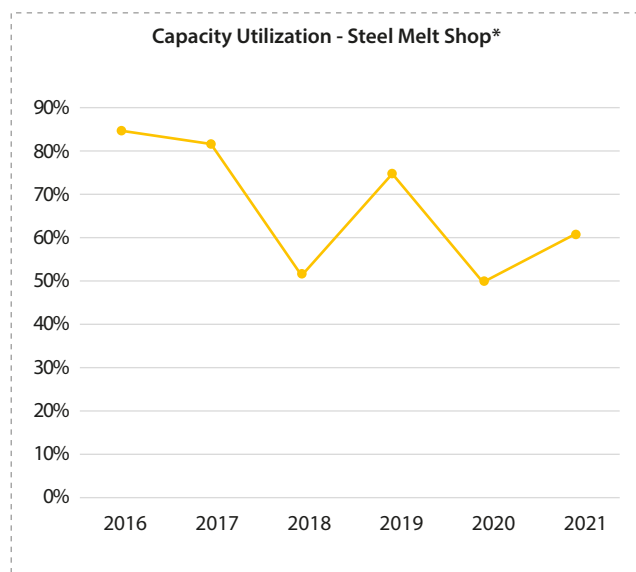
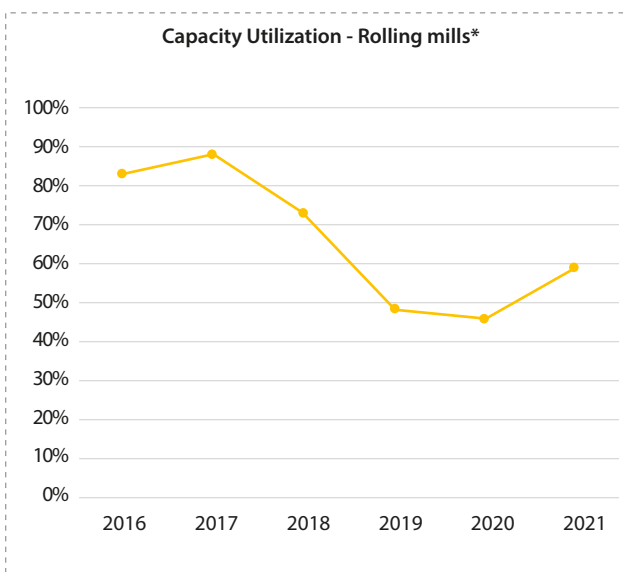
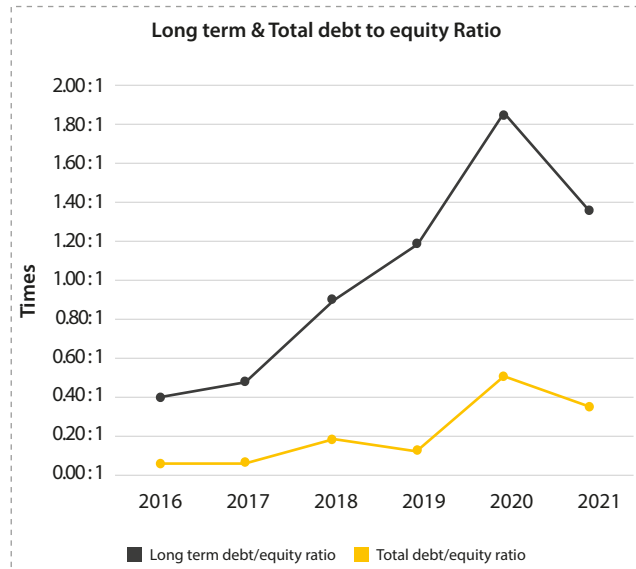
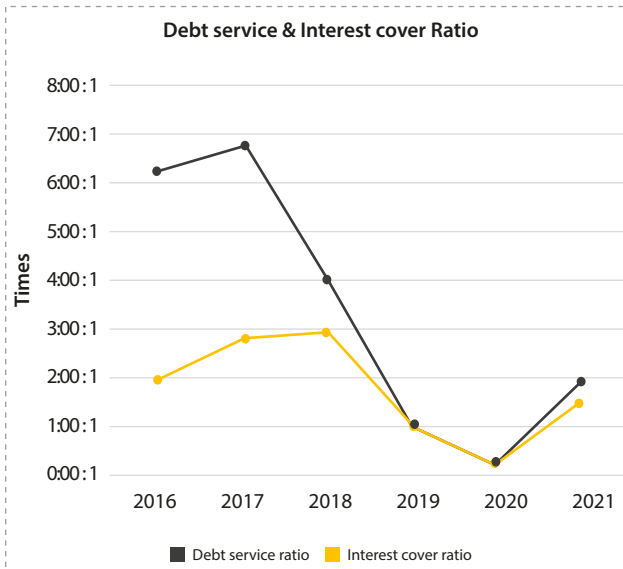
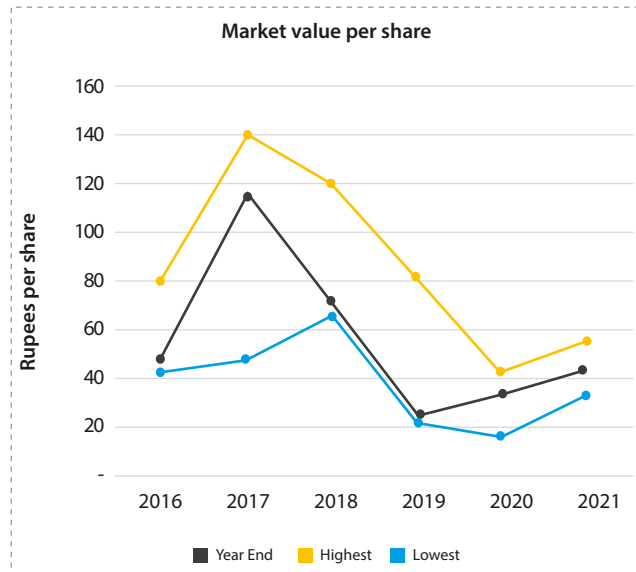
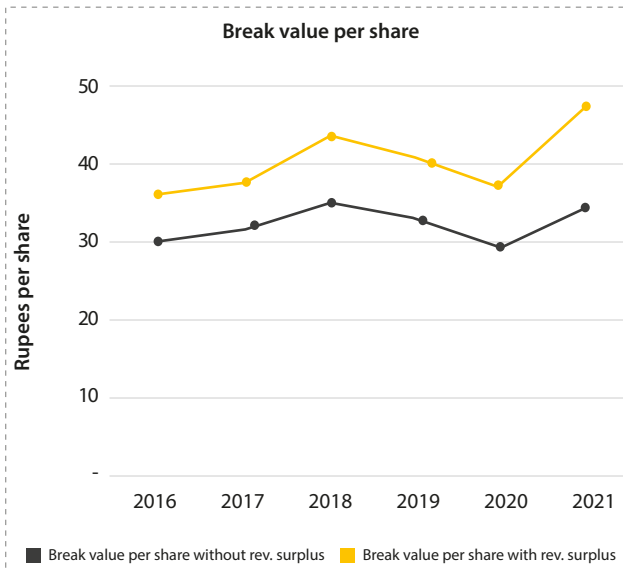




## Graphical Presentation



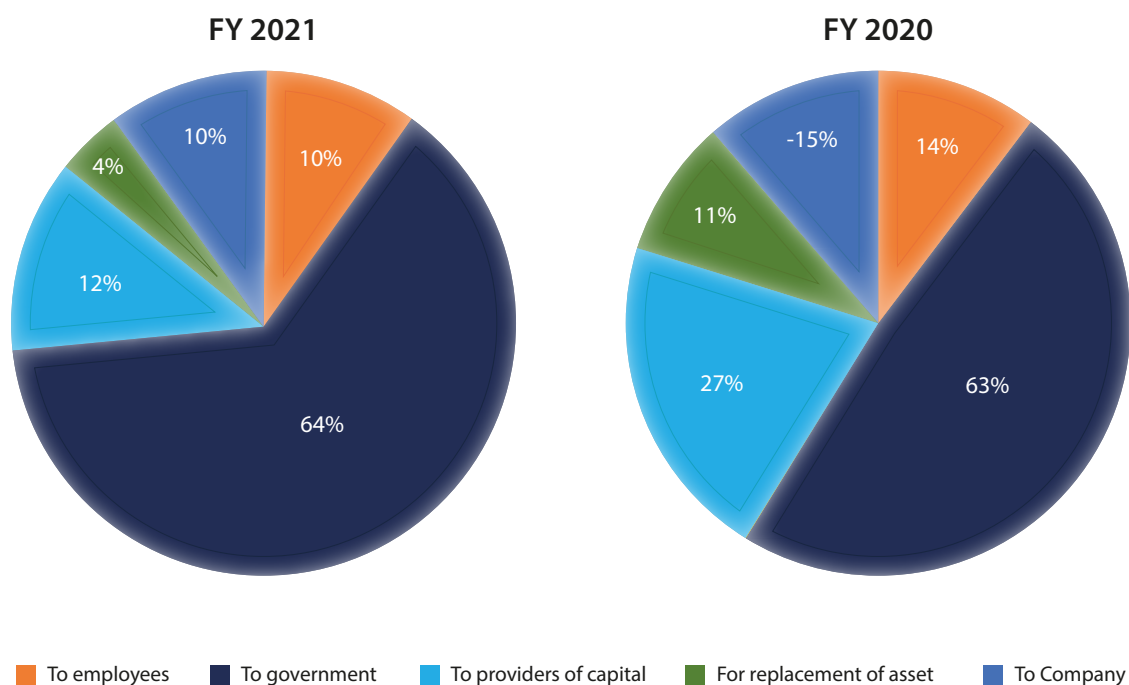
## Graphical Presentation



\*Based on name plate production capacities. Further, in 2018 & 2019 new capacities were added in concerning to Dhabeji Rolling Mill of 425,000 tons/annum and Melt shop of 400,000 tons/annum.

## Statement of Value Addition & Wealth Distribution

	2021		2020 (Restated)	
	Rs.'000'	%	Rs.'000'	%
<b>WEALTH GENERATION</b>				
Revenue from sales with sales tax	45,878,507		31,039,884	
Revenue from other income	45,724		8,167	
Bought in material and services	(32,459,292)		(22,675,648)	
<b>Value added by the Company</b>	<b>13,464,939</b>		<b>8,372,403</b>	
<b>WEALTH DISTRIBUTION</b>				
<b>To Employees:</b>				
Salaries, Wages and Other benefits	1,324,596	10	1,141,733	14
<b>To Government:</b>				
Income tax, Sales tax, Customs & Excise duties	8,570,782	64	5,303,259	63
<b>To Providers of capital:</b>				
Bank Charges and Markup	1,649,484	12	2,299,271	27
<b>For Replacement of assets:</b>				
Depreciation and Amortization	551,818	4	870,169	11
<b>To Company:</b>				
Retained profit / (Loss)	1,368,259	10	(1,242,029)	-15
	<b>13,464,939</b>	<b>100</b>	<b>8,372,403</b>	<b>100</b>



## Quarterly Analysis

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
----- Rs. '000' -----					
Sales	7,914,003	9,538,256	9,775,650	11,990,544	39,218,453
Cost of sales	(7,051,171)	(8,510,346)	(8,415,523)	(10,699,275)	(34,676,315)
<b>Gross profit</b>	<b>862,832</b>	<b>1,027,910</b>	<b>1,360,127</b>	<b>1,291,269</b>	<b>4,542,138</b>
Gross profit %	10.90%	10.78%	13.91%	10.77%	11.58%
Administrative expenses	(115,672)	(142,383)	(132,799)	(163,762)	(554,616)
Allowance for expected credit loss	(33,917)	58,453	2,253	42,809	69,598
Distribution expenses	(201,486)	(243,315)	(215,619)	(285,200)	(945,620)
Other expenses	(10,732)	(26,313)	(51,846)	(34,898)	(123,789)
Other income	5,603	8,437	7,327	24,357	45,724
<b>Operating profit</b>	<b>506,628</b>	<b>682,789</b>	<b>969,443</b>	<b>874,575</b>	<b>3,033,435</b>
Operating profit %	6.40%	7.16%	9.92%	7.29%	7.73%
Finance cost	(456,176)	(380,569)	(394,643)	(418,096)	(1,649,484)
Profit before taxation	50,452	302,220	574,800	456,479	1,383,951
Taxation	60,173	10,159	(72,070)	(13,954)	(15,692)
<b>Net profit</b>	<b>110,625</b>	<b>312,379</b>	<b>502,730</b>	<b>442,525</b>	<b>1,368,259</b>
Net profit %	1.40%	3.28%	5.14%	3.69%	3.49%

### QUARTER 1

BILLET  
PRODUCTION  
**90,740 MT**

REBAR  
PRODUCTION  
**88,463 MT**

REBAR  
SALES  
**79,556 MT**

### QUARTER 2

BILLET  
PRODUCTION  
**75,932 MT**

REBAR  
PRODUCTION  
**74,451 MT**

REBAR  
SALES  
**96,172 MT**

### QUARTER 3

BILLET  
PRODUCTION  
**111,401 MT**

REBAR  
PRODUCTION  
**98,218 MT**

REBAR  
SALES  
**86,653 MT**

### QUARTER 4

BILLET  
PRODUCTION  
**88,327 MT**

REBAR  
PRODUCTION  
**95,184 MT**

REBAR  
SALES  
**100,568 MT**

## Comments on Quarterly Analysis

### First Quarter:

The net sales revenue witnessed an impressive growth of 30% in the first quarter when compared to the same period of last year. The increase in sales revenue was mainly due to an increase in sales quantity which increased by 29% when compared to the corresponding quarter, last year.

The gross profit margin remained almost identical presenting a negligible change of 0.09% as compared to the same quarter of last year owing to the increase in raw material prices, rupee-dollar parity, and competition in the market. However, in terms of the absolute amount it increased by 29% primarily due to an increase in sale volume as explained in the above paragraph.

The operating profit of the Company as a percentage of sale increased to 6.4% as compared to 6.09% in the similar quarter last year due to decrease in administrative and distribution cost as percentage of sale.

The net loss margin of 1.33% in the corresponding quarter of last year turned into a net profit margin of 1.40% mainly due to a decrease in finance cost by 17% which is in line with the change in the policy rate and reduction in short-term borrowing, post COVID-19 lockdown. However, the tax expense increased due to lapse of tax credit under section 65(B) of Income tax Ordinance, 2001 earlier availed on capitalization of Dhabeji Rolling Mill.

### Second Quarter:

The net sales revenue witnessed a remarkable growth of 26% in the second quarter of the financial year under discussion when compared to the same period of last year. The increase in sales revenue is mainly attributable to an increase in demand for re-bars due to improvement in economic indicators of the country post COVID-19 lockdown in fourth quarter of FY 20. The increase in sales revenue was also supported by the increase in sales quantity, which increased by 22% when compared to the similar period of last year.

The gross profit margin was higher by 2.9% in the second quarter when compared to the same period last year. Improvement in gross profit margin materialized because of the various initiatives taken and packages given by the government to boost the construction and real estate industry. This led to the improvement in macro-economic factors, which provided impetus to the demand of re-bars and the Company was able to pass on the effect of the increased cost of production as discussed under the heading of the first quarter.

The operating profit registered an increase of 3.8% in the second quarter when compared to the same period of last year. The distribution expenses as a percentage of sales increased by 0.48% in the second quarter, which was in line with the increase in sales revenue. The allowance for expected credit losses as a percentage of sales decreased by 1.25% due to recoveries of past due receivables and administrative expenses decreased by 0.24% in the second quarter when compared to same period of the last year.

The net loss margin of 3.08% turned into a profit margin of 3.28% in the second quarter when compared to the same period of last year. This was mainly due to the increase in operating profit as discussed above and decrease in finance cost by 43% in the second quarter when compared to the similar period of last year. This was a result of decrease in the policy rate by almost 50% (2QFY20: 13.62% Vs 2QFY21 7.4%) and due to improved liquidity, which kept the borrowing level low when compared to the level of borrowing in the corresponding quarter.

### Third Quarter:

The net sales followed an increasing trend in the third quarter when compared to the corresponding quarter of last year. The net sales quantity increased by 7.51% whereas, the net sales revenue increased by 26.17% due to increased construction activities across the country. In addition to an overall increase in demand for construction material, the primary increase in revenue in the third quarter of this year is attributable to the price that has increased due to the historical increase in steel scrap prices. This is due to the increased demand for steel scrap and a significant increase in freight cost as a result of the resumption of economic activities across the globe post COVID-19.

The cost of goods sold increased by 16% in absolute terms due to an increase in international steel scrap prices and recording of provision of fuel charges adjustment on K-Electric bills (From July-19 till January-21). The Company increased its selling price to pass on the effect of increased cost. Resultantly, the gross profit has increased by 7.51% in the third quarter when compared to the corresponding quarter of the last year.

The operating profit increased by 9.94% in the third quarter when compared to the corresponding quarter of last year. This increase was contributed by the increase in gross profit margin and decrease in allowance for expected credit losses, which was high in the comparative quarter last year due to stressed receivable collection.

The net loss margin of 4.83% turned into a net profit margin of 5.14% in third quarter when compared to the corresponding quarter of last year. The increase was mainly due to the increase in operating profit margin and a decrease in finance cost by 32%, which was mainly due to a reduction in policy rate.

### Fourth Quarter:

The Company logged a record-breaking quarterly revenue in the fourth quarter when compared to the same quarter of last financial year. The net sales revenue witnessed an inspiring 133% growth along with 96% increase in quantity sold when compared to the corresponding quarter of last year due to a boom in construction activities and demand for re-bars. The demand increased because of the stimulus package announced by the government for the construction industry. During the fourth quarter of FY 20, the sales revenue earned and quantity sold were lower due to the imposition of 42 days lockdown in the country due to COVID-19. However, in the fourth quarter of FY 21, owing to the pent up demand of steel re-bars the Company achieved its highest ever sales revenue in rupee and quantity in a single quarter including, in June 21, a record-breaking re-bar sales of 42,911 tons in a month.

The Cost of goods sold also increased by 117% in an absolute term when compared with the corresponding quarter mainly due to increased sale volume and increased scrap prices. Overall, the gross margin witnessed a growth of 6.58% in this quarter when compared to the same quarter of last year.

The operating profit increased by 9.33% in fourth quarter when compared to the corresponding quarter of last year. This increase was a result of increase in gross profit margin and decrease in allowance for expected credit losses as discussed under the heading of third quarter.

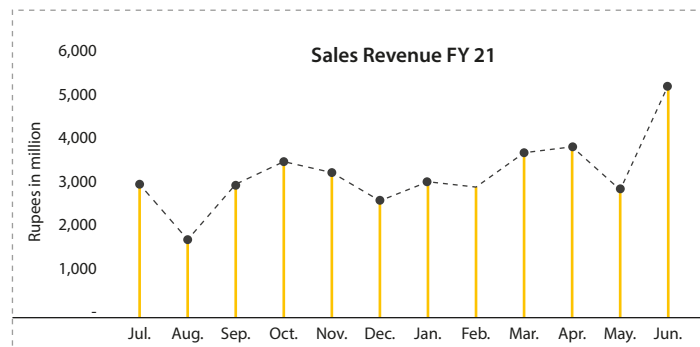
The net profit margin for the quarter under consideration remained at 3.73% when compared to a net loss margin of 8.53% of corresponding quarter of last year. The increase in net profit margin was mainly due to the improved operating profit and a decrease in finance cost, which in turn was the result of decrease in the policy rate.



## Analysis of Variation in Interim Results Reported with Annual Results

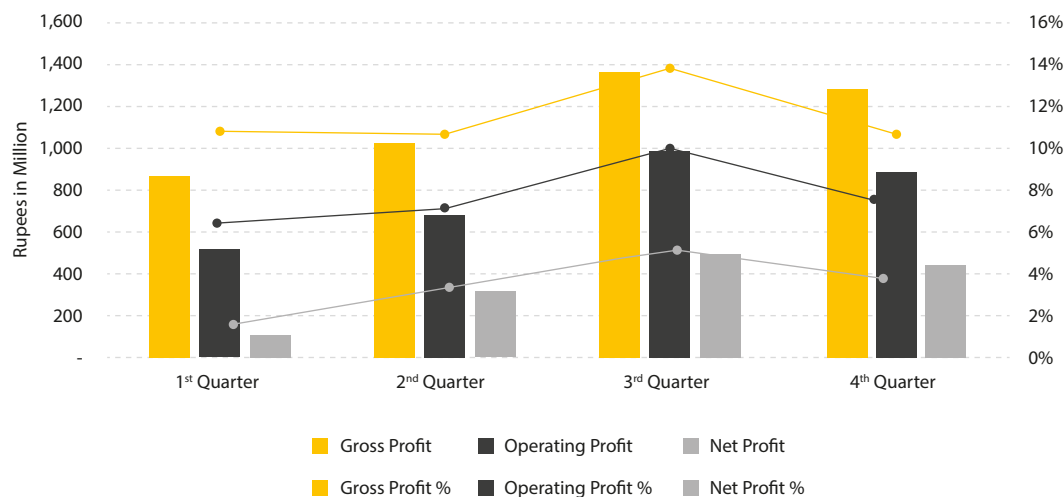
### Sales Revenue:

The sales revenue followed an upward trajectory from the first quarter and continued to the fourth quarter concluding the year with a record-breaking monthly, quarterly, and annual sales revenue in the history of the Company. The Company also achieved a highest-ever quantity sold in a single quarter i.e. fourth quarter and a massive 33% year on year increase in sales quantity. The overall increase in revenue resulted from various incentives taken by the government and State Bank of Pakistan in the shape of reduced-rate housing loans, tax amnesty, construction packages, and controlled macro-economic factors i.e. inflation, exchange rate, the interest rate which increased the confidence of the business community and generation of liquidity in the economy.



### Gross Profit:

The gross profit margin remained in the range of 10.77% to 10.90% during the year except for the third quarter where the gross profit margin improved to 13.91%. The gross margin varied from quarter to quarter due to movement in the cost of scrap one of the major components of cost having an average lead-time range of 75 to 90 days. During the first quarter, the gross margin was recorded at 10.90% due to a rise in demand immediately after the lifting of lockdown and resumption/completion of construction projects, which were halted due to lockdown in the fourth quarter last year. The gross profit remained almost at the same level in the second quarter when compared with the first quarter due to stable scrap prices. The international scrap prices started to increase from second quarter because for two reasons; an increase in global steel demand due to resumption of global economic activities and freight charges due to increase in demand for containers and cargos to meet the growing demand in the global supply chain (further details are mentioned in Director's report). Resultantly, the average scrap cost in the third quarter increased by 33% when compared with the second quarter. The local re-bar prices also started to increase from the third quarter because of the continuous increase in scrap prices, this resulted in inventory gains improving the gross margin, which jumped to 13.91%. The gross margin declined in the fourth quarter due to consumption of expensive scrap ordered during the third quarter thereby rationalizing the cyclical gain of margin earned in the third quarter.



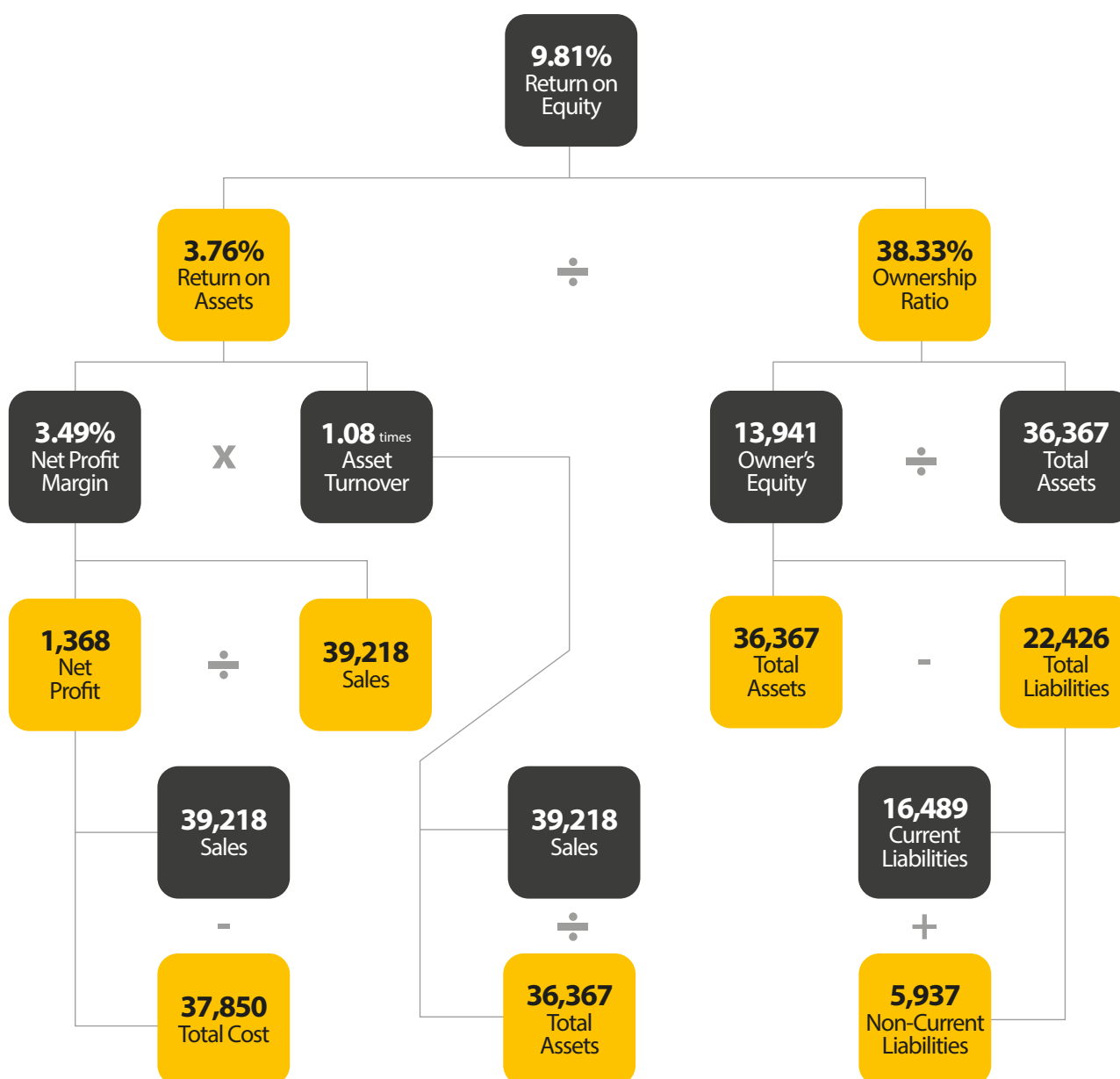
### Operating Profit:

The operating profit margin ascended from 6.40% to 9.92% from the first quarter to third quarter, respectively. Whereas, it declined to 7.30% in the fourth quarter. During the second quarter, the operating margin improved to 7.16% mainly due to reversal of provision of expected credit loss due to improvement in recovery of past due receivables. During the third quarter, the operating profit margin increased to 9.92% mainly due to an increase in gross profit margin as discussed in the above paragraph. Operating profit descended to 7.30% with a decrease in gross profit margin as discussed earlier in this analysis.

### Net Profit:

The net profit margin increased from 1.40% to 5.14% from the first quarter to the third quarter and reduced to 3.73% in the fourth quarter following the operating margin trend. During the first quarter, the net margin was lower due to huge finance cost, which was 5.76% of the revenue of the first quarter; however, it later reduced to 3.49% in the fourth quarter, due to a decline in the policy rate. The tax reversal up to the second quarter converted into tax expense in the third and fourth quarters due to an increase in profitability and absorption of brought forward taxable losses.

## DuPont Analysis



\* All figures are in PKR million.

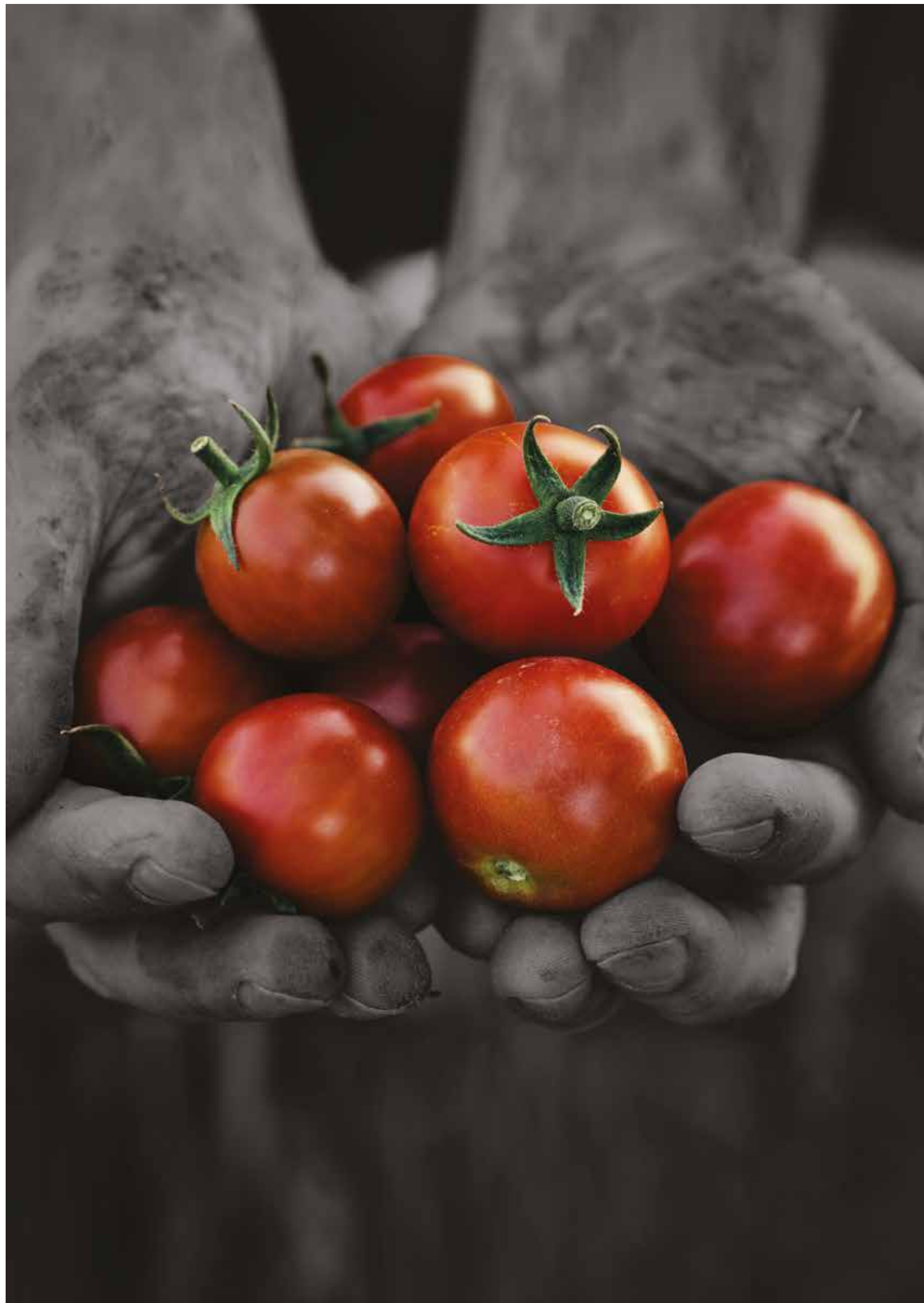
Sales revenue increased by 47.81% and the asset base increased by 2.53% resulting in an asset turnover of 1.08 times compared to 0.75 times of FY 20. The Company has made profit amounting to Rs. 1.36 billion as compared to a loss of Rs. 1.2 billion in the preceding year resulting in a return on assets of 3.76% (FY20: -3.50%) and an increase in ownership ratio to 38.33% (FY20: 31.33%).

The Company, therefore, achieved a return on equity of 9.81% in FY 21 compared to a negative return of 11.34%

Dupont Analysis	2021	2020
Tax burden	98.87%	63.92%
Interest burden	45.62%	-545.40%
EBIT Margin	7.73%	1.34%
Asset Turnover	1.08	0.75
Leverage	260.87%	321.84%
Return on equity	9.81%	-11.34%

## Cash Flow Statement – Direct Method

	2021	(Restated) 2020
	-----Rs. '000'-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from the customers	37,868,038	24,849,290
Cash paid to suppliers and employees	(32,988,708)	(26,335,438)
Cash generated / (used) in operations	4,879,330	(1,486,148)
Income taxes paid	(437,141)	(435,303)
Gratuity paid	(36,236)	(16,284)
Finance costs paid	(1,948,293)	(2,067,971)
Long-term deposits – net	(17,387)	2,784
<b>Net cash generated from / (used in) operating activities</b>	<b>2,440,273</b>	<b>(4,002,922)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(1,273,141)	(1,369,105)
Addition to intangible assets	(3,039)	(5,243)
Proceeds from disposal of operating assets	130,028	13,407
<b>Net cash used in investing activities</b>	<b>(1,146,152)</b>	<b>(1,360,941)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term borrowings – net	(1,678,960)	2,406,822
Long-term financing – net	(289,711)	3,559,860
Loan from director	-	(126,667)
Lease rentals paid	(26,644)	(14,002)
Dividend paid	(272)	(590)
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,995,587)</b>	<b>5,825,423</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(701,466)</b>	<b>461,560</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(1,144,217)</b>	<b>(1,605,777)</b>
<b>Cash and cash equivalents at the end of year</b>	<b>(1,845,683)</b>	<b>(1,144,217)</b>
<b>Cash and cash equivalent comprise the following:</b>		
Cash and bank balances	378,573	509,361
Running finance	(2,224,256)	(1,653,578)
<b>Cash and cash equivalents at the end of year</b>	<b>(1,845,683)</b>	<b>(1,144,217)</b>





# 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 2021, and the statement of profit or loss, statement of 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, statement of 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 2021 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. *myh*

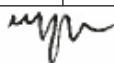


Following are the Key audit matters:

Key audit matter	How our audit addressed the key audit matter
<b>1. Change in accounting estimate – revision in useful lives of operating fixed assets</b>	
<p>As disclosed in note 6.2 to the financial statements, during the year, as a result of annual assessment of the review of remaining useful lives of operating fixed assets, management identified that buildings on leasehold land and plant and machinery require a revision in useful lives. This annual assessment by the company involves a number of estimation techniques and judgement to determine the remaining expected useful lives of such assets. Due to the change in the estimated useful lives of the abovementioned assets, the profit before tax for the year ended June 30, 2021 has increased by Rs 362 million and carrying value of such assets as at that date is higher by the same amount.</p> <p>Given the significance of judgments and estimates involved in determination of the remaining useful lives of the aforementioned assets, we have considered it to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included obtaining an understanding of the Company's estimation process and held discussions with the senior management about the assessment process undertaken and techniques used to determine the remaining useful lives.</p> <p>We assessed the independence, competency and objectivity of the expert engaged by management to satisfy ourselves that they were appropriately qualified to determine the useful lives of the specified classes of operating fixed assets.</p> <p>We challenged the revised useful lives with reference to the Company's historical experience, our understanding of the future utilization of assets by the Company and by reference to the depreciation policies and useful lives applied by Companies having business profile comparable with the Company operating similar assets.</p> <p>We engaged an external expert to evaluate the reasonableness of the revised useful lives and review the work performed by management's experts including the basis used and conclusions drawn.</p> <p>We tested the mathematical accuracy of depreciation expense based on the revised useful lives of the specified classes of operating fixed assets.</p> <p>We reviewed the adequacy of the disclosures made by the Company under the applicable financial reporting framework.</p>
<b>2. Voluntary change in accounting policy for valuation method of raw material and finished goods - trading from First-In-First-Out (FIFO) to weighted average</b>	
<p>As disclosed in note 7 to the financial statements, the Company has voluntarily changed its accounting policy in respect of valuation method for raw material and finished goods - trading. The cost of these inventory items is now being assigned using weighted average cost formula whereas previously, it was calculated using FIFO method.</p> <p>The above change in accounting policy has been applied retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors' and the Company has presented three columnar statement of financial position in the financial statements.</p> <p>Due to the significance of the judgement involved in determining the appropriateness of the change in accounting policy under the requirements of the applicable financial reporting standards and the complexity of the calculation in determining the effects of restatement as per IAS 8, we have considered the same as a key audit matter.</p>	<p>Our audit procedures, amongst others, included evaluating the rationale provided by the management for the change in accounting policy and its appropriateness based on the requirements of IAS 8 and the given facts and circumstances of the Company. In this regard, we considered the allowability of using the new accounting policy under IFRS requirements as applicable to the Company as well as practices followed by other businesses comparable with the Company across its business segments locally and internationally. Such analysis was aimed to assess the appropriateness of the change in accounting policy with the objective of providing most relevant and reliable information to the users of the financial statements.</p> <p>We reviewed minutes of the meetings of the Board of Directors for the considerations and discussions triggering the change in accounting policy and its approval by the Board.</p>

myh

Key audit matter	How our audit addressed the key audit matter
	<p>We obtained an understanding of new automated controls implemented over valuation of specified inventory items and engaged our internal experts to evaluate the design, implementation and operating effectiveness of such application controls.</p> <p>On a sample basis, we recalculated the closing value of the specified inventory items in accordance with the new accounting policy.</p> <p>We evaluated the appropriateness of effects of retrospective application of change in accounting policy including mathematical accuracy of restatement calculations.</p> <p>We assessed the adequacy and appropriateness of the disclosures in the financial statements as required under the applicable financial reporting framework.</p>
<b>3. Existence and valuation of stock-in-trade</b>	
<p>As of the date of statement of financial position, the Company held stock-in-trade balance of Rs. 5,992.162 million which constitutes 16% of total assets of the Company. This comprise of Raw scrap, billets and rebars.</p> <p>As described in note 5.5 to the financial statements, stock-in-trade is measured at lower of cost and net realizable value. The cost of work-in-process and finished goods is determined at average manufacturing cost including proportion of production overheads. There is an element of judgement involved in determining an appropriate costing basis and assessing its valuation.</p> <p>Given the significance of stock-in-trade to the Company's total assets and the level of judgements and estimates involved, we have identified valuation of stock-in-trade as a key audit matter.</p>	<p>Our audit procedures, amongst others, included obtaining an understanding of controls over purchases and valuation of stock-in-trade and tested, on a sample basis, their design, implementation and operating effectiveness.</p> <p>We performed observation of inventory counts for billets and rebars and involved an external expert to perform physical inspection of raw scrap held at Companies' premises.</p> <p>We assessed net realizable value (NRV) by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period.</p>
<b>4. Revenue recognition</b>	
<p>The Company's revenue comprises mainly of local sales which is earned from various customer segments with significant volume of revenue transactions. The recognition of revenue depends on the nature of contractual arrangements with the customers.</p> <p>We identified revenue recognition and its reporting in the financial statements as a key audit matter primarily due to significant increase (48%) in revenue from last year, significant volume of transactions, and the amount of audit efforts in relation to this area. (Refer to note 5.20 and 32 for accounting policy and relevant disclosures respectively in respect of revenue).</p>	<p>We performed a range of audit procedures in relation to revenue including review of the terms and conditions of distinct sale transactions with different customer segments and assessed the appropriateness of revenue recognition policies and practices followed by the Company.</p> <p>We tested controls over revenue recognition and reporting process including key IT application controls, IT dependent manual controls and IT general controls for the relevant IT systems used for revenue transaction processing by the Company.</p> <p>We performed analytical review procedures and other test of details over various revenue streams including the cut-off procedures to check that revenue has been recognised in the appropriate accounting period.</p> <p>We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements.</p>



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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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





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

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

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

### Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Omer Chughtai.

**Chartered Accountants**  
**Place:** Karachi  
**Date:** 15 September 2021



# Statement of Financial Position

As at 30 June 2021

## ASSETS

### NON-CURRENT ASSETS

	Note	2021	(Restated) 2020	(Restated) 2019
----- (Rupees in '000') -----				
Property, plant and equipment	8	20,146,267	17,650,951	16,965,602
Right-of-use-asset	9	100,334	72,455	-
Intangible assets	10	18,624	24,266	31,926
Long-term investments	11	15,289	15,289	15,289
Long-term deposits	12	152,349	134,962	137,746
		<b>20,432,863</b>	<b>17,897,923</b>	<b>17,150,563</b>

### CURRENT ASSETS

Stores and spares		1,455,826	1,683,504	1,337,910
Stock-in-trade	13	5,992,162	7,813,594	6,522,413
Trade debts	14	6,320,346	4,900,333	3,402,722
Loans and advances	15	34,044	28,916	18,798
Trade deposits and short-term prepayments	16	21,072	642,890	35,940
Other receivables	17	275,213	527,960	127,402
Taxation – net		1,456,362	1,238,228	803,803
Cash and bank balances	18	378,573	509,361	147,039
		<b>15,933,598</b>	<b>17,344,786</b>	<b>12,396,027</b>

### TOTAL ASSETS

<b>36,366,461</b>	<b>35,242,709</b>	<b>29,546,590</b>
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## EQUITY AND LIABILITIES

### SHARE CAPITAL AND RESERVES

Share capital	19	2,970,114	2,970,114	2,970,114
Capital reserve		2,788,742	2,788,742	2,788,742
Revenue reserves – accumulated profit		4,471,374	2,963,238	4,132,678
Actuarial loss on gratuity fund		(64,168)	(60,186)	(56,405)
Revaluation surplus on property, plant and equipment	20	3,774,568	2,288,611	2,361,200
		<b>13,940,630</b>	<b>10,950,519</b>	<b>12,196,329</b>

### NON-CURRENT LIABILITIES

Long-term financing	21	4,820,910	5,429,984	1,506,914
Long term provision	22	166,963	-	-
Loan from related parties	23	341,333	341,333	280,000
Deferred taxation	24	213,003	179,804	883,213
Deferred liability - defined benefit obligation	25	309,193	254,748	205,420
Lease liabilities	26	84,963	63,600	-
Government grant	27	925	7,627	-
		<b>5,937,290</b>	<b>6,277,096</b>	<b>2,875,547</b>

### CURRENT LIABILITIES

Trade and other payables	28	5,077,126	3,731,308	3,560,081
Contract liabilities		499,708	962,783	280,782
Interest / markup accrued	29	267,271	577,719	352,787
Short-term borrowings	30	9,474,081	11,912,828	9,087,930
Current portion of long-term financing	21	1,129,289	811,503	1,186,554
Current portion of lease liabilities	26	22,854	8,748	-
Current portion of government grant	27	12,494	4,215	-
Unclaimed dividend		5,718	5,990	6,580
		<b>16,488,541</b>	<b>18,015,094</b>	<b>14,474,714</b>

### CONTINGENCIES AND COMMITMENTS

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### TOTAL EQUITY AND LIABILITIES

<b>36,366,461</b>	<b>35,242,709</b>	<b>29,546,590</b>
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The annexed notes 1 to 51 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

## Statement of Profit or Loss

For the year ended 30 June 2021

		2021	(Restated) 2020
	Note	----- (Rupees in '000') -----	
Sales	32	39,218,453	26,532,144
Cost of sales	33	(34,676,315)	(24,718,958)
<b>Gross profit</b>		<b>4,542,138</b>	<b>1,813,186</b>
Distribution costs	34	(945,620)	(682,078)
Administrative expenses	35	(554,616)	(503,388)
Reversal of / (allowance for) expected credit losses	14.1	69,598	(185,243)
Other expenses	36	(123,789)	(94,388)
Other income	37	45,724	8,167
<b>Operating profit</b>		<b>3,033,435</b>	<b>356,256</b>
Finance costs	38	(1,649,484)	(2,299,271)
<b>Profit / (loss) before taxation</b>		<b>1,383,951</b>	<b>(1,943,015)</b>
Taxation	39	(15,692)	700,986
<b>Profit / (loss) after taxation</b>		<b>1,368,259</b>	<b>(1,242,029)</b>
<b>----- (Rupees) -----</b>			
<b>Earnings / (loss) per share – basic and diluted</b>	40	<b>4.61</b>	<b>(4.18)</b>

The annexed notes 1 to 51 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

## Statement of Comprehensive Income

For the year ended 30 June 2021

### Profit / (loss) for the year

#### Other comprehensive income / (loss)

Items that will not be reclassified subsequently to statement of profit or loss:

Revaluation surplus on operating fixed assets - net of tax

Actuarial loss on gratuity fund – net of tax

### Total comprehensive income / (loss) for the year

	2021	(Restated) 2020
	----- (Rupees in '000') -----	
	1,368,259	(1,242,029)
	1,625,834	-
	(3,982)	(3,781)
	1,621,852	(3,781)
	2,990,111	(1,245,810)

The annexed notes 1 to 51 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 2021

	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 in '000') -----						
<b>Balance as at 30 June 2019</b>	2,970,114	2,788,742	4,179,934	(56,405)	2,361,200	12,243,585
Effect of voluntary change in accounting policy (note 7)	-	-	(47,256)	-	-	(47,256)
<b>Balance as at 1 July 2019 - as restated</b>	2,970,114	2,788,742	4,132,678	(56,405)	2,361,200	12,196,329
Loss for the year - restated	-	-	(1,242,029)	-	-	(1,242,029)
Other comprehensive loss for the year	-	-	-	(3,781)	-	(3,781)
Total comprehensive loss for the year - restated	-	-	(1,242,029)	(3,781)	-	(1,245,810)
Incremental depreciation relating to revaluation surplus on property, plant and equipment – net of tax	-	-	72,589	-	(72,589)	-
<b>Balance as at 1 July 2020 - as restated</b>	2,970,114	2,788,742	2,963,238	(60,186)	2,288,611	10,950,519
Profit for the year	-	-	1,368,259	-	-	1,368,259
Other comprehensive income / (loss) for the year	-	-	-	(3,982)	1,625,834	1,621,852
Total comprehensive income / (loss) for the year	-	-	1,368,259	(3,982)	1,625,834	2,990,111
Incremental depreciation relating to revaluation surplus on property, plant and equipment – net of tax	-	-	58,960	-	(58,960)	-
Revaluation surplus relating to disposal of assets	-	-	80,917	-	(80,917)	-
<b>Balance as at 30 June 2021</b>	2,970,114	2,788,742	4,471,374	(64,168)	3,774,568	13,940,630

The annexed notes 1 to 51 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

## Statement of Cash Flows

For the year ended 30 June 2021

		(Restated)	
		2021	2020
		----- (Rupees in '000') -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	42	4,879,330	(1,486,148)
Income taxes paid		(437,141)	(435,303)
Gratuity paid		(36,236)	(16,284)
Finance costs paid		(1,948,293)	(2,067,971)
Long-term deposits – net		(17,387)	2,784
Net cash generated from / (used in) operating activities		2,440,273	(4,002,922)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,273,141)	(1,369,105)
Additions to intangible assets		(3,039)	(5,243)
Proceeds from disposal of operating fixed assets		130,028	13,407
Net cash used in investing activities		(1,146,152)	(1,360,941)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(272)	(590)
Short-term borrowings – net		(1,678,960)	2,406,822
Long-term financing – net		(289,711)	3,559,860
Loan from director		-	(126,667)
Lease rentals paid		(26,644)	(14,002)
Net cash (used in) / generated from financing activities		(1,995,587)	5,825,423
Net (decrease) / increase in cash and cash equivalents		(701,466)	461,560
Cash and cash equivalents at the beginning of the year		(1,144,217)	(1,605,777)
Cash and cash equivalents at the end of the year	43	(1,845,683)	(1,144,217)

The annexed notes 1 to 51 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer



# Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

## 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 under the repealed Companies Ordinance, 1984 (the Ordinance). 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)
	Plot No. D-90/B Shershah Karachi (Land measuring area 1.05 Acres)
Production plant and warehouse	Industrial Land, Deh Ghara, Tapo Ghara, Taluka Mirpur Sakro, District Thatta, Sind (Land measuring area 65.00 Acres )
	Industrial Land, Deh Ghara, Tapo Ghara, Taluka Mirpur Sakro, District Thatta, Sind (Land measuring area 12.5 Acres )
Warehouses	Noor Road Badami Bagh Lahore (Land measuring 0.79 Acres)
	Plot # 392 sector I-9/3 industrial area Islamabad (Land measuring (0.50 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, AMENDMENTS, IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS AND THE FRAMEWORK FOR FINANCIAL REPORTING

### 4.1 Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) and the framework for financial reporting which became effective for the current year:

#### Amendment of Framework

IFRS 3	Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)
IAS 1 / IAS 8	"Definition of Material (Amendments)"
Conceptual Framework for Financial Reporting	

The adoption of above amendments to the approved accounting standards and the framework for financial reporting did not have any material impact on the Company's unconsolidated financial statements.



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 4.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

Amendment or Improvement		Effective date (annual periods beginning on after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	01 January 2021
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	01 April 2021
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 10/IAS 28	Sale or contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 16	Proceeds before Intended Use (Amendments)	01 January 2022
IAS 8	Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IAS 37	Onerous contracts - Costs of Fulfilling a contract (Amendments)	01 January 2022
<b>Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)</b>		
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

The above standards and amendments and improvements are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Standards		IASB effective date (annual periods Beginning on after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Property, plant and equipment

#### Operating fixed assets

These are initially stated at cost. Subsequently, 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 8 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.

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

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

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

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.

### 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 Right-of-use assets

The Company recognises a right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

### 5.3 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 10 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.

### 5.4 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	-	Weighted average cost
Work-in-process	-	Weighted average cost
Finished goods - Manufactured	-	Weighted average cost
Finished goods - Trading	-	Weighted average cost
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 Deposits, advances, prepayments and other receivables excluding financial assets

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 5.7 Investments at amortised cost

These are investments which meet the following criteria:

- 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.

### 5.8 Cash and cash equivalents

These are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances and short term running finance.

### 5.9 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### 5.9.1 Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term lease. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### 5.9.2 Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short term leases (i.e., those lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short term leases are recognised as expense on a straight line basis over the lease term.

#### 5.9.3 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less lease incentives receivable (if any), variable lease payments that depend on an index or a rate (if any), and amounts expected to be paid under residual value guarantees (if any). The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company (if any) and payments of penalties for terminating the lease (if any), if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### 5.10 Financial instruments

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 and subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

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. With the exception of trade receivables, 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. Trade receivables are measured at the transaction price determined under IFRS 15.



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are Solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

### 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)

The Company measures financial assets at amortized 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 rate (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

### Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of 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.

### Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. 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. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in statement of profit or loss and other comprehensive income.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Company has not designated any financial asset at FVPL.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) 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.





## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

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.

### 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.

#### Subsequent measurement

##### Financial liabilities at FVPL

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 amortised cost

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

Amortised 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 statement of profit or loss and other comprehensive income.

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 and other comprehensive income.

### 5.11 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.

### 5.12 Impairment

#### Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

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. The shortfall is then discounted at an approximation to the asset's 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. 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.



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

### **Impairment of non-financial assets**

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in statement of profit or loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in statement of profit or loss and other comprehensive income.

### **5.13 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.

### **5.14 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.

### **5.15 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.

### **5.16 Unclaimed dividend**

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

### **5.17 Staff retirement benefits - Gratuity**

The Company operates an un-approved and unfunded defined benefit plan 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.



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 5.18 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.

### 5.19 Taxation

#### Current

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

#### Deferred

Deferred tax is recognized using the balance sheet 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.

### 5.20 Revenue recognition

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 when performance obligation is fulfilled, at a point in time, when control of goods have been transferred to a customer. Generally, the normal credit term is 30 to 60 days upon delivery.

### 5.21 Other income

Return on short-term deposits and investments at amortised cost are accounted for using the effective interest rate method.

Scrap sales are recognized on receipt basis.

### 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.



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 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.

### 5.28 Government grant

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

## 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 44.2 to these financial statements.



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### Determination of the lease term for lease contracts with extension and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

### Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### Defined Benefit Plan

Certain actuarial assumptions have been adopted as disclosed in note 25 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.

### Taxation

Significant judgment is required in determining the provision for income taxes and deferred tax asset and liability. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due taking into account decisions/judgement of appellate authorities on similar tax issues in the past. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made. The recognition of deferred tax is also made taking into these judgements and the best estimate of future results of the Company.

### 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.

#### 6.1 Change in accounting estimate

During the year, as a result of annual reassessment of the review of remaining useful lives of operating fixed assets, management identified that buildings on leasehold land and plant and machinery require a revision in useful lives. Resultantly, depreciation rates for buildings on leasehold land have been revised from 10% to 2.5% and for plant and machinery, from 2% - 50% to 2.5% - 50% and such changes have been accounted for as a change in accounting estimate in accordance with IAS 8 'Accounting policies, Changes in accounting estimates and errors'. Had there been no change in the accounting estimate, the profit before tax for the year ended June 30, 2021 would have been lower by Rs. 362 million and carrying value of such operating fixed assets as at that date would have been lower by the same amount whereas transfer to accumulated profit in respect of incremental depreciation net of tax and accumulated profit as at that date would have been lower by Rs. 18.9 million. Consequently, due to the above change in accounting estimate, future profits before tax would decrease by Rs. 362 million.

## 7. CHANGE IN ACCOUNTING POLICY

The Company elected to change the method of valuation for its raw materials and finished goods (trading). The Company had previously measured its raw materials and finished goods (trading) using the FIFO method whereby, it was assumed that items of inventory that were purchased first are consumed first as well, and consequently the items remaining in inventory at the end of the period are the most recently purchased goods.

With effect from July 01, 2020, the Company has revised its accounting policy retrospectively in respect of determining cost of aforementioned inventory items using weighted average cost formula calculated on a periodic basis as each additional shipment is received. Management considers that weighted average method is widely followed by companies in similar industry, thereby, enhancing the comparability of the Company's financial statements with that of its peers both locally and globally. The management believes that the new policy provides reliable and more relevant information to the users of the financial statements of the Company.

This change in accounting policy has been accounted for retrospectively as referred under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated.



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

Effect of the retrospective application of change in accounting policy is as follows:

	As at June 30 2020			As at June 30 2019		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
<b>Effect on statement of financial position</b>	<b>Rs in '000</b>			<b>Rs in '000</b>		
Stock-in-trade	8,040,331	7,813,594	226,737	6,586,598	6,522,413	64,185
Revenue reserve - Accumulated profit	3,125,905	2,963,238	(162,667)	4,179,934	4,132,678	(47,256)
Deferred taxation	243,874	179,804	(64,070)	900,142	883,213	(16,929)
	As at June 30 2020			As at June 30 2019		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
<b>Effect on statement of profit or loss</b>	<b>Rs in '000</b>			<b>Rs in '000</b>		
Cost of goods sold	24,556,406	24,718,958	(162,552)	26,172,392	26,236,577	(64,185)
Deferred taxation	(1,051,409)	(1,098,549)	47,140	(99,984)	(116,913)	16,929
<b>Effects on earning per share</b>						
Earnings per share - basic and diluted	(3.79)	(4.18)	(0.39)	0.11	(0.05)	(0.16)

The change did not have any impact on other comprehensive income for the year and the Company's investing and financing cash flows.

### 8. PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
		---- (Rupees in '000') ----	
Operating Fixed assets	8.1	18,679,050	14,930,576
Capital work-in progress	8.2	1,467,217	2,720,375
		<u>20,146,267</u>	<u>17,650,951</u>





# Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

## 8.1 Operating fixed assets

	Note	8.1.2 & 8.1.7	Leasehold Land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Office Equipment	Vehicles*	Computers	Total
<b>2021</b>										
Cost / revaluation as at 30 June 2020			1,906,912	2,082,759	14,212,205	47,003	88,145	49,624	74,466	18,461,114
Additions			-	196	9,670	265	5,606	31,744	9,947	57,428
Disposals			(80,000)	(3,212)	(18,598)	(178)	(80)	(20,114)	(2,055)	(124,237)
Transfers from capital work-in-progress			66,965	138,487	2,262,913	-	506	-	-	2,468,871
Revaluation of fixed assets			1,042,803	231,063	590,107	-	-	-	-	1,863,973
Cost / revaluation as at 30 June 2021			2,936,680	2,449,293	17,056,297	47,090	94,177	61,254	82,358	22,727,149
Accumulated depreciation as at 30 June 2020			-	925,759	2,485,102	17,984	27,006	25,569	49,118	3,530,538
Depreciation charge for the year			-	29,965	467,413	2,915	6,442	8,672	13,395	528,802
Disposals			-	(1,206)	(3,112)	(92)	(58)	(5,150)	(1,623)	(11,241)
Accumulated depreciation as at 30 June 2021			-	954,518	2,949,403	20,807	33,390	29,091	60,890	4,048,099
Book value as at 30 June 2021			2,936,680	1,494,775	14,106,894	26,283	60,787	32,163	21,468	18,679,050
Annual rate of depreciation (%)			-	2.5	2.5 to 50 & units of production	10	10	20	26.67	

\* Include assets costing Rs. 30.9 million under common ownership under diminishing musharaka arrangement.

	Note	8.1.2 & 8.1.7	Leasehold Land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Office Equipment	Vehicles*	Computers	Total
<b>2020</b>										
Cost / revaluation as at 30 June 2019			1,496,759	1,963,377	13,709,250	44,782	76,580	59,745	63,094	17,413,586
Additions			188,000	5,839	45,349	1,647	6,081	11,940	12,603	271,460
Disposals			-	-	-	(90)	(1,705)	(22,061)	(1,231)	(25,087)
Transfers from capital work-in-progress			222,153	113,543	457,606	664	7,189	-	-	801,155
Revaluation of fixed assets			-	-	-	-	-	-	-	-
Cost / revaluation as at 30 June 2020			1,906,912	2,082,759	14,212,205	47,003	88,145	49,624	74,466	18,461,114
Accumulated depreciation as at 30 June 2019			-	804,766	1,778,430	14,964	21,764	24,739	39,205	2,683,868
Depreciation charge for the year			-	1,209,993	706,672	3,083	6,166	11,548	10,890	859,352
Disposals			-	-	-	(63)	(924)	(10,718)	(977)	(12,682)
Accumulated depreciation as at 30 June 2020			-	925,759	2,485,102	17,984	27,006	25,569	49,118	3,530,538
Book value as at 30 June 2020			1,906,912	1,157,000	11,727,103	29,019	61,139	24,055	25,348	14,930,576
Annual rate of depreciation (%)			-	10	2 to 50 & units of production	10	10	20	26.67	

\* Include assets costing Rs. 21.4 million under common ownership under diminishing musharaka arrangement.

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

8.1.1 Operating fixed assets include items having an aggregate cost of Rs. 169,542 (2020: Rs. 151,927) million which have been fully depreciated and are still in use of the Company.

8.1.2 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, 2021 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) (refer note 44.6) 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.

8.1.3 Had there been no revaluation, the book value of leasehold land, buildings on leasehold land and plant and machinery would have been Rs. 1,012.127 (2020: Rs. 946.694) million, Rs. 939.751 (2020: Rs. 822.258) million and Rs. 11,840.542 (2020: Rs 9,976.362) million, respectively.

8.1.4 Forced sale value as per the latest revaluation report as of 30 June, 2021 of land, buildings and plant and machinery is Rs. 2,361.3 million, Rs 1,223.9 million and Rs.10,554.6 million, respectively.

8.1.5 Description	Cost / Revaluation	Book value	Sale proceeds	Gain/ loss	Mode of disposal	Particulars of buyers
----- (Rupees in '000') -----						
Coil cradle assembly	9,274	7,727	5,809	(1,918)	Tender	New Delite Company Ltd
Coil cradle assembly	9,274	7,727	5,809	(1,918)	Tender	New Delite Company Ltd
Land F-295	80,000	80,000	97,993	17,993	Tender	Mr. Khalid Rehman
Building F-295	3,212	2,002	2,006	4	Tender	Mr. Khalid Rehman
Toyota Hilux Vigo	3,025	2,874	3,025	151	Tender	Mr. Syed Mukhtiar Ahmed
Suzuki Cultus	1,433	955	1,520	565	Tender	Mr. Faisal Hussain
Toyota XLI	1,000	1,000	1,000	-	Employee Car scheme	Mr. Umer Farooqi
Toyota Corolla GLI	998	998	998	-	Employee Car scheme	Mr. Javed Asghar
Toyota Corolla XLI	854	854	854	-	Employee Car scheme	Mr. Muhammad Imran
Suzuki Cultus	771	771	771	-	Employee Car scheme	Mr. Muhammad Waseem
Toyota XLI	730	730	730	-	Employee Car scheme	Mr. Hammad Ali
Suzuki Cultus	684	684	684	-	Employee Car scheme	Mr. Moazzam
Suzuki Cultus	683	683	683	-	Employee Car scheme	Mr. Zubair Ali
Suzuki Cultus	683	683	683	-	Employee Car scheme	Mr. Khurram Zamir
Suzuki Cultus	679	679	679	-	Employee Car scheme	Mr. Usman
Suzuki Cultus VXR	660	660	660	-	Employee Car scheme	Mr. Imran Ul Haq
Suzuki Cultus VXR	634	634	634	-	Employee Car scheme	Mr. Naeem Khatri
Suzuki Cultus	630	630	630	-	Employee Car scheme	Mr. Syed Shuja Abbas
Toyota Hilux Vigo	676	237	676	439	Negotiation	Mr. Abbas Akberali (Chairman)
Toyota Hilux Vigo	676	237	676	439	Employee Car scheme	Mr. Shayan Akberali (Chief Executive officer)
Toyota Hilux Vigo	3,484	-	697	697	Employee Car scheme	Mr. Hadi Akberali (Chief operating officer)
	120,060	110,765	127,217	16,452		
Other assets having book value less than Rs. 500,000	4,177	2,231	2,811	584		
2021	124,237	112,996	130,028	17,036		
2020	25,086	12,404	13,407	1,002		

8.1.6 Depreciation charge for the year has been allocated as under:

	Note	2021 ----- (Rupees in '000') -----	2020
Cost of sales – production of bars	33.1	295,919	459,099
Cost of sales – production of billets	33.1.1	200,167	354,908
Distribution costs	34	15,975	25,764
Administrative expenses	35	16,745	19,581
		528,806	859,352

8.1.7 Includes land purchased from a related party with the title in process of being transferred in the name of the Company.

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 8.2 Capital work-in-progress

	2021			2020
	Leasehold land	Civil works	Plant and machinery (Note 8.2.1)	Total
	----- (Rupees in '000') -----			
Opening balance	6,965	862,738	1,850,672	2,720,375
Additions during the year	60,000	216,164	939,549	1,308,386
Transfer to operating fixed assets	(66,965)	(138,487)	(2,263,419)	(801,155)
Refund of advance payment	-	-	-	(500)
Development cost	-	-	-	(22,240)
Closing balance	-	940,415	526,802	2,720,375

8.2.1 During the year borrowing costs have been capitalized amounting to Rs. 10.8 million (2020: Rs 3.4 million) by using capitalization rate of 3.02% (2020: 8.69%).

### 9. Right-of-use-assets

	Note	2021	2020
		----- (Rupees in '000') -----	
<b>As at July 01</b>			
Cost		83,271	-
Impact of initial application of IFRS 16		-	33,333
Accumulated depreciation		(10,816)	-
Net book value		72,455	33,333
<b>Year ended June 30</b>			
Opening net book value		72,455	33,333
Additions		53,444	49,938
Less: Depreciation charge for the year	9.2	(23,012)	(10,816)
Less: Lease terminated during the year		(2,553)	-
Closing net book value		100,334	72,455
<b>As at June 30</b>			
Cost		133,153	83,271
Accumulated depreciation		(32,819)	(10,816)
Net book value		100,334	72,455

9.1 The right-of-use assets are depreciated on straight line basis over the remaining lease term.

9.2 Depreciation charge for the year on right-of-use-assets has been allocated as follows:

		2021	2020
		----- (Rupees in '000') -----	
Distribution costs	34	16,527	5,791
Administrative expenses	35	6,485	5,025
		23,012	10,816

9.3 The right-of-use-assets comprise of office premises acquired on lease by the Company for its operations.

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 10. INTANGIBLE ASSETS

	Note	2021	2020
Computer software			
		---- (Rupees in '000') ----	
<b>Net carrying value</b>			
Balance at the beginning of the year		24,266	31,926
Additions during the year		3,039	5,243
Amortisation for the year	35	(8,681)	(12,903)
Balance at the end of the year		18,624	24,266
<b>Gross carrying value</b>			
Cost		68,426	63,183
Additions during the year		3,039	5,243
Accumulated amortisation		(52,841)	(44,160)
Balance at the end of the year		18,624	24,266
		Years	
Useful life		3 to 5	3 to 5

**10.1** Intangible assets include items having an aggregate cost of Rs. 34.140 (2020: Rs 25.455) million which have been fully amortized and are still in use of the Company

### 11. LONG-TERM INVESTMENTS - amortized cost

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 6.23% to 6.61% (2020: 6.17% to 9.75%) per annum having maturity in June 2024.

	2021	2020
	---- (Rupees in '000') ----	
Margin against guarantees	28,255	28,255
Utilities	77,485	76,237
Ijarah / Diminishing Musharaka	29,670	17,955
Container deposits	6,000	6,000
Rent	7,697	3,816
Others	3,242	2,699
	152,349	134,962

### 12. STOCK-IN-TRADE

	2021	2020
	---- (Rupees in '000') ----	
<b>Raw materials</b>		
- In hand	2,024,381	1,099,360
- In transit	1,391,467	3,376,081
	3,415,848	4,475,441
<b>Work-in-process</b>	790,973	1,031,797
<b>Finished goods</b>		
- Manufactured	1,785,341	2,306,356
	5,992,162	7,813,594

### 14. TRADE DEBTS – unsecured

	Note	2021	2020
		---- (Rupees in '000') ----	
Considered good		6,320,346	4,900,333
Considered doubtful		282,395	351,993
	14.3	6,602,741	5,252,326
Allowance for expected credit loss	14.1	(282,395)	(351,993)
		6,320,346	4,900,333

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

	2021	2020
<b>14.1 Movement of allowance for expected credit loss</b>	<b>---- (Rupees in '000') ----</b>	
Opening balance	351,993	166,750
(Reversal) / charge during the year	(69,598)	185,243
Closing balance	<u>282,395</u>	<u>351,993</u>

**14.2 The ageing of trade debts is as follows:**

	Total	Neither past due nor impaired	1-90 Days	Past due but not impaired 91-180 Days	Over 180 Days*
	<b>----- (Rupees in '000') -----</b>				
<b>2021</b>	<u>6,602,741</u>	<u>5,038,585</u>	<u>1,021,455</u>	<u>123,128</u>	<u>419,573</u>
<b>2020</b>	<u>5,252,326</u>	<u>2,673,884</u>	<u>1,469,707</u>	<u>811,367*</u>	<u>297,368</u>

\*includes amount receivable from related party

**14.3** Includes amount receivable from the Hunar Foundation – a related party amounting to Rs. 0.258 (2020: Rs 0.593) million.

**14.4** The maximum amount due from related party at the end of any month during the year was Rs. 0.258 (2020: Rs 1.036) million. The Company has recognized an allowance for expected credit loss amounting to Rs. 0.206 (2020: Rs. 0.14) million as of 30 June 2021.

### 15. LOANS AND ADVANCES – unsecured

	Note	2021	2020
		<b>---- (Rupees in '000') ----</b>	
<b>Loans – considered good</b>			
Executives	15.1	9,261	1,633
Employees	15.2	10,927	14,023
		<u>20,188</u>	<u>15,656</u>
<b>Advances</b>			
<b>Considered good</b>			
Suppliers		13,544	12,955
Employees		312	305
		<u>13,856</u>	<u>13,260</u>
<b>Considered doubtful</b>	15.3	1,376	1,376
Less: allowance for expected credit losses		(1,376)	(1,376)
		<u>-</u>	<u>-</u>
		<u>13,856</u>	<u>13,260</u>
		<u>34,044</u>	<u>28,916</u>

**15.1** The maximum amount outstanding at any time during the year calculated by reference to month end balances are Rs. 9,261 (2020: Rs 2,340) million.

**15.2** Represents interest free loans to employees in accordance with the Company policy. These are recoverable in twelve to fifteen equal monthly installments.

**15.3** Represents interest free advances.



## For the year ended 30 June 2021

Trade deposits  
Considered good  
Security deposits  
Call deposit receipts  
Considered doubtful  
Less: allowance for expected credit losses

16.1 Represents interest free deposits.

Sales tax refundable  
Others

Cash in hand

### Bank balances

**18.1** These carry profit at rates ranging from 2.7% to 3.3% (2020: 2.5% to 3%) per annum

### 19.1 Authorized capital

Ordinary shares of Rs. 10/- each  
Cumulative preference shares of  
Rs. 10/-each

	2021	2020
	---- (Rupees in '000') ----	
	4,200,000	4,200,000
	800,000	800,000
	<u>5,000,000</u>	<u>5,000,000</u>

## 19.2 Issued, subscribed and paid-up capital

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## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

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

Mr. Abbas Akberali	91,294,723	91,294,723
Ms. Mahvash Akberali	55,732,930	55,732,930
Mr. Hadi Abbas Akberali	37,732,212	37,732,212
Mr. Shayan Akberali	35,694,840	35,694,840
Ms. Kinza Shayan	1,746,383	1,746,383
Ms. Salsabil Akberali	1,254,759	1,254,759
Mr. Badar Kazmi	1,000	1,000
Ms. Mariam Akberali	1,000	1,000
Mr. Teizoon Kisat	500	500
Mr. Zafar Ahmed Taji	12,000	19,500
	<b>223,470,347</b>	<b>223,477,847</b>

19.4 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.

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

### 20. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
		---- (Rupees in '000') ----	
<b>Opening balance</b>		<b>3,045,703</b>	<b>3,147,941</b>
Revaluation surplus during the year	8.1	<b>1,863,973</b>	-
Reversal of revaluation surplus on assets disposed during the year		<b>(81,917)</b>	-
Transfer to unappropriated profit in respect of incremental depreciation charged during the year		<b>(83,042)</b>	<b>(102,238)</b>
		<b>4,744,717</b>	<b>3,045,703</b>
<b>Related deferred tax liability</b>			
Opening balance		<b>(757,092)</b>	<b>(786,741)</b>
Revaluation of fixed assets during the year		<b>(238,139)</b>	-
Revaluation surplus on assets disposed during the year		<b>1,000</b>	-
Incremental depreciation charged during the year		<b>24,082</b>	<b>29,649</b>
		<b>(970,149)</b>	<b>(757,092)</b>
		<b>3,774,568</b>	<b>2,288,611</b>
<b>20.1 Breakup of revaluation surplus net of deferred tax is as follows:</b>			
Leasehold land		<b>1,924,553</b>	<b>960,218</b>
Buildings on leasehold land		<b>358,495</b>	<b>203,005</b>
Plant and machinery		<b>1,491,520</b>	<b>1,125,388</b>
		<b>3,774,568</b>	<b>2,288,611</b>

### 21. LONG-TERM FINANCING - secured

		2021			2020		
		Total	Current	Long-Term	Total	Current	Long-Term
		----- (Rupees in '000') -----					
Diminishing Musharaka	21.1	<b>170,902</b>	<b>6,943</b>	<b>163,959</b>	15,447	4,815	10,632
	21.2 &						
Term finance facilities	21.3	<b>5,779,297</b>	<b>1,122,346</b>	<b>4,656,951</b>	6,226,039	806,688	5,419,352
<b>Total</b>		<b>5,950,199</b>	<b>1,129,289</b>	<b>4,820,910</b>	6,241,486	811,503	5,429,984

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

- 21.1 Represents Diminishing Musharaka facility obtained from Islamic financial institutions. The facilities are repayable in equal monthly and quarterly installments latest by June 2025 and 2031 respectively. This carry markup rate ranges from 6 month KIBOR + 0.75% to SBP rate + 2.25% per annum (2020: 6 month KIBOR + 0.75% per annum). The facility is secured by title over Diminishing Musharaka assets and current and future fixed assets of the Company.
- 21.2 Represents term finance facilities obtained from commercial banks. These facilities are repayable in quarterly / semi-annual installments latest by December 2031. These carry markup rate ranging from 1.5% to 1 month KIBOR + 1.15% per annum (2020: 2.5% to 1 month KIBOR + 1.15% per annum). These facilities are secured by way of first equitable mortgage over land and building, lien over selected accounts and first pari passu charge on all present & future fixed assets of the Company with 25% margin over the facility amount.
- 21.3 Includes financing facilities obtained from a conventional bank under the Refinance Scheme for Payment of Wages and Salaries by State Bank of Pakistan carrying mark-up at the rates ranging from 1.5% to 2.5% repayable in 8 equal quarterly installments latest by January 2021 and has been recognised at present value discounted at the effective rate of interest. The differential mark-up has been recognised as government grant (as mentioned in note 27) which will be amortised over the period of facility. The facilities are secured by way of first pari passu over on fixed assets of the Company with 25% margin over the facility amount.
- 21.4 As of the statement of financial position date, the Company has unutilized portion for Diminishing Musharaka and term finance facilities amounting to Rs. 19.141 million and Rs. Nil (2020: Rs. 34.55 million and Rs.427.345 million) respectively.

### 22. LONG-TERM PROVISION

Represents non-current portion of provision for Gas Infrastructure Development Cess (GIDC). During the year, the Honourable Supreme Court of Pakistan (SCP) has upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intravires allowing settlement of GIDC over a period of forty-eight monthly installments. However, the Company has filed an appeal before the Honourable High Court of Sindh (the Court) on the grounds that no burden of GIDC had been passed to its customers and thus, the Company is not liable to pay GIDC under GIDC Act 2015. The Court vide its order dated September 22, 2020 has granted stay to the Company.

The Company without prejudice to the suit filed, has provided provision amounting to Rs. 233.81 million under the relevant accounting standards and ICAP guidelines in this regard.

### 23. LOAN FROM RELATED PARTIES – unsecured

Represents loans obtained from related parties amounting to Rs. 341 million at a rate of 3 month KIBOR repayable on September 30, 2023. The loan was obtained to meet the financial needs of the Company along with the purchase of immovable property.

### 24. DEFERRED TAXATION

Note	2021	2020
	---- (Rupees in '000') ----	
<b>Deductible temporary differences arising in respect of:</b>		
Provisions	(274,728)	(287,464)
Unused tax credits	(2,357,543)	(1,871,514)
	(2,632,271)	(2,158,978)
<b>Taxable temporary differences arising in respect of:</b>		
Accelerated tax depreciation / amortisation	1,845,099	1,560,679
Right-of-use-assets	29,096	21,012
Surplus on revaluation of property, plant and equipment	971,079	757,091
	2,845,274	2,338,782
	213,003	179,804

- 24.1 Deferred tax asset is recognised for tax losses, minimum tax, alternative corporate tax, and depreciation available for carry forward to the extent of the realization of the related tax benefit through future taxable profits, based on the projections, is probable.

### 25. DEFERRED LIABILITY

Note	2021	2020
	---- (Rupees in '000') ----	
Defined benefit obligation – gratuity scheme	309,193	254,748
<b>25.1 Amount recognised in statement of financial position</b>		
Opening balance	254,748	205,420
Charge for the year	85,073	60,288
Recognised in other comprehensive income	5,608	5,324
Benefits paid	(36,236)	(16,284)
Closing balance	309,193	254,748

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

	2021	2020
<b>25.2 Movement in the present value of defined benefit obligation</b>	<b>---- (Rupees in '000') ----</b>	
Current service cost	65,897	33,235
Interest cost	19,176	27,053
	<b>85,073</b>	<b>60,288</b>

### 25.3 Historical information for defined benefit plans

	2021	2020	2019	2018	2017
	<b>----- (Rupees in '000') -----</b>				
Present value of defined benefit obligations	309,193	254,748	205,420	155,678	116,943
Experience adjustment on plan liabilities	5,608	5,325	22,488	13,546	34,971

### 25.4 Principal actuarial assumptions

	2021	2020
Expected rate of increase in salary level	9%	7.50%
Valuation discount rate	10%	8.50%
Average expected remaining working life of employees	9.8 years	7.2 years
Normal retirement age of employees	60 years	60 years
Expected mortality rate	SLIC 2001- 2005 Setback 1 Year Age-Based (per appendix)	SLIC 2001- 2005 Setback 1 Year Age-Based (per appendix)

### 25.5 Risk on account of un approved gratuity scheme

#### Final salary risk

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases proportionately with the increase in salary.

#### Discount rate fluctuation

The plan liabilities are calculated using a discount rate determined by reference to market yields (at the statement of financial position date) on government bond. Accordingly, there is a risk that any increase or decrease in government bond yields will decrease or increase plan liabilities.

#### Withdrawal risk

The risk that the actual withdrawal experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and entitled benefits of the beneficiary.

#### Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

	Note	2021	2020
<b>25.6 Charge for the year has been allocated as follows:</b>		<b>---- (Rupees in '000') ----</b>	
Cost of sales – production of bars	33.1.2	22,390	16,290
Cost of sales – production of billets	33.1.1.1	16,342	12,282
Distribution costs	34.1	14,450	9,152
Administrative expenses	35.1	31,891	22,564
		<b>85,073</b>	<b>60,288</b>



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 25.7 Sensitivity analysis

	2021			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	(Rupees in '000)			
Present value of defined benefit obligations	273,785	332,976	333,057	272,846

	2020			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	(Rupees in '000)			
Present value of defined benefit obligations	220,078	265,472	265,908	219,328

25.8 As of June 30, 2021, a total of 621 employees have been covered under the above scheme.

25.9 As per the recommendation of the actuary, the charge for the year ending June 30, 2022 amounts to Rs. 70.229 million.

### 26. LONG-TERM LEASE LIABILITIES

	Note	2021	2020
		(Rupees in '000')	
Balance at beginning of the year		72,348	-
Impact of initial application		-	30,043
Additions during the year		53,444	49,938
Accretion of interest	38	11,639	6,368
Lease rental payments made during the year		(26,644)	(14,002)
Lease terminated during the year		(2,970)	-
Balance at end of the year		107,817	72,348
Current portion of lease liabilities		(22,854)	(8,748)
Long-term lease liabilities		84,963	63,600

#### 26.1 Maturity analysis

Gross lease liabilities - minimum lease payments:

Not later than 1 year	30,837	16,854
Later than 1 year but not later than 5 years	76,927	45,272
Later than 5 years	58,255	72,245
	166,019	134,371
Future finance charge	(58,202)	(62,023)
Present value of finance lease liabilities	107,817	72,348

### 27. GOVERNMENT GRANT

	Note	2021	2020
		(Rupees in '000')	
Opening balance		11,842	-
Received during the year		23,183	12,600
Released to the statement of profit or loss	37	(21,606)	(758)
Closing balance		13,419	11,842
Current portion of government grant		12,494	4,215
Non Current portion of government grant		925	7,627
		13,419	11,842

27.1 Government grants have been recorded against reduced rate loan obtained from a conventional bank pursuant to a refinance scheme introduced by State Bank of Pakistan to provide working capital loan at concessional mark-up rates for businesses to finance salary expense during the COVID-19 outbreak. The grant is conditional upon the fact that the Company would not terminate any employee, due / owing to cash flow limitations, for a period of six months from the date of receipt of the first tranche.

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

	Note	2021	2020
		---- (Rupees in '000') ----	
Creditors		407,878	413,625
Murabaha	28.1	3,235,493	1,905,028
Accrued liabilities	28.2	1,118,338	1,273,526
Current portion of provision for GIDC	22	66,847	-
Workers' Welfare Fund	28.3	157,787	128,024
Workers' Profit Participation Fund		74,406	-
Withholding tax payable		16,186	10,386
Ijarah rentals payable		191	719
		<u>5,077,126</u>	<u>3,731,308</u>

**28.1** Represent Murabaha facilities amounting to Rs. 6,050 (2020: Rs. 4,700) million obtained from Islamic banks for purchase of raw material. These carry profit at the rates ranging from relevant 6 month KIBOR million + 0.5% to 3 month KIBOR + 1.5% per annum (2020: relevant KIBOR + 0.5% to 3 month KIBOR + 1.5% per annum). These facilities are secured by joint hypothecation charge over present and future current assets of the Company with 25% margin.

**28.2** Includes Rs. 272.670 (2020: Rs. 272.67) million respect of retrospective charge by due to withdrawal of Industrial Support Package Adjustment (ISPA) for the period July 2019 to December 2019. The retrospective charges levied on the Company have been challenged in the Sindh High Court. The Company, based on the opinion of the legal advisor, recognized the said amount of provision in the financial statements.

**28.3** Includes Rs. 128.024 million pertaining to financial years ending 30 June 2015 to 30 June 2018. The amount is still outstanding as the matter is pending adjudication at the Honourable High Court of Sindh due to the 18th amendment in the Constitution of Pakistan.

### 29. INTEREST / MARK-UP ACCRUED

	2021	2020
	---- (Rupees in '000') ----	
Long-term financing	35,844	170,067
Short-term borrowings	143,963	352,928
Murabaha	70,799	46,507
	<u>250,606</u>	<u>569,502</u>
Loan from related parties	16,665	8,217
	<u>267,271</u>	<u>577,719</u>

### 30. SHORT-TERM BORROWINGS – secured

	Note	2021	2020
		---- (Rupees in '000') ----	
Cash finance	30.1	712,513	1,057,657
Running finance	30.2	2,224,256	1,653,578
Istisna	30.3	1,780,700	2,345,668
Finance against trust receipts	30.4	4,756,612	6,431,925
Short term loan		-	424,000
		<u>9,474,081</u>	<u>11,912,828</u>

**30.1** Represents working capital facilities availed from various Islamic and conventional banks carrying markup/profit ranging from 1 month KIBOR + 0.75% to 1 month KIBOR + 1.00% per annum. (2020: 1 month KIBOR + 0.75% to 3 month KIBOR + 1.5% per annum).

**30.2** Represents working capital facilities availed from various Islamic and conventional banks carrying markup/profit ranging from 3 month KIBOR + 0.60% to 3 month KIBOR + 1.50% per annum (2020: 3 month KIBOR + 0.60% to 1 month KIBOR + 1.15% per annum).

**30.3** Represents working capital facilities availed from various Islamic banks carrying profit ranging from 6 month KIBOR + 0.5% to 6 months KIBOR + 1.0% per annum (2020 : 6 month KIBOR + 0.50% to 6 month KIBOR + 1.00%).

**30.4** Represents working capital facilities availed from various Islamic and conventional banks carrying markup/profit ranging from 1 month KIBOR + 0.50% to 3 month KIBOR + 1.0% per annum (2020: 1 month KIBOR + 0.50% to 1 month KIBOR + 1.25% per annum).

**30.5** 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. 835 million and Rs. 2,229 million (2020: Rs. 1,533 million and Rs. 716 million) respectively. These facilities are secured by way of joint hypothecation charge over present and future current assets of the Company with 25% margin.

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 31. CONTINGENCIES AND COMMITMENTS

#### Contingencies

- 31.1** 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 (the Rules) 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 (The Court). During the year ended 30 June, 2018, the ATIR has decided the case in favour of the Company. During the year ended 30 June 2020, the Federal Board of Revenue filed reference application before the Court against ATIR's Order. Although the case is still pending adjudication, the Company based on the merit of the case and as per the advice of the legal advisor expects a favourable outcome on this matter and accordingly, no provision has been made in these financial statements.
- 31.2** 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 Rules. The Company has challenged both the STGOs before 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 2021 is Rs. 1,166.03 million (2020: Rs. 1,166.03 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.
- 31.3** During the year ended 30 June 2020, the Deputy Commissioner Inland Revenue, Large Taxpayers' Unit, Karachi issued show-cause notice under Section 11(2) of the Sales Tax Act, (the Act) 1990 (the Act) for alleged non-charging of further tax on the supplies made to unregistered persons and raised an alleged demand of Rs.305 million for the tax periods July 2015 to June 2017. The Company had filed a Constitutional Petition before the Court which issued an interim order, restraining any coercive action against the Company. The stay will remain in field until further directions from the Court. The management, based on legal advice, is confident that the eventual outcome will be in favour of the Company. Accordingly, no provision has been made in this respect in these financial statements.
- 31.4** During the year, the DCIR, Large Taxpayers' Unit, Karachi issued show-cause notice under Section 11(2) of the Act, for alleged non-charging of further tax on the supplies made to unregistered and raised an alleged demand of Rs. 1.723 billion for the tax periods July 2014 to June 2020. The Company filed a constitutional petition before the Court which issued an interim order dated December 22, 2020, restraining any coercive action against the Company. The order will remain in force until further directions from the Court. The management based on the legal advice, is confident that the eventual outcome will be in favour of the Company. Accordingly, no provision has been made in this respect in these financial statements.
- 31.5** During the year, the Additional Commissioner Inland Revenue (ACIR), Large Taxpayer Office (LTO), Karachi passed an Order under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) and raised an alleged demand of Rs. 72.24 million for the tax year 2015. The Company led an appeal against the Order at the Commissioner Inland Revenue (Appeals) (CIR-(Appeals)) and had secured interim stay from the CIR (Appeals) under Section 140 of the Ordinance. Although the case is still pending adjudication, the Company, based on the merits of the case and as per the opinion of its tax advisor, expects a favorable outcome. Accordingly, no provision has been made in these financial statements.

#### Commitments

	2021	2020
	---- (Rupees in '000') ----	
<b>31.6 Outstanding letters of credit</b>		
- Material	5,069,790	953,766
- Capex	1,629,189	-
	<u>6,698,979</u>	<u>953,766</u>
Outstanding letters of guarantee	<u>495,819</u>	<u>546,927</u>
<b>31.7 Commitments for rentals payable under Ijarah contracts in respect of vehicles and plant and machinery with Islamic banks are as follows:</b>		
Not later than one year	60,914	38,223
Later than one year but not later than five years	<u>88,407</u>	<u>47,472</u>





## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 32. SALES – net

	2021	2020
	---- (Rupees in '000') ----	
<b>Local</b>		
Gross sales	45,844,515	30,994,340
Less: sales tax	(6,660,053)	(4,507,739)
Less: trade discounts	(36,671)	(40,958)
	39,147,791	26,445,643
<b>Export sales</b>	70,662	86,501
	39,218,453	26,532,144

### 33. COST OF SALES

	Note	2021	(Restated) 2020
		---- (Rupees in '000') ----	
Manufactured stock - bars	33.1	34,155,012	24,517,033
Manufactured stock - billets		521,303	201,925
		34,676,315	24,718,958

#### 33.1 Cost of sales – manufactured goods

Opening stock – work in progress	13	1,031,797	748,695
Adjustment due to change in sales tax regime		-	(102,662)
Cost of billets manufactured internally	33.1.1	29,928,351	22,956,482
Billets sold		(521,303)	(201,925)
Purchases		1,503,492	-
Closing stock – work in progress	13	(790,973)	(1,031,797)
		31,151,364	2,368,793
<b>Manufacturing overheads</b>			
Stores and spares consumed		293,141	256,384
Salaries, wages and other benefits	33.1.2	352,201	305,577
Cartage and transport		307,354	215,364
Fuel, power and water		1,144,733	1,097,475
Depreciation	8.1.6	295,919	459,099
Ijarah rentals		1,345	7,131
Repairs and maintenance		39,740	25,807
Insurance		3,696	4,136
Rent, rates and taxes		539	611
Consultancy charges		15,289	9,231
Vehicle running expense		8,791	7,273
Conveyance and travelling		14,582	16,575
Entertainment expenses		13,201	12,344
Others		8,640	5,924
		2,499,171	2,422,931
Cost of goods manufactured		33,650,535	24,791,724
Cost of bars used for own use		(16,538)	(22,329)
		33,633,997	24,769,395
<b>Finished goods</b>			
Opening stock	13	2,306,356	2,380,032
Adjustment due to change in sales tax regime		-	(326,038)
Closing stock	13	(1,785,341)	(2,306,356)
		521,015	(252,362)
		34,155,012	24,517,033



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

	Note	2021	(Restated) 2020
33.1.1 Cost of billets manufactured internally Raw material consumed			
---- (Rupees in '000') ----			
Opening stock	13	1,099,360	1,902,099
Purchases		23,932,374	16,299,896
		25,031,734	18,201,995
Closing stock	13	(2,024,381)	(1,099,360)
		23,007,353	17,102,635
<b>Manufacturing overheads</b>			
Stores and spares consumed		2,120,731	1,941,933
Salaries, wages and other benefits	33.1.1.1	429,934	385,580
Depreciation	8.1.6	200,167	354,908
Fuel and power		4,039,004	3,033,895
Ijarah rentals		7,337	18,953
Cartage		40,812	52,166
Repairs and maintenance		18,366	14,434
Rent, rates and taxes		2,782	678
Insurance		4,222	3,706
Conveyance and travelling		30,895	27,037
Entertainment expenses		11,883	8,050
Vehicle running expense		9,966	6,806
Others		4,899	5,701
		6,920,998	5,853,847
		29,928,351	22,956,482

33.1.1.1 Includes Rs.16.342 (2020: Rs.12.282) million in respect of staff retirement benefits.

33.1.2 Includes Rs. 22.390 (2020: Rs. 16.290) million in respect of staff retirement benefits.

### 34. DISTRIBUTION COSTS

	Note	2021	2020
---- (Rupees in '000') ----			
Salaries, allowances and other benefits	34.1	175,527	135,077
Carriage and transport		335,015	268,052
Advertisement and sales promotion		219,990	121,809
Depreciation	8.1.6 & 9.2	32,502	31,555
Utilities		7,965	5,739
Bundling and special order charges		87,426	52,803
Rent, rates and taxes		1,470	1,334
Vehicle running expense		7,125	4,915
Travelling and conveyance		4,338	8,904
Packing material		36,756	27,558
Repair and maintenance		29,385	17,178
Entertainment		1,707	1,446
Others		6,414	5,708
		945,620	682,078

34.1 Includes Rs. 14.450 (2020: Rs 9.152) million in respect of staff retirement benefits.



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

	Note	2021	2020
		---- (Rupees in '000') ----	
35. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	35.1	366,934	315,498
Depreciation	8.1.6 & 9.2	23,230	24,606
Amortisation	10	8,681	12,903
Travelling and conveyance		3,340	6,538
Legal and professional charges		33,003	30,730
Research expenses		11,306	22,240
Vehicles running expenses		15,530	11,972
Entertainment		4,890	7,187
Security guard expenses		3,760	4,498
Insurance		1,566	1,537
Computer consumables		22,725	25,212
Rent, rates and taxes		9,205	888
Communication charges		8,417	5,888
Printing and stationery		5,954	4,309
Utilities		6,731	4,928
Auditors' remuneration	35.2	2,960	2,721
Repairs and maintenance		15,823	10,120
Ijarah rentals		9,457	10,298
Others		1,104	1,315
		<u>554,616</u>	<u>503,388</u>

35.1 Includes Rs. 31.891 (2020: Rs 22.564) million in respect of staff retirement benefits.

35.2 Auditors' remuneration		2021	2020
		---- (Rupees in '000') ----	
Audit fee		1,843	1,675
Review of half yearly financial statements and other certifications		640	600
Out of pocket expenses		477	446
		<u>2,960</u>	<u>2,721</u>

36. OTHER EXPENSES	Note	2021	2020
		---- (Rupees in '000') ----	
Workers' profit participation fund		74,406	-
Workers' Welfare fund		29,762	-
Exchange loss		-	77,923
Detention charges		479	-
Donations	36.1	19,142	16,465
		<u>123,789</u>	<u>94,388</u>

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

Saylani Welfare International	-	2,262
Namal University	4,698	-
Lady Dufferin Hospital	3,075	-
Sina Health ,Education and Welfare	1,500	1,200
The Citizen Foundation	2,800	2,800
Khana Ghar	1,405	1,644
	<u>13,478</u>	<u>7,906</u>

37. OTHER INCOME		2021	2020
		---- (Rupees in '000') ----	
Income from financial assets			
- Profit on saving accounts		112	200
- Profit on TDRs		968	1,860
		<u>1,080</u>	<u>2,060</u>



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

	Note	2021	2020
		---- (Rupees in '000') ----	
<b>Income from non-financial assets</b>			
- Gain on disposal of property, plant and equipment		17,036	1,002
- Exchange gain		957	-
- Scrap sales		4,629	4,347
- Gain on leases terminated during the year		416	-
- Government grant	27	21,606	758
		44,644	6,107
		45,724	8,167

### 38. FINANCE COSTS

	Note	2021	2020
		---- (Rupees in '000') ----	
<b>Markup / interest</b>			
Long-term financing		522,314	660,129
Short-term borrowings		841,969	1,386,164
Murabaha		229,982	206,479
Loan from a director		25,010	26,410
Lease Liabilities	26	11,639	6,368
		1,630,914	2,285,550
Bank charges		18,570	13,721
		1,649,484	2,299,271

### 39. TAXATION

	Note	2021	(Restated) 2020
		---- (Rupees in '000') ----	
Current tax	39.1	587,923	397,563
Deferred		(572,231)	(1,098,549)
		15,692	(700,986)

39.1 The return of income for the tax year 2020 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.

### 40. BASIC AND DILUTED EARNINGS PER SHARE

	2021	(Restated) 2020
	---- (Rupees in '000') ----	
Net profit / (loss) for the year	1,368,259	(1,242,029)
	<b>Number of shares</b>	
Weighted average number of ordinary shares of Rs. 10/- each	297,011,427	297,011,427
	---- (Rupees) ----	
Basic and diluted earnings / (loss) per share	4.61	(4.18)



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Note	2021		
		Chief Executive	Executives	Total
		(Rupees in '000)		
Managerial remuneration		17,140	110,456	127,596
Housing allowance		7,713	49,390	57,103
Utilities & conveyance		6,594	41,995	48,589
Medical		2,814	18,127	20,941
Gratuity		2,071	13,320	15,391
Bonus		900	9,247	10,147
Others	41.3	19	33,101	33,120
		37,251	275,636	312,887
Number		1	39	40
2020				
		Chief Executive	Executives	Total
		(Rupees in '000)		
Managerial remuneration		10,800	88,624	99,424
Housing allowance		4,860	39,880	44,740
Utilities & conveyance		4,860	39,880	44,740
Medical		1,080	8,862	9,942
Gratuity		1,800	16,488	18,288
Others		-	15,446	15,446
	41.3	23,400	209,180	232,580
Number		1	31	32

- 41.1 The Chief Executive and the Chairman are provided with free use of Company maintained cars and club memberships with certain reimbursements pertaining to business purposes in accordance with their entitlements. Certain executives are also provided with company maintained cars as per entitlement.
- 41.2 The aggregate amount paid to the six Non-Executive Directors (2020: six Non-Executive Directors) as a fee for attending the meetings is Rs. 6.125 (2020: Rs. 4.675) million.
- 41.3 Others include payments against car benefit allowance, drivers' salaries, mobile allowance, achievement of KPI, career merit points and gratuity contribution etc.

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 42. CASH GENERATED FROM / (USED IN) OPERATIONS

	Note	2021	(Restated) 2020
		----- (Rupees in '000') -----	
Cash flows from operating activities			
<b>Profit / (loss) before taxation</b>		<b>1,383,951</b>	<b>(1,943,015)</b>
<b>Adjustments for:</b>			
Depreciation – operating fixed assets	8.1.6	528,806	859,352
Depreciation – right-of-use-asset	9.2	23,012	10,816
Amortisation	10	8,681	12,903
Unrealised exchange loss		-	7,677
(Reversal of) / allowance for expected credit loss	14.1	(69,598)	185,243
Provision for gratuity	25.1	85,073	60,288
Gain on disposal of operating fixed assets	37	(17,036)	(1,002)
Gain on leases terminated during the year	37	(416)	-
Finance costs	38	1,637,845	2,292,903
Interest expenses on leases	38	11,639	6,368
		<b>2,208,006</b>	<b>3,434,548</b>
Operating profit before working capital changes		<b>3,591,957</b>	<b>1,491,533</b>
<b>Decrease / (increase) in current assets:</b>			
Stores and spares		227,678	(345,595)
Stock-in-trade		1,821,432	(1,291,181)
Trade debts		(1,350,415)	(1,682,854)
Loans and advances		(5,128)	(10,118)
Trade deposits and short-term prepayments		621,818	(610,240)
Other receivables		252,747	(400,558)
		<b>1,568,132</b>	<b>(4,340,546)</b>
<b>Increase / (decrease) in current liabilities:</b>			
Trade and other payables		182,316	680,865
Contract liabilities		(463,075)	682,000
		<b>(280,759)</b>	<b>1,362,865</b>
<b>Cash generated from / (used in) operations</b>		<b>4,879,330</b>	<b>(1,486,148)</b>

### 43. CASH AND CASH EQUIVALENTS

	2021	2020
	----- (Rupees in '000') -----	
Cash and bank balances	378,573	509,361
Running finance	(2,224,256)	(1,653,578)
	<b>(1,845,683)</b>	<b>(1,144,217)</b>

### 44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk, liquidity risk and operational 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 Company's risk management function continues to monitor the developing situation and proactively manage any risk arising thereof.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

#### 44.1 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).

##### 44.1.1 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. 190 (2020: Rs 204) million in statement of profit or loss. The analysis is made based on the assumption that all other variables remain constant.



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 44.1.2 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. It mainly arises where receivables and payables exist due to transactions in foreign currency. The Company's exposure to the risk of changes in foreign exchange rates relate primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

	2021		2020	
	US Dollar	Euro	US Dollar	Euro
Trade and other payables	-	488	-	112,242
Short-term borrowings	-	-	526,200	-

The following significant exchange rates have been applied at the reporting dates:

	(Rupees)	(Rupees)
-	188.71	168.75
		189.73

### Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonable possible change in the US Dollar and Euro exchange rate, with all other variables held constant, of the company's profit before taxation:

	Change in US Dollar rate (%)	Effect on profit before tax	Change in Euro rate (%)	Effect on profit before tax
	Rupees in '000'			
30 June 2021	-	-	+10	101
	-	-	-10	(101)
30 June 2020	+10	8,880	+10	2,130
	-10	(8,880)	-10	(2,130)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / loss for the year and assets and liabilities of the Company.

### 44.1.3 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.

### 44.2 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 Risk Management function is regularly conducting detailed analysis on Sectors/Industries and identify the degree by which the Companies' customers and their businesses have impacted amid COVID-19. Keeping in view short term and long-term outlook of each sector, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables.

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

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	2021	2020
		---- (Rupees in '000') ----	
Investments	11	15,289	15,289
Trade debts	14	6,320,346	4,900,333
Loans	15	20,188	15,656
Security deposits	16	8,468	633,026
Other receivables	17	84,241	848
Bank balances	18	328,476	471,233
		<u>6,777,008</u>	<u>6,036,385</u>

### 44.2.1 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	2021	2020
		---- (Rupees in '000') ----	
<b>Trade debts</b>			
The ageing of trade debts at the statement of financial position date was:			
Neither past due nor impaired		5,038,585	2,673,884
Past due 1 to 90 days		1,021,455	1,469,707
Past due 91 to 180 days		123,128	811,367
More than 180 days		419,573	297,360
	14	<u>6,602,741</u>	<u>5,252,326</u>
<b>Bank balances</b>			
Ratings			
A1+		171,364	455,942
A-1		144,796	9,461
A-2		1,997	1,592
A-3		-	4,238
Unrated		10,319	-
	18	<u>328,476</u>	<u>471,233</u>
<b>Investments</b>			
Ratings			
AAA		1,000	1,000
A+		14,289	14,289
	11	<u>15,289</u>	<u>15,289</u>

### 44.3 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 is closely monitoring 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.

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

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

2021	Less than 3 months	3 to 12 Months	1 to 5 Years	More than 5 years	Total
(Rupees in '000')					
Long-term financing	176,974	1,320,325	5,348,452	281,543	7,127,294
Loan from director	6,451	19,352	373,728	-	399,531
Trade and other payables	3,818,393	1,026,540	-	-	4,844,933
Contract liabilities	499,708	-	-	-	499,708
Accrued mark-up	235,478	31,793	-	-	267,271
Short-term borrowings	6,365,219	3,108,862	-	-	9,474,081
	<u>11,102,223</u>	<u>5,506,872</u>	<u>5,722,180</u>	<u>281,543</u>	<u>22,612,818</u>
2020	Less than 3 months	3 to 12 Months	1 to 5 Years	More than 5 years	Total
(Rupees in '000')					
Long-term financing	37,548	1,319,985	5,241,568	158,249	6,757,350
Loan from director	-	20,148	405,212	-	425,360
Trade and other payables	2,519,331	1,073,568	-	-	3,592,899
Contract liabilities	962,783	-	-	-	962,783
Accrued mark-up	392,520	185,199	-	-	577,719
Short-term borrowings	5,121,934	6,790,894	-	-	11,912,828
	<u>9,034,116</u>	<u>9,389,794</u>	<u>5,646,780</u>	<u>158,249</u>	<u>24,228,939</u>

#### 44.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

Business Continuity Plans for respective areas are in place and tested. Work-from-Home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that company's information assets are adequately protected from emerging cyber threats.

#### 44.5 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.



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

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.

	Note	2021	2020
---- (Rupees in '000') ----			
<b>Gearing ratio</b>			
Long-term financing	21	5,950,199	6,241,487
Trade and other payables	28	5,077,126	3,731,308
Contract liabilities		499,708	962,783
Lease Liabilities	26	107,817	72,348
Accrued mark-up	29	267,271	577,719
Short-term borrowings	30	9,474,081	11,912,828
<b>Total debt</b>		<b>21,376,202</b>	<b>23,498,473</b>
Cash and bank balances	18	(378,573)	(509,361)
<b>Net debt</b>		<b>20,977,629</b>	<b>22,989,112</b>
Share capital	19	2,970,114	2,970,114
Reserves		7,195,948	5,691,794
Surplus on revaluation of property, plant and equipment	20	3,774,568	2,288,611
<b>Total equity</b>		<b>13,940,630</b>	<b>10,950,519</b>
<b>Equity and net debt</b>		<b>34,938,259</b>	<b>33,939,631</b>
		<b>60%</b>	<b>68%</b>

### 44.6 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 between market participants at the measurement date.

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

The following table shows assets recognized at fair value, analyzed between those whose fair value is based on:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Those involving 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.

	2021			2020
	Level 1	Level 2	Level 3	Total
(Rupees in '000')				
Property, plant and equipment	-	18,538,349	-	18,538,349
				14,791,015



## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 45. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2021	2020
<b>45.1 Financial assets as per statement of financial position</b>			
<b>At amortised cost</b>		<b>----</b> (Rupees in '000') <b>----</b>	
Term deposits receipts	11	15,289	15,289
Trade debts	14	6,320,346	4,900,333
Loans	15	20,188	15,656
Accrued profit on term deposits receipts		185	848
Bank balances	18	328,476	471,233
<b>45.2 Financial liabilities as per statement of financial position</b>			
<b>At amortised cost</b>			
Long term financing	21	5,950,199	6,241,487
Loan from related party	23	341,333	341,333
Trade payable	28	4,828,747	3,592,898
Interest / mark up accrued	29	267,271	577,719
Short term borrowing	30	9,474,081	11,912,828
Unclaimed dividend		5,718	5,990

### 46. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of 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:

<b>46.1</b>	Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:	<b>2021</b>	<b>2020</b>
		<b>----</b> (Rupees in '000') <b>----</b>	
	<b>Nature of transactions</b>		
	<b>Transaction with directors</b>		
	- Loan from non-executive director	-	188,000
	- Repayment of loan to director	-	(214,932)
	<b>Transactions with associates</b>		
	- Loan from related party (principle plus interest)	-	60,000
	- Purchase of bakery items from Hobnob Bakeries	187	195
	- Sale of bars to The Hunar Foundation	-	1,112
	- Donation to Caravan of Life Trust	100	-
	- Donation to The Hunar Foundation	-	873
	<b>Transactions with shareholder</b>		
	- Sale of bars	5,045	-

46.1.1 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	Amreli Global Enterprises (Private) Limited	Associate (common directorship)	-
9	Mr. Hadi Akber Ali	Shareholder	12.70%
10	Ms. Kinza Shayan	Director	0.59%
11	Mr. Abbas Akber Ali	Director	30.74%

## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

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

46.1.3 All the transactions with related parties are entered in accordance with the terms of agreement as approved by Board of Directors of the Company.

### 47. PLANT CAPACITY AND ACTUAL PRODUCTION

	2021	2020
	----- (Metric Ton) -----	
<b>47.1 Billets</b>		
Plant - name plate capacity	600,000	600,000
Available capacity	600,000	600,000
Actual production	366,400	294,882
<b>47.2 Bars</b>		
Plant - name plate capacity	605,000	605,000
Available capacity	605,000	605,000
Actual production	356,316	273,103

47.3 Actual production during the year is in line with the market demand.

### 48. 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 99.84% during the year ended June 30, 2021 (June 30, 2020: 99.67%).

All non-current assets of the Company as at June 30, 2021 and 2020 are located in Pakistan.

Sales to twenty major customers of the Company are around 20% during the year ended June 30, 2021 (June 30, 2020: 32%).

#### 48.1 Geographical information

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

	2021	2020
	---- (Rupees in '000') ----	
Domestic sales	45,844,515	30,994,340
Export sales	70,662	86,501
	45,915,177	31,080,841

48.1.1 Region wise export sales are as under:

Korea	70,662	86,501
-------	--------	--------





## Notes to the Financial Statements for the Year ended 30 June 2021

For the year ended 30 June 2021

### 49. NUMBER OF EMPLOYEES

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

	2021	2020
	----- (Number) -----	
Total number of employees' as at June 30	751	713
Average number of employees' during the year	737	711

### 50. GENERAL

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

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

### 51. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 13 August 2021 by the Board of Directors of the Company.

  
Chief Executive

  
Director

  
Chief Financial Officer





# Other Information



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## 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 08 September 2014 and SRO 470(1)/2016 dated 31 May 2016 whereby the companies are allowed to circulate their Annual Audited Accounts (i.e. Annual Balance Sheet, Profit and Loss Account, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's and Director's Report) alongwith Notice of the Annual General Meetings to its members either through email at their registered e-mail address "OR" hard copy at their registered mailing addresses.

Shareholders who wish to receive the Annual Audited Accounts alongwith Notice of the Annual General Meetings through e-mail or hardcopy shall have to fill the below details and send the duly filled form to the Company Secretary at the Company's Registered Office.

I/We, being member(s) of Amreli Steels Limited, desires and hereby consent either for Option-1 "or" Option-2 to receive the Annual Audited Accounts alongwith Notice of the Annual General Meeting(s) of Amreli Steels Limited either through e-mail or hardcopy, in pursuance of the aforesaid two SROs.

### Option-1 – Via Email

Name of the Member: \_\_\_\_\_

CNIC No. / Passport No.: \_\_\_\_\_

Folio / CDC Participant ID/ Sub Investor Account Number: \_\_\_\_\_

Valid Email Address: \_\_\_\_\_

(to receive Annual Audited Accounts and Notice of General Meeting(s) through email instead of hard copy/CD/DVD/USB)

### Option-2 – Hard Copy

Name of the Member: \_\_\_\_\_

CNIC No. / Passport No.: \_\_\_\_\_

Folio / CDC Participant ID/ Sub Investor Account Number: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

(to receive Annual Audited Accounts and Notice of General Meeting(s) through hard copy instead of email/CD/DVD/USB)

I/We hereby confirm that the above mentioned information is correct and in case of any change therein, I/we, undertake to immediately intimate to the Company through revised Request Form.

\_\_\_\_\_  
Member's Signature

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

**AFFIX  
CORRECT  
POSTAGE**

The Company Secretary  
**Amreli Steels Limited**  
A-18, S.I.T.E, Karachi, Pakistan  
UAN: 111-267-354  
Fax: +92-21-32587240, 38798328  
URL: [www.amrelisteels.com](http://www.amrelisteels.com)



## E-dividend Mandate Form

Mandatory Credit of Dividend into Bank Account

To: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Dear Sir/Madam,

The undersigned being member of **AMRELI STEELS LIMITED** (the Company), hereby authorize the Company that all my cash dividend amounts declared by the Company, from time to time, be credited into the bank account as per following details:

(i) Shareholder's Details	
Name of the shareholder	
Folio No. / CDC Participants ID & Sub Acc. No./CDC IAS Account	
CNIC/NICOP No. (Please attach copy)	
Passport No.[in case of Foreign Shareholder] (Please attach copy)	
Landline Phone No.	
Cellphone No.	
Email Address.	

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

It is stated that the above mentioned information is correct that I will intimate the change in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

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

### NOTE:

1. Please provide complete IBAN after consultation with your bank branch. In case of any error or omission in given IBAN, the Company will not be held responsible in any manner for any loss or delay in your cash dividend payment.
2. In case of physical shares, a duly filled-in e-Dividend Mandate Form shall be submitted with the Company's Share Registrar. While for shares held in CDC, E-Dividend Mandate Form shall be submitted directly to member's broker/participant/CDC as required by the Central Depository Company of Pakistan Limited vide its Circular No. 16 of 2017 issued on 31 August 2017.

**AFFIX  
CORRECT  
POSTAGE**

The Company Secretary  
**Amreli Steels Limited**  
A-18, S.I.T.E, Karachi, Pakistan  
UAN: 111-267-354  
Fax: +92-21-32587240, 38798328  
URL: [www.amrelisteels.com](http://www.amrelisteels.com)

## Proxy Form

The Company Secretary  
Amreli Steels Limited  
A-18, S.I.T.E, Karachi.

I/We \_\_\_\_\_ S/o, W/o \_\_\_\_\_, being member(s) of Amreli Steels Limited (the Company), holding \_\_\_\_\_ ordinary shares as per Registered Folio No. / CDC Participant I.D No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ S/o, W/o \_\_\_\_\_ as my / our proxy to attend, act and vote on my / our behalf at the 37th Annual General Meeting of the Company to be held on Thursday, 21 October 2021 at 10:00 am and at any adjournment thereof.  
Signed this \_\_\_\_ day of \_\_\_\_\_ 2021.

Affix  
Revenue  
Stamp

\_\_\_\_\_  
Signature of Shareholder

### WITNESS:

-1)

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC / Passport No. \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

-2)

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC / Passport No. \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

### NOTE:

1. The proxy form, duly completed and signed, must be received at the Registered Office of the Company, A-18, S.I.T.E. Karachi, not less than 48 hours before the time of holding the meeting.
2. All members are entitled to attend and vote at the Meeting.
3. If a member appoints more than one proxy for the annual general meeting and more than one instruments of proxy are deposited by the member with the Company, all such instruments of proxy shall be rendered invalid.
4. Members are requested to notify any changes in their address immediately.

**AFFIX  
CORRECT  
POSTAGE**

The Company Secretary  
**Amreli Steels Limited**  
A-18, S.I.T.E, Karachi, Pakistan  
UAN: 111-267-354  
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URL: [www.amrelisteels.com](http://www.amrelisteels.com)

## پراکسی فارم

کمپنی سیکریٹری  
امریلی اسٹیلو لمیٹڈ  
A-18، سائٹ، کراچی۔

میں / ہم \_\_\_\_\_ سکشن / ساکنان \_\_\_\_\_ بطور نمبر \_\_\_\_\_  
(ممبران) امریلی اسٹیلو لمیٹڈ حامل / حاملین \_\_\_\_\_ عام حصص بحوالہ فوئیو نمبر / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_  
اور ذیلی اکاؤنٹ نمبر \_\_\_\_\_ بذریعہ ہذا جناب / محترمہ \_\_\_\_\_ سکشن / ساکنان \_\_\_\_\_  
کو اپنا / ہمارا پراکسی مقرر کرتا / کرتی ہوں / کرتے ہیں تاکہ وہ میری / ہماری جانب سے کمپنی کے 37 ویں سالانہ  
اجلاس عام بروز جمعرات مورخہ 21 اکتوبر 2021 صبح 10 بجے شرکت کرے اور حق رائے دہی استعمال کرے، یا مذکورہ اجلاس منسوخ ہونے کی صورت میں اس کی جگہ ہونے  
والے دیگر اجلاس میں شریک ہو۔

دستخط شدہ بروز \_\_\_\_\_ مورخہ \_\_\_\_\_ 2021۔

ریونیومر یہاں چسپاں کریں

دستخط حامل / حاملین حصص

گواہ نمبر 1	گواہ نمبر 2
دستخط: _____	دستخط: _____
نام: _____	نام: _____
پتہ: _____	پتہ: _____
قومی شناختی کارڈ / پاسپورٹ نمبر: _____	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۔



کمپنی سیکرٹری  
امریلی اسٹیلز لمیٹڈ  
A-18، سائٹ کراچی







**AMRELI  
STEELS**



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021-111-267354 (AMRELI)