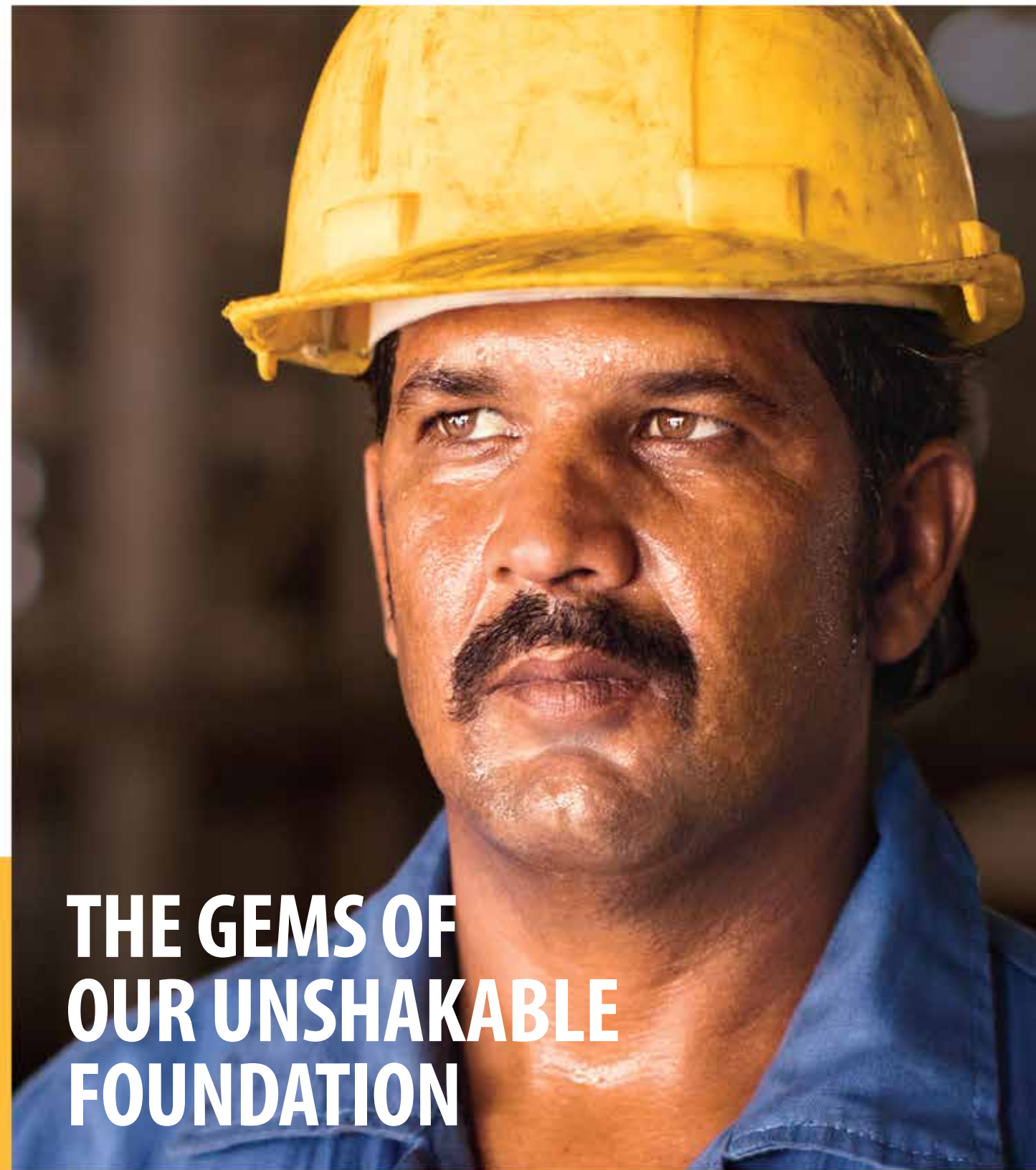




**AMRELI STEELS**  
Building for Life

A-18, S.I.T.E, Karachi, Pakistan  
UAN: 111-267-354  
Fax: + 92-21-32587240, 38798328  
Email: [investor-relations@amrelisteels.com](mailto:investor-relations@amrelisteels.com)  
Website: [www.amrelisteels.com](http://www.amrelisteels.com)




**THE GEMS OF  
OUR UNSHAKABLE  
FOUNDATION**



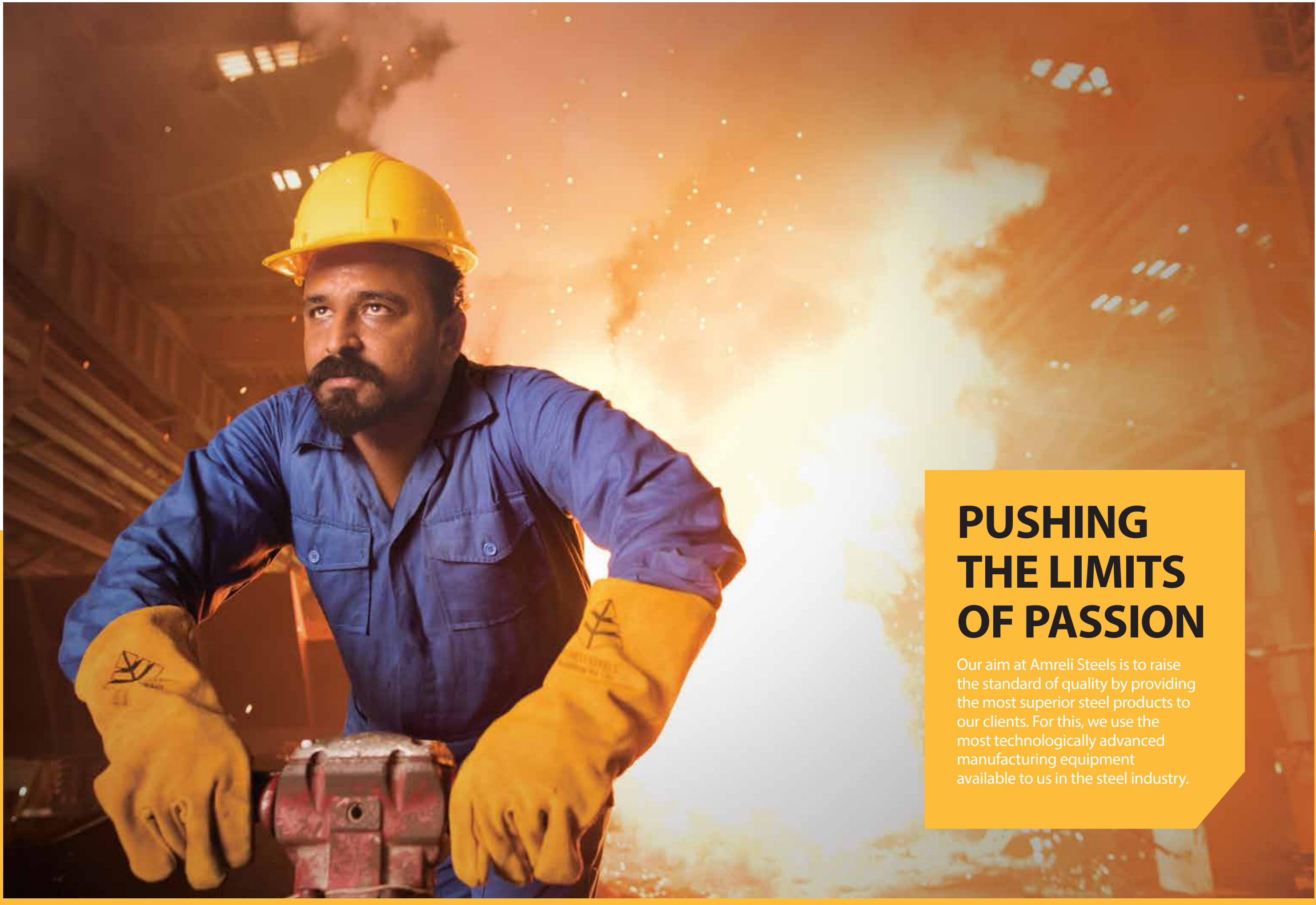
**AMRELI STEELS**  
Building for Life

**ANNUAL REPORT 2017**

A wide-angle photograph of a large-scale industrial construction project. The scene is dominated by a complex network of blue-painted steel beams and columns, forming the skeleton of a massive building. In the background, a completed white industrial structure with a grey roof is visible. The foreground consists of a flat, green grassy field. The sky is a clear, pale blue. A yellow text box is overlaid on the bottom right of the image.

Since 1972, Amreli Steels has strengthened the foundations of countless projects across Pakistan. The company has defined standards, defied expectations and achieved milestones after milestones that have helped shape the local steel landscape. However, none of these great successes would have been possible without our dedicated workforce. These heroes have positioned Amreli Steels as the largest selling brand of steel bars. Their commitment and conviction is our real strength and Amreli Steels pays tribute to the gems of our unshakeable foundation.





## **PUSHING THE LIMITS OF PASSION**

Our aim at Amreli Steels is to raise the standard of quality by providing the most superior steel products to our clients. For this, we use the most technologically advanced manufacturing equipment available to us in the steel industry.





## ON THE BRINK OF GREATNESS

At Amreli Steels, state-of-the-art technology has led us to an increased level of production. The installation of Direct Hot Charging Technology will amplify the production of steels bars. We also intend to introduce Multi Slit Rolling Technology which will result in a massive boost to our annual capacity.





## **BOILING IN THE HEAT OF COMMITMENT**

Pakistan is a country with diverse and specific construction needs. Amreli Steels is committed to launch steel bars in various sizes to cater to all construction requirements. We will also introduce new grades of steel in accordance with international standards, to meet the requirements for construction in high earthquake risk regions of Pakistan.



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## Vision

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

## Mission

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





## Company Profile

Amreli Steels Limited 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 bars and billets.

We are one of the largest manufacturers of Steel Reinforcement Bars in Pakistan. Situated in the industrial hub of Karachi, our plant uses one of the most modern hot re-rolling mill technologies in the industry and is currently capable of producing 180,000 metric tons of rebars per year. Our Steel Melt Shop plant in Dhabeji is the largest in Pakistan boasting a billet manufacturing capacity of 200,000 metric tons per year.

To bridge the supply-demand gap of Pakistan's steel industry, our ambitious expansion plan have been in action since 2015 and will continue through 2019. These plans will increase our rebar manufacturing capacity to 750,000 metric tons and billet manufacturing capacity to 600,000 tons.

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

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

## Journey of Success

The Amreli family has been in the business of steel manufacturing for over 50 years. The founders of Amreli Steels (ASL) came to Karachi in 1946 from a small town called Amreli in India, and established themselves in Karachi dealing with nails, screws, wires and other hardware items. They then started manufacturing nails, rivets, screws and wires drawn from wire-rod.

During the 70's, the sponsors established a number of hot rolling mills to produce steel bars, angles, T-iron and also started ship-breaking operations in 1973 for using ship plates to roll into bars under the umbrella of Amreliwala Hardware Industries. From 1973 onwards, the younger generation started entering the business after acquiring higher education and experience from world class universities & steel companies in various fields of engineering and management.

By the early 80's and with the advent of strong increase in the demand for quality steels, the sponsors scrapped all its manual re-rolling mills and imported a semi-automatic mill from the United Kingdom, manufactured by Danieli - Italy, one of the world's top manufacturers of steel equipment. In 1984, the sponsors converted Amreliwala Hardware Industries into a Private Limited Company.

In 1989, ASL became the first company to introduce the concept of deformed steel bars in Pakistan. In 1993, (ASL) produced 50,000 metric tons of steel bars for the first time in Pakistan's history using European technology.

The ASL's conviction in using the most modern re-rolling technology available in the world resulted in the company installing a continuous mill train in 2007, which increased the production capacity of the plant from 75,000 metric tons per annum to 180,000 metric tons per annum. ASL was once again the first company to have a capacity of this size.

In 2008, ASL introduced Thermo Mechanical Treatment technology in Pakistan for the first time which resulted in high strength deformed bars being produced in the country. This was yet another milestone in the ASL's history.

Moving ahead with technological advancements, in 2009 Amreli added another feather to its cap by introducing earthquake resistant rebars in Pakistan.

Since its inception, ASL has managed to build its reputation as one of the most trusted and reliable manufacturers of steel reinforcement bars in Pakistan. Not only does the company take pride in it being the largest steel bar manufacturer in the country, but the Amreli Steels brand has become synonymous with quality, strength and durability, making it the preferred choice of industry professionals today. ASL is a dynamic and a

mission-driven company that believes in strict adherence to its corporate values and code of ethics.

Today, ASL is the backbone that supports some of the mega structures of Pakistan including famous landmarks, airports, infrastructures and other residential projects. Jinnah International Airport, Allama Iqbal International Airport, Aga Khan University and Hospital, MCB Tower, Ghazi Barotha Dam and the Northern Bypass are just a few of many remarkable structures whose foundations were laid with ASL's rebars and they continue to stand tall with pride as integral monuments adding value to the skylines of this nation.

The product portfolio includes high strength deformed bars as per American and British specifications. A high degree of automation enables materials to remain untouched from the input stage of being fed into the reheating furnace upto the final bundling stage.

ASL products were earlier manufactured from prime quality steel billets which were procured from Pakistan Steel Mills Limited (PSML). Since procurement from PSML did not fulfill the company's total raw material demand, steel billets were also imported from different countries. The management then decided to install a state-of-the-art Steel Melt Shop (SMS) enabling continuous supply of raw material and ensuring quality output for its products. It was with this objective that the management set up a SMS on 32 acres located in Dhabeji, 20 kms from Port Qasim. It was the first Melt Shop in Pakistan having a capacity to produce 200,000 tons of high quality billets.

The SMS comprises of two induction furnaces, one Ladle Refining Furnace and a two-strand continuous billet casting machine. ASL has spent approximately US\$ 40 million on the project and commercial production of the plant commenced on October 1st, 2011.

Self-dependency of the company in its raw material further enhanced its ability to produce the best quality product at an affordable price. The SMS also provides the flexibility to produce the quality and lengths of billets as per the rolling mill requirements. The management's vision for the future is to produce low alloy steel for the automotive industry in the coming years.

Being a trail blazer in Pakistan's steel industry, ASL is one of the few vertically integrated steel bars manufacturers, giving it the liberty to ensure strict compliance with international standards. The Company's billet manufacturing plant is installed with cutting edge technology and is the largest in the country in terms of capacity. Continuously upgrading its manufacturing process, ASL's fully automated manufacturing

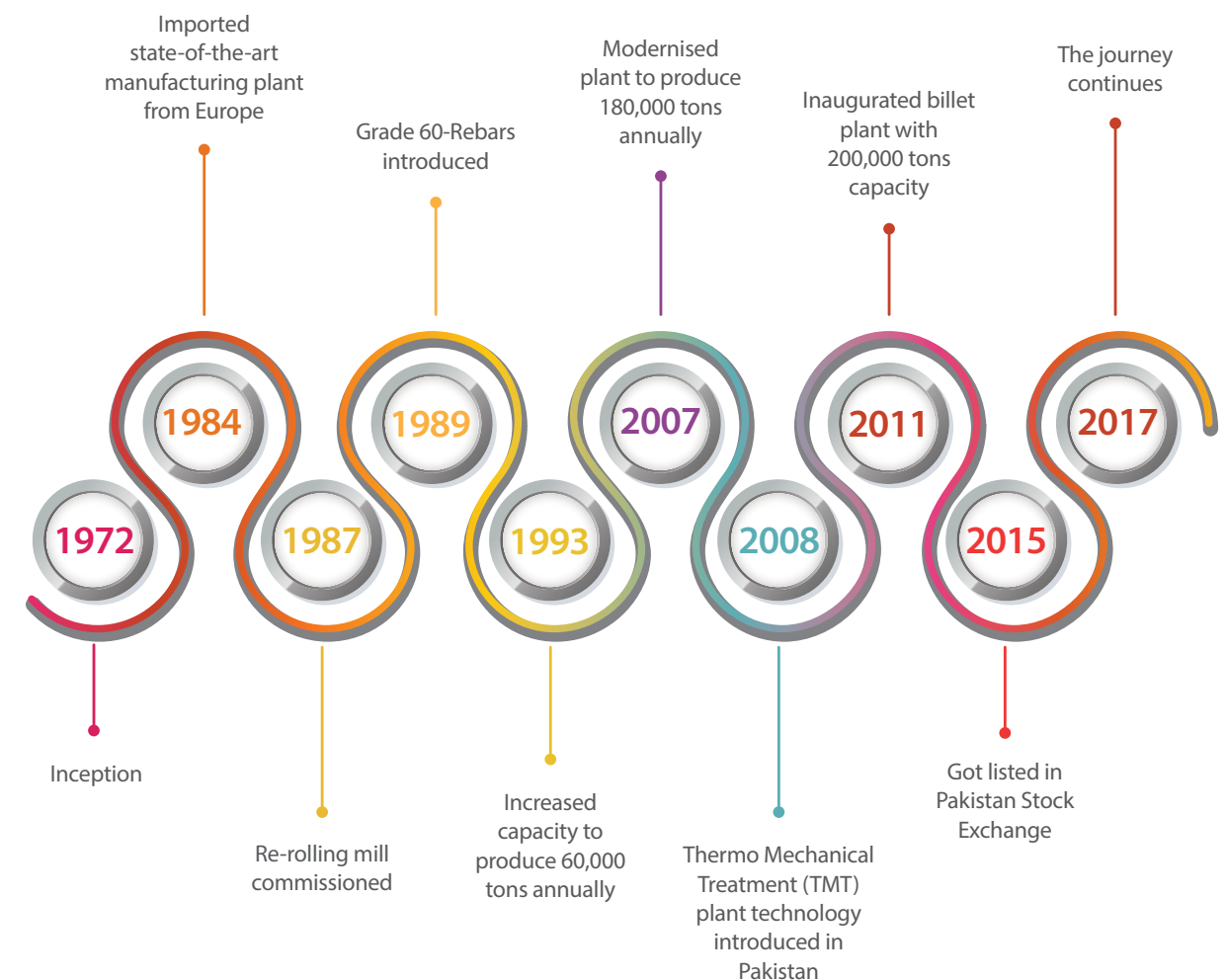
plant is a pioneer in producing 500 MPA High Strength Deformed Bars Xtreme® G-500 and ASTM Deformed bars – Grade 60, which are the mainstay of worldwide construction today.

The Company got listed on Pakistan Stock Exchange on 01 December 2015. The raising of funds to meet its capital requirement through IPO was a great success story for your Company. The investors from secondary market reposed great confidence on ASL by subscribing to its fresh equity offer of 74,252,857 new shares at a rate of PKR 51 per share. The fresh issue of Rs.3,786,895,707 was made through the Book Building process at a Strike Price of PKR 51 per share (including a premium of PKR 41 per share) whereby 74.75% of the total issue size i.e. 55,502,857 ordinary shares were issued through the Book Building process to Eligible Investors. The balance 25.25% of the total issue size i.e. 18,750,000 ordinary shares were issued to the general public through the retail offer at the strike price determined through the Book Building process.

A few of the reasons why ASL prides itself in being in the league of ace steel reinforcement bar manufacturers internationally are:

- Continuous and stringent testing of finished product to check for uniformity and accuracy in dimensions.
- Steel bars manufactured by ASL are consistent in weight, and therefore add to the reliability of a structure.
- Tension Free Rolling keeps the construction of the bars accurate and straight.
- ISO 9001:2008 and PSQCA certification.
- Conformity of products with the British and American standards.

With its priceless contribution to the nation's infrastructure, ASL has become a household name in Pakistan's construction industry. Over the past few decades, the ASL has achieved many a milestone with continuously striving to evolve dynamically and ethically, always keeping stakeholder value and interests in perspective.





## Company Information

### Board of Directors

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

**Mr. Shayan Akberali**  
Chief Executive Officer

**Mr. Zafar Ahmed Taji**  
Independent Director

**Mr. Badar Kazmi**  
Independent Director

**Mr. Teizoon Kijat**  
Independent Director

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

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

### Audit Committee

**Mr. Badar Kazmi**  
Chairman

**Mr. Teizoon Kijat**  
Member

**Ms. Kinza Shayan**  
Member

### Human Resource & Remuneration Committee

**Mr. Zafar Ahmed Taji**  
Chairman

**Mr. Badar Kazmi**  
Member

**Mr. Shayan Akberali**  
Member

**Ms. Mariam Akberali**  
Member

### Chief Operating Officer & CFO

Mr. Fazal Ahmed

### Chief Operating Officer (Strategy)

Mr. Hadi Akberali

### Company Secretary

Mr. Adnan Abdul Ghaffar

### Head of Internal Audit

Mr. Fraz Ahmed

### Registered Office

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

### Rolling Mill

D-89, Shershah Road, Karachi, Pakistan

### Steel Melt Shop

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

### Auditors

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

### Shares Registrar

THK Associates (Pvt) Limited  
1st Floor, 40-C, Block-6, P.E.C.H.S.  
Karachi - 75400  
UAN: 92-21-111-000-322  
Tel: 92-21-34168270  
Fax: 92-21-34168271  
Email: secretariat@thk.com.pk

### Internal Auditors

BDO Ebrahim & Co.  
Chartered Accountants  
2nd Floor, Block-C,  
Lakson Square, Building No. 1,  
Sarwar Shaheed Road,  
Karachi – 74200, Pakistan  
Tel: 92-21-35683030  
Fax: 92-21-35684239

### Bankers

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

### Legal Advisor

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

### Website Information

www.amrelisteels.com

### Pakistan Stock Exchange Limited

ASTL

## Management Objectives & Development Strategy

The objectives and development of Amreli Steels Limited (ASL) are aimed at achieving sustainable productivity and profitability and high standards of safety, occupational health and environmental care. This entails human resource development, value addition, implementation of conservation measures, upgradation of existing facilities and installation of new facilities.

The key objectives of ASL's management is to sustain market leadership in Pakistan's steel industry and increase value for all the stakeholders. All the corporate goals are targeted towards this purpose and the key performance indicators are defined to measure in ASL's improved performance in all spheres of its operations.

ASL takes organization-wide steps involving all the employees from top to bottom to formalize SOPs (Standard Operating Procedures) and sets individual KPIs (Key Performance Indicators) aligned with these broader corporate goals, making every employee a self-assessor with defined yearly targets and transparent measuring criteria. Furthermore, ASL also refined and improve its human resource policies. ASL's financial performance and market leadership is a reflection of achievement of its corporate goals through all around strategic alignment.

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

- Ensure that business policies and targets are in conformity with the national goals;
- Contribute in meeting the country's demand of steel products;
- Ensure customer's satisfaction by providing best value and quality products;
- Achieve and maintain a high standard of Occupational Health, Safety and Environmental Care;
- Ensure reasonable return on the shareholders' existing and projected investments;
- Maintain modern management systems conforming to international standards needed for an efficient organization.

# Board Of Directors



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

**Mr. Shayan Akberali**  
Chief Executive Officer

**Mr. Badar Kazmi**  
Independent  
Non-Executive Director

**Mr. Zafar Ahmed Taji**  
Independent  
Non-Executive Director

**Mr. Teizoon Kijat**  
Independent  
Non-Executive Director

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

**Ms. Mariam Akberali**  
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, NY. He has played an influential role in driving reforms aimed towards the growth of Pakistan's steel industry. With a passion for educating Pakistan, Mr. Akberali is also a founding member of The Hunar Foundation and serves on the Board of other notable non-profit organizations.

Mr. Shayan Akberali joined Amreli Steels in 2002 after completing a Bachelor's Degree in Electrical Engineering from Northwestern University, USA and working for Lehman Brothers in New York. Over the past decade, he has played an integral role in expanding the company by overseeing production enhancement, technical development and planning. He was instrumental in expanding the annual output from 60,000 tons to 180,000 tons per year and is leading the current expansion project to triple capacity up to 625,000 tons per annum. Mr. Shayan has built a strong team of professionals that brings functional expertise as well as leadership to steer the company towards higher growth.

Mr. 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.

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

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

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

Ms. 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.



## The Management Team



### Bottom Row, Left to Right

**Asif Zahoor**  
Head of Human Resource

**Hadi Akberali**  
COO Strategy

**Fazal Ahmed**  
COO Operations and CFO

**Shayan Akberali**  
CEO

**Noman Sajjad**  
Head of Plant and Projects – Dhabeji

### Top Row, Left to Right

**Latif Bhano**  
Head of Plant – Dhabeji Steel Melt Shop

**Nasir Ali**  
Head of Security and Vigilance

**Hammad Ali**  
Head of Plant – Dhabeji Rolling Mill

**Shahab Qaiser**  
Head of Logistics

**Ansar Rizvi**  
Head of Plant – D-89 Rolling Mill

**Fraz Ahmed**  
Head of Internal Audit



### Bottom Row, Left to Right

**Taha Umer**  
Senior Manager - Finance

**Syed Javed Asghar**  
Head of IT

**Anwar Kamal**  
Director Sales

**Zoeb Salemwala**  
Head of Corporate Affairs

**Ashfaq Vighio**  
Head of Supply Chain

### Top Row, Left to Right

**Asghar Rizvi**  
Head of New Businesses

**Wajid Bukhari**  
Head of Government & Public Relations

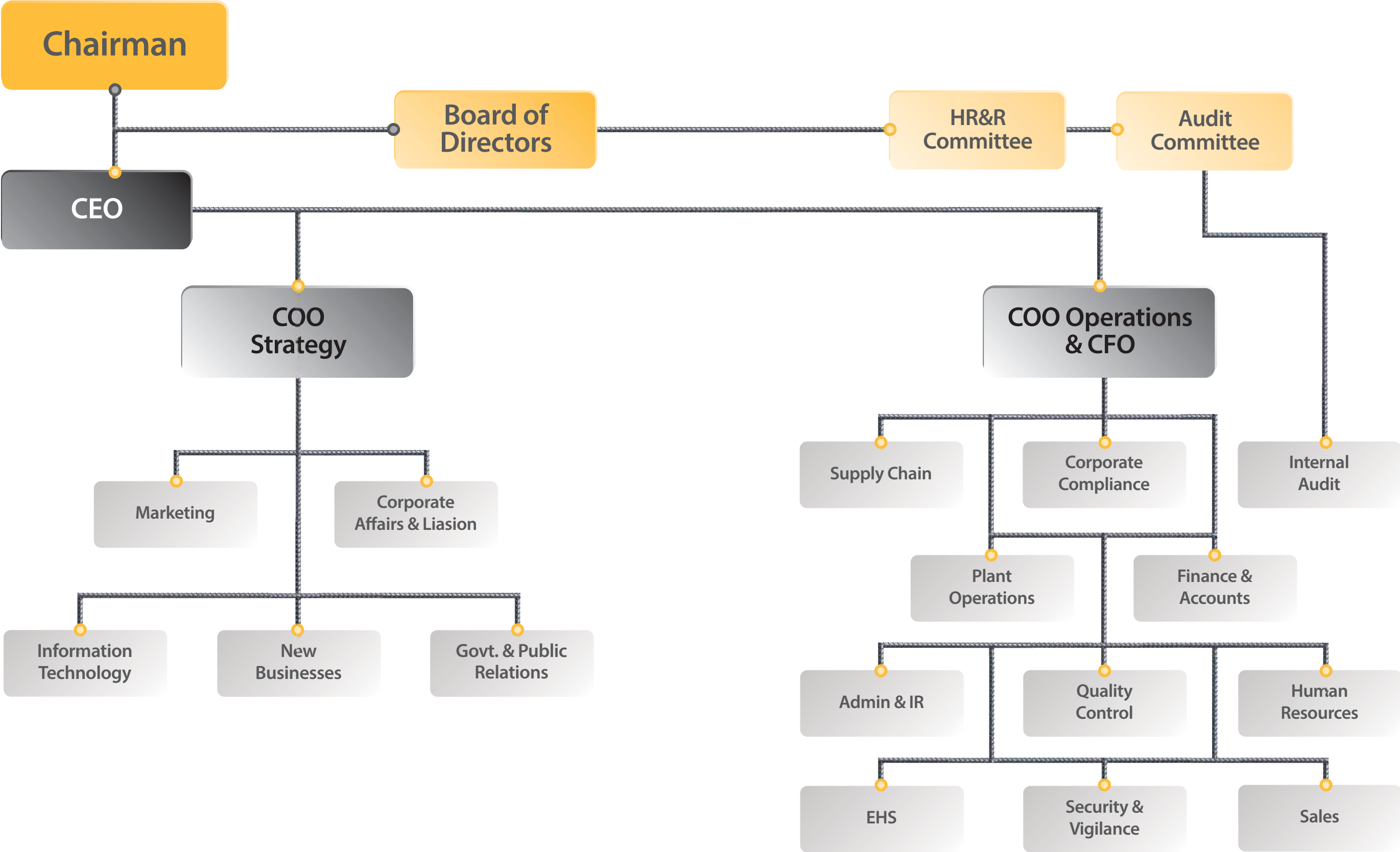
**Mohsin Ali Sadiq**  
Senior Manager - Marketing

**Asif Majeed**  
Head of Procurement

**Muhammad Imran**  
Senior Manager – Administration and Industrial Relations

**Adnan Abdul Ghaffar**  
Company Secretary

# Organization Structure





## Committees to the Board of Directors

### Audit Committee

Composition	Meetings Held				Meetings Attended
	08 September 2016	26 October 2016	31 January 2017	19 April 2017	
Mr. Badar Kazmi (Chairman)	✓	✓	-	-	02
Mr. Teizoon Kisat* (Member)	-	-	✓	✓	02
Ms. Kinza Shayan (Member)	✓	✓	✓	✓	04

\*Mr. Teizoon Kisat was appointed as a member of the Board of Directors as well as a member of the Audit Committee by the Board of Directors of the Company in their meeting held on 26 October 2016 to fill the casual vacancy arose as a result of resignation tendered by Mr. Mirza Qamar Beg.

#### 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 control, the audit process, disclosure systems and process, and the company's process for monitoring compliance with laws and regulations and the code of conduct of the Company.

The Audit Committee is, among 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 to the Company in addition to audit of its financial statements.

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

#### i) Financial statements

The committee shall review quarterly, half yearly and annual 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, significant related party transactions, and compliance with all statutory and regulatory requirements. It shall also review preliminary announcements of results prior to publication and vet the Directors' report before its submission to the Board.

#### ii) 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 Company 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.

#### iii) Internal Audit (IA)

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 IA 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 policies and procedures. It will also provide for the Company's Head of Internal Audit to act as coordinator between the Audit firm and the Committee and the Board.

#### iv) 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 Audit. It shall review the Management letter, as also discuss with

the auditors any major findings and observations, and where appropriate submit its recommendations to the Board.

#### v) Risk Management

The committee shall cause to have installed a viable risk management system in the company. At least one meeting a year shall be devoted exclusively to review assessment of risk and measures to avoid, share, mitigate and accept residual risks within the overall risk appetite determined by the Board.

#### vi) 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.

#### vii) Reporting and Other Responsibilities

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

### Human Resource & Remuneration Committee (HR & R Committee)

Composition	Meetings Held			Meetings Attended
	02 July 2016	30 September 2016	09 March 2017	
Mr. Zafar Ahmed Taji Chairman	✓	✓	✓	03
Mr. Badar Kazmi Member	✓	-	✓	02
Mr. Shayan Akberali Member	✓	✓	✓	03
Ms. Mariam Akberali Member	-	-	-	-

#### 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 resource management policies to the Board;
- Recommending to the Board the selection, evaluation, compensation, (including retirement benefits) and succession planning of the CEO;
- Recommending to the Board the selection, evaluation, compensation, (including retirement benefits) of CEO, CFO, Company Secretary; and
- Considering and approving on recommendation of CEO on such matters for key management positions who report directly to CEO; and
- 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 with respect to compensation or as may be specifically directed by the Board of the Company from time to time.
- Any additional matters delegated to the committee by the Board of Directors of the Company.

## Management Committees

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

## Product Profolio

Amreli Steels manufactures Billets and reinforcement Bars which are widely used in construction industry.

Amreli Steels rolls its rebars from in-house manufactured prime quality steel billets. We produce the following types of rebars as per the American and British quality standards:

### 1) Billet

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

### 2) Reinforcement Bars

#### a) G-60 Deformed Steel Bars

Amreli Steels' Grade 60 Deformed Steel bars conform to ASTM A615 (American Standard for Testing and Materials) and is available in sizes ranging from 10mm to 40mm. While we produce rebars in standard length of 12 meters, our plant is capable of rolling specific lengths as per requirements. Following are some key attributes of Amreli Steels' Grade 60 Deformed Steel bars:

#### Product Specifications:

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

#### b) Xtreme Bars G-500W

Xtreme G-500 is an ace of modern construction and is commonly used in the construction of high-rise construction and mega structures. The imposing skylines of mega cities like Dubai, Singapore, Kuala-Lumpur and Bangkok bear testimony to the popularity of 500 MPA bars. Amreli Steels was the first brand to introduce G-500W in Pakistani market which is based on British Standard BS 4449–2005:2009. All bars are cut in standard sizes of 12-16 meters. Following are some key attributes of Amreli Steels' Grade 60 Deformed Steel bars:

#### Product Specifications:

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





## Sustainability/ Guiding Principles

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, regulators and colleagues. It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest ethical, professional and legal standards.

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

Our guiding principles for sustainability are:

- I. Maintain highest degree of corporate governance practices;
- II. Conduct business activities with the highest principles of honesty, integrity, truthfulness and honor;
- III. Promote ethical business practices;
- IV. Respect the environment and communities in which we operate;
- V. Assure equal employment opportunities;
- VI. Value diversity in the workplace;
- VII. Provide healthy and safe working environments;
- VIII. Respect human rights and trade ethically;
- IX. Act in utmost good faith and exercise due care, diligence and integrity in performing the office duties;
- X. Comply with all applicable laws and regulations;
- XI. 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;
- XII. Deliver superior value for our shareholders – our intent is to outperform our competitors by delivering superior growth, margins and returns to our shareholders;
- XIII. 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;
- XIV. 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;
- XV. Be transparent in reporting and validating our progress – our intent is to provide our stakeholders with thorough and timely information on our progress;



## Corporate Social Responsibility

### Serving the Community to Strengthen the Nation

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

#### EDUCATION

##### 1) Women Industrial Home

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

##### 2) The Hunar Foundation

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

##### 3) The Citizens Foundation

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

##### 4) Professional Education Forum

PEF provides financial support to underprivileged students for their professional education in the fields of engineering, medicine, agriculture, management & Information Technology. PEF scholarships are supporting the education for over 1600 students all over Pakistan. Amreli Steels has sponsored the professional education of ten students for the year in 2016-17.

#### COMMUNITY

##### 1) Khana Ghar

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

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

Sirat-ul-Jannah orphanage is a network of orphanages operating in Karachi, Islamabad, Muree and Khanewal with the aim of providing a home-like environment to needy orphan children. In addition to lodging and essentials, educational and medical facilities are also being extended to these children. Amreli Steels supplies food for the 135 children in its Karachi orphanage every month.

#### HEALTHCARE

##### 1) Civil Hospital Thatta

According to recent estimates, over 20\* million people suffer from Kidney Problems in Pakistan. This problem is further complicated by the high cost of procedures that detracts the majority of our population. The Civil Hospital in Thatta caters to an average of 10 to 12 dialysis patients daily with the help of eight machines in its Kidney Center. Amreli Steels financed the dialysis treatment of 100 patients in 2017.

\*Figure published in the report "20m facing kidney disease in Pakistan" of **The Nation** printed on March 20th, 2017.

## Health, Safety and Environment (HSE)

The Company is committed in developing, promoting and achieving the highest Standard of HSE operations.

The Company believes to:

- Respond positively to environmental developments by reviewing such issues with the relevant authorities, local communities and others.
- Work effectively to encourage environment awareness and identify and share best practices and new techniques to reduce environmental impact.
- Minimize emissions and waste by evaluating operations and ensuring they are as efficient as possible.
- Reduce and where practical, eliminate hazardous and nuisance release to air, water and land.
- To inculcate a sense of responsibility towards the environment among our employees.
- Periodically review the suitability, adequacy and effectiveness of the HSE management system.
- Educate, train, encourage and motivate employees to carry out activities in a responsible manner in accordance with the requirements of generally accepted OHS & Environmental management system.
- Apply technologies that are not harmful to our employees' health and are environment friendly.
- Set objectives and targets, key performance indicators and program for occupational health and safety.
- Strive to prevent any accident, and to achieve continual improvement of the H.S.E management system and related performance.
- Consult with employees on matters affecting their Health and Safety.



## Information Technology

Amreli Steels Limited Information Technology (IT) Department is devising and implementing IT strategies to support organization. Its primary objective is to make sure that the ASL Business Strategy can be realized through technology and investments that are aligned to business needs.

The whole IT team is geared up to take on new challenges and forge ahead with major technology changes needed by the ASL business. IT provide secure, reliable and integrated technology solutions in alignment with the needs and goals throughout the organization.

### Technology Developments (2016-17):

- **IT Governance:**

Amreli Steels Corporate Governance constitutes the accountability framework of an organization. IT and Information Security (InfoSec) Governance is an integral part of it. It involves leadership support, organizational structure and processes to ensure that an organization's IT and InfoSec sustains and extends business strategies and objectives. Its main purpose is to:

1. Establish, Maintain and Align IT and InfoSec strategy with business goals and objectives.
2. Establish and maintain a framework that guides activities to support IT and InfoSec strategy.
3. Integrate IT and InfoSec governance into corporate governance.

- **SAP ERP reports and analytics**

The time of financial audit for year 2016-17 had been greatly reduced due to the best business practices and controls as well as the speed and efficiency offered by SAP ERP reports and analytics.

- **Establishing a Synchronized High Available Disaster Recovery (DR) Site**

A synchronized high available DR site has been established to support Amreli Steels Business Continuity Plan.

- **Cataloging the IT Services**

The IT services offered to its stakeholders has been cataloged under the guidelines of Information Technology Infrastructure Library (ITIL) to align the services with business needs.

- **Revamping IT Infrastructure**

The IT infrastructure at Amreli Steels has been revamped to ensure confidentiality, integrity and availability of the IT services anywhere all the time.

- **Video Conferencing**

Video Conferencing services have been implemented on internal cloud for communication between various locations.

- **IT helpdesk**

IT helpdesk has been established to provide ASL users better IT services through ticket management under the guidelines of ITIL.

## Business Continuity Plan

When business is disrupted, it can cost money and lost revenues which necessitates extra expenses resulting in reduced profits. Amreli Steels has a comprehensive Business Continuity Plan in place which includes activities required to keep the organization running during a period of displacement or interruption of normal operations.

### A Business Continuity Plan includes

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

### Development of a business continuity plan includes four steps

- Conduct a business impact analysis to identify time-sensitive or critical business functions and processes and the resources that support them.
- Identify, document, and implement to recover critical business functions and processes.
- Organize a business continuity team and compile a business continuity plan to manage a business disruption.
- Conduct training for the business continuity team and testing and exercises to evaluate recovery strategies and the plan.

Due to the advancement of Information Technology, business nowadays depends heavily on IT. Information technology includes many components such as networks, servers, desktop and laptop computers and wireless devices. The ability to run both office productivity and enterprise software is critical. Therefore, recovery strategies for information technology has been developed, with continuous improvements, so technology can be restored in time to meet the needs of the business. Standard Operating Procedures (SOP) for manual workarounds are also part of the IT plan so business can continue while computer systems are being restored.

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

## HR Business Continuity & Growth

Business continuity and growth is a perfect reflection of succession planning. In pursuit of excellence, a well-articulated succession plan was developed after thorough deliberations with all stakeholders. Inputs duly validated by executive leadership enabled the organization to identify several positions as critical to the business. Each individual holding significant position is discussed and placed under radar and in respective area for further career development. Additional discussions were carried out for those who have demonstrated exceptional skills and have potential to grow. Specific and targeted programs are underway for such high value individuals for further nurturing, coaching and mentoring. ASL management is committed to provide young workforce all the rights and possible reasons to stay and contribute in the growth of the organization. Building on the same philosophy, Company's recently launched retirement policy aims at providing young talent to take up future leadership roles.

## Passion for People

Our philosophy of a healthy work-life balance and emphasis on diversity allows us to attract talent beyond physical boundaries. Amreli Steels takes pride in attracting, developing and retaining talented individuals who bring out the best from our state-of-the-art technologies and dedicate themselves to upholding our business ideals and values. Today, we stand tall in the industry owing to invaluable contributions of our human capital.

### Culture of Learning

We believe that talented employees with appropriate potential may also require nurturing and guidance from experienced professionals at times. This year, our high performing individuals and teams have been linked to a seasoned mentor who has helped them develop further as professionals. Through group discussions and one-on-one sessions, our mentor shared his experiences gained over the course of 40 years while working with MNCs and local conglomerates. This was carried out on bi-monthly basis throughout the year.

Beyond our Mentoring Program, our fellow colleagues were regularly sent to relevant trainings (technical / non-technical) and cross functional industry exposure carefully selected on a need basis. It is very heartening to see that our investment of around 1666 man hours / 208 man days training shows a considerable increase in engagement, efficiency and performance all across.

Our believe in communicating with our fellow colleagues helps us in bridging communication gaps. Young Amreli Forum (YAF) is just a mere reflection of the same where young engineers are given full opportunity to share and discuss valuable inputs and concerns. Lot of new ideas were shared and few are implemented after due consideration from the forum.

### Culture of Improvement

In order to benchmark ourselves against the leading companies of Pakistan and to determine how our team members felt about working for Amreli Steels, an "employee engagement" exercise was carried out by an independent third party as a first building block. Periodic "Salary Surveys" are also being carried out in which input is taken from 15 other leading industries with somehow similar business nature or business volumes. These surveys are playing a significant role in enhancing employee motivation. With the support of the management, detailed action plans have been formulated and put into implementation to bridge the identified gaps in our remuneration system.

### Culture of Reward

We are proud of our company's enabling culture that is based on giving and reciprocating respect, promoting cooperation and empowerment. Our team is given all necessary means to achieve the business objectives and limitless opportunities to pursue new challenges.

Our new and improved "Internal Customer Centric - Objective based Management System" is taking shape and moving towards best industry practices. It aimed at delivering the optimum business results that creates real value for all stakeholders. This system is based on a broad reward scheme that immediately gratifies high performing individuals while offering certain deferred incentives that create lifelong association with Amreli Steels. The well-crafted "Career Merit Points System" is another highlight that will enable our high performers to enjoy short term and long term benefits in due course.

### Beyond Duty

Besides normal business duties, we believe in providing our fellow colleagues multiple options through family, sporting and management gatherings. This puts the employees in an informal social setting to create a deep emotional association with Amreli Steels and promote a warm and cordial work environment.



## Notice of the 33<sup>rd</sup> Annual General Meeting

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting of Amreli Steels Limited will be held on Wednesday, October 25, 2017 at 03:30 pm at Auditorium Hall of the Institute of Chartered Accountants of Pakistan (ICAP), G-13, Block-8, Chartered Accountants Avenue, Clifton, Karachi, Pakistan, to transact the following businesses:

### Ordinary Business:

1. To confirm minutes of the last Annual General Meeting of the Company held on 25 October 2016.
2. To receive, consider and adopt annual audited financial statements of the Company for the year ended 30 June 2017 together with the Directors' and the Auditors' Reports thereon.
3. To consider and if thought fit, declare final cash dividend of 20% i.e. PKR 2.00 per share, as recommended by the Board of Directors of the Company for the year ended 30 June 2017.
4. To appoint auditors of the Company for the financial year ending 30 June 2018 and to fix their remuneration. The Board of Directors of the Company has recommended the name of retiring auditors M/s. EY Ford Rhodes, Chartered Accountants, for their appointment as external auditors for the year ending 30 June 2018. The retiring auditors, being eligible, have offered themselves for re-appointment for the year ending 30 June 2018.

### Other Business:

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

Date: 04 October 2017  
Place: Karachi

By Order of the Board



Adnan Abdul Ghaffar  
Company Secretary

### Notes:

#### 1. Book Closure:

The Share Transfer Books of the Company will remain closed from 13 October 2017 to 25 October 2017 (both days inclusive). Transfers received in order by our Share Registrar, M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi by the close of business on 12 October 2017 will be considered in time for the determination of any entitlement, as recommended by the Board of Directors and attending the meeting.

#### 2. Appointment of Proxies and Attending AGM:

- i) A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
- ii) A blank instrument of proxy applicable for the meeting is being provided with the notice sent to members. Further copies of the instrument of proxy may be obtained from the registered office of the Company during normal office hours.

- iii) A duly completed instrument of proxy to be valid must be deposited at the registered office not less than 48 hours before the time of the meeting. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.
- iv) The instrument of proxy should be duly signed, stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
- v) CDC account holders are also required to follow the guidelines as laid down in Circular No.1 dated 26, January 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

### For Attending the Annual General Meeting:

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

### For Appointment of Proxies:

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

#### 3. Change in Members Addresses:

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

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

Members, who have not yet submitted attested photocopy of their valid CNIC alongwith folio number are requested to send the same, at the earliest, directly to the Company's Share Registrar.

#### 5. Dividend Mandate/ E-Dividend:

In terms of section 242 of Companies Act, 2017(Act), every listed company is required to pay cash dividend, if any, to their members only through electronic mode by directly crediting the amount of dividend into the bank account provided by them.

The Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 18 of 2017 dated 01 August 2017, has allowed one time extension from the aforesaid requirement till 31 October 2017 and keeping in view the mandatory requirements of the provisions of section 242 of the Act, the SECP has advised the listed companies to approach their shareholders for obtaining electronic dividend mandate, update their bank account records and put a system in place, as all dividend payments with effect from 01 November 2017 shall be paid through electronic mode only.

Please note that the Company shall be bound to withhold dividend of those members who do not provide their bank details. Therefore, in order to receive e-dividend, members are requested to provide particulars relating to their bank account (i.e. title of account, complete bank account number (i.e. 24 digit IBAN), complete mailing

address of the bank, name of the bank, folio number, mobile number and email address). E-Dividend Mandate Form is annexed with the Notice and it is also available at the Registered Office of the Company and on the Company's website.

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 (CDCPL) vide its Circular No. 16 of 2017 issued on 31 August 2017.

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

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

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

- a) Pursuant to the Finance Act, 2017, effective 01 July 2017, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a Non-Filer of income tax return is prescribed as 20% and for Filer of tax returns as 15%. List of filers is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>. Members are therefore advised to update their tax Filer status latest by 12 October 2017.
- b) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

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

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

- c) The required information must reach our Share Registrar by the close of business on 12 October 2017; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).
- d) The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.
- e) The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend if announced by the Company on 25 October 2017.
- f) Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by 12 October 2017.

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

The Annual Report of the Company for the year ended 30 June 2017 has been placed on the Company's website.

#### 9. Circulation of Annual Financial Statements for the year ended 30 June 2017 through CD/DVD/USB

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

Pursuant to the approval of shareholders, as aforesaid, the annual audited financial statements of the Company for the year ended 30 June 2017, are being circulated to the members through CD.

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

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

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

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

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

#### THK Associates (Pvt) Ltd

1st Floor,40-C, Block-6,  
P.E.C.H.S. Karachi - 75400  
UAN No: (021) 111-000-322  
Direct No: (021) 34168266-8  
Email: [secretariat@thk.com.pk](mailto:secretariat@thk.com.pk)  
[masood.ahmed@thk.com.pk](mailto:masood.ahmed@thk.com.pk)  
Contact Person: Mr. Masood Ahmed



## Pattern of Shareholding-Additional Information

As on 30 June 2017

Categories of Shareholders	Number of Shareholders	Shares Held	Percentage
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### Directors and their spouse(s) and minor children

Abbas Akberali	2	92,439,482	31.12
Shayan Akberali	1	35,694,840	12.02
Kinza Shayan	1	1,746,383	0.59
Mariam Akberali	2	37,420,212	12.60
Teizoon Kijat	1	500	0.00
Badar Kazmi	1	1,000	0.00
Zafar Ahmed Taji	1	500	0.00

### Associated Companies, undertakings and related parties

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

National Investment Trust & Investment Corporation of Pakistan	1	50,500	0.02
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### Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds

Banks	8	6,715,500	2.26
Insurance Companies	9	28,106,022	9.46

<b>Mutual Funds</b>	41	18,800,000	6.33
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### General Public

Local	9,358	13,148,608	4.43
Foreign	127	2,222,950	0.75

<b>Others</b>	55	4,355,000	1.47
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<b>Foreign Companies</b>	4	577,000	0.19
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<b>Total</b>	<b>9,613</b>	<b>297,011,427</b>	<b>100.00</b>
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Shareholders holding 5% or more	Shares Held	Percentage
Abbas Akberali	91,294,723	30.74
Mahvash Akberali	55,732,930	18.76
Hadi Abbas Akberali	37,419,212	12.60
Shayan Akberali	35,694,840	12.02

## Pattern of Shareholding

As on 30 June 2017

NO. OF SHAREHOLDERS	<--- Having Shares --->		SHARES HELD	PERCENTAGE
	From	To		
316	1	100	9261	0.0031
6569	101	500	3259216	1.0973
1446	501	1000	1434388	0.4829
928	1001	5000	2228784	0.7504
125	5001	10000	1023849	0.3447
36	10001	15000	453092	0.1526
40	15001	20000	750593	0.2527
34	20001	25000	812604	0.2736
9	25001	30000	257500	0.0867
6	30001	35000	201400	0.0678
7	35001	40000	271417	0.0914
2	40001	45000	84500	0.0284
10	45001	50000	489000	0.1646
4	50001	55000	213000	0.0717
2	55001	60000	115000	0.0387
2	60001	65000	126000	0.0424
2	65001	70000	140000	0.0471
5	70001	75000	366000	0.1232
1	75001	80000	80000	0.0269
1	90001	95000	95000	0.0320
3	95001	100000	297000	0.1000
3	100001	105000	312000	0.1050
1	105001	110000	106000	0.0357
3	110001	115000	335500	0.1130
3	120001	125000	372000	0.1252
2	125001	130000	251476	0.0847
1	135001	140000	139000	0.0468
1	140001	145000	142000	0.0478
1	170001	175000	172500	0.0581
1	175001	180000	180000	0.0606
2	195001	200000	397000	0.1337
1	215001	220000	216500	0.0729
2	220001	225000	447500	0.1507
1	235001	240000	239000	0.0805
1	245001	250000	250000	0.0842
1	260001	265000	260500	0.0877
1	265001	270000	267000	0.0899
1	275001	280000	279000	0.0939
1	280001	285000	283000	0.0953

## Pattern of Shareholding

As on 30 June 2017

NO. OF SHAREHOLDERS	<---- Having Shares ---->		SHARES HELD	PERCENTAGE
	From	To		
1	290001	295000	291000	0.0980
1	305001	310000	308000	0.1037
1	310001	315000	315000	0.1061
1	345001	350000	350000	0.1178
1	360001	365000	365000	0.1229
1	370001	375000	372500	0.1254
1	395001	400000	396000	0.1333
1	425001	430000	425500	0.1433
1	435001	440000	437500	0.1473
1	460001	465000	464000	0.1562
1	590001	595000	593500	0.1998
1	645001	650000	650000	0.2188
1	715001	720000	720000	0.2424
1	725001	730000	727000	0.2448
1	735001	740000	737000	0.2481
1	770001	775000	775000	0.2609
1	870001	875000	874500	0.2944
1	945001	950000	947500	0.3190
1	1140001	1145000	1144759	0.3854
1	1145001	1150000	1150000	0.3872
1	1185001	1190000	1190000	0.4007
1	1220001	1225000	1225000	0.4124
1	1230001	1235000	1232500	0.4150
1	1250001	1255000	1251000	0.4212
1	1370001	1375000	1375000	0.4629
1	1410001	1415000	1413000	0.4757
1	1530001	1535000	1532500	0.5160
2	1745001	1750000	3491883	1.1757
1	1885001	1890000	1888500	0.6358
1	2515001	2520000	2518000	0.8478
1	3260001	3265000	3262000	1.0983
1	10205001	10210000	10208000	3.4369
1	16880001	16885000	16881000	5.6836
1	35690001	35695000	35694840	12.0180
1	37415001	37420000	37419212	12.5986
1	55730001	55735000	55732930	18.7646
1	91290001	91295000	91294723	30.7378
<b>9,613</b>	<b>Company Total</b>		<b>297,011,427</b>	<b>100.0000</b>

## Stakeholders' Engagement Process

STAKEHOLDERS	MANAGEMENT OF STAKEHOLDERS' ENGAGEMENT	EFFECT AND VALUE TO AMRELI STEELS (ASL)
<b>INSTITUTIONAL INVESTORS / SHAREHOLDERS</b>	ASL acknowledges and honours the trust our investors have put in us by providing a steady return on their investment. We rigorously enforce a transparent relationship with all our stakeholders.	The providers of capital allow ASL the means to achieve its vision.
<b>CUSTOMERS &amp; SUPPLIERS</b>	ASL has invested significantly over the years in customer relationship management. Our continuous and sustainable growth is also attributable to engaging reputed suppliers as business partners for supply of industrial inputs, equipment and machinery.	Our success and performance depends upon the loyalty of our customers, their preference and our supply chain management.
<b>BANKS AND OTHER LENDERS</b>	Banks and other financial institutions are engaged by the Company on an on-going basis in relation to negotiation of rates, lending purposes, short term financing, deposits and investments. Banks are also consulted on issues linked with letters of credit and payments to suppliers, along with other disbursements of an operational nature.	Dealings with banks and lenders is key to ASL's performance in terms of the following: <ul style="list-style-type: none"> <li>• Access to funds</li> <li>• Better interest rates and loan terms</li> <li>• Minimal fees</li> <li>• Higher level of customer service</li> <li>• Effective planning for the future</li> </ul>
<b>MEDIA</b>	Different communication mediums are used on need basis to apprise the general public about new developments, activities and philanthropic initiatives of ASL.	By informing the media of the developments and activities of ASL, effective awareness is created regarding the Company and the products and services offered, indirectly having a positive impact.
<b>REGULATORS</b>	ASL prides itself in being a responsible corporate citizen and abides by the laws and regulations of Pakistan. ASL consciously ensures that all the legal requirements of other countries are also fulfilled while conducting business outside Pakistan.  ASL has paid a total of Rs.2.4 Billion (comprising in terms of income taxes, sales taxes and custom duties) to Government Exchequer during the financial year under review and continues to be one of the highest taxpayers of Pakistan.	Laws and regulations, determination of prices and other factors controlled by the Government affect ASL and its performance.
<b>ANALYSTS</b>	In order to remain transparent and attract potential investors, ASL regularly engages with analysts on details of projects already disclosed to the regulators, with due regard to regulatory restrictions imposed on inside information and or trading, to avoid any negative impact on the Company's reputation or share price.	Providing all the required information to analysts on the historical performance of the Company, material announcement made during the period and help them understand the industry and its dynamics more clearly to create a positive investor environment.
<b>EMPLOYEES</b>	ASL's commitment to its most valued resource, a dedicated and competent workforce, is at the core of its human resource strategy. ASL provides a nurturing and employee friendly environment while investing considerably in local and foreign employee trainings. Besides monetary compensations, ASL has also invested in health and fitness activities for its employees.	ASL's employees represent its biggest asset. They implement every strategic and operational decision and represent the Company in the industry and community.
<b>LOCAL COMMUNITY AND GENERAL PUBLIC</b>	In addition to local communities near plant sites, ASL engages with general public at large through its CSR Activities. This engagement helps to identify needed interventions in the field of education, health and general economic uplift of the society.	The people of the Country provide the grounds for ASL to build its future on.



## Major Events during the Financial Year 2016-2017

### September 2016

- Board of Directors' Meeting was held on 09 September 2016. The Board approved the annual audited financial statements of the Company for the year ended 30 June 2016 and Directors' Report thereon and recommend to the shareholders 20% (i.e. Rs. 2 per share) final cash dividend for the year ended 30 June 2016.

### October 2016

- 32nd Annual General Meeting of the Company was held on 25 October 2016 at Auditorium Hall of the Institute of Chartered Accountants of Pakistan, Block-8, Chartered Accountants Avenue, Clifton, Karachi and approved annual audited accounts for the year ended 30 June 2016 and 20% (i.e. Rs. 2 per share) final cash dividend for the year ended 30 June 2016.
- Board of Directors' Meeting was held on 26 October 2016. The Board approved the condensed interim financial statements for the first quarter ended 30 September 2016 along with the Directors' Report thereon.
- The Board in its meeting held on 26 October 2016 appointed Mr. Teizoon Kisat as an Independent Director of the Company to fill the casual vacancy arose as a result of resignation tendered by Mr. Mirza Qamar Beg.

### November 2016

- Dispatched Final Dividend Warrants to the shareholders.
- Organized Family Gala Event at Dreamworld Resort for the employees and their families.

### February 2017

- Board of Directors' Meeting was held on 02 February 2017. The Board approved the condensed interim financial statements for the half year ended 31 December 2016 along with the Directors' Report thereon.

### April 2017

- Cricket Tournament was organized for all the employees of the Company at the Cricket Stadium located in the vicinity of Dreamworld Resort, Karachi. Teams participated from all three locations of the Company i.e. Head Office-Karachi, Steel Melt Shop-Dhabeji and Rolling Mill-SITE. Karachi.
- Board of Directors' Meeting was held on 20 April 2017. The Board approved the condensed interim financial statements for the third quarter ended 31 March 2017 along with the Directors' Report thereon.
- The Board in its meeting held on 20 April 2017 approved in principle the second phase of expansion of the Company, subject to the approval of technical feasibility and successful financial close of the proposed transaction. The Board approved the followings:
  - Increase in Steel Melting capacity at Dhabeji for making billets from 400,000 to 600,000 tons per annum, in the first phase, with expected time line for completion in FY 17-18
  - Increase in Rolling Mill capacity at Dhabeji for making rebars from 300,000 to 425,000 tons per annum, with expected time line for completion in FY 17-18
  - Increase in Rolling Mill capacity at S.I.T.E. Karachi for making rebars from 180,000 to 325,000 tons per annum with expected time line for completion in FY 18-19

## Corporate Calendar

### Tentative dates for the Financial Year 2017-18

1

**Board Meeting**  
**First Quarter ending 30 September 2017**  
Last week of October 2017

2

**Board Meeting**  
**Half Year ending 31 December 2017**  
First week of February 2018

3

**Board Meeting**  
**Third Quarter ending 31 March 2018**  
Last week of April 2018

4

**Board Meeting**  
**Year ending 30 June 2018**  
First week of September 2018

5

**Annual General Meeting**  
**Year ending 30 June 2018**  
Last week of October 2018

# Corporate Governance, Risk Management and Compliance

Amreli Steels Limited (the Company) recognizes that Governance, Risk Management, and Compliance (GRC) are three pillars that work together for the purpose of assuring that the organization meets its objectives.

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

## Governance

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

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

### Major External Regulations

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

### Major Internal Regulations

- The Articles of Association of the Company
- Code of Conduct
- Whistle Blowing Policy
- Other Significant policies formulated by the Company from time to time

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

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

## Risk Management

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

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

## Compliance

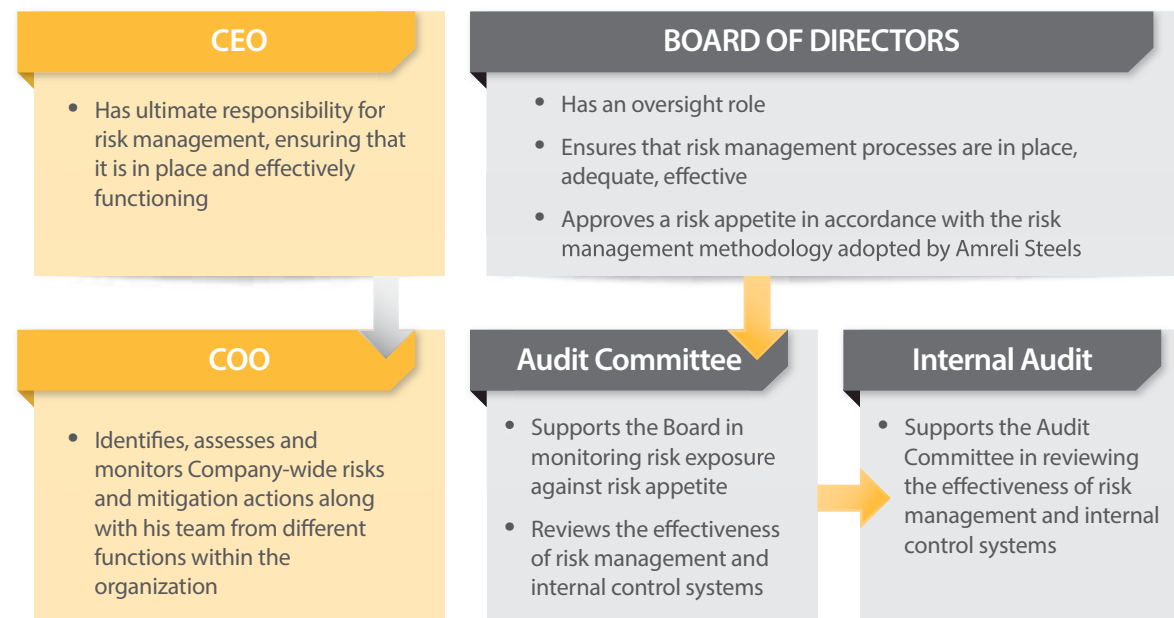
Compliance at Amreli Steels means adherence with the applicable laws and regulations and the Company's policies and procedures. The Company considers strong and efficient governance as a key to the Company's success.

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



# Risk Management

## TOP-DOWN APPROACH



Oversight, identification, assessment and management of risks at corporate level

## RISK MANAGEMENT

Identification, assessment and management of risks at process levels and across functions

### Site levels

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

### Regional Business Unit Management Teams

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

## BOTTOM-UP APPROACH

## Strategic Risks

Sr. No.	Risks	Description	Mitigation
1.	Economic factors, industry conditions, industry cyclicality	The cyclic nature of steel industry may adversely affect our business. The construction is dependent on overall economic conditions, any adverse effects on economy may directly impact steel Industry.	The Company continuously tracks changes in economic environment pertaining to steel industry, and aligns its strategy proactively to address risks arising out of it. The current economic conditions of Pakistan have improved in previous years that has resulted in increase in industrialization and urbanization and have had a positive effect on construction sector. It is anticipated that CPEC would result in improved economy and boost the construction industry.
2.	Changes in government laws and policies	Regulatory changes may affect local steel industry due to ad-hoc tariff adjustments on imports or dumping in Pakistan.	It is an external risk outside our control However being one of the largest steel rebar manufacturer, our senior management regularly seeks dialogue with policy makers in different forums in the interest of domestic industry.
3.	Product competition	Growing numbers of local players in the market and cheap quality of steel bar available in the market at uneconomical prices may seriously affect our market share.	The Company expect and encourage healthy competition with an aim to enhance market share in coming years by increasing our market outreach. Increase in energy efficiency by 25% through installation of new technology in Dhabeji rolling mill will result in availability of our quality steel rebars on competitive prices that would give high competitive advantage to our products.
4.	Business interruption	Prolonged power outages will result in delayed production and which may result in loss of competitive advantage and reputation.	At Dhabeji plant ,the company is supplied with power by K-electric from national grid at 132KV/11KV with the transformer rating of 50/63 MVA which is more than sufficient to cater to the requirement of company's existing operations and expansion plans. Further, the Company has laid one extra phase cable of 132KV to avoid single point of failure. The Company has a dedicated bay at K-Electric's Dhabeji grid station, from which its dedicated power feeders transmits power at 132KV voltage to the grid station at site.  The SITE, Karachi plant is supplied with power from two dedicated feeders of K-Electric supplying power at 11KV Level. Thus, one in line and other on standby. Each of these feeders originates at K-Electric substation and terminates at the plant with no other customer drawing power from these lines.

## Operational Risks

5.	Technology failing to provide cost & quality competitiveness	Sacrificial loss in profitability due to outdated technology or failure in technological system.	The Company values automation and modernization of operations as it has state-of-the-art equipment for melting and slit rolling which is contracted from an international conglomerate Primetals Technologies which is joint venture between Siemens, VAI, and Mitsubishi that provides steel manufacturing solutions across the value chain. We expect such technological aspect will help the Company in obtaining unparalleled cost & quality benchmarks that will translate into a better bottom line.
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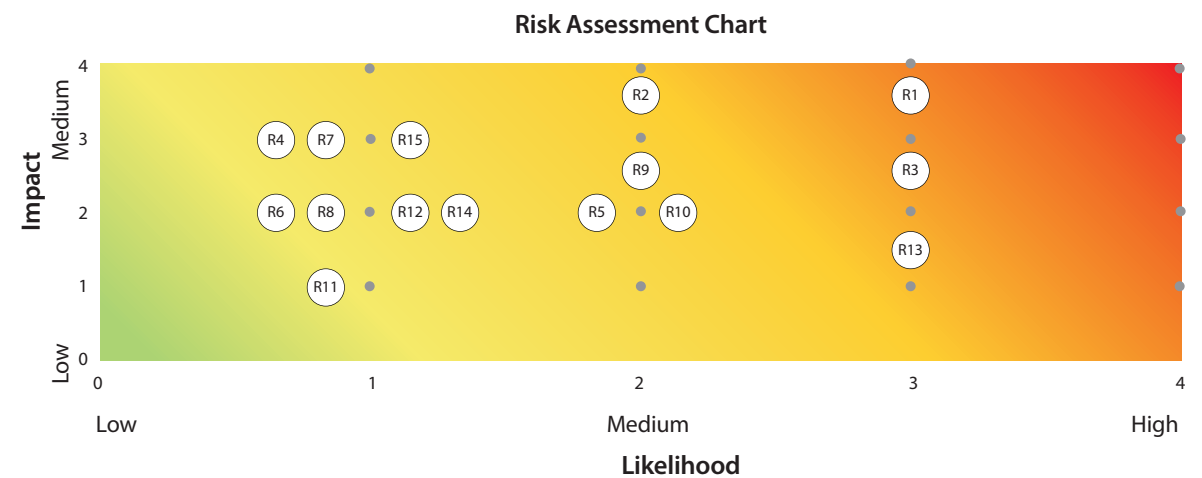
6.	Failure to maintain high potential human capital	Loss of high potential talent in terms of attraction, engagement and retention of intellectual capital may have a negative impact on business results.	Amreli Steels Limited appreciates and relies upon the contributions from its key personals. Through HR department it ensures a vigorous succession planning to identify, engage and retain intellectual capital by offering challenge-reward based conducive work environment.
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Strategic Risks			
7.	Health & Safety	Poor health & safety environment may become root cause of fatal work place accidents which will result in lowering employees' motivation and ultimately may cost the reputation of the Company.	The Company highly values health and safety of every employee and ensure safety procedures are followed to avoid any unwanted circumstances via educating the employees about work place safety through continuous trainings and awareness programs. We are also in the process of implementing OHSAS 18001.
8.	Information Security	Information security incidents can unfavorably impact upon our business operations.	Strong controls are in place for the security and maintenance of confidentiality and integrity of data. Procedures are in place to restrict unauthorized access. Disaster recovery is also in place and data recovery exercise is performed on regular basis in order to reduce the exposures of any risks arising from data loss.
9.	Supply chain management risk	Prolong production stoppages due to shortages of inputs may result in disruptions in overall business operations. Also variation in prices of raw material may adversely affect our profitability.	The Company has strong commitments from its vendors in terms of quality and competitive prices of raw materials. In case of over dependence, we also have alternate vendors on our approved vendors list. To avoid disturbance in production process, we optimize the use of market intelligence and update vendor performance report regularly.

Financial Risks			
10.	Counter-Party risk	Risk of default in payments by credit customers.	Maintenance of healthy relationship with customers is key goal of the Company. Credits are only granted to customers with good financial health after careful assessment as per Company's credit policy. We have follow-up procedures in place. The payments, sales and operational performance of customers are properly documented and is incorporated in customer's appraisal.
11.	Interest rate risk	Changes in interest rates can cause changes in the borrowing cost of the company.	The management has been successful in acquiring competitive rates. Also, the improved credit ratings are key driver for acquiring competitive interest rates.
12.	Liquidity risk	Risk of default on our financial commitments to other parties.	Amreli Steels received a long term credit rating of "A" and short-term credit rating of "A-1" from PACRA which represents the Company's financial stability and a strong capacity for timely repayment of financial commitments.
13.	Foreign Exchange risk	Devaluation of PKR against USD may result in costly inputs which in turn can cause adverse impact on our profitability.	Forex risk is minimized through proper planning and through the arrangement of hedging on occasions.

Compliance Risks			
14.	Legislation risk	New laws, regulations or other requirements may result in new liability in the case of non-compliance.	The Company regularly monitors changes in regulatory environment and adapts changes in timely manner. Employees are regularly sent on workshops and seminars for post budget or any material change in government policies. Services have been acquired for material updates.

Reputational Risks			
15.	Product risk	Risk of loss in revenues resulting from goods return or bad publicity in press on quality and performance of the product.	At Amreli Steels Limited, great emphasis is placed on rigid quality control policies. In support of our quality policy, The Company has established a formal management system conforming to ISO 9001: 2008. We are an ISO 9001:2008 certified company. All our products are also approved and certified by Pakistan Standard Quality Control Authority (PSQCA). The company maintains a modern testing laboratory where each heat produced is tested against International Standards (ASTM A-615 & BS 4449). Our testing facilities include an electro-hydraulic universal testing machine with a testing capacity of 100 tons and a mechanical 60 ton universal testing machine. The staff of the testing facility is professionally trained by foreign experts to use the machines and deliver accurate results.



RISK	RISK FACTOR	Likelihood	Impact
R1	Economic	3	4
R2	Government laws and policies	2	4
R3	Product Competition	3	3
R4	Business interruption	1	3
R5	Technology	2	2
R6	Human capital	1	2
R7	Health & Safety	1	3
R8	Information Security	1	2

RISK	RISK FACTOR	Likelihood	Impact
R9	Supply chain management risk	2	3
R10	Counter-Party risk	2	2
R11	Interest rate risk	1	1
R12	Liquidity risk	1	2
R13	Foreign Exchange risk	3	1
R14	Legislation risk	1	2
R15	Product risk	1	3



# Internal Control Framework

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

1. Protecting its resources against waste, fraud, and inefficiency;
2. Ensuring accuracy and reliability in accounting and operational data;
3. Securing compliance with the organizational policies; and
4. Evaluating the level of performance in all organizational units of the Company.

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

1. **Operational Objectives:** these pertain to effectiveness and efficiency of our operations, including operational and financial performance goals, and safeguarding assets against loss.
2. **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 our policies.
3. **Compliance Objectives:** these pertain to adherence to laws and regulations to which we are 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 maintain strict financial, operational and risk management controls 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, we have both in-house internal audit as well as outsourced internal audit function.

The systems, standard operating procedures and controls that are implemented by the executive management are reviewed by the internal audit team whose findings and recommendations are placed before the Audit Committee. The Audit Committee has annual independent sessions with the statutory auditor and internal auditors to discuss the adequacy and effectiveness of internal financial controls.

Control Environment	Risk	Control Activities	Information & Communication	Monitoring
The commitment of senior management towards strong internal control system has set the tone and control consciousness. Management is keen to promote integrity, ethical values and the commitment to competence. We have approved organization structure (organogram) which is designed to properly assign the appropriate lines for reporting of each functional area. Key Performance Indicators (KPIs) are established to monitor the performance of departments against their stated objectives.	Amreli Steels Limited has ongoing process of identifying and analyzing risks. Mechanisms are developed to respond to the changing condition. The identified risks are evaluated and prioritized in order to take appropriate action.	The policies and procedures are developed in order to ensure that management directives are carried out. All the necessary actions are taken to address risks in order to achieve the entity's objectives. It includes a range of activities such as approvals, authorizations, verifications, reconciliations, budgeting, security of assets, segregation of duties and reviews of operating performance.	All the personnel responsible of their divisions have been given the responsibilities and clear understanding of their roles in internal control system as well as how individual activities relate to the others. We have defined formal mechanism of communication and sharing of information amongst the departments and stakeholders.	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.



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## Review report to the members on statement of compliance with the code of corporate governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Amreli Steels Limited (the Company) for the year ended 30 June 2017 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **30 June 2017**.

Chartered Accountants

Date: 26 August 2017

Place: Karachi

# Statement of Compliance with the Code of Corporate Governance

## Year Ended 30 June 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.24 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

- The Company encourages representation of independent, non-executive Directors and Directors representing minority interests on its Board of Directors. At present, the Board includes:

Category	Name of Directors
Independent Directors	Mr. Zafar Ahmed Taji Mr. Badar Kazmi Mr. Teizoon Kisat
Executive Directors	Mr. Shayan Akberali
Non-Executive Directors	Mr. Abbas Akberali Ms. Kinza Shayan Ms. Mariam Akberali

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the CCG.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution, or a Non-Banking Financial Institution, or being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- A casual vacancy occurring on the board on 9 September 2016 was filled up by the directors within 47 days.
- 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 a Vision/Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and Non-executive directors, have been taken by the Board.
- 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- The Company arranges orientations courses for its directors as and when needed to appraise them of their duties and responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them first-hand knowledge on the working of the Company. Five directors of the Company have attended the directors' training program conducted by the Pakistan Institute of Corporate Governance and the remaining two directors will acquire the required directors' training within the time specified in the CCG.
- The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

- The Directors' report for the year under review has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
- The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- The company has complied with all the corporate and financial reporting requirements of the CCG.
- The Board has formed an Audit Committee. It comprises of three Members, all of whom are non-executive directors. The Chairman of the Committee is an independent director.
- The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
- The Board has formed a Human Resource and Remuneration Committee. It comprises of four Members, of whom three are non-executive directors and one is an executive director. The Chairman of the Committee is an independent director.
- 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.
- The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and Stock Exchange.
- Material/price sensitive information has been disseminated amongst all market participants at once through Stock Exchange.
- The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
- We confirm that all other material principles enshrined in the CCG have been complied with.

For & on behalf of Board of Directors



Shayan Akberali  
Chief Executive Officer



Badar Kazmi  
Director

Date: 26 August 2017

Place: Karachi



## محترم شیئر ہولڈرز،

میرے لئے یہ قابل فخر امر ہے کہ میں مالی سال 2017 کا سالانہ جائزہ پیش کر رہا ہوں، جس میں ہمارے ٹیم ممبران کی انتھک محنت کی بدولت ہماری کمپنی کی شاندار کارکردگی واضح ہونے کے ساتھ ہمارے اسٹیک ہولڈرز کی امیدوں پر پورے اترنے کے تمام پہلو شامل ہیں۔

تعمیری صنعت میں تیزی سے اسٹیل ری بارز کی طلب میں گزشتہ مالی سال سے نظر آتا اضافہ مزید بڑھتا ہوا دکھائی دے رہا ہے۔ ایک تسلسل کے ساتھ میگا پروجیکٹس کے آغاز سے مزید طلب بڑھنے کے ساتھ سالانہ 10 سے 12 فیصد اضافے کی توقع ہے۔

بلٹس اور بارز کی بالترتیب 82 فیصد اور 88 فیصد پیداواری صلاحیت کے استعمال کے حصول اور گزرتے مالی سال میں مقدار کے اعتبار سے ریکارڈ سیلز کے بعد، آپ کی کمپنی فروری 2018 سے توسیعی منصوبے کے آغاز کی بدولت اپنی پیداوار کو بڑھانے کے لئے تیار ہے۔ ہماری ٹیم نے نہ صرف بلٹس کی صلاحیت 400,000 ٹن تک بڑھانے کے لئے میلنگ فرنیس کا آغاز کیا ہے بلکہ ہم یہ اعلان کرتے ہوئے فخر محسوس کر رہے ہیں کہ آپ کی کمپنی فروری 2018 میں 425,000 ٹن ری بارز کی پیداواری صلاحیت حاصل کر لے گی۔ جس کی اصل منصوبہ بندی 300,000 ٹن تھی۔ اس سے ہمیں مارکیٹ کی بڑھتی ہوئی طلب سے زیادہ سے زیادہ فائدہ اٹھانے میں مدد ملے گی۔

عالمی سطح پر اسٹیل کی بڑھتی ہوئی قیمتوں کے باوجود، عالمی مارکیٹ میں اضافی صلاحیت اور اعلیٰ اسٹیل کی متوسط طلب کے باعث خام مال کی قیمتوں میں استحکام متوقع ہے۔ یہ بھی ذہن نشین کرنا ضروری ہے کہ اسٹیل بلٹس پر اینٹی ڈمپنگ ڈیوٹی نافذ کر دی گئی اور ری بارز پر اس کے نفاذ کے لئے بھی غور ہو رہا ہے۔ اسی طرح تقریباً 2 ملین ٹن مختلف اسٹیل پروڈکٹس آئندہ کچھ سالوں میں اس مارکیٹ میں شامل ہوں گی تاکہ ملک کی بڑھتی ہوئی ضروریات کو پورا کیا جاسکے۔ یہ اضافی پیداوار اہم درآمدی متبادل کے طور پر کام کرے گی اور ملک کے لئے قیمتی زر مبادلہ بچائے گی۔

بورڈ کے چیئر مین کی حیثیت سے، میری اولین ترجیح مستحکم ترقی کے لئے گورننس کی بہتری ہے۔ جن میں سے چند نمایاں امور یہ ہیں: HR کے طریقوں کو پرکشش بناتے ہوئے بہترین ملازمین کو برقرار رکھنا، انٹرنل ریسک مینجمنٹ کے اصولوں کا قیام، سپلائی چین کے امور کو مستحکم کرنا، سائبر سیکیورٹی کے تحفظ کے ساتھ SAP کے اسکوپ کو بڑھاتے ہوئے ایک بہترین ڈسٹری بیوشن نیٹ ورک قائم کرنا ہے۔ ہم آئندہ کچھ ہی مہینوں میں اپنے ری بارز کے نئے توسیعی پلانٹ کے آغاز کے منتظر ہیں۔ یہ نیا پلانٹ آئندہ پانچ سالوں کے لیے اکم ٹیکس سے مستثنیٰ ہوگا۔ جو کہ ملکی ضروریات کو پورا کرنے میں قابل قدر کردار ادا کرے گا اور اسٹیل بارز میں پاکستان کا سب سے بڑا سیلنگ برانڈ کا حامل رہے گا۔

آپ کا خیر اندیش

*Abbas Akberali*

عباس اکبر علی

چیئر مین

26 اگست 2017

## Chairman's Message

### Dear shareholders,

It is my privilege to present my annual review for the Financial Year 2017, which represents a strong performance by your Company owing to untiring efforts of our team members to meet expectations of our stakeholders.

The outgoing financial year saw a further surge in demand for steel rebars with demand drivers remaining strong across the construction industry. Due to the continuous launch of mega projects, a robust demand horizon seems long and is likely to support a growth of 10 to 12% per year.

After achieving capacity utilizations of 82% and 88% for billets and bars respectively and the highest ever sales in terms of quantity sold in the outgoing financial year, your Company is ready to ramp up output once the expansion project comes online in February 2018. Not only has our team commissioned the melting furnace to increase billet capacity to 400,000 tons, we are proud to announce that your company will be commissioning 425,000 tons of rebar capacity in February 2018 rather than 300,000 tons as originally planned. This will help us achieve our objective of capturing the maximum share in a burgeoning market.

Although international steel prices are rising, raw material prices will most likely stay range-bound due to fundamentals still indicating global overcapacity and only a modest recovery in global steel demand. It is important to note that an anti-dumping duty has been levied on steel billets while the same is in consideration for rebars as well. As such, approximately 2 million tons of capacity across various steel products will be added to the steel industry during the next few years to meet the country's growth requirements. This additional capacity will work as import substitution and save the country's precious foreign exchange.

As Chairman of the Board, my focus is on continuously improving governance to help sustain growth. Some of the focus areas are strengthening HR practices to attract and retain the best talent, moving towards incorporating a practice of enterprise risk management, strengthening the supply chain function, increasing the scope of SAP while fortifying cyber security, and building a distribution network second to none. We look forward to commissioning our new rebar facility in the next few months, which carries a full income tax exemption for next five years, to serve the needs of the country and remain Pakistan's largest selling brand of steel bars.

Sincerely,

*Abbas Akberali*

Abbas Akberali  
Chairman  
26 August 2017



# Message from the CEO

Dear Shareholders,

It is with great excitement that I take on the role of the Chief Executive Officer. With a lot of experience in manufacturing and having come up the ladder right from the shop floor, I am relentless in ensuring that your company deploys the best technology available, and that our cost of conversion always remains the most competitive.

Our greatest asset is our human capital. Technology and equipment can be bought but loyalty, passion and motivation cannot be purchased. It is a slow process of careful nurturing, inculcating trust and bringing the best out of an individual.

'Success is empty if you arrive at the finish line alone. The best reward is to get there surrounded by winners' – Howard Schultz.

Having said this, I spend a lot of my time in developing the Human Resource engine of your company and I am leaving no stone unturned to ensure that we have one of the best HR practices and talent development structures in place over the next few years.

Our expansion plans have been slightly delayed due to the complexity of the new project, but we hope to cold commission of the rolling line in November 2017 with COD now targeted in February 2018. The new line will be one of the most efficient production units in Pakistan which will bring huge cost savings with high volumes and efficiencies of scale to the company.

We need to build the new while also relentlessly driving our existing business every day. This is the exciting journey we are on together taking each day as a learning opportunity. Our success is going to be very dependent on how we adapt.

To combat the challenging environment and volatile market conditions, we have taken steps across the company to reduce costs, improve efficiencies, and increase performance levels. In fact, your company has had a strong focus on execution that is combined with fact-based decision-making and clear authority and accountability.

Your company capitalizes on its outstanding heritage and capabilities. With a strong customer emphasis, we are concentrating on expanding our reach in the retail market. We are driving manufacturing excellence, optimizing procurement strategies, enhancing our supply chain and improving our capital planning. At the same time, preserving our brand's vitality and identity to ensuring consumer loyalty over time is of paramount importance. I have no doubt that Amreli Steels' multipronged business model and flawless execution will translate to unparalleled value creation for shareholders.

I would like to recognize the efforts of our executive management team for their prudent and insightful leadership during the past year and their ability to be flexible and react quickly when it became necessary to protect the business against various adversities. I would also like to express my gratitude for the efforts of all our workers for their dedication and stakeholders for their trust in us.

Finally, I would like to thank you for the unstinted support and unwearied confidence in the company and look forward to taking the company to greater and newer heights in the future.

Yours sincerely,



**Shayan Akberali**  
Chief Executive Officer



# Chairman's Report on Board's Overall Performance

(Under Section 192 of the Companies Act, 2017)

An annual evaluation of the Board of Directors' overall performance is conducted in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017. The purpose of this evaluation is to ensure that the Board of Directors' (the Board) performance is measured in the context of overall corporate objectives and governance structure of the Company. For the financial year ended 30 June 2017, the Board's overall performance and effectiveness has been assessed as 'Satisfactory'.

The following sections summarize how the overall performance of the Board is assessed as satisfactory in achieving Company's objectives:

## 1. Corporate governance structure and Compliance with regulations

The Company has a well-developed corporate governance system which is the combination of processes established and executed by the Board that are reflected in the Company's structure with the aim of achieving objectives of the Company as a whole to ensure compliance with all the statutory and regulatory requirements applicable upon the Company.

The General Meeting(s) of the Company is the highest decision-making body in the Company. The shareholders are responsible for appointing the Board Members at the General Meeting of the Company. The shareholders also appoint the external auditors in General Meeting(s) who report to the shareholders on the annual and half yearly financial performance of the Company in their annual auditors' report and half-yearly review report respectively.

## 2. Board of Directors

The appointment, roles and responsibilities of the Board of the Company are outlined in Articles of Association of the Company. Throughout the year, the membership balance criteria set down in the Code of Corporate Governance in relation to executive, non-executive and independent members of the Board was maintained by the Company together with an appropriate level of skills, experience and capabilities across the membership.

The Board of the Company complies with all relevant rules and regulation. The Board comprises of well-known business professionals who add real value to the Board through their expertise, experience and strong value systems. The Board has laid down policies and procedures to ensure a professional corporate environment that promotes timely disclosure, accountability, high ethical standards, and compliance with applicable laws, regulations and corporate governance.

During the year under review, the Board has effectively discharged its responsibilities towards the Company and participated in all strategic affairs diligently. All quarterly, half yearly and annual financial results were thoroughly reviewed and the Board extended its guidance to the management on regular basis. The Board also played a key role in monitoring of management performance and focus on major risk areas.

## 3. Committees to the Board

The Board's Audit Committee and Human Resource & Remuneration Committee have also discharged their responsibilities as per relevant laws, norms and best practices throughout the year. The Board carefully monitors their performance on periodic basis.

## 4. Vision, mission and values

The Board members are familiar with the current vision, mission and values and support them.

## 5. Engagement in strategic planning

The Board has a clear understanding of its stakeholders and a strategic vision of how the organisation should be evolving over the next three to five years. The Board identifies goals and targets for the management in all major performance areas and key indicators for tracking progress.

## 6. Formulation of policies

The Board has established policies that cover all essential areas of the Board's responsibilities.

## 7. Monitoring of organisation's business activities

The Board is aware of the Company's current business activities. The Board is updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants.

## 8. Monitor financial resources management

The Board is knowledgeable about key aspects relating to managing the financial resources of the Company and provides appropriate direction and oversight on a timely basis. The Board ensures that the budget reflects the priorities established in the annual plan and the strategic plan. The Board complies with regulations governing the external audit/ review of annual and/ or interim accounts of the Company and pays due consideration to the recommendations made by the external auditors and internal auditors from time to time.



Abbas Akberali

Chairman  
26 August 2017

# Directors' Report to the Members

The Directors of your Company have the pleasure in presenting you the annual report along with annual audited financial results of your Company for the year ended 30 June 2017.

## Overview of Global and Local Economic Scenario

### Global Economic Overview

According to a recent World Economic Outlook published by International Monetary Fund (IMF), the global economic activity is picking up with a long-awaited cyclical recovery in investment, manufacturing, and trade. World economic growth escalated from 3.1 percent in 2016 to 3.5 percent in 2017 and is expected to reach 3.6 percent in 2018 largely because of stronger activity, expectations of more robust global demand, reduced deflationary pressures and optimistic financial markets. On the other hand, binding structural impediments, geo political risks and populist movements supporting a retreat from free trade will continue to hold back the strong recovery and the associated risks will remain challenging over the forthcoming period.

China has already overtaken the US to become the world's largest economy in Purchasing Power Parity (PPP) terms, while India currently stands in third place and is projected to overtake the US by 2050 in PPP terms. By 2050, France will no longer be among the world's ten largest economies on this basis, with the UK falling to 10th place, while Indonesia could rise to 4th place by 2050. Thus, China still emerges as the largest economy in the world before 2030 and India will be the second largest in the world by 2050; so there is still a considerable shift in economic power towards Asia. By 2050, emerging economies such as Indonesia, Brazil and Mexico are likely to be larger than the UK and France, while Pakistan and Egypt could overtake Italy and Canada (on a PPP basis). In terms of growth, Vietnam, India and Bangladesh could be the fastest growing economies over the period to 2050, averaging growth of around 5% a year as per the PWC report.

### Global Steel

After a long and gloomy recession, 2017 has witnessed the first signs of recovery for a global steel industry that was battling with over capacity and weak demand. Global demand for finished steel product is expected to expand 1.3 percent in 2017 to 1.535 billion tons and a further 0.9 percent in 2018 to 1.549 billion tons.

Demand has witnessed a modest pickup in the developed world, with the US increasing spending on infrastructure, Eurozone on the path to economic stability and Japan benefiting from a weak Yen. Coupled with strong construction and infrastructure demand from emerging countries, 2017 has witnessed a hike in world steel prices. However, global steel industry growth is expected to stay range bound as China's recent stimulus is expected to be short lived, oil prices likely to remain stagnant and a possible hike in interest rates by the US FED could cause capital outflows from emerging countries.

On the supply side, China's cut in steel capacity remains modest and oversupply in the Chinese market will likely continue in the near future. However, due to remedial trade measures taken by many countries against dumped and subsidized Chinese steel imports, capacity utilization is once again picking up in steel producing nations.

As a result, while there will be pockets of high growth, the growth of the overall steel industry will be restrained by various factors as mentioned above.

### Pakistan's Economic Overview

The economy of Pakistan has witnessed a smooth upward trend in growth rate during recent years. Real GDP growth was above 4 percent in 2013-14 and has smoothly increased during the last 4 years to reach 5.28 percent in 2016-17, which is the highest in the last 10 years. It is widely acknowledged that Pakistan has immense economic potential. According to a report published by PWC in 2017, Pakistan is projected to become the world's 20th largest economy by 2030 and 16th largest by 2050. Several other reputed international publications such as Bloomberg, Economist etc. have also acknowledged the impressive economic gains of Pakistan in the last four years. After a decade of long slump, Pakistan's economy surged past the \$300 billion mark in the outgoing fiscal year i.e. 2016-17. The economy grew at a rate of almost 5.3 percent, the highest in the decade.

The manufacturing sector in particular is the backbone of Pakistan's economy and constitutes the second largest sector of economy contributing 13.5 percent to Gross Domestic Product (GDP) and generating the biggest number of industrial employment with technology transfer. The overall manufacturing sector continued to maintain its growth momentum with more vigor during the outgoing fiscal year FY 2017. During FY 2017, it recorded an impressive growth of 5.3 percent against 3.7 percent of last year which helped overall industrial sector to improve by 5.0 percent against 5.8 percent last year.

### Pakistan Steel Sector

Pakistan's steel industry has been a key partner in laying the foundation for the country's economic take off and stands out in terms of growth amongst steel making nations worldwide. In 2016, Pakistan's steel output grew the most among 40 countries according to the World Steel Association. The industry specific data shows that the Iron & Steel sector recorded a growth of 16.58 percent during July-March FY 2017, with increasing capacity utilization and investment in new capacity.

Growing construction activities across the corporate, commercial, residential and infrastructure sectors led the demand growth for steel in Pakistan. CPEC is a driving factor in the country's economy and infrastructure projects, generally having a long gestation period, and will continue to drive demand for basic construction materials such as steel and cement. Moreover, urbanization and continued investment in the real estate sector has led to creation of mega housing and commercial complexes across the country. Finally, strong earnings of the corporate sector in general are driving horizontal and vertical expansion projects, which ultimately benefit the construction sector. Such demand drivers remain the backbone of the economic impetus moving forward.

Consequently, the improved energy supply allowed the steel industry to increase capacity utilization to meet the burgeoning demand. More importantly however, was the timely remedial trade measures taken by the GoP against dumped and subsidized steel imports that allowed local players to increase capacity utilization and announce new investments in a competitive and level playing field.

The performance of cement remained encouraging and recorded a growth of 7.19 percent during July-March FY 2017. The cement industry, riding on robust domestic demand in the construction sector, is expected to increase capacity to 70 million tons in the next 5 years. While Pakistan's crude steel making capacity currently stands at 4 million tons, the industry is expected to add another 2 million tons over the next few years, resulting in a 50% increase in capacity.

Your Company is best placed to take maximum advantage of this upsurge in demand for construction rebars with a major expansion project that is expected to come online by February 2018 and a brand that is already regarded as Pakistan's largest selling brand of steel bars.

### Performance of Amreli Steels Limited

#### Operational performance

In the financial year 2016-2017, your Company recorded revenue of Rs. 13.28 billion as compared to Rs. 12.40 billion in the last financial year. Your Company was able to achieve its highest sales ever in terms of quantity, selling a total of 181,000 tons of rebars in the market and in line with the strategy of increasing market share considering the major capacity expansion that is set to come online in February 2018. The increase in revenue was due to a 10.60% increase in quantity coupled with a 4.64% drop in price. The drop in sales price was the net effect of passing on the benefit and cost of raw material prices to the consumer in different corresponding period during the year.

Both the plants producing quality billets at Dhabeji and quality rebars at SITE are running smoothly and operated at a capacity of 82% and 88% respectively and are expected to increase in the financial year 2017-2018.

Your Company registered an after tax profit of Rs.1.074 billion, a decline in after tax profit of 16 % compared to the last financial year. Apart from a 4.64% drop in price, the decline in profit was attributable primarily to the sale of imported rebars at only 4.5% GP and unexpected changes in the taxation structure during the budget. Your Company was able to achieve a more sustainable GP of 18.6% as compared to 22.5% last financial year.

During the budget, Super Tax was once again levied which had an impact of Rs. 46.5 million on your Company's earnings. Moreover, the benefit of 20% tax credit on listing was split over 2 years rather than a single year so your Company was only allowed to avail 10% tax credit in FY 2017, which impacted net profitability by Rs. 48 million. Therefore, total unexpected impact on taxation was Rs. 94.5 million which translates to Rs. 0.32 impact on your Company's EPS.

## Financial performance

A comparison of the key financial indicators of the Company for the year ended 30 June 2017 with corresponding year is as under:

Particulars	30 June 2017	30 June 2016
	.....Rupees in thousands.....	
Sale Revenue	13,283,811	12,400,191
Gross Profit	2,468,187	2,791,955
Operating Profit	1,696,897	2,084,729
Profit Before Tax	1,445,313	1,749,195
Profit After Tax	1,074,053	1,278,749

## Diluted and Basic Earnings Per Share (EPS)

Diluted and basic EPS of the Company stands at Rs.3.62 in the financial year 2016-2017, down from Rs.4.81 in the last financial year.

## Statement of Value Addition By The Company

Particulars		FY 2017	FY 2016
<b>Source of Funds</b>			
	Revenue from Sales	13,283,811,229	12,400,191,349
	Revenue from other Income	7,357,725	15,398,750
	Less: Bought in material and services	(8,720,208,965)	(8,064,296,950)
	<b>Value added by the Company</b>	<b>4,570,959,989</b>	<b>4,351,293,149</b>
<b>Applied to</b>			
Employees	Salaries and benefits	524,626,760	395,820,353
Government	Income tax, sales tax, excise duty, custom duty and others	2,399,386,389	1,994,369,138
Providers of Capital	Mark-up	251,583,475	335,534,389
Replacement of assets	Depreciation	321,310,661	346,820,241
Shareholders	Dividend	594,022,854	594,022,854
Company	Retained profits	480,029,850	684,726,174
		<b>4,570,959,989</b>	<b>4,351,293,149</b>

## National Tariff Commission Imposed Definitive Anti-Dumping Duty

The National Tariff Commission of Pakistan (NTCP) has recently determined that Continuous Casting Steel Billets ("CC Billets") have been imported into Pakistan at dumped prices and the domestic industry manufacturing CC Billets has suffered material injury on significant increase in volume of dumped imports. Therefore, the NTCP has decided to impose definitive anti-dumping duty of 24.04% on CC Billets imported from China for a period of five years effective from 22 June 2017.

Further, an application for imposition of Anti-Dumping Duty on rebars originating from China is under consideration by the NTCP and a decision for the same is expected in the near future.

The imposition of the duty will result in a competitive advantage for the local industry which is engaged in supply of billets and/or melts its own billets in-house for manufacturing and sale of rebars.

## Status of Capacity Enhancement at Dhabeji

The management is glad to inform you that the enhancement and expansion of new rolling mill at Dhabeji and Steel Melt Shop expansion is nearly complete as per the revised timelines, which have already been communicated to Pakistan Stock Exchange Limited.

The revised target month for hot commissioning and Commercial Operation Declaration are January 2018 and last week of February 2018 respectively.

## Future Outlook

To cater for the country's growing steel requirements, Amreli Steels is entering into an exciting and challenging new phase as the new re-rolling mill at Dhabeji is expected to be online by the end of February 2018 along with the expansion in billet capacity. Your Company's rebar capacity will be enhanced by 425,000 tons by end February 2018 and will be the first major expansion to come online in Pakistan's steel industry in recent years. The new facility will enable further economies of scale and cost leadership that will help your Company penetrate steel markets across the country and increase market share in an industry where consolidation is inevitable. Moreover, the Board of Directors of your Company has principally approved the second phase of expansion plan of the Company in line with long term vision of the Company to be the "first million-ton quality rebar manufacturer of the country".

Not only is your Company expanding its manufacturing facilities, but the management is working to expand distribution channels, strengthen human resources, build a more efficient supply chain, enhance the scope of SAP for more insightful access to data, and create a marketing campaign that builds awareness and preference. Such capacity building will build competitive advantages for your Company that will make for sustainable growth in the long run.

## Corporate Governance and Financial Reporting Framework

The Board of Directors of the Company is dedicated to maintain high standards of good corporate governance. The Directors confirm compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and the Code of Corporate Governance.

Following are the Statements on Corporate and Financial Reporting Framework:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring the internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There are no doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.



## Meetings and Attendance of the Board of Directors

During the year, five (5) Board of Directors' meetings, four (4) Audit Committee meetings and three (3) Human Resource & Remuneration (HR&R) Committee meetings were held.

Attendance by each director was as follows:

Name of Director	Board of Directors (Attendance)	Audit Committee (Attendance)	HR & R Committee (Attendance)
Mr. Abbas Akberali	4/5	N/A	N/A
Mr. Badar Kazmi	3/5	2/4	2/3
Mr. Shayan Akberali	5/5	N/A	3/3
Mr. Zafar Ahmed Taji	5/5	N/A	3/3
Mr. Teizoon Kisat *	2/3	2/2	N/A
Mr. Mirza Qamar Beg *	0/1	0/1	N/A
Ms. Kinza Shayan	5/5	4/4	N/A
Ms. Mariam Akberali	2/5	N/A	0/3

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

\*Mr. Teizoon Kisat was appointed as a member of the Board of Directors as well as a member of the Audit Committee by the Board of Directors in the Board of Directors' Meeting held on 26 October 2016 to fill the casual vacancy arose as a result of resignation by Mr. Mirza Qamar Beg which was approved by the Board of Directors in the Board Meeting held on 09 September 2016.

## Directors' Training Program

The orientation courses for directors as and when needed to apprise them of their duties and responsibilities are arranged by the Board. The incoming director was provided with appropriate briefing and orientation material to enable him first-hand knowledge on the operations of the Company.

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

## Employees' Retirement Benefits

The Company has an un-approved and 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 2017 using Projected Unit Credit Method.

## The Corporate Governance Practices

The Board of Directors of the Company is committed to the principles of good Corporate Governance. The stakeholders expect 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.

## Dividend And Appropriations

Based on these results, the Board recommends a final cash dividend of Rs. 2 per share (i.e. 20%) for the year ended 30 June 2017.

## Contribution to National Exchequer

The Company contributed Rs. 2.303 billion (FY 2016: Rs. 1.733 billion) towards the National Exchequer on account of various government levies, taxes and import duties in the year under review. Payment of these taxes is 2.14 times more than the net profit after tax of the Company and up by 33% as against last year which shows the Company's positive attitude towards economic development as a good responsible corporate citizen.

## Auditors

The present auditors, Messrs. EY Ford Rhodes, Chartered Accountants are retiring at the conclusion of the forthcoming annual general meeting and offer themselves for re-appointment. The Board has endorsed the re-appointment of Messrs. EY Ford Rhodes, Chartered Accountants as auditors of the Company for the year ending 30 June 2018.

## Pattern of Shareholding

The Pattern of shareholdings as at 30 June 2017 is enclosed with this Directors' Report.

The Directors, executives and their spouses and minor children have made no transactions of the Company's shares during the year.

Executives mean Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit.

## 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.

The Code is reviewed annually and any changes therein are approved by the Board. The Code is communicated at all levels in the organization fairly and with no exception and is available on the Company's website. The responsibility for day to day implementation and monitoring of the Code is delegated to the senior management.

## Operating & Financial Data

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

## Communication With Shareholders

Communication with the shareholders is given a high priority. Annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Act, 2017 (Formerly: Companies Ordinance, 1984). The Company also has a website, [www.amrelisteels.com](http://www.amrelisteels.com), which contains up to date information on Company's activities, financial reports, notices and announcements.

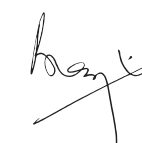
## Acknowledgement

The Board expresses its gratitude to all the shareholders for their confidence and support. We would like to thank all stakeholders, including financial institutions, who have been associated with us, for their support and cooperation and we assure all stakeholders of our commitment to look after their respective interests. We would like to thank the management and employees for their sincere contributions and their tireless efforts in driving the Company on the path of growth.

For & on behalf of Board of Directors



Shayan Akberali  
Chief Executive Officer



Badar Kazmi  
Director

Date: 26 August 2017  
Place: Karachi

## ڈائریکٹرز کا تربیتی پروگرام

کمپنی کے پانچ ڈائریکٹرز نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کی طرف سے منعقدہ ڈائریکٹرز ٹریننگ پروگرام میں شرکت کی ہے۔ باقی دو ڈائریکٹرز CCG میں متعین کردہ عرصہ کے دوران ڈائریکٹرز ٹریننگ حاصل کر لیں گے۔ ڈائریکٹرز کو ان کی ذمہ داری سے آگاہی کے لیے بورڈ کی جانب سے واقفیتی کورس کا اہتمام کیا جاتا ہے۔ آنے والے نئے ڈائریکٹرز کو واقفیتی اور تربیتی کورس کا مواد فراہم کیا جاتا ہے تاکہ ان کو کمپنی کے کاروبار کے متعلق آگاہی ہو سکے۔

## ملازمین کے لئے ریٹائرمنٹ کے فوائد

کمپنی میں ان تمام ملازمین کے لئے غیر منظور شدہ اور غیر فنڈ شدہ ڈیفائنڈ گریجویٹ اسکیم موجود ہے جنہوں نے گریجویٹ کے استحقاق کے لئے مذکورہ کم از کم عرصہ ملازمت کی ہو۔ گریجویٹ کی فراہمی آزاد ایکچو ریل ویلیویشن (Actuarial Valuation) کے تحت کی جاتی ہے۔ حالیہ ایکچو ریل ویلیویشن پروجیکٹڈ پونٹ کریڈٹ طریقہ کار کے تحت 30 جون 2017 کو انجام دی گئی۔

## کارپوریٹ گورننس پر عمل درآمد

کمپنی کے بورڈ آف ڈائریکٹرز بہترین کارپوریٹ گورننس کے اصولوں پر کاربند رہنے کے لئے پرعزم ہے۔ ہمارے اسٹیک ہولڈرز کو یہ اطمینان رہتا ہے کہ کمپنی کا انتظام اور نگرانی ذمہ دارانہ انداز سے کی جا رہی ہے اور باضابطہ انٹرنل کنٹرول اور خطرات پر قابو پانے کی منصوبہ بندی موجود ہے اور کمپنی، اثاثوں کی حفاظت، اصول و قوانین پر عمل درآمد کیا جاتا ہے اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کے مطابق باقاعدہ مالیاتی رپورٹنگ کی جاتی ہے۔

## منافع منقسمہ اور تخصیصات (ڈیویڈنڈ اور اپروپری ایشنز)

مذکورہ نتائج کی بنیاد پر، بورڈ آف ڈائریکٹرز نے 30 جون 2017 کو ختم شدہ سال کے لئے 2 روپے فی شیئر (20 فیصد) کا حتمی نقد منافع منقسمہ تجویز کیا ہے۔

## قومی خزانے میں ادائیگی

زیر جائزہ سال کے دوران کمپنی نے قومی خزانے میں حکومتی ادائیگیوں، ٹیکسز اور ایپورٹ ڈیویڈنڈ کی مدد میں 2.303 ارب روپے (مالی سال 2016: 1.733 ارب روپے) جمع کرائے۔ ان ٹیکسز کی رقم کمپنی کے بعد از ٹیکس خالص منافع سے 2.14 گنا زیادہ ہے اور گزشتہ سال کے مقابلے میں 33 فیصد زائد ہے۔ اس سے کمپنی کے ایک بہترین اور ذمہ دار کارپوریٹ شہری کے طور پر معاشی ترقی کی طرف مثبت طرز عمل واضح ہوتا ہے۔

## آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز EY Ford Rhodes چارٹرڈ اکاؤنٹنٹس، آئسندہ ہونے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں اور انہوں نے خود کو دوبارہ انتخاب کے لئے پیش کیا ہے۔ بورڈ نے میسرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز کے طور پر 30 جون 2018 تک دوبارہ انتخاب کی توثیق کر دی ہے۔

## پیٹرن آف شیئر ہولڈنگ

30 جون 2017 کے مطابق پیٹرن آف شیئر ہولڈنگ ڈائریکٹرز رپورٹ کے ساتھ منسلک ہے۔

دوران سال ڈائریکٹرز، ایگزیکٹوز اور ان کی شریک حیات یا بچوں میں سے کسی نے بھی کمپنی کے شیئرز میں کاروبار نہیں کیا ہے۔ ایگزیکٹوز سے مراد چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ہیڈ آف انٹرنل آڈٹ ہیں۔

## ضابطہ اخلاق (کوڈ آف کنڈکٹ)

کمپنی کا ضابطہ اخلاق اس کے نظریے اور سوچ کی وضاحت ہے، کمپنی اپنے قیام سے لیکر اب تک کسی سمجھوتے کے بغیر اپنی اعلیٰ اخلاقی اقدار پر کاربند ہے۔ مستحکم و مضبوط کاروباری اصول تمام ملازمین، کسٹمرز، حریف، سپلائرز اور دوستوں سے ہمارے تعلق کی بنیاد ہیں۔ کمپنی کے بنیادی اصول یہ ہیں کہ ایمانداری، سچائی اور اعلیٰ اخلاقی و قانونی تقاضوں کے مطابق کاروبار کو سرانجام دیا جائے۔

کوڈ آف کنڈکٹ کا ہر سال جائزہ لیا جاتا ہے اور کسی بھی طرح کی ترمیم بورڈ سے منظور کرائی جاتی ہے۔ کوڈ سے متعلق ادارے کے تمام شعبوں اور افراد کو بغیر کسی رعایت کے آگاہ کیا جاتا ہے اور وہ کمپنی کی ویب سائٹ پر دستیاب ہے۔ کوڈ کی روزمرہ کی بنیاد پر عملدرآمد اور نگرانی کی ذمہ داری سینئر مینجمنٹ کو سونپی گئی ہے۔

## انتظامی اور مالیاتی تفصیلات

گزشتہ 6 سالوں پر مشتمل کمپنی کی آپریٹنگ اور فنانشل اعداد شمار بشمول اہم تناسب اس سالانہ رپورٹ میں منسلک ہیں۔

## شیئر ہولڈرز سے روابط

شیئر ہولڈرز کو آگاہ رکھنا ہمارے نزدیک بہت اہمیت رکھتا ہے کمپنی ایکٹ 2017 (سابقہ کمپنیز آرڈیننس 1984) میں واضح کردہ وقت کے اندر کمپنی کی سالانہ، ششماہی اور سہ ماہی رپورٹس باقاعدہ ان تک پہنچائی جاتی ہیں۔ کمپنی کی ویب سائٹ [www.amrelisteels.com](http://www.amrelisteels.com) بھی ہے جس پر کمپنی کی سرگرمیوں، فنانشل رپورٹس، نوٹس اور اعلانات سے متعلق تازہ ترین معلومات شائع کی جاتی ہیں۔

## اظہار تشکر

بورڈ آف ڈائریکٹرز کمپنی پر اعتماد کے لئے شیئر ہولڈرز کے تہہ دل سے مشکور ہیں۔ ہم اپنے تمام اسٹیک ہولڈرز بشمول مالیاتی ادارے جو ہم سے منسلک ہیں، ان کے تعاون اور شراکت پر ممنون ہیں اور انہیں یقین دلاتے ہیں کہ ہم ان کے مفادات کو تحفظ فراہم کرنے کے لیے پرعزم ہیں۔ ہم اپنی انتظامیہ اور ملازمین کی پر خلوص کاوشوں اور انتھک محنت کو قدر کی نگاہ سے دیکھتے ہیں کہ انہی کے دم سے کمپنی ترقی کی راہ پر گامزن ہے۔

## حساب الحکم بورڈ



بدر کاظمی

ڈائریکٹر



شایان اکبر علی

چیف ایگزیکٹو آفیسر

بتاریخ 26 اگست 2017

کراچی

## نیشنل ٹیرف کمیشن نے حتمی اینٹی ڈمپنگ ڈیوٹی کا نفاذ کر دیا

نیشنل ٹیرف کمیشن آف پاکستان (NTCP) نے حال ہی میں یہ واضح کیا ہے کہ کنٹی نیوٹس کا سٹنگ اسٹیل بلٹس ("CC Billets") ڈمپڈ قیمت پر پاکستان میں درآمد کیے گئے ہیں اور CC بلٹس تیار کرنے والی مقامی صنعتیں ڈمپڈ درآمدات میں اضافے کے سبب خاصی متاثر ہوئی ہیں۔ اس لئے نیشنل ٹیرف کمیشن آف پاکستان نے 22 جون 2017 سے پانچ سال کے لئے چین سے درآمد شدہ CC بلٹس پر 24.04 فیصد حتمی اینٹی ڈمپنگ ڈیوٹی نافذ کرنے کا فیصلہ کیا ہے۔

مزید یہ کہ چینی ساختہ ری بارز پر اینٹی ڈمپنگ ڈیوٹی کے نفاذ کے لئے درخواست پر نیشنل ٹیرف کمیشن غور کر رہا ہے اور مستقبل قریب میں اس کے لئے بھی فیصلہ آنا متوقع ہے۔

اس ضمن میں ڈیوٹی کا نفاذ مقامی صنعت کو قابل قدر فائدہ پہنچائے گا، خاص طور پر وہ مقامی انڈسٹری جو بلٹس کی فراہمی یا بلٹس کو پگھلا کر ری بارز بنانے اور فروخت میں مصروف ہے۔

## دھابنچی میں پیداواری صلاحیت بڑھانے کی صورتحال

انتظامیہ آپ کو یہ بتاتے ہوئے خوشی محسوس کر رہی ہے کہ دھابنچی میں رولنگ مل اور اسٹیل میلٹ شاپ کی توسیع کا کام ترمیم شدہ وقت کے مطابق اپنی تکمیل کے قریب ہے جس کی اطلاع پاکستان اسٹاک ایکسچینج لمیٹڈ کو پہلے ہی کردی گئی ہے۔ لہذا ہاٹ کمیشننگ جنوری 2018 میں اور کمرشل آپریشن فروری 2018 میں متوقع ہے۔

## مستقبل پر نظر

ملک میں اسٹیل کی بڑھتی ہوئی طلب کو پورا کرنے کے لئے، امریلی اسٹیلز ایک نئے اور شاندار دور میں قدم رکھ رہی ہے اور توقع کی جا رہی ہے کہ دھابنچی میں نئی ری رولنگ مل، بلٹ کی پیداواری صلاحیت میں توسیع کے ساتھ فروری 2018 میں کام شروع کر دے گی۔ اس سے آپ کی کمپنی کی ری بار کی سالانہ پیداواری صلاحیت بڑھ کر فروری 2018 تک 425000 ٹن ہو جائے گی اور یہ حالیہ سالوں میں پاکستان کی اسٹیل انڈسٹری کی سب سے بڑی توسیع ہوگی۔ اس طرح نئے پلانٹ کی بدولت پیداواری صلاحیت میں اضافے کی وجہ سے پیداواری لاگت میں کمی واقع ہوگی جس کی بدولت آپ کی کمپنی کو پورے ملک کی اسٹیل انڈسٹری میں مزید نمایاں مقام ملے گا اور اسٹیل مارکیٹ میں اپنا حصہ بڑھانے کا موقع ملے گا۔ مزید یہ کہ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کے توسیعی پلان کے دوسرے مرحلے کی اصولی منظوری دے دی ہے تاکہ کمپنی کے طویل المدتی وژن "ملین ٹن ری بار پیدا کرنے والی ملک کی پہلی کمپنی" کی تکمیل ممکن ہو۔

آپ کی کمپنی نہ صرف اپنی پیداواری صلاحیت کو بڑھا رہی ہے بلکہ ڈسٹری بیوٹن چینلز کی توسیع، افرادی قوت کی مضبوطی، مزید بہتر سپلائی چین، اعداد و شمار تک مزید بہتر رسائی کے لئے SAP کے اسکوپ کو بڑھانے کے ساتھ ساتھ مارکیٹنگ مہم کے ذریعے اپنی مصنوعات کے بارے میں شعور اُجاگر کر رہی ہے۔ اس طرح کی کوششوں سے آپ کی کمپنی کو کاروباری فوائد سمیت مستحکم ترقی نصیب ہوگی۔

## کارپوریٹ گورننس اور فنانشل رپورٹنگ فریم ورک

کمپنی کے بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اعلیٰ معیاروں کو برقرار رکھنے کے لئے پرعزم ہے۔ ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کارپوریٹ گورننس اور فنانشل رپورٹنگ فریم ورک اور کوڈ آف کارپوریٹ گورننس پر عمل درآمد کی تصدیق کرتے ہیں۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تفصیلات درج ذیل ہیں:

- الف - کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے منصفانہ طور پر اس کے معاملات کی صورت حال، سرگرمیوں کے نتائج، کیش فلو اور اکویٹی (Equity) میں تبدیلیاں پیش کرتے ہیں۔
- ب - کمپنی کے اکاؤنٹس کے کھاتے درست انداز میں برقرار رکھے گئے ہیں۔
- ج - مالیاتی گوشواروں کی تیاری میں باقاعدہ مسلسل اکاؤنٹنگ پالیسیز کا اطلاق کیا گیا ہے اور حسابات کے تخمینے محتاط اندازوں پر مبنی ہیں۔
- د - مالیاتی گوشواروں کی تیاری پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کی پیروی کرتے ہوئے کی گئی ہے۔
- ر - انٹرنل کنٹرول کے نظام کی ساخت محفوظ ہے اور اس کا موثر اطلاق اور نگرانی کی گئی ہے۔ اس کی نگرانی کا عمل جاری ہے اور اس میں مزید بہتری اور مضبوطی کا عمل جاری رہے گا۔
- س - کمپنی کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابل ذکر خدشات نہیں ہیں۔
- ش - کمپنی لسٹنگ ریگولیشنز کے کوڈ آف کارپوریٹ گورننس کی تکمیل کر رہی ہے۔

## بورڈ آف ڈائریکٹرز کے اجلاس اور حاضری

دوران سال بورڈ آف ڈائریکٹرز کے 15 اجلاس، آڈٹ کمیٹی کے 4 اور ہیومن ریسورسز اینڈ ریویژن اینڈ ریویژن کمیٹی کے 3 اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی جانب سے حاضری کی تفصیلات درج ذیل ہیں:

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز - حاضری	آڈٹ کمیٹی - حاضری	ایچ آر اینڈ آر کمیٹی - حاضری
عباس اکبر علی	4/5	غیر متعلقہ	غیر متعلقہ
بدر کاظمی	3/5	2/4	2/3
شایان اکبر علی	5/5	غیر متعلقہ	3/3
ظفر احمد تاجی	5/5	غیر متعلقہ	3/3
تیزون کست*	2/3	2/2	غیر متعلقہ
مرزا قمر بیگ*	0/1	0/1	غیر متعلقہ
کنزاشایان	5/5	4/4	غیر متعلقہ
مریم اکبر علی	2/5	غیر متعلقہ	0/3

بورڈ آف ڈائریکٹرز اور/یا بورڈ کمیٹیوں میں غیر حاضر رہنے والے ممبران کی چھٹی بورڈ نے منظور کر لی تھی۔

\*جناب تیزون کست کو بورڈ آف ڈائریکٹرز نے اپنے 26 اکتوبر 2016 کو منعقد ہونے والے اجلاس میں بحیثیت بورڈ ممبر اور آڈٹ کمیٹی ممبر منتخب کیا تا کہ جناب مرزا قمر بیگ کے مستعفی ہونے سے خالی ہونے والی جگہ کو پُر کیا جاسکے جس کی منظوری بورڈ آف ڈائریکٹرز نے 9 ستمبر 2016 کو منعقدہ اجلاس میں دی تھی۔



## مالیاتی کارکردگی

کمپنی کے کلیدی مالیاتی اشارے برائے اختتام سال 30 جون 2017 کا موازنہ مندرجہ ذیل ہے۔

تفصیلات	30 جون 2017	30 جون 2016
	..... روپے 000 میں .....	
خالص فروخت	13,283,811	12,400,191
مجموعی منافع	2,468,187	2,791,955
کاروباری منافع	1,696,897	2,084,729
قبل از ٹیکس منافع	1,445,313	1,749,195
بعد از ٹیکس منافع	1,074,053	1,278,749

## آمدنی فی حصص (EPS)

کمپنی کی ڈائیلیوٹڈ اور بیسک EPS مالی سال 2017-2016 میں گزشتہ سال کے مقابلے میں 4.81 روپے سے کم ہو کر 3.62 روپے ہو گئی۔

## کمپنی کی جانب سے اسٹیٹمنٹ آف ویلیو ایڈیشن

تفصیلات	مالی سال 2017	مالی سال 2016
<b>فنز کے ذرائع</b>		
سیلز سے آمدنی	13,283,811,229	12,400,191,349
دیگر کاروبار سے آمدنی	7,357,725	15,398,750
سامان خرید اور خدمات حاصل کیں	(8,720,208,965)	(8,064,296,950)
کمپنی کی جانب سے قدر میں اضافہ	4,570,959,989	4,351,293,149
<b>خرچ ہوا</b>		
ملازمین	524,626,760	395,820,353
حکومت	2,399,386,389	1,994,369,138
سرمایہ فراہم کرنے والے	251,583,475	335,534,389
املاک کی تبدیلی	321,310,661	346,820,241
شیر ہولڈرز	594,022,854	594,022,854
کمپنی	480,029,850	684,726,174
	4,570,959,989	4,351,293,149

مالیاتی سال 2017 کے جولائی سے مارچ کے دوران سیمنٹ کی کارکردگی متاثر کن رہی اور اس شعبے نے 7.19 فیصد ترقی اپنے نام کی۔ تعمیراتی شعبے میں مقامی طور پر طلب بڑھنے سے توقع کی جاتی ہے کہ آئندہ 5 سالوں میں 70 ملین ٹن کا اضافہ ہوگا۔ جبکہ پاکستان کے کروڈ اسٹیل (Crude Steel) کی پیداواری صلاحیت اس وقت 4 ملین ٹن ہے اور آئندہ چند سالوں کے دوران اس میں 2 ملین ٹن اضافے کی توقع ہے جس سے صلاحیت میں 50 فیصد اضافہ ہو جائے گا۔

فروری 2018 میں شروع ہونے والے بہت بڑے توسیعی منصوبے کی بدولت آپ کی کمپنی کنسٹرکشن ری بارز کی طلب میں بڑھتے ہوئے رجحان سے زیادہ سے زیادہ فائدہ اٹھانے کی پوری صلاحیت رکھتی ہے۔ اس کے ساتھ ہم ایک ایسے برانڈ کے حامل ہیں کہ جو اسٹیل بارز کے حوالے سے پاکستان کے سب سے زیادہ فروخت ہونے والے برانڈ کا اعزاز رکھتا ہے۔

## امریلی اسٹیلز لمیٹڈ کی کارکردگی

### آپریشنل کارکردگی

مالی سال 2017-2016 میں، آپ کی کمپنی نے 13.28 بلین روپے کا ریونیو کمایا جو کہ گزشتہ سال 12.40 بلین روپے تھا۔ دوران سال کمپنی مقدار کے اعتبار سے زیادہ سے زیادہ سیلز کا ریکارڈ قائم کرتے ہوئے مارکیٹ میں 181,000 ٹن ری بارز فروخت کرنے میں کامیاب رہی۔ یہ کارکردگی فروری 2018 میں شروع ہونے والے توسیعی منصوبے کے پیش نظر مارکیٹ شیئر میں اضافے کی کوششوں کی مرہون منت ہے۔ ریونیو میں اضافے کا محرک مقدار میں 10.60 فیصد اضافہ اور قیمتوں میں 4.64 فیصد کمی ہے۔ دوران سال مختلف اوقات میں قیمت فروخت اور خام مال کی قیمتوں میں کمی نے منافع پر اثرات مرتب کئے۔

کمپنی کے دونوں پلانٹس جو کہ دھائیجی میں معیاری Billets اور سائٹ ایریا میں معیاری ری بارز بنا رہے ہیں جن کی پیداواری صلاحیت بالترتیب 82 فیصد اور 88 فیصد ہے جس میں مالی سال 2017 اور 2018 میں اضافہ کی توقع ہے۔

آپ کی کمپنی نے 1.074 بلین روپے کا بعد از ٹیکس منافع اپنے نام کیا جو گزشتہ مالی سال کے مقابلے میں بعد از ٹیکس منافع سے 16 فیصد کم ہے۔ قیمت میں 4.64 فیصد کمی کے علاوہ منافع میں کمی کی وجہ بنیادی طور پر صرف 4.5 فیصد جی پی (GP) کے حساب سے درآمد شدہ ری بارز کی فروخت اور بجٹ میں ٹیکسیشن نظام میں غیر متوقع تبدیلیاں ہیں۔ آپ کی کمپنی گزشتہ مالی سال کے 22.5 فیصد کے مقابلے میں 18.6 فیصد کا مستحکم جی پی حاصل کرنے میں کامیاب رہی۔

موجودہ مالیاتی بجٹ کے دوران ایک بار پھر سپر ٹیکس کا نفاذ کیا گیا جس سے آپ کی کمپنی کے منافع پر 46.5 ملین روپے کا اثر پڑا۔ اس کے علاوہ لسٹنگ پر ٹیکس کریڈٹ 20 فیصد فائدہ ایک سال کے بجائے دو سال میں تقسیم کیا گیا اس لئے مالی سال 2017 کے دوران آپ کی کمپنی کو صرف 10 فیصد ٹیکس کریڈٹ حاصل کرنے کی اجازت دی گئی۔ جس نے منافع پر 48 ملین روپے کے اثرات مرتب کئے۔ اس طرح کمپنی پر ٹیکسیشن کا مجموعی اثر 94.5 ملین روپے ہوا جس کی وجہ سے کمپنی کے منافع فی حصص پر 0.32 روپے کا اثر ہوا۔

30 جون 2017 کو ختم ہونے والے مالی سال کے لئے آپ کی کمپنی کے ڈائریکٹرز کمپنی کے سالانہ آڈٹ مالیاتی گوشوارے بمع سالانہ رپورٹ انتہائی مسرت کے ساتھ پیش کر رہے ہیں۔

### عالمی اور مقامی معیشت کی صورتحال کا جائزہ

#### عالمی معیشت کا جائزہ

انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کی جانب سے شائع کردہ حالیہ عالمی اقتصادی جائزے کے مطابق، عالمی معاشی سرگرمیوں میں ایک طویل انتظار کے بعد سرمایہ کاری، تجارت اور صنعت کے سبب تیزی واقع ہو رہی ہے۔ 2016 میں عالمی اقتصادی ترقی کی شرح 3.1 فیصد سے بڑھ کر 2017 میں 3.5 فیصد ہو گئی جو کہ 2018 میں بڑھ کر 3.6 فیصد ہونے کی توقع ہے جس کی وجہ کاروبار میں اضافہ، عالمی طور پر طلب میں اضافے کی توقع، افراط زر کے دباؤ میں کمی اور مالیاتی مارکیٹس میں بہتری کی قوی امید ہے۔ دوسری جانب نظام کی رکاوٹیں، علاقائی سیاسی خطرات اور فری ٹریڈ کو متاثر کرتی عوامی تجارتی بہتر ریکوری کو متاثر کریں گے اس کے ساتھ ساتھ متعلقہ خطرات بھی آنے والے وقت میں مشکلات پیدا کر سکتے ہیں۔

چین Purchasing Power Parity (PPP) کے حوالے سے امریکہ پر سبقت حاصل کرتے ہوئے دنیا کی بڑی معیشت بن چکا ہے اور بھارت کی تیسری پوزیشن ہے جو توقع کی جاتی ہے کہ PPP کے حوالے سے 2050 تک امریکہ پر سبقت حاصل کر لے گا۔ اس ضمن میں 2050 تک فرانس دنیا کی دس بڑی معیشتوں کی فہرست سے نکل جائے گا اور برطانیہ دسویں نمبر پر چلا جائے گا جبکہ انڈونیشیا 2050 تک چوتھی پوزیشن پر برآمد ہوا جائے گا۔ اسی طرح چین 2030 تک دنیا کی سب سے بڑی معیشت بن کر ابھر رہا ہوگا اور بھارت 2050 تک دنیا بھر کی دوسری بڑی معیشت ہوگا۔ اس لئے ایشیا میں معاشی طاقت کی منتقلی میں خاصہ وقت درکار ہے۔ 2050 تک ترقی کرنے والی معیشتیں جیسا کہ انڈونیشیا، برازیل اور میکسیکو کے لئے برطانیہ اور فرانس سے آگے نکل جانے کی توقع ہے جبکہ پاکستان اور مصر (PPP) کی بنیاد پر اٹلی اور کینیڈا سے آگے نکل سکتے ہیں۔ ترقی کے اعتبار سے ویتنام، بھارت اور بنگلہ دیش 2050 تک تیزی سے ترقی کرنے والی معیشتوں کا اعزاز اپنے نام کر سکتے ہیں، PWC کی رپورٹ کے مطابق یہ ممالک 5 فیصد سالانہ کی شرح نمو کے ساتھ آگے بڑھ سکتے ہیں۔

#### عالمی اسٹیل

زیادہ رسد اور کمزور طلب کے ایک طویل اور تاریک بحران کے بعد، 2017 میں عالمی اسٹیل انڈسٹری کے لئے بحالی کا آغاز ہوا۔ مالی سال 2017 میں تیار شدہ اسٹیل پروڈکٹس کی عالمی طلب 1.3 فیصد اضافہ کے ساتھ 1.535 بلین ٹن ہونے کی توقع ہے۔ سال 2018 میں یہ طلب 0.9 فیصد اضافے کے ساتھ 1.549 بلین ٹن تک پہنچ جائے گی۔

ترقی یافتہ ممالک میں اسٹیل کی طلب میں تیزی دیکھنے میں آرہی ہے کیونکہ امریکہ اپنے انفراسٹرکچر پر خرچ کو بڑھا رہا ہے، یورپ بھی معاشی استحکام کی طرف لوٹ رہا ہے اور جاپان یں کمزور صورت سے فائدہ اٹھا رہا ہے اور ترقی پذیر ممالک میں تعمیر اور انفراسٹرکچر کی ترقی کی بدولت اسٹیل کی طلب میں اضافہ واقع ہوا ہے۔ جس کی وجہ سے 2017 میں اسٹیل کی قیمتوں میں واضح اضافہ دیکھنے میں آرہا ہے۔ اس کے باوجود عالمی اسٹیل کی ترقی دباؤ کا شکار رہے گی کیونکہ چین کی طرف سے حالیہ تیزی قلیل المدتی ہونے کا امکان ہے، تیل کی قیمتوں میں ٹھراؤ کی صورتحال اور امریکی FED کی طرف سے شرح سود میں اضافے کے سبب ترقی پذیر ممالک سے سرمایہ نکلنے کا امکان ہے۔

رسد کے حوالے سے، چین کی جانب سے اسٹیل پیداوار میں وقتی کمی اور چینی مارکیٹس میں ضرورت سے زائد رسد مستقبل قریب میں بھی جاری رہنے کا امکان ہے۔ دوسری جانب کئی ممالک کی جانب سے تجارتی اقدامات کے لئے چین سے ڈمپڈ شدہ اور سبسڈائزڈ ڈمپڈ اسٹیل (Dumped Steel) کی برآمد کے خلاف اٹھائے گئے اقدامات، اور اپنی صلاحیت کو بروئے کار لانے والی سوچ نے اس صنعت کو سہارا دیا ہے۔

نتیجتاً ترقی کی اونچی سطح اسی وقت ممکن ہوگی جب مجموعی طور پر اسٹیل انڈسٹری مندرجہ بالا عوامل سے نبرد آزما ہو۔

### پاکستانی معیشت کا جائزہ

گزشتہ کچھ سالوں سے پاکستانی معیشت ہموار طریقے سے ترقی کر رہی ہے۔ 2013 اور 2014 میں جی ڈی پی کی ترقی کی شرح 4 فیصد رہی جو تیزی سے بڑھتے ہوئے گزشتہ چار سالوں میں 2016 اور 2017 تک 5.28 فیصد ہو گئی جو گزشتہ 10 سالوں میں سب سے زیادہ شرح ہے۔ اس سے یہ بھی معلوم ہوتا ہے کہ پاکستانی معیشت میں ترقی کی بھرپور صلاحیت موجود ہے۔ 2017 میں PWC کی طرف سے شائع کردہ رپورٹ کے مطابق پاکستان 2030 تک دنیا کی 20 ویں بڑی معیشت اور 2050 تک 16 ویں بڑی معیشت بن جائے گی۔ دیگر کئی عالمی ایشیا میں جیسا کہ بلوم برگ، اکانامسٹ وغیرہ نے بھی گزشتہ چار سالوں کے دوران پاکستانی معیشت کی ترقی کو سراہا ہے۔ ایک دہائی پر محیط طویل بحران کے بعد پاکستانی معیشت نے 2016 اور 2017 کے مالیاتی سال کے دوران 300 ارب امریکی ڈالر کے ہندسے کو عبور کیا۔ اس دوران معیشت نے تقریباً 5.3 فیصد کی شرح سے ترقی کی جو دہائی کی سب سے زیادہ شرح ہے۔

پاکستان کی معاشی ترقی میں صنعتکاری کا شعبہ ریلوے کی ہڈی کا کردار ادا کر رہا ہے جو گراس ڈومیسٹک پروڈکٹ (GDP) کا 13.5 فیصد ہوتے ہوئے دوسرا بڑا شعبہ ہونے کے ساتھ ٹیکنالوجی کی ترقی اور صنعتی روزگار کے وسیع مواقع فراہم کر رہا ہے۔ اس شعبے نے مجموعی طور پر ترقی کی شرح کو جاری رکھا ہوا ہے۔ 2017 کے مالیاتی سال کے دوران اس شعبے نے گزشتہ سال کے 3.7 فیصد متاثر کن ترقی کے مقابلے میں اس سال 5.3 فیصد ترقی اپنے نام کی۔ اس کی بدولت صنعتی شعبے نے مجموعی طور پر گزشتہ سال کے 5.8 فیصد کے مقابلے میں 5.0 فیصد ترقی کی۔

### پاکستان اسٹیل سیکٹر

پاکستان کی اسٹیل صنعت ملکی معیشت کی ترقی میں اہم شراکت دار کی حیثیت رکھتی ہے اور عالمی طور پر اسٹیل پیدا کرنے والی قوموں کے ساتھ شانہ بشانہ کھڑی ہے۔ عالمی اسٹیل ایسوسی ایشن کے مطابق 2016 میں پاکستان کی اسٹیل صنعت نے 40 ملکوں سے زیادہ ترقی کی۔ اس صنعت کے مخصوص عداد و شمار سے معلوم ہوتا ہے کہ آئرن اور اسٹیل کے شعبے نے موجودہ صلاحیت میں اضافے اور نئی صلاحیت کے لئے سرمایہ کاری کی بدولت مالیاتی سال 2017 کے جولائی سے مارچ کے دوران 16.58 فیصد ترقی اپنے نام کی۔

پاکستان کے کارپوریٹ، کمرشل، رہائشی اور انفراسٹرکچر کے شعبوں میں بڑھتی ہوئی تعمیری سرگرمیوں کے سبب اسٹیل کی طلب میں اضافہ واقع ہوا ہے۔ ملکی معیشت میں سی پیک (CPEC) نے نئی روح پھونک دی ہے اور انفراسٹرکچر کے پروڈیکٹس میں بھاری سرمایہ کاری سے تعمیری سامان خاص طور پر اسٹیل اور سینٹ کی طلب میں اضافہ جاری رہے گا۔ مزید برآں شہروں میں آبادی کے اضافے اور ملک بھر میں ریل اسٹیشن کے شعبے میں کمرشل کامپلیکس اور میگا ہاؤسنگ اسکیمز میں سرمایہ کاری کا رجحان اور زیادہ بڑھ گیا ہے۔ نتیجتاً کارپوریٹ سیکٹر کے بہترین منافع سے توسیعی منصوبوں میں اضافہ ہو رہا ہے جس سے لازمی طور پر تعمیری شعبے کو فائدہ ہوگا۔ طلب بڑھانے والے ایسے عوامل معاشی ترقی کو جاری رکھنے میں اہم کردار ادا کر رہے ہیں۔

اسی طرح بجلی کی بہتر فراہمی نے بھی اسٹیل کی صنعت کو اپنی پیداواری صلاحیت بڑھانے میں مدد دی ہے۔ اس سے بڑھ کر حکومت کی جانب سے ڈمپڈ (dumped) اور سبسڈائزڈ اسٹیل (Subsidised Steel) کی درآمد کے خلاف وقت پر کاروباری اصلاحات نے مقامی صنعت کاروں کو اپنی صلاحیت بڑھانے کا موقع دیا جس سے سطحی اور تقابلی میدان میں نئی سرمایہ کاری کی راہ ہموار ہوئی۔

# Code of Conduct

## INTRODUCTION

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

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

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

- Maintain the highest degree of Corporate Governance practices;
- Conduct our business activities with the highest principles of honesty, integrity, truthfulness and honor;
- Conduct all business activities strictly on an arm's length business basis;
- Promote ethical business practices;
- Respect the environment and communities in which we operate;
- Assure equal employment opportunities;
- Value diversity in the workplace;
- Provide healthy and safe working environments;
- Respect human rights and trade ethically;
- Act in utmost good faith and exercise due care, diligence and integrity in performing the office duties;
- Comply both in letter and in spirit with all applicable laws and regulations;
- Ensure that all business transactions are recorded in true, fair and timely fashion in accordance with the accounting and financial reporting standards, as applicable to the Company;
- Refrain from involvement in any other similar business which consumes their time, efforts and energy without disclosure and approval of Company's management;
- Ensure that company personnel protect the Company's assets and properties including physical assets, information and intellectual rights and not use the same for their personal gain;

- Maintain confidentiality of information entrusted by the Company or acquired during performance of their duties and shall not use it for personal gain or advantage;
- Avoid providing any information either formally or informally, to the press or any other publicity media or any other person whosoever, unless specifically authorized;
- Avoid utilization of bribery or corruption in conducting the Company's business;
- Avoid receiving any gift, payments or favor in whatsoever form from Company's business associates, which can be perceived as being given to gain favor or dealing with the Company and shall ensure that the Company's interests are never compromised;
- Ensure that Company personnel abide by all job descriptions, contracts, agreements, terms of reference, standard operating procedures, and directives duly approved and enforced by the Company

### 1. Applicability

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

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

### 2. Compliance with laws, rules and regulations

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

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

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

### 4. Conflicts of Interest:

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

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

### 5. Company Policies

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

### 6. Work Environment

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

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

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

### 7. Communications and Involvement

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

### 8. Conduct and Behavior Standards

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

honesty and integrity are essential to ethical business practices.

### 9. Confidentiality

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

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

### 10. Inside Information

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

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

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

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

### 11. Political Activities

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



## 12. Health and Safety

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

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

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

## 13. Consumers

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

## 14. Suppliers

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

## 15. Competition and Trade Practice Standards

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

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

## 16. Company Personnel

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

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

## 17. Integrity and Professionalism

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

## 18. Personal Conduct

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

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

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

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

## 19. Accounting Records, Controls & Statements

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

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

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

## 20. Community Activities

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

## 21. Protection of the Environment

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

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

## 22. Miscellaneous

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

## Endorsement

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

## Whistle-blowing Policy

Amreli Steels Limited ("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 Whistle-blowing Policy ("Policy") to detect, identify and report any activity which is not in line with the company policies, any misuse of Company's properties or any breach of law which may affect the reputation of the Company.

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

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

Open and candid communication is an important part of our culture. All concerns are to be made in writing to ensure a clear understanding of the issues being raised. Whistle-blowers 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 'Whistle-blowing Unit' – Registered Office, A-18, S.I.T.E. Karachi.

The Whistle-blowing Unit shall comprise of the CEO and 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 whistle-blowing 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 complainant.

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

## Six Years at a Glance

### Financial Position

	2017	2016	2015	2014	(Re-Stated)	
					2013	2012
<b>Assets Employed</b>						
Property, plant and equipment	12,253	8,442	7,504	7,566	7,779	7,926
Intangible Assets	20	27	24	-	1	1
Long term investments	15	15	15	15	-	1
Long term deposit	129	131	130	133	218	210
Current assets	5,791	8,150	4,589	3,411	3,803	2,734
<b>Total Assets</b>	<b>18,209</b>	<b>16,765</b>	<b>12,262</b>	<b>11,126</b>	<b>11,800</b>	<b>10,873</b>
<b>Financed By</b>						
Shareholders' Equity	9,391	8,861	3,952	2,879	2,544	2,363
Surplus on Revaluation of Fixed Assets	1,755	1,830	1,919	1,960	2,065	2,141
<b>Long-term liabilities</b>						
Long term finance	712	525	1,150	2,049	1,584	2,020
Current portion of long term finance	310	484	952	550	493	334
	1,022	1,008	2,102	2,599	2,077	2,354
Non-current and deferred liabilities	1,222	1,212	1,005	932	1,050	1,134
Current liabilities	5,129	4,339	4,236	3,308	4,557	3,215
Current portion of long term finance	(310)	(484)	(952)	(550)	(493)	(334)
	4,819	3,856	3,284	2,757	4,063	2,881
<b>Total Funds Invested</b>	<b>18,209</b>	<b>16,765</b>	<b>12,262</b>	<b>11,126</b>	<b>11,800</b>	<b>10,873</b>
<b>Operations</b>						
Turnover	13,284	12,400	14,414	11,962	10,622	7,209
Gross Profit	2,468	2,792	2,493	1,373	1,161	981
Operating Profit	1,697	2,085	1,940	1,008	826	719
EBITDA	2,025	2,437	2,233	1,304	1,133	949
Profit before tax	1,445	1,749	1,272	377	174	130
Profit after tax	1,074	1,279	1,011	249	121	90
Total Comprehensive Income	1,050	1,288	1,003	260	105	90
Capital Expenditures (addition during the year)	4,133	1,292	192	123	167	771
EPS	3.62	4.81	4.54	1.12	0.54	0.40
<b>Cash Flow Summary</b>						
Net Cash Generated from / (used in) Operating Activities	2017 3,649	2016 (987)	2015 1,089	2014 1,727	2013 (76)	2012 (297)
Net Cash Generated from / (used in) Investing Activities	(4,133)	(1,293)	(206)	(96)	(189)	(736)
Net Cash Generated from / (used in) Financing Activities	172	2,582	(867)	(1,645)	306	1,053
Increase / (Decrease) in Cash and Cash Equivalents	(312)	301	16	(14)	41	19
Cash and Cash Equivalents at end of the Year	70	381	80	63	77	36

## Vertical & Horizontal Analysis

### Vertical Analysis

Balance Sheet	2017	2016	2015	2014	2013	2012
	Audited	Audited	Audited	Audited	(Re-Stated) Audited	Audited
<b>EQUITY AND LIABILITIES</b>						
<b>Share Capital and Reserves</b>						
Issued, Subscribed & Paid up Share Capital	16.31%	17.72%	18.17%	20.02%	18.88%	20.49%
Un-appropriate profit	35.26%	35.13%	14.07%	5.85%	2.68%	1.24%
	51.57%	52.85%	32.23%	25.88%	21.56%	21.73%
Surplus on revaluation of PPE	9.64%	10.91%	15.65%	17.61%	17.50%	19.69%
	61.21%	63.76%	47.88%	43.49%	39.06%	41.42%
<b>Non Current Liabilities</b>						
Long term borrowings	3.91%	3.13%	9.38%	18.41%	13.42%	18.58%
Finance lease	0.00%	0.00%	0.00%	0.52%	1.55%	2.66%
Deferred Liabilities	0.64%	0.43%	0.55%	0.42%	0.34%	0.23%
Deferred Taxation	6.07%	6.80%	7.58%	7.41%	6.88%	7.54%
Other financial liability	0.00%	0.00%	0.06%	0.03%	0.13%	0.00%
	10.62%	10.36%	17.58%	26.79%	22.33%	29.01%
<b>Current Liabilities</b>						
Trade & other payables	6.14%	6.45%	8.07%	7.86%	6.52%	7.43%
Mark-up accrued	0.31%	0.29%	0.67%	0.89%	0.79%	0.79%
Short term borrowings	19.92%	16.26%	18.04%	15.58%	26.22%	17.42%
Current Portion of long term borrowings	1.70%	2.88%	7.76%	4.94%	4.18%	3.07%
Current Portion of finance lease	0.00%	0.00%	0.00%	0.46%	0.91%	0.86%
Taxation - Net	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
	28.17%	25.88%	34.54%	29.73%	38.62%	29.57%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, plant, equipment & other assets	67.29%	50.35%	61.20%	68.00%	65.92%	72.90%
Intangibles	0.11%	0.16%	0.20%	0.00%	0.01%	0.01%
Long term investment	0.08%	0.09%	0.12%	0.14%	0.00%	0.01%
Long term deposits	0.71%	0.78%	1.06%	1.19%	1.84%	1.93%
	68.20%	51.39%	62.58%	69.34%	67.77%	74.85%
<b>Current Assets</b>						
Stores & Spares	3.40%	3.58%	4.12%	4.00%	3.35%	3.11%
Stock in trade	18.70%	26.30%	18.55%	14.07%	17.40%	15.19%
Trade debts	7.99%	12.35%	9.44%	8.36%	4.84%	3.49%
Loan, Advances, deposits and prepayments	0.36%	1.04%	1.11%	1.39%	1.14%	1.05%
Other receivables	0.97%	2.55%	2.72%	1.04%	3.38%	1.33%
Short-term investment	0.00%	1.79%	0.00%	0.00%	0.26%	0.00%
Tax refund due from government	0.00%	0.51%	0.83%	1.23%	1.19%	0.66%
Cash and bank balances	0.38%	0.48%	0.65%	0.57%	0.66%	0.33%
	31.80%	48.61%	37.42%	30.66%	32.23%	25.15%
<b>TOTAL ASSETS</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## Vertical & Horizontal Analysis

### Horizontal Analysis

Balance Sheet	2017	2016	2015	2014	2013	2012
	Vs 2016	Vs 2015	Vs 2014	Vs 2013	Vs 2012	Vs 2011
<b>EQUITY AND LIABILITIES</b>						
<b>Share Capital and Reserves</b>						
Issued, Subscribed & Paid up Share Capital	0.00%	33.33%	0.00%	0.00%	0.00%	0.00%
Un-appropriate profit	9.00%	241.54%	164.75%	106.04%	133.81%	259.79%
	5.98%	124.19%	37.28%	13.18%	7.66%	4.31%
Surplus on revaluation of PPE	-4.08%	-4.65%	-2.08%	-5.12%	-3.54%	119.57%
	4.26%	82.08%	21.34%	4.98%	2.34%	39.00%
<b>Non Current Liabilities</b>						
Long term borrowings	35.76%	-54.40%	-43.86%	29.33%	-21.58%	4.02%
Finance lease	0.00%	0.00%	-100.00%	-67.97%	-36.87%	615.31%
Deferred Liabilities	62.02%	7.47%	44.68%	14.26%	60.95%	41.90%
Deferred Taxation	-3.03%	22.53%	12.86%	1.45%	-0.92%	442.57%
Other financial liability	0.00%	-100.00%	178.58%	-81.38%	100.00%	0.00%
	11.39%	-19.44%	-27.69%	13.13%	-16.47%	46.61%
<b>Current Liabilities</b>						
Trade & other payables	3.48%	9.25%	13.14%	13.68%	-4.72%	24.11%
Mark-up accrued	16.89%	-41.70%	-16.56%	6.12%	9.01%	43.44%
Short term borrowings	33.06%	23.27%	27.62%	-43.98%	63.31%	92.89%
Current Portion of long term borrowings	-35.85%	-49.21%	73.07%	11.50%	47.77%	127.05%
Current Portion of finance lease	0.00%	0.00%	-100.00%	-52.51%	13.78%	683.64%
Taxation - Net	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	18.21%	2.43%	28.07%	-27.41%	41.72%	73.66%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8.61%</b>	<b>36.72%</b>	<b>10.21%</b>	<b>-5.71%</b>	<b>8.53%</b>	<b>50.12%</b>
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, plant, equipment & other assets	45.15%	12.49%	-0.82%	-2.73%	-1.86%	46.70%
Intangibles	-23.71%	9.85%	5955.97%	-44.70%	-30.96%	6.04%
Long term deposits	-1.54%	1.21%	-2.35%	-38.88%	3.55%	90.45%
	44.15%	12.27%	-0.54%	-3.53%	-1.74%	47.56%
<b>Current Assets</b>						
Stores & Spares	3.22%	18.74%	13.57%	12.44%	17.15%	72.63%
Stock in trade	-22.81%	93.86%	45.32%	-23.77%	24.37%	85.36%
Trade debts	-29.72%	78.79%	24.53%	62.69%	50.72%	5.70%
Loan, Advances, deposits and prepayments	-62.09%	28.19%	-11.70%	14.22%	18.72%	-20.75%
Other receivables	-58.75%	28.35%	186.94%	-70.84%	175.23%	568.96%
Short-term investment	-100.00%	0.00%	0.00%	-100.00%	0.00%	0.00%
Tax refund due from government	-100.00%	-14.76%	-26.35%	-2.13%	96.20%	-28.26%
Cash and bank balances	-14.26%	1.76%	25.61%	-18.07%	113.63%	106.77%
	-28.95%	77.62%	34.51%	-10.30%	39.08%	58.28%
<b>TOTAL ASSETS</b>	<b>-8.61%</b>	<b>36.72%</b>	<b>10.21%</b>	<b>-5.71%</b>	<b>8.53%</b>	<b>50.12%</b>



## Vertical & Horizontal Analysis

### Vertical Analysis

Profit and Loss	2017	2016	2015	2014	2013	2012
Turnover - net	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	-81.42%	-77.48%	-82.70%	-88.53%	-89.07%	-86.39%
<b>Gross Profit</b>	<b>18.58%</b>	<b>22.52%</b>	<b>17.30%</b>	<b>11.47%</b>	<b>10.93%</b>	<b>13.61%</b>
Trading income	0.00%	0.00%	0.00%	0.00%	0.01%	0.01%
Distribution cost	-2.54%	-2.75%	-1.95%	-1.62%	-1.60%	-1.52%
Administrative cost	-2.45%	-1.74%	-1.44%	-1.34%	-1.45%	-2.14%
Other operating income	0.06%	0.12%	0.24%	0.17%	0.02%	0.19%
Other charges	-0.88%	-1.33%	-0.69%	-0.25%	-0.15%	-0.18%
<b>Operating Profit</b>	<b>12.77%</b>	<b>16.81%</b>	<b>13.46%</b>	<b>8.43%</b>	<b>7.77%</b>	<b>9.98%</b>
Finance cost	-1.89%	-2.71%	-4.63%	-5.28%	-6.14%	-8.17%
<b>Profit/(loss) before taxation</b>	<b>10.88%</b>	<b>14.11%</b>	<b>8.82%</b>	<b>3.15%</b>	<b>1.63%</b>	<b>1.81%</b>
Taxation	-2.79%	-3.79%	-1.81%	-1.07%	-0.49%	-0.56%
<b>Profit/(loss) after taxation</b>	<b>8.09%</b>	<b>10.31%</b>	<b>7.02%</b>	<b>2.08%</b>	<b>1.14%</b>	<b>1.25%</b>
Other Comprehensive income	-0.18%	0.07%	-0.06%	0.09%	-0.15%	0.00%
<b>Total Comprehensive Income</b>	<b>7.90%</b>	<b>10.39%</b>	<b>6.96%</b>	<b>2.17%</b>	<b>0.99%</b>	<b>1.25%</b>

### Horizontal Analysis

Profit and Loss	2017 Vs 2016	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011
Turnover - net	7.13%	-13.97%	20.49%	12.62%	47.34%	32.72%
Cost of sales	12.57%	-19.40%	12.56%	11.94%	51.90%	25.59%
<b>Gross Profit</b>	<b>-11.60%</b>	<b>11.97%</b>	<b>81.65%</b>	<b>18.19%</b>	<b>18.39%</b>	<b>107.58%</b>
Trading income	0.00%	0.00%	0.00%	-100.00%	25.68%	-39.04%
Distribution cost	-1.19%	21.47%	44.62%	14.55%	55.17%	103.26%
Administrative cost	50.19%	3.91%	30.03%	4.05%	-0.34%	36.82%
Other operating income	-52.22%	-55.75%	72.28%	845.95%	-84.70%	-25.23%
Other charges	-29.37%	65.73%	230.40%	93.42%	20.78%	58.64%
<b>Operating Profit</b>	<b>-18.60%</b>	<b>7.48%</b>	<b>92.35%</b>	<b>22.10%</b>	<b>14.79%</b>	<b>126.08%</b>
Finance cost	-25.02%	-49.75%	5.75%	-3.20%	10.73%	129.71%
<b>Profit/(loss) before taxation</b>	<b>-17.37%</b>	<b>37.53%</b>	<b>237.41%</b>	<b>117.17%</b>	<b>33.18%</b>	<b>111.02%</b>
Taxation	-21.08%	80.49%	104.37%	143.30%	30.16%	-32.56%
<b>Profit/(loss) after taxation</b>	<b>-16.01%</b>	<b>26.46%</b>	<b>305.44%</b>	<b>105.87%</b>	<b>34.53%</b>	<b>4305.70%</b>
Other Comprehensive income	-371.22%	-207.07%	-182.16%	-164.34%	0.00%	0.00%
<b>Total Comprehensive Income</b>	<b>-18.50%</b>	<b>28.42%</b>	<b>286.18%</b>	<b>146.83%</b>	<b>16.82%</b>	<b>4305.70%</b>

## Vertical & Horizontal Analysis

### Vertical Analysis

Cash Flow	2017 Audited	2016 Audited	2015 Audited	2014 Audited	2013 (Re-Styled) Audited	2012 Audited
Net Cash Generated from / (used in) Operating Activities	-1171%	-328%	6702%	-12342%	-185%	-1588%
Net Cash Generated from / (used in) Investing Activities	1327%	-429%	-1266%	688%	-459%	-3933%
Net Cash Generated from / (used in) Financing Activities	-55%	857%	-5336%	11754%	743%	5621%
Increase / (Decrease) in Cash and Cash Equivalents	100%	100%	100%	100%	100%	100%

### Horizontal Analysis

Cash Flow	2017 Vs 2016	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011
Net Cash Generated from / (used in) Operating Activities	-470%	-191%	-37%	-2371%	-74%	-272%
Net Cash Generated from / (used in) Investing Activities	220%	528%	114%	-49%	-74%	-48%
Net Cash Generated from / (used in) Financing Activities	-93%	-398%	-47%	-637%	-71%	-9%
Increase / (Decrease) in Cash and Cash Equivalents	-203%	1755%	-216%	-134%	120%	-119%

# Operational Highlights

## Financial Ratios

	UoM	2017	2016	2015	2014	2013	2012
<b>Profitability Ratios</b>							
Gross Profit ratio	Percentage	18.58%	22.52%	17.30%	11.47%	10.93%	13.61%
Net profit to sales ratio	Percentage	7.90%	10.39%	6.96%	2.17%	0.99%	1.25%
Return on Equity	Percentage	10.00%	12.00%	17.00%	5.00%	3.00%	2.00%
Return on Capital employed	Percentage	11.00%	18.00%	20.00%	6.00%	2.00%	2.00%
Operating Leverage	Percentage	-261.00%	-54.00%	451.00%	17.50%	31.00%	385.00%
EBITDA margin to sales	Percentage	15.00%	20.00%	15.00%	11.00%	10.70%	13.20%

## Liquidity Ratios

Current Ratio	Times	1.13 : 1	1.88 : 1	1.08 : 1	1.03 : 1	0.83 : 1	0.85 : 1
Quick / Acid test Ratio	Times	0.47 : 1	0.86 : 1	0.55 : 1	0.56 : 1	0.38 : 1	0.34 : 1
Cash to current liability	Times	0.01 : 1	0.09 : 1	0.02 : 1	0.02 : 1	0.02 : 1	0.01 : 1
Cash flow from Operations to Sales	Times	0.27 : 1	-0.08 : 1	0.08 : 1	0.14 : 1	-0.01 : 1	-0.04 : 1

## Activity / Turnover Ratios

Inventory turnover	Times	2.8	2.9	6.2	5.9	5.1	4.9
No. of days in Inventory	Days	132	127	59	62	71	74
Debtor turnover	Times	7.5	7.7	13.8	15.9	22.3	19.5
No. of days in Receivables	Days	48	47	26	23	16	19
Creditor turnover	Times	93.1	92.3	149.4	128.0	81.4	61.0
No. of days in Payables	Days	4	4	2	3	4	6
Operating Cycle	Days	176	170	83	82	83	87
Total Asset Turnover	Times	0.7	0.7	1.2	1.1	0.9	0.7
Fixed Asset Turnover	Times	1.1	1.5	1.9	1.6	1.4	0.9

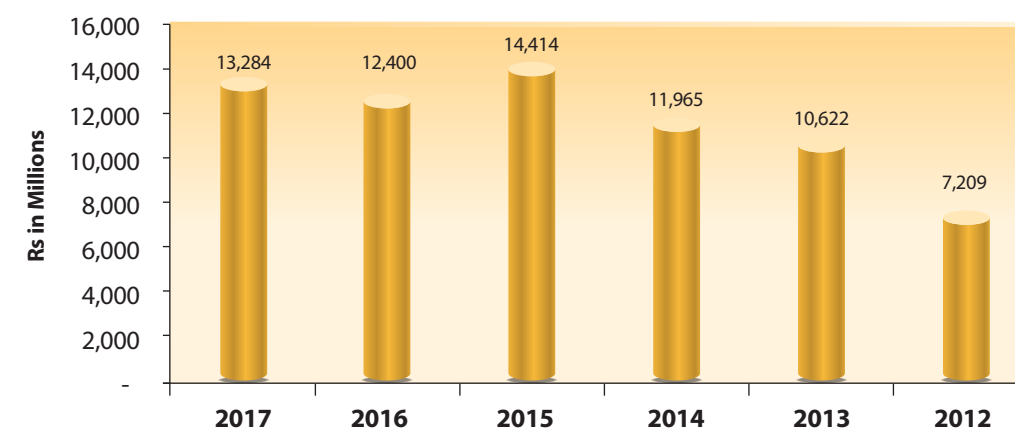
## Investment / Market Ratios

Earning per Share	Rupees	3.62	4.81	4.54	1.12	0.54	0.40
Break value per share with surplus on revaluation	Rupees	37.53	35.99	26.36	21.72	20.69	20.22
Break value per share without surplus on revaluation	Rupees	31.62	29.83	17.74	12.92	11.42	10.61

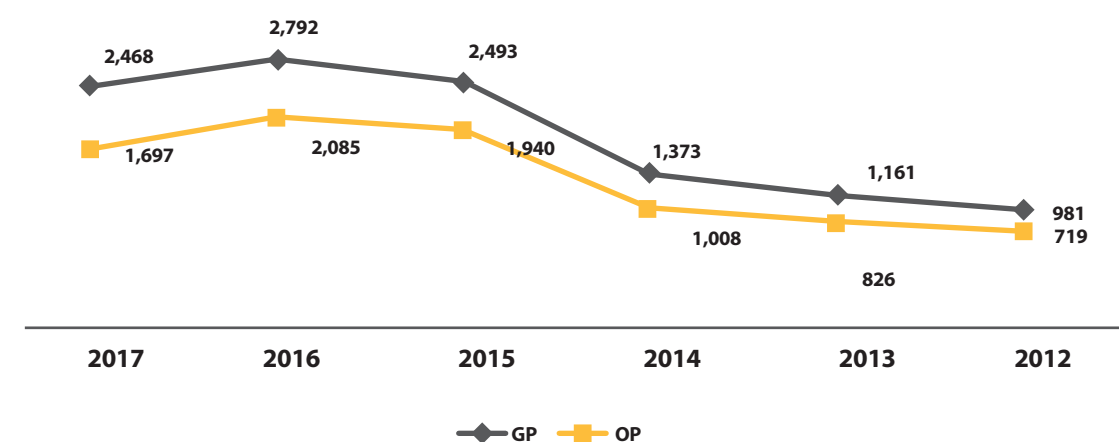
## Capital Structure Ratios

Debt / Equity Ratio	Times	0.08 : 1	0.06 : 1	0.29 : 1	0.71 : 1	0.62 : 1	0.85 : 1
Weighted Average Cost of Debt	Percentage	5%	7%	13%	11%	11%	12%
Financial Leverage Ratio	Times	0.11 : 1	0.11 : 1	0.53 : 1	0.90 : 1	0.82 : 1	1.00 : 1
Debt Service Ratio	Times	2.75 : 1	1.89 : 1	1.76 : 1	1.06 : 1	1.05 : 1	1.27 : 1
Interest Cover	Times	6.7	6.2	2.9	1.6	1.2	1.2

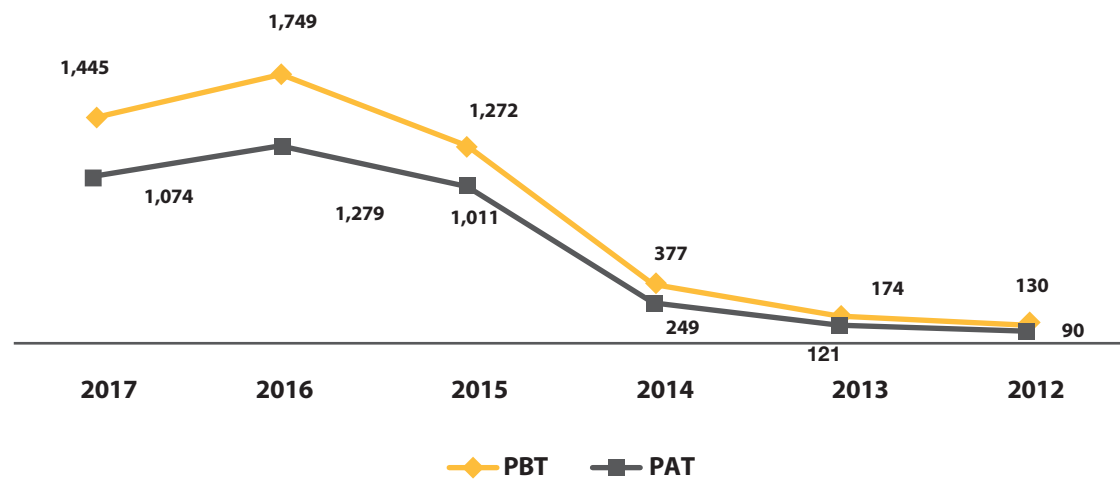
## Sales



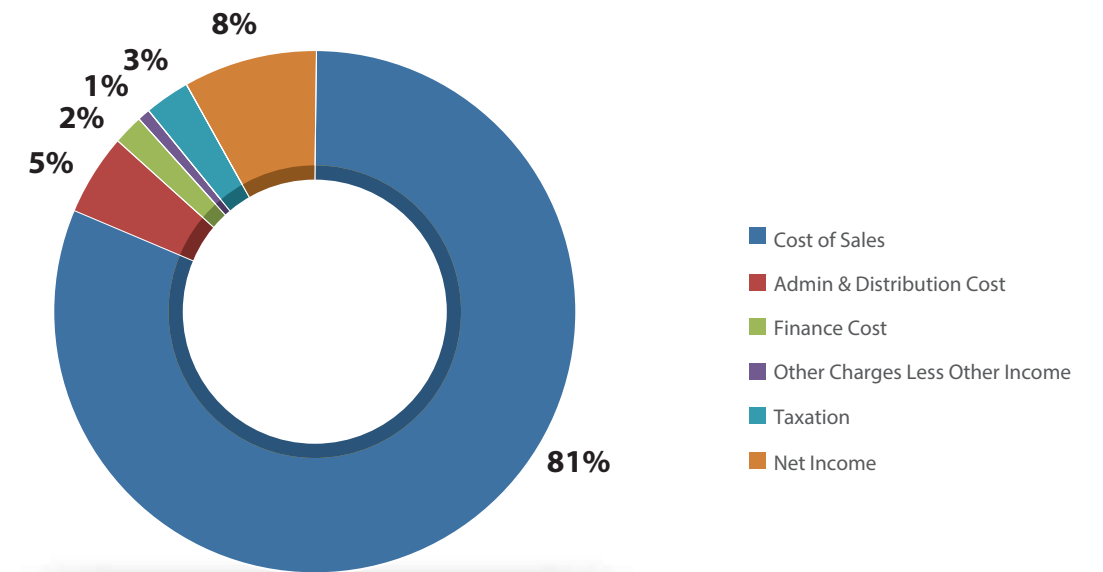
## Operating & Gross Profit



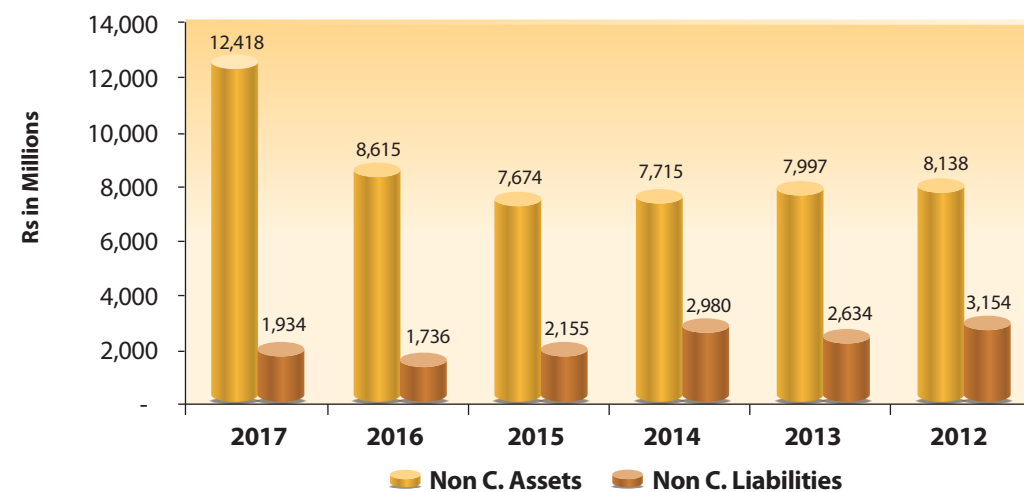
### Profit Before Tax & Profit After Tax



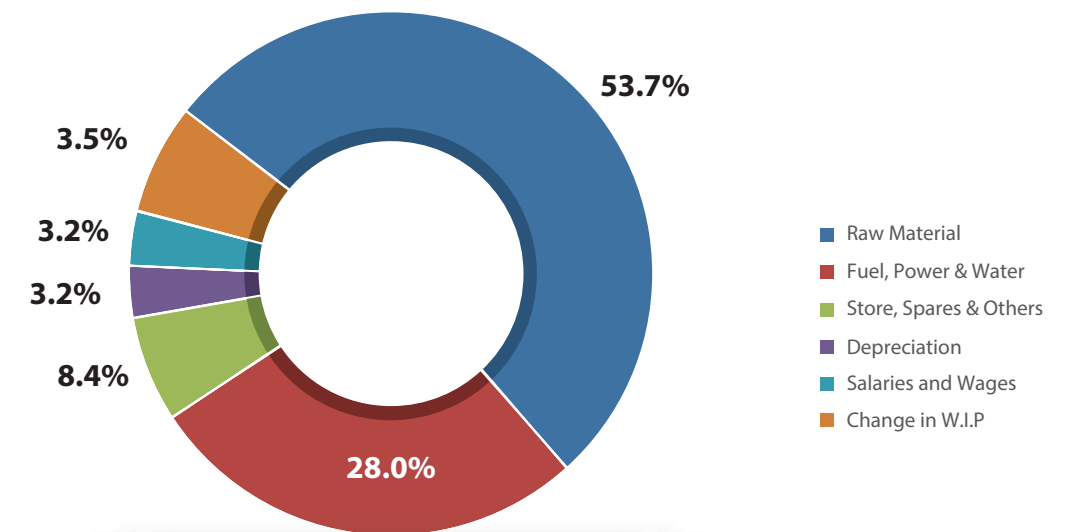
### Application of Revenue FY 16-17



### Non-Current Assets and Non-Current Liabilities

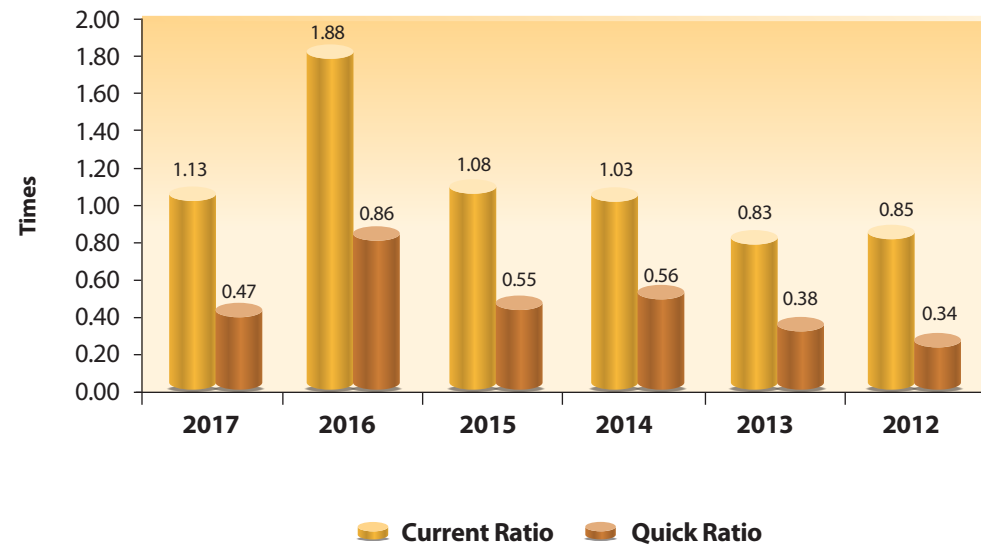


### Distribution of Manufacturing Cost FY 16-17

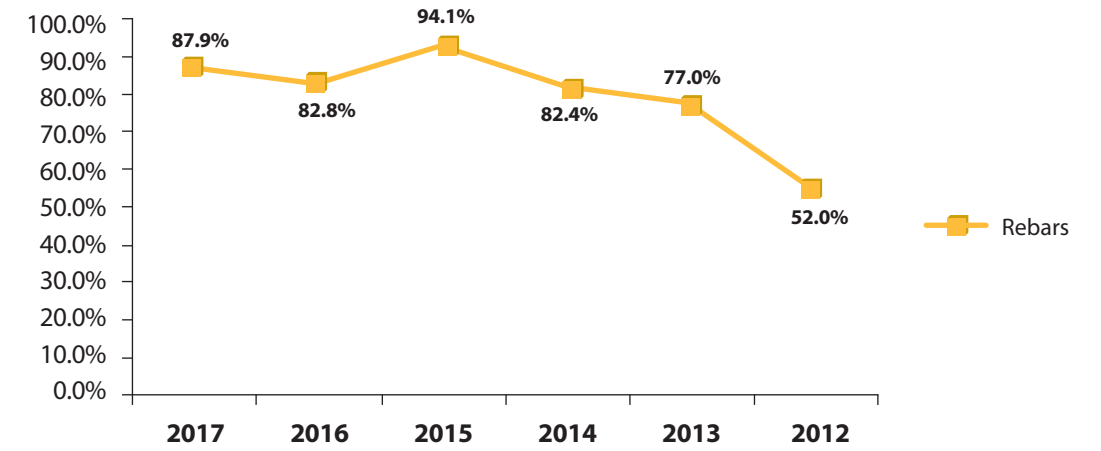




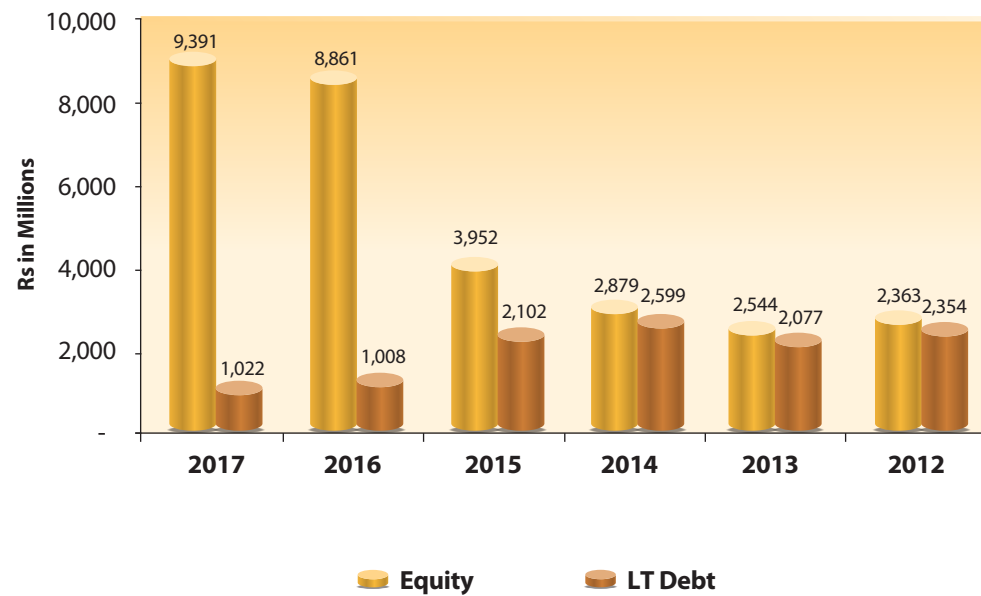
### Current Ratio and Quick Ratio



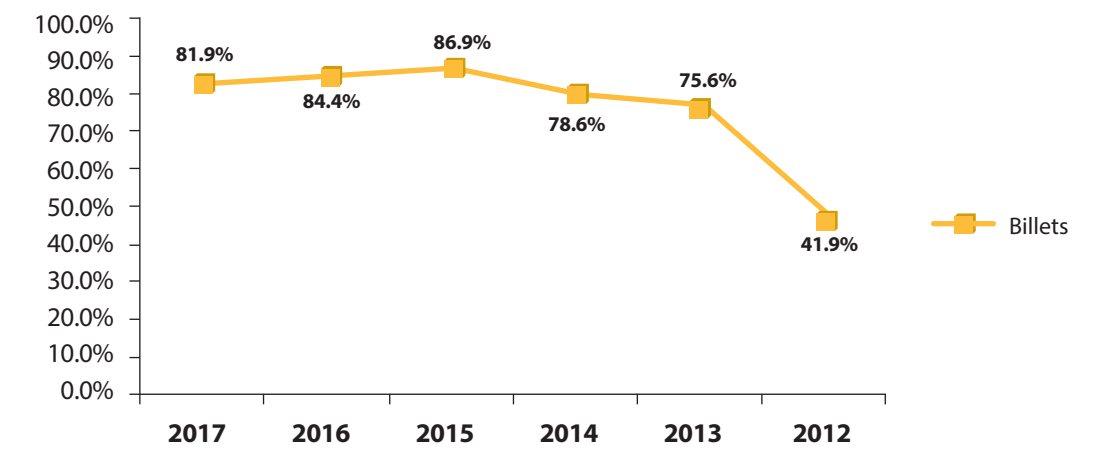
### Capacity Utilization Rebars



### Long-Term Debt Vs Equity

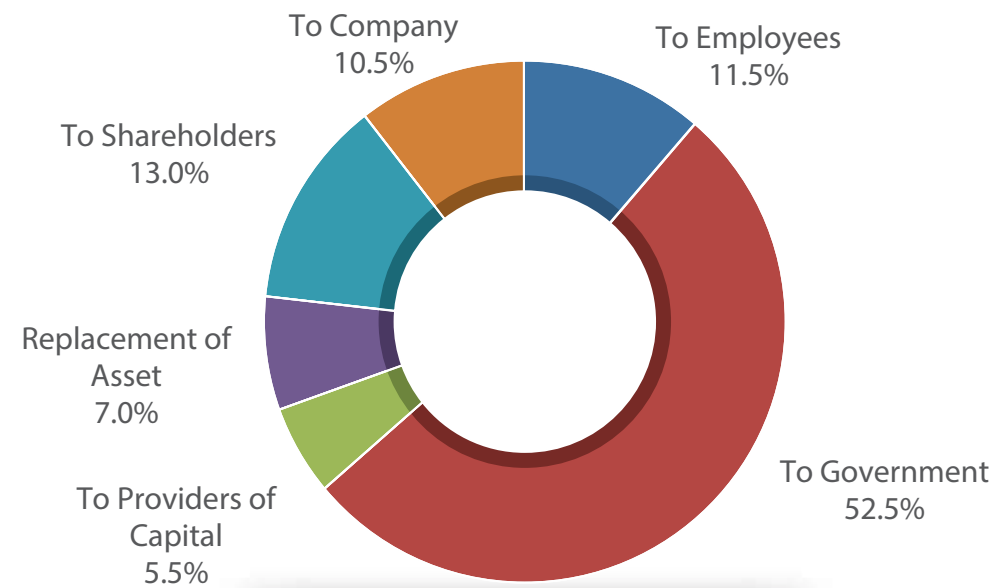


### Capacity Utilization Billets

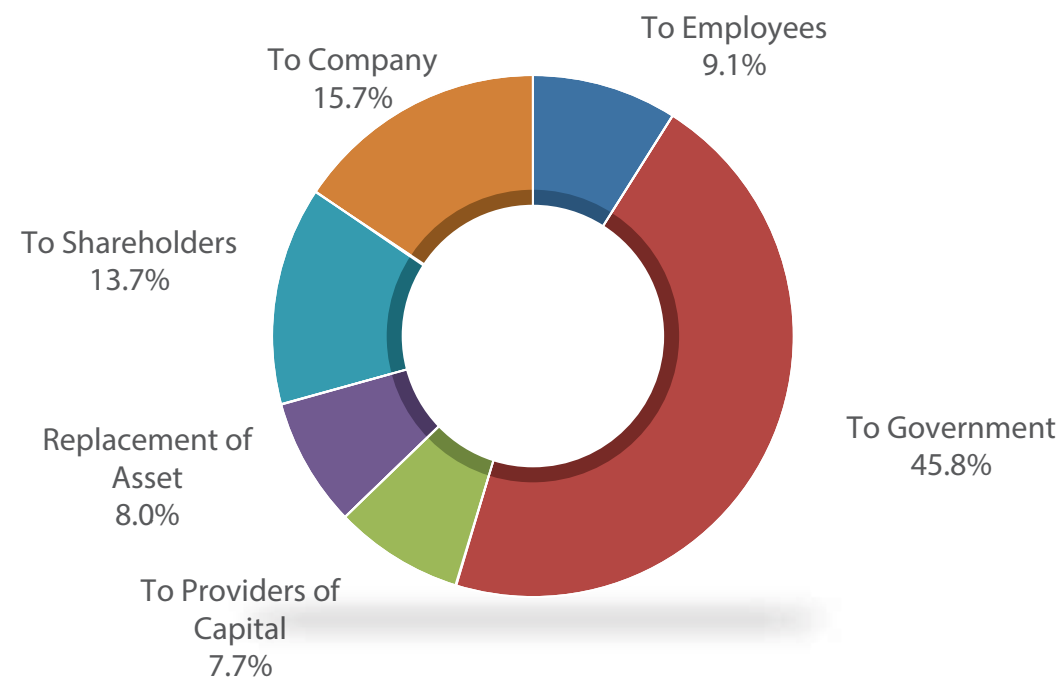


## Statement of Value Addition and Distribution of wealth

2017



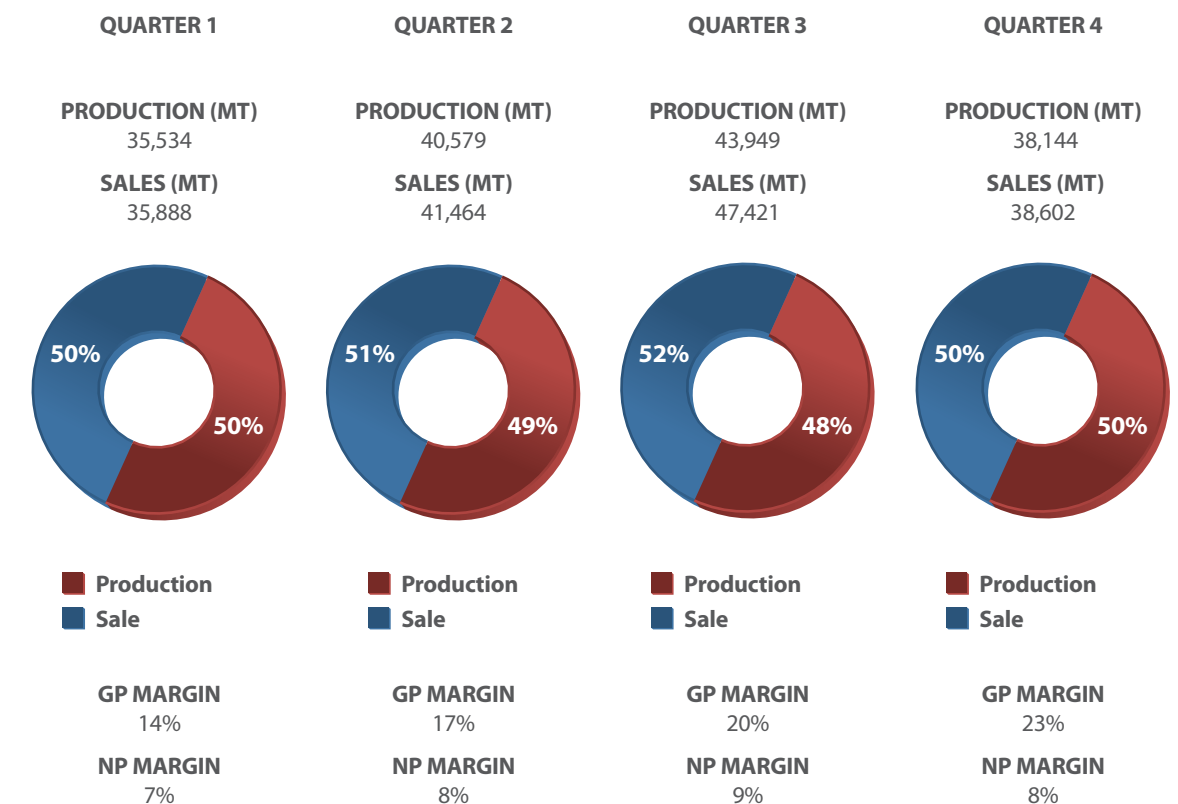
2016



## Quarterly Performance Analysis

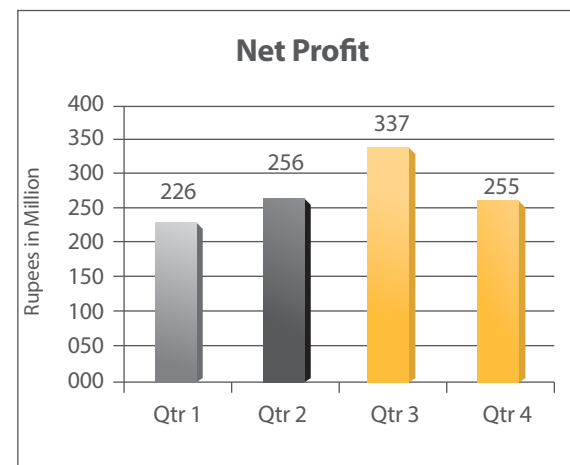
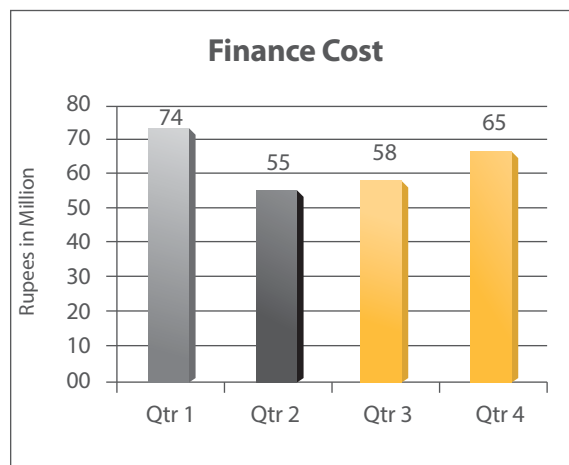
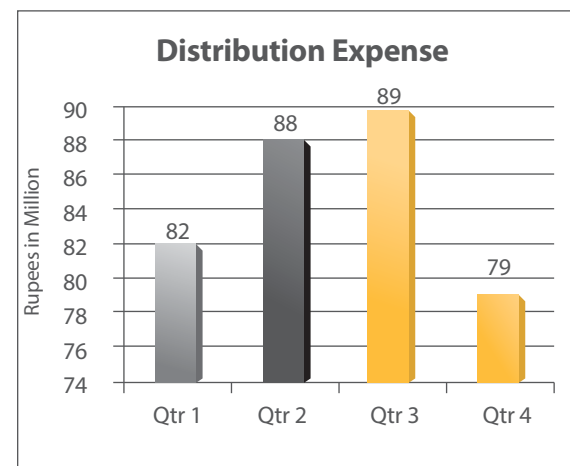
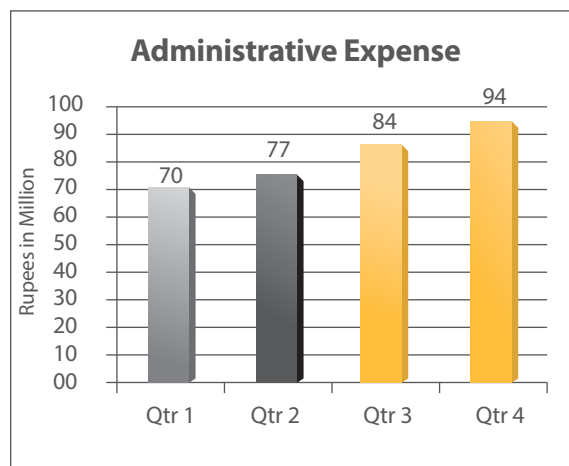
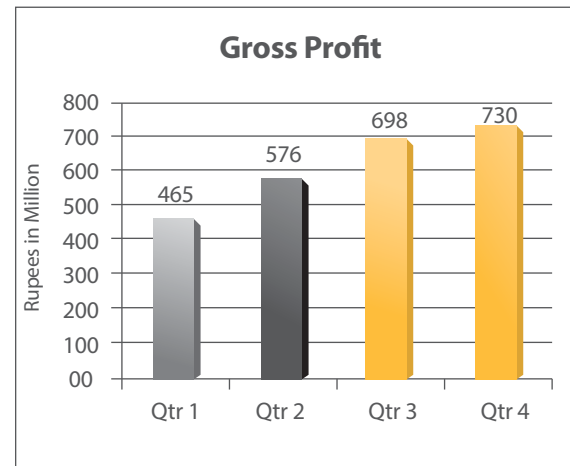
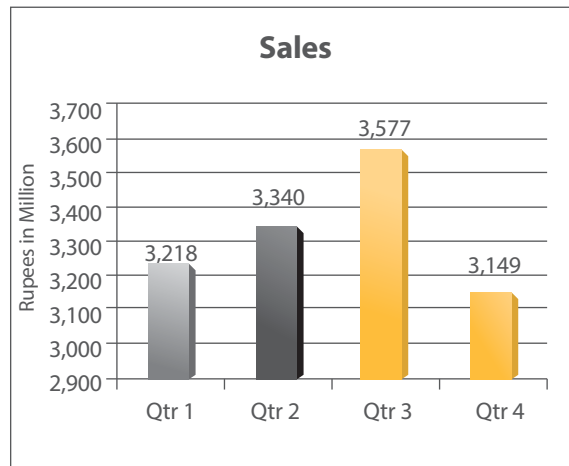
Rupees	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
Sales	3,218,486,105	3,339,924,020	3,576,703,760	3,148,697,344	13,283,811,229
Cost of sales	(2,753,753,430)	(2,764,372,754)	(2,878,314,639)	(2,419,183,233)	(10,815,624,056)
<b>Gross profit</b>	<b>464,732,675</b>	<b>575,551,266</b>	<b>698,389,121</b>	<b>729,514,111</b>	<b>2,468,187,173</b>
<b>Gross Profit %</b>	<b>14%</b>	<b>17%</b>	<b>20%</b>	<b>23%</b>	<b>19%</b>
Distribution costs	(81,918,390)	(87,739,488)	(88,593,128)	(79,015,545)	(337,266,551)
Administrative expenses	(69,955,973)	(76,753,383)	(83,788,018)	(94,333,438)	(324,830,812)
Other expenses	(18,474,570)	(28,194,706)	(33,828,014)	(36,053,636)	(116,550,926)
Other income	5,007,655	1,254,755	644,115	451,202	7,357,725
<b>Operating profit</b>	<b>299,391,397</b>	<b>384,118,444</b>	<b>492,824,076</b>	<b>520,562,694</b>	<b>1,696,896,609</b>
<b>Operating profit %</b>	<b>9%</b>	<b>12%</b>	<b>14%</b>	<b>17%</b>	<b>13%</b>
Finance costs	(74,007,654)	(54,524,759)	(57,804,113)	(65,246,950)	(251,583,475)
<b>Profit before taxation</b>	<b>225,383,743</b>	<b>329,593,685</b>	<b>435,019,963</b>	<b>455,315,744</b>	<b>1,445,313,134</b>
Taxation (Expense)/ Reversal	257,943	(73,128,795)	(97,880,176)	(200,509,403)	(371,260,430)
<b>Net profit for the period</b>	<b>225,641,686</b>	<b>256,464,890</b>	<b>337,139,787</b>	<b>254,806,341</b>	<b>1,074,052,704</b>
<b>Net Profit %</b>	<b>7%</b>	<b>8%</b>	<b>9%</b>	<b>8%</b>	<b>8%</b>

## Rebars Production and Sales

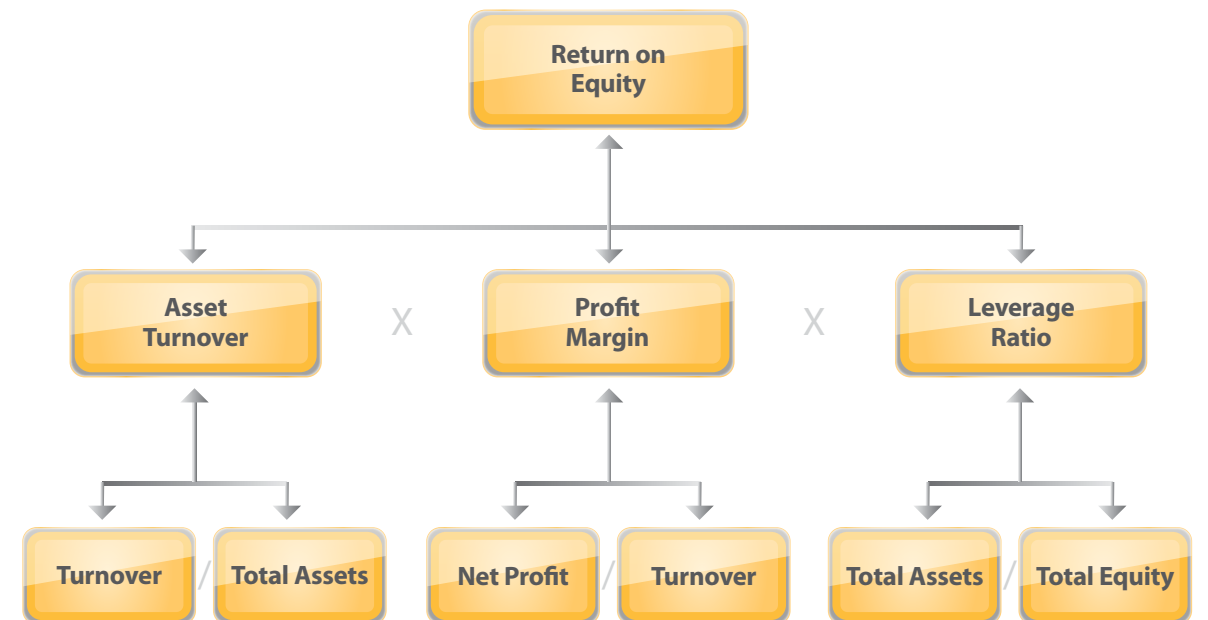


## Quarterly Performance Analysis

### Graphical Representation



## DuPont Analysis



DuPont Analysis				
Years	Profit Margin (Net Profit/Turnover)	Asset Turnover (Turnover/Total Assets)	Leverage Ratio (Total Assets/Total Equity)	ROE AxBxC
	A	B	C	
2017	8%	73%	1.63	10%
2016	10%	74%	1.57	12%
2015	7%	118%	2.09	17%
2014	2%	108%	2.30	5%
2013	1%	90%	2.56	3%
2012	1%	66%	2.41	2%

### Following are the main DuPont highlights:

1. The net profit margin has continued its rising trend from the FY 2012 to FY 2016 which was primarily due to increase in sales volume, however in the FY 2017 it has fallen by 2% which is due to decrease in sale price and increase in administrative expenditures.
2. The asset turnover has maintained a rising trend from the FY 2012 to FY 2015, though it has reduced in the FY 2016 and FY 2017 mainly because of investments in capital work in process for expansion in billet and rebars capacities.
3. The leverage ratio of the company has maintained a steady rate from FY 2012 to FY 2015, however it has reduced to 1.57 in FY 2016 due to issuance of shares through initial public offering (IPO). In FY 2017 it has slightly increased due to increase in operations.

Overall, the DuPont analysis demonstrates a positive trend of Return on Equity (ROE). The ROE showed a tremendous increase from FY 2012 to FY 2015; however in FY 2016 and FY 2017, it has dropped due to increase in number of shares through IPO for expansion.



## Share Price Sensitivity Analysis

During the financial year 2016-17, 273 million shares of Amreli Steels were traded at Pakistan Stock Exchange. The share price of Amreli Steels has maintained a rising trend along with the PSX index throughout the year, gaining 162% rise at the year end. The average share price based on low and high prices per week as at June 30, 2017 was 127.57 rupees per share.



The key factors that generally affect the share price directly are discussed below:

### Political Stability

Stable political environment promotes capital spending and outlay on infrastructure projects creates demand for rebars, hence with increase/decrease in sales volume and profitability, the share price of the company changes.

### Energy Prices

Since steel industry is an energy intensive industry, any decision by government to alter electricity and natural gas prices affects the profitability of the company and hence the share prices.

### Exchange Rates Volatility

Fluctuation in foreign currency exchange rates lead to the fluctuation in foreign currency payments made for purchases of scrap metal and stores, spares and tools.

### Laws, regulations and government policies

Any changes in policies by the government and regulatory authorities, both specific to the steel industry and overall business activities may affect the market share prices; either positively or negatively, depending on the type of change made.

### Interest Rate Volatility

The changes in interest rate affect the financial cost of the company and hence affect the earning per share and price per share.

### Raw Material

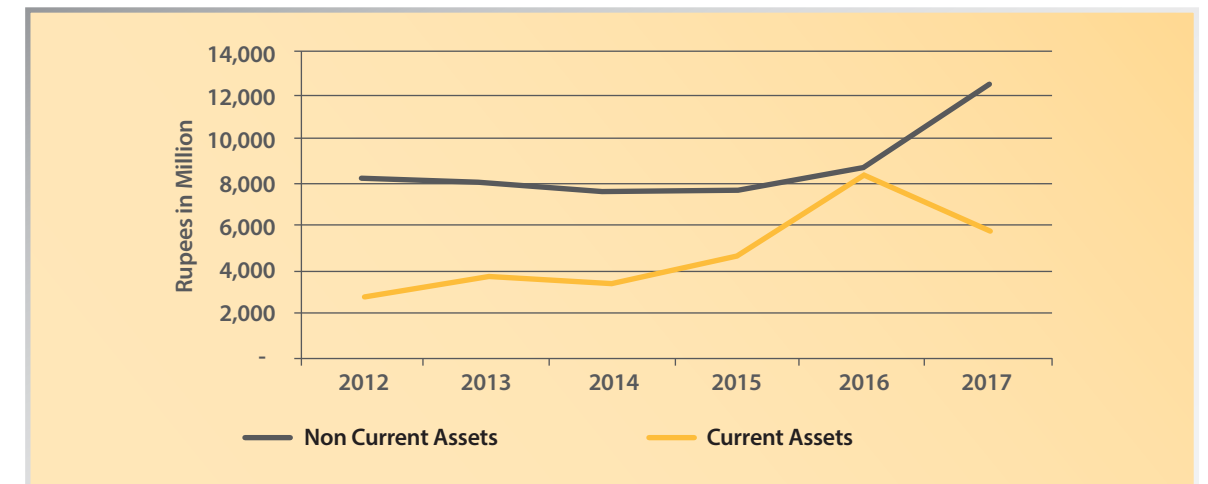
Since the raw material is imported, any change in global prices of steel scrap may affect profitability of the Company and hence the share price.

## Analysis of Financial Statements

### Non Current & Current Assets

During the last 6 years, non-current assets of the Company have increased at a CAGR of 8.82%, which is primarily due to the ongoing expansion. In the FY 2016, the Company did an IPO to fund the new rolling mill project and expansion of steel melting capacity at Dhabeji. The expansion carried out so far is reflected as an increase in CWIP in this financial year.

A substantial decrease in current asset in FY 2017 is due to the tightening of credits and better recovery of trade debts, decrease in sales tax refund and receipt of other past due receivables.

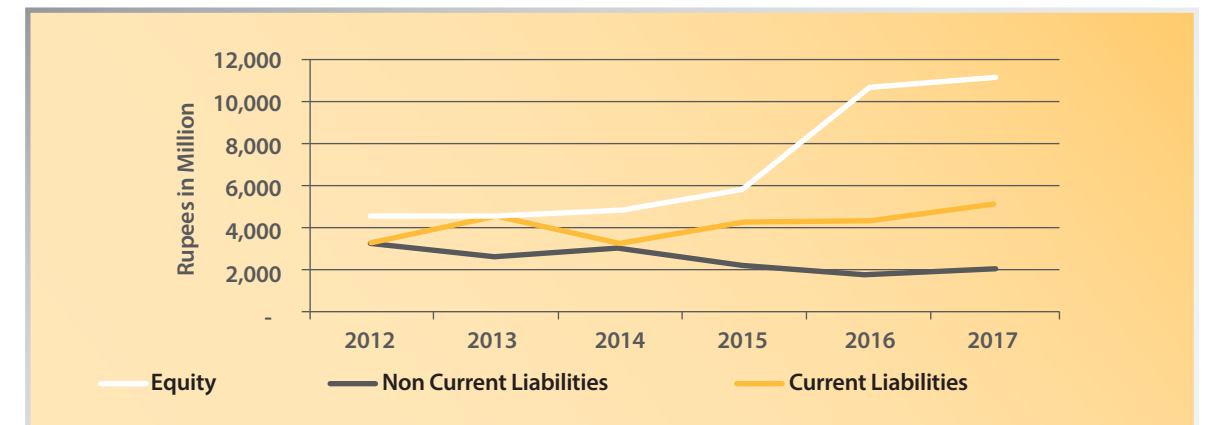


### Equities and Liabilities

The equity represents share capital, share premium and surplus on revaluation. The equity has increased at a CAGR of 19.87%. The increase in equity in FY 2016 as compared to FY 2015 is due to the issuance of shares through an IPO. Further, the increase also reflects the increase in retained profits (net of dividend) over the last six years.

The non-current liabilities have decreased at a CAGR of 9.29%. The decrease is largely due to repayment of long term loan and repayment of Sukuk.

The current liabilities have increased due to corresponding increase in current asset; however, overall current ratio remained above 1:1.



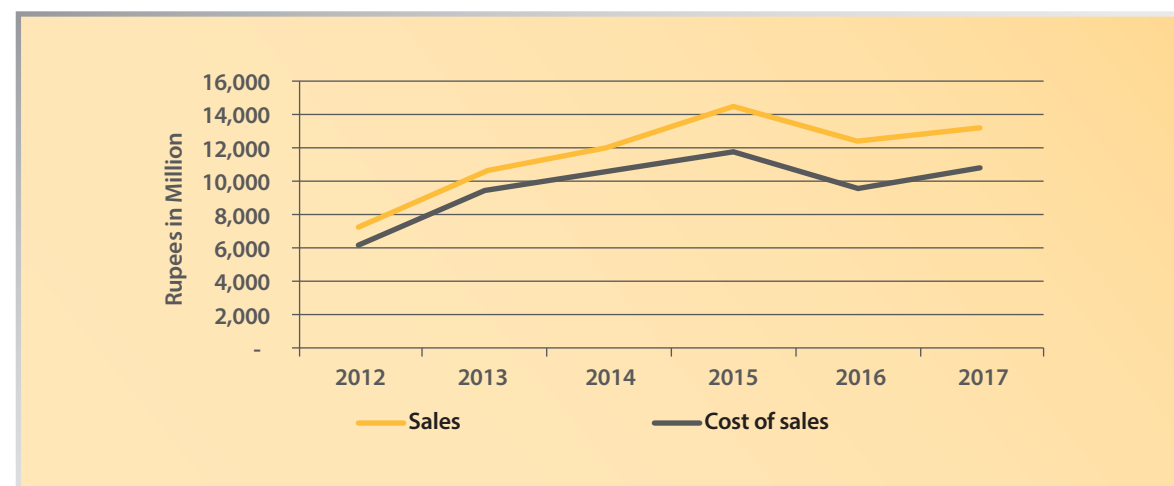
## Analysis of Financial Statements

### Sales & Cost of Sales

Sales have increased at a CAGR of 13.01% from FY 2012 to FY 2017. This increase was the function of increase in sale price and quantity. However, sales dropped by 14% in the FY 16 as compared to FY 2015, contributed by 57% fall in sales quantity and 43% drop in the sales price. The said decline was due to the dumping of rebars in the market by China.

In FY 2017, sales revenue increased by 7% as compared to FY 2016. The increase was attributable primarily to the increase in sales quantity by 11%.

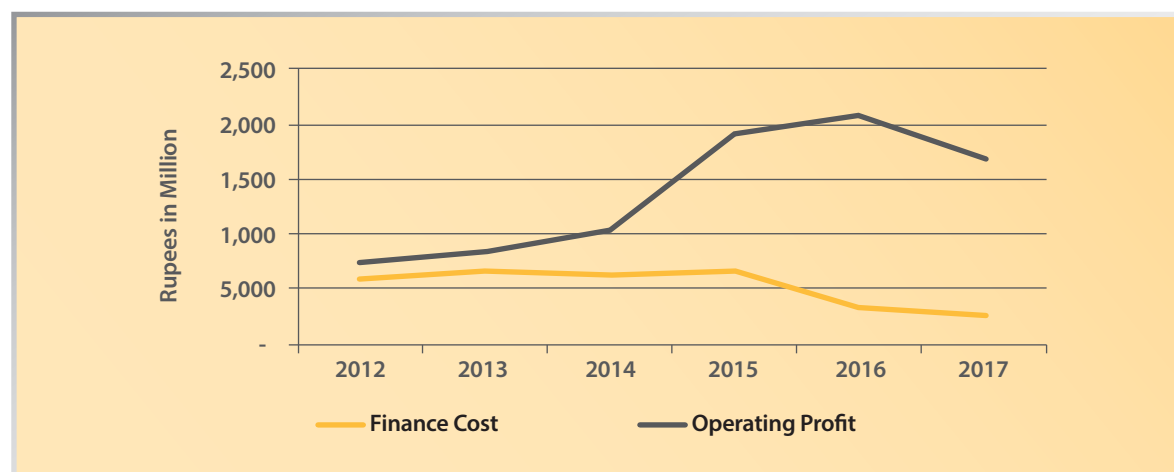
The cost of sales also increased in FY 2017 which is the reflection of increase in sales quantity.



### Finance Cost & Operating Profit

Finance cost has shown an impressive fall which is predominantly due to efficient utilization of proceeds from IPO and sustained profitability in last three years. Moreover, drop in interest rates and spreads due to the timely repayment of loans also contributed towards the fall in the finance cost.

The operating profit has shown a steady increasing trend from FY 2012 to FY 2016. However, in FY 2017 the operating profit reduced by 18.60% as compared to FY 2016 which was mainly due to the increase in administrative expenses and a decrease in other income.



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### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Amreli Steels Limited (the Company) as at 30 June 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in note 4.1 to the accompanying financial statements, with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants

Audit Engagement Partner: Khurram Jameel

Date: 26 August 2017

Place: Karachi

## Balance Sheet

As at 30 June 2017

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	12,253,098,525	8,441,597,274
Intangible assets	7	20,401,304	26,742,912
Long-term investments	8	15,289,370	15,289,370
Long-term deposits	9	129,378,613	131,404,376
		<u>12,418,167,812</u>	<u>8,615,033,932</u>
<b>CURRENT ASSETS</b>			
Stores and spares		619,231,295	599,892,883
Stock-in-trade	10	3,404,198,598	4,410,123,514
Trade debts	11	1,455,202,310	2,070,501,848
Loans and advances	12	22,220,787	125,635,829
Trade deposits and short-term prepayments	13	43,947,767	48,886,841
Other receivables	14	176,537,237	427,987,469
Short-term investments		-	300,000,000
Taxation – net		-	86,246,015
Cash and bank balances	15	69,558,113	81,124,343
		<u>5,790,896,107</u>	<u>8,150,398,742</u>
<b>TOTAL ASSETS</b>		<u><b>18,209,063,919</b></u>	<u><b>16,765,432,674</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	16	2,970,114,270	2,970,114,270
Reserves		<u>6,420,623,118</u>	<u>5,890,507,263</u>
		<u>9,390,737,388</u>	<u>8,860,621,533</u>
Surplus on revaluation of property, plant and equipment	17	1,755,014,996	1,829,580,914
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	18	712,069,453	524,524,754
Deferred taxation	19	1,104,896,135	1,139,415,427
Deferred liability	20	116,942,866	72,176,237
		<u>1,933,908,454</u>	<u>1,736,116,418</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	1,118,557,642	1,080,934,801
Interest / markup accrued	22	56,365,500	48,221,865
Short-term borrowings	23	3,627,591,787	2,726,371,085
Current portion of long-term financing	18	310,234,772	483,586,058
Taxation – net		16,653,380	-
		<u>5,129,403,081</u>	<u>4,339,113,809</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	24		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>18,209,063,919</b></u>	<u><b>16,765,432,674</b></u>

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



Chief Executive Officer



Director



Chief Financial Officer



Chief Executive Officer



Director



Chief Financial Officer

## Profit and Loss Account

For the year ended 30 June 2017

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
Sales	25	13,283,811,229	12,400,191,349
Cost of sales	26	(10,815,624,056)	(9,608,236,222)
<b>Gross profit</b>		<u>2,468,187,173</u>	<u>2,791,955,127</u>
Distribution costs	27	(337,266,551)	(341,325,913)
Administrative expenses	28	(324,830,812)	(216,283,236)
Other expenses	29	(116,550,926)	(165,014,968)
Other income	30	7,357,725	15,398,750
<b>Operating profit</b>		<u>1,696,896,609</u>	<u>2,084,729,760</u>
Finance costs	31	(251,583,475)	(335,534,389)
<b>Profit before taxation</b>		<u>1,445,313,134</u>	<u>1,749,195,371</u>
Taxation	32	(371,260,430)	(470,446,343)
<b>Net profit for the year</b>		<u><u>1,074,052,704</u></u>	<u><u>1,278,749,028</u></u>
<b>Earnings per share – basic and diluted (Rs. per share)</b>	33	<u>3.62</u>	<u>4.81</u>

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



## Statement of Comprehensive Income

For the year ended 30 June 2017

	2017 ------(Rupees)-----	2016
<b>Net profit for the year</b>	<b>1,074,052,704</b>	1,278,749,028
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit and loss account</b>		
Gain on cash flow hedge – net of tax	-	5,118,447
<b>Items that may not be reclassified subsequently to profit and loss account</b>		
Actuarial (loss) / gain on gratuity fund – net of tax	(24,479,913)	3,908,718
<b>Total comprehensive income for the year</b>	<b><u>1,049,572,791</u></b>	<u>1,287,776,193</u>


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

## Cash Flow Statement

For the year ended 30 June 2017


	2017 ------(Rupees)-----	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>1,445,313,134</b>	1,749,195,371
<b>Adjustments for:</b>		
Depreciation	321,310,661	346,820,241
Amortization	6,534,073	5,338,396
Capital work-in-progress written off	102,304	-
Provision for doubtful debts	37,239,451	7,914,839
Provision for doubtful deposits	12,750,000	-
Provision for doubtful advances	1,376,102	-
Provision for gratuity	15,174,197	17,755,345
(Gain) / loss on disposal of operating assets	(40,860)	1,264,747
Finance costs	251,583,475	335,534,389
	<u>646,029,403</u>	<u>714,627,957</u>
Operating profit before working capital changes	<b>2,091,342,537</b>	2,463,823,328
<b>Decrease / (increase) in current assets:</b>		
Stores and spares	(19,338,412)	(94,667,340)
Stock-in-trade	1,005,924,916	(2,135,271,820)
Trade debts	578,060,087	(920,373,280)
Loans and advances	102,038,940	(38,176,030)
Trade deposits and short-term prepayments	(7,810,926)	(204,018)
Other receivables	251,450,232	(94,526,106)
	<u>1,910,324,837</u>	<u>(3,283,218,594)</u>
<b>(Decrease) / increase in current liabilities:</b>		
Trade and other payables	(56,495,109)	88,700,238
<b>Cash generated from / (used in) operations</b>	<b>3,945,172,265</b>	(730,695,028)
Income taxes paid	(292,388,935)	(247,754,874)
Gratuity paid	(5,378,873)	(7,074,895)
Long-term deposits – net	2,025,763	(1,567,556)
<b>Net cash generated from / (used in) operating activities</b>	<b>3,649,430,220</b>	(987,092,353)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(4,133,489,354)	(1,292,096,693)
Acquisition of intangible assets	(192,465)	(7,735,954)
Proceeds from disposal of operating fixed assets	615,998	6,618,465
<b>Net cash used in investing activities</b>	<b>(4,133,065,821)</b>	(1,293,214,182)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of capital	-	3,531,270,492
Dividend paid	(592,249,425)	-
Short-term borrowings – net	993,565,223	517,422,207
Long-term financing – net	14,193,413	(1,094,165,896)
Other financial liabilities	-	(5,666,585)
Finance costs paid	(243,439,840)	(367,151,692)
<b>Net cash inflow from financing activities</b>	<b>172,069,371</b>	2,581,708,526
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(311,566,230)</b>	301,401,991
Cash and cash equivalents at the beginning of the year	381,124,343	79,722,352
Cash and cash equivalents at the end of the year	<u>69,558,113</u>	<u>381,124,343</u>


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

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

## Statement of Changes in Equity

For the year ended 30 June 2017

	Issued, subscribed and paid-up capital	Reserves					Total equity
		Capital Reserve	Revenue Reserves				
			Share premium	Cash flow hedge	Actuarial gain / (loss) on gratuity fund	Unappropriated profit	
----- (Rupees) -----							
<b>Balance as at 30 June 2015</b>	2,227,585,700	-	(5,118,447)	(10,250,319)	1,740,066,927	1,724,698,161	3,952,283,861
Net profit for the year	-	-	-	-	1,278,749,028	1,278,749,028	1,278,749,028
Other comprehensive income	-	-	5,118,447	3,908,718	-	9,027,165	9,027,165
Total comprehensive income	-	-	5,118,447	3,908,718	1,278,749,028	1,287,776,193	1,287,776,193
Issuance of shares	742,528,570	3,044,367,138	-	-	-	3,044,367,138	3,786,895,708
Share issue cost	-	(255,625,216)	-	-	-	(255,625,216)	(255,625,216)
	742,528,570	2,788,741,922	-	-	-	2,788,741,922	3,531,270,492
Transferred to unappropriated profit in respect of							
- incremental depreciation during the year – net of tax	-	-	-	-	85,687,186	85,687,186	85,687,186
- disposal of fixed assets during the year – net of tax	-	-	-	-	3,603,801	3,603,801	3,603,801
	-	-	-	-	89,290,987	89,290,987	89,290,987
<b>Balance as at 30 June 2016</b>	2,970,114,270	2,788,741,922	-	(6,341,601)	3,108,106,942	5,890,507,263	8,860,621,533
Net profit for the year	-	-	-	-	1,074,052,704	1,074,052,704	1,074,052,704
Other comprehensive loss	-	-	-	(24,479,913)	-	(24,479,913)	(24,479,913)
Total comprehensive income	-	-	-	(24,479,913)	1,074,052,704	1,049,572,791	1,049,572,791
Final dividend @ Rs. 2 per Ordinary share of Rs. 10 each for the year ended 30 June 2016	-	-	-	-	(594,022,854)	(594,022,854)	(594,022,854)
Transferred to unappropriated profit in respect of							
- incremental depreciation during the year – net of tax	-	-	-	-	74,565,918	74,565,918	74,565,918
<b>Balance as at 30 June 2017</b>	<b>2,970,114,270</b>	<b>2,788,741,922</b>	<b>-</b>	<b>(30,821,514)</b>	<b>3,662,702,710</b>	<b>6,420,623,118</b>	<b>9,390,737,388</b>

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



Chief Executive Officer



Director



Chief Financial Officer

## Notes to the Financial Statements

For the year ended 30 June 2017

### 1. THE COMPANY AND ITS OPERATIONS

Amreli Steels Limited (the Company) was incorporated in 1984 as a private limited company and converted into a public unquoted company in 2009. The Company enlisted on Pakistan Stock Exchange in 2015. The Company is engaged in manufacture and sale of steel bars and billets. The registered office of the Company is situated at Plot No. A-18, S.I.T.E., Karachi.

### 2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

### 3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for certain classes of property, plant and equipment that have been measured at revalued amounts.

3.2 These financial statements are prepared in Pak Rupees, which is the Company's functional and presentation currency.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 Standards adopted during the year

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

IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)
IFRS 11	Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
IAS 1	Presentation of Financial Statements - Disclosure Initiative (Amendment)
IAS 16	Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
IAS 16	Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
IAS 27	Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

#### Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7	Financial Instruments: Disclosures - Servicing contracts
IFRS 7	Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	Employee Benefits - Discount rate: regional market issue
IAS 34	Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report

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

#### 4.2 Changes in accounting framework not yet effective

The following standards, and interpretations would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective date (annual periods beginning on or after)	
IFRS 2	Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7	Statement of Cash Flows - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40	Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

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

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

During the year, the Companies Act 2017 has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. 17 of 2017 dated 20 July 2017 communicated its decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. While the Company is currently assessing the full impact

of the promulgation of the Companies Act 2017 on the financial statements, it is expected that it will result in change in accounting treatments and enhanced disclosures in the financial statements which will be incorporated in the subsequent financial statements of the Company.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

	IASB Effective date (annual periods beginning on or after)	
IFRS 9	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 15	Revenue from Contracts with Customers	01 January 2018
IFRS 16	Leases	01 January 2019
IFRS 17	Insurance Contracts	01 January 2021

#### 4.3 Property, plant and equipment

##### Operating assets

These are stated at cost / revalued amount less accumulated depreciation and impairment except for lease hold land which is stated at cost / revalued amount.

Depreciation is charged applying the reducing balance method, except for depreciation on plant and machinery which is charged on straight line basis / units of production method. In respect of additions and disposals of assets, depreciation is charged from the month in which an asset is available for use and continues depreciating it until it is derecognized i.e. up to the month preceding the disposal, even if during that year that asset is idle.

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

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

Gains or losses on disposal of assets are recognised in the profit and loss account.

##### Capital work in process

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.

##### Impairment

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

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

The surplus arising on revaluation of property, plant and equipment net of deferred tax is credited to "surplus on revaluation of property, plant and equipment" shown below equity in the balance sheet.



Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account.

An amount equal to incremental depreciation for the year net of deferred tax is transferred from "surplus on revaluation of property, plant and equipment account" to unappropriated profit through "statement of changes in equity" to record realization of surplus to the extent of the incremental depreciation charge for the year.

#### 4.5 Intangibles

These are stated at cost less accumulated amortisation and impairment.

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

#### 4.6 Stores and spares

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

#### 4.7 Stock-in-trade

These are valued at the lower of NRV and cost determined as follows:

Raw materials		-	First-In-First-Out (FIFO)
Work-in-process		-	Cost of direct materials plus other attributable overheads
Finished goods	- Manufactured	-	Cost of direct materials plus other attributable overheads
	- Trading	-	First-In-First-Out (FIFO)
Stock-in-transit		-	Invoice value plus other charges paid thereon up to the balance sheet date

#### 4.8 Trade debts and other receivables

Trade debts are recognised at invoice amount less provision for any uncollectible amounts. Other receivables are carried at cost less provision for impairment. Provision for impairment is based on the management's assessment of customers' / parties' outstanding balances and creditworthiness. Trade debts and other receivables are classified as bad debts / receivables and are written-off when there is no realistic prospect of recovery.

#### 4.9 Investments

##### Held-to-maturity

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

#### 4.10 Cash and cash equivalents

These are stated at cost.

#### 4.11 Borrowings

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

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

#### 4.12 Trade and other payables

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

#### 4.13 Financial instruments

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

#### 4.14 Offsetting of financial instruments

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

#### 4.15 Provisions

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

#### 4.16 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.

#### 4.17 Foreign currency transactions and translations

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

#### 4.18 Staff retirement benefits

The Company operates an un-approved and unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying year of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of 30 June 2017 using Projected Unit Credit method.

#### 4.19 Ijarah contracts

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

#### 4.20 Taxation

##### Current

Provision for current tax is based on the taxable income in accordance with Income Tax Ordinance, 2001.

##### Deferred

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

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

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

#### 4.21 Revenue recognition

Sales are recognised upon passage of title to the customers which generally coincides with physical delivery.

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

Other revenues are accounted for on accrual basis.

### 5. 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 values and useful life of property, plant and equipment

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

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

The Company reviews the appropriateness of the revaluation of certain assets periodically for the purpose of ensuring that the carrying amount of the same does not differ materially from its fair value.

In making this assessment, the Company uses the technical resources available with the Company. Any change in assessment in future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on revaluation surplus of property, plant and equipment.

#### Capitalisation of borrowing costs

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

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

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

#### Staff retirement benefits

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

#### Fair value of financial instruments

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

#### Deferred taxation

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

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	7,154,739,872	7,334,605,686
Capital work-in-progress	6.2	5,098,358,653	1,106,991,588
		<u>12,253,098,525</u>	<u>8,441,597,274</u>

## 6.1 Operating fixed assets

2017		2016		2015		2014		2013		2012		2011		2010		2009		2008		2007		2006		2005		2004		2003		2002		2001		2000		1999		1998		1997		1996		1995		1994		1993		1992		1991		1990		1989		1988		1987		1986		1985		1984		1983		1982		1981		1980		1979		1978		1977		1976		1975		1974		1973		1972		1971		1970		1969		1968		1967		1966		1965		1964		1963		1962		1961		1960		1959		1958		1957		1956		1955		1954		1953		1952		1951		1950		1949		1948		1947		1946		1945		1944		1943		1942		1941		1940		1939		1938		1937		1936		1935		1934		1933		1932		1931		1930		1929		1928		1927		1926		1925		1924		1923		1922		1921		1920		1919		1918		1917		1916		1915		1914		1913		1912		1911		1910		1909		1908		1907		1906		1905		1904		1903		1902		1901		1900		1899		1898		1897		1896		1895		1894		1893		1892		1891		1890		1889		1888		1887		1886		1885		1884		1883		1882		1881		1880		1879		1878		1877		1876		1875		1874		1873		1872		1871		1870		1869		1868		1867		1866		1865		1864		1863		1862		1861		1860		1859		1858		1857		1856		1855		1854		1853		1852		1851		1850		1849		1848		1847		1846		1845		1844		1843		1842		1841		1840		1839		1838		1837		1836		1835		1834		1833		1832		1831		1830		1829		1828		1827		1826		1825		1824		1823		1822		1821		1820		1819		1818		1817		1816		1815		1814		1813		1812		1811		1810		1809		1808		1807		1806		1805		1804		1803		1802		1801		1800		1799		1798		1797		1796		1795		1794		1793		1792		1791		1790		1789		1788		1787		1786		1785		1784		1783		1782		1781		1780		1779		1778		1777		1776		1775		1774		1773		1772		1771		1770		1769		1768		1767		1766		1765		1764		1763		1762		1761		1760		1759		1758		1757		1756		1755		1754		1753		1752		1751		1750		1749		1748		1747		1746		1745		1744		1743		1742		1741		1740		1739		1738		1737		1736		1735		1734		1733		1732		1731		1730		1729		1728		1727		1726		1725		1724		1723		1722		1721		1720		1719		1718		1717		1716		1715		1714		1713		1712		1711		1710		1709		1708		1707		1706		1705		1704		1703		1702		1701		1700		1699		1698		1697		1696		1695		1694		1693		1692		1691		1690		1689		1688		1687		1686		1685		1684		1683		1682		1681		1680		1679		1678		1677		1676		1675		1674		1673		1672		1671		1670		1669		1668		1667		1666		1665		1664		1663		1662		1661		1660		1659		1658		1657		1656		1655		1654		1653		1652		1651		1650		1649		1648		1647		1646		1645		1644		1643		1642		1641		1640		1639		1638		1637		1636		1635		1634		1633		1632		1631		1630		1629		1628		1627		1626		1625		1624		1623		1622		1621		1620		1619		1618		1617		1616		1615		1614		1613		1612		1611		1610		1609		1608		1607		1606		1605		1604		1603		1602		1601		1600		1599		1598		1597		1596		1595		1594		1593		1592		1591		1590		1589		1588		1587		1586		1585		1584		1583		1582		1581		1580		1579		1578		1577		1576		1575		1574		1573		1572		1571		1570		1569		1568		1567		1566		1565		1564		1563		1562		1561		1560		1559		1558		1557		1556		1555		1554		1553		1552		1551		1550		1549		1548		1547		1546		1545		1544		1543		1542		1541		1540		1539		1538		1537		1536		1535		1534		1533		1532		1531		1530		1529		1528		1527		1526		1525		1524		1523		1522		1521		1520		1519		1518		1517		1516		1515		1514		1513		1512		1511		1510		1509		1508		1507		1506		1505		1504		1503		1502		1501		1500		1499		1498		1497		1496		1495		1494		1493		1492		1491		1490		1489		1488		1487		1486		1485		1484		1483		1482		1481		1480		1479		1478		1477		1476		1475		1474		1473		1472		1471		1470		1469		1468		1467		1466		1465		1464		1463		1462		1461		1460		1459		1458		1457		1456		1455		1454		1453		1452		1451		1450		1449		1448		1447		1446		1445		1444		1443		1442		1441		1440		1439		1438		1437		1436		1435		1434		1433		1432		1431		1430		1429		1428		1427		1426		1425		1424		1423		1422		1421		1420		1419		1418		1417		1416		1415		1414		1413		1412		1411		1410		1409		1408		1407		1406		1405		1404		1403		1402		1401		1400		1399		1398		1397		1396		1395		1394		1393		1392		1391		1390		1389		1388		1387		1386		1385		1384		1383		1382		1381		1380		1379		1378		1377		1376		1375		1374		1373		1372		1371		1370		1369		1368		1367		1366		1365		1364		1363		1362		1361		1360		1359		1358		1357		1356		1355		1354		1353		1352		1351		1350		1349		1348		1347		1346		1345		1344		1343		1342		1341		1340		1339		1338		1337		1336		1335		1334		1333		1332		1331		1330		1329		1328		1327		1326		1325		1324		1323		1322		1321		1320		1319		1318		1317		1316		1315		1314		1313		1312		1311		1310		1309		1308		1307		1306		1305		1304		1303		1302		1301		1300		1299		1298		1297		1296		1295		1294		1293		1292		1291		1290		1289		1288		1287		1286		1285		1284		1283		1282		1281		1280		1279		1278		1277		1276		1275		1274		1273		1272		1271		1270		1269		1268		1267		1266		1265		1264		1263		1262		1261		1260		1259		1258		1257		1256		1255		1254		1253		1252		1251		1250		1249		1248		1247		1246		1245		1244		1243		1242		1241		1240		1239		1238		1237		1236		1235		1234		1233		1232		1231		1230		1229		1228		1227		1226		1225		1224		1223		1222		1221		1220		1219		1218		1217		1216		1215		1214		1213		1212		1211		1210		1209		1208		1207		1206		1205		1204		1203		1202		1201		1200		1199		1198		1197		1196		1195		1194		1193		1192		1191		1190		1189		1188		1187		1186		1185		11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6.2.1 During the year borrowing costs have been capitalized amounting to Rs. 5.723 million (2016: Nil) by using capitalization rate of 6.99% (2016: Nil). Civil works include Rs. 296.923 in respect of advance against purchase of office premises.

	Note	2017 ------(Rupees)-----	2016
<b>7. INTANGIBLE ASSETS</b>			
<b>Computer software</b>			
<b>Net carrying value</b>			
Balance at the beginning of the year		26,742,912	24,345,354
Additions during the year		192,465	7,735,954
Amortisation for the year	28	(6,534,073)	(5,338,396)
Balance at the end of the year		<u>20,401,304</u>	<u>26,742,912</u>
<b>Gross carrying value</b>			
Cost		32,686,406	32,493,941
Accumulated amortization		(12,285,102)	(5,751,029)
Balance at the end of the year		<u>20,401,304</u>	<u>26,742,912</u>
Years			
Useful life		<u>5</u>	<u>5</u>

**8. LONG-TERM INVESTMENTS – held to maturity**

Term Deposit Receipts	8.1	<u>15,289,370</u>	<u>15,289,370</u>
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8.1 These carry profit rates ranging from 4.63% to 6.04% (2016: 6.20% to 7.10%) per annum having maturity upto 5 years and include Rs. 14.289 million held as lien for guarantee issued on behalf of the Company.

**9. LONG-TERM DEPOSITS**

	Note	2017 ------(Rupees)-----	2016
Margin against guarantees		31,313,336	31,313,336
Utilities		75,495,636	74,124,666
Ijarah / Diminishing Musharika		21,050,656	23,847,374
Others		1,518,985	2,119,000
		<u>129,378,613</u>	<u>131,404,376</u>

**10. STOCK-IN-TRADE**

	Note	2017 ------(Rupees)-----	2016
<b>Raw materials</b>			
- In hand	26.1.1	1,544,811,592	995,409,479
- In transit		699,471,255	387,211,408
		<u>2,244,282,847</u>	<u>1,382,620,887</u>
<b>Work-in-process</b>			
	26.1	793,767,325	1,128,669,547
<b>Finished goods</b>			
- Manufactured	26.1	322,210,865	797,160,524
- Trading	26.2	43,937,561	1,101,672,556
		<u>366,148,426</u>	<u>1,898,833,080</u>
		<u>3,404,198,598</u>	<u>4,410,123,514</u>

**11. TRADE DEBTS – unsecured**

	Note	2017 ------(Rupees)-----	2016
Considered good		1,455,202,310	2,070,501,848
Considered doubtful		75,277,361	38,037,910
		<u>1,530,479,671</u>	<u>2,108,539,758</u>
Provision for doubtful debts	11.1	(75,277,361)	(38,037,910)
		<u>1,455,202,310</u>	<u>2,070,501,848</u>
<b>11.1 Movement of provision for doubtful debts</b>			
Opening balance		38,037,910	30,123,071
Provision for the year	28	37,239,451	7,914,839
Closing balance		<u>75,277,361</u>	<u>38,037,910</u>

11.2 The ageing of trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			31-90 Days	91-180 Days	Over 180 Days
	------(Rupees)-----				
2017	<u>1,455,202,310</u>	<u>581,721,182</u>	<u>458,136,118</u>	<u>174,777,753</u>	<u>240,567,257</u>
2016	<u>2,070,501,848</u>	<u>1,157,591,100</u>	<u>695,962,825</u>	<u>156,543,205</u>	<u>60,404,718</u>

**12. LOANS AND ADVANCES – unsecured, considered good**

**Loans – considered good**

Executives		917,045	1,186,668
Employees		3,391,880	12,717,909
	12.1	<u>4,308,925</u>	<u>13,904,577</u>

**Advances**

**Considered good**

Suppliers		12,268,642	105,820,003
Employees		5,643,220	5,911,249
		<u>17,911,862</u>	<u>111,731,252</u>

**Considered doubtful**

Less: provision for doubtful advances	28	(1,376,102)	-
		<u>-</u>	<u>-</u>
		<u>17,911,862</u>	<u>111,731,252</u>
		<u>22,220,787</u>	<u>125,635,829</u>

12.1 Represent interest free loans to employees in accordance with the Company policy. These are recoverable in twelve equal monthly installments.

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	Note	2017		2016	
		------(Rupees)-----		------(Rupees)-----	
<b>Deposits</b>					
<b>Considered good</b>					
Security deposits		41,136,968		28,437,208	
Surety deposit		-		12,750,000	
Margins against letters of credit		950,789		6,551,225	
		<u>42,087,757</u>		<u>47,738,433</u>	
<b>Considered doubtful</b>					
Less: provision for doubtful deposits		12,750,000		-	
		<u>(12,750,000)</u>		<u>-</u>	
		<u>42,087,757</u>		<u>47,738,433</u>	
<b>Prepayments</b>					
		1,860,010		1,148,408	
		<u>43,947,767</u>		<u>48,886,841</u>	
<b>14. OTHER RECEIVABLES</b>					
Sales tax refundable		175,022,668		426,893,472	
Others		1,514,569		1,093,997	
		<u>176,537,237</u>		<u>427,987,469</u>	
<b>15. CASH AND BANK BALANCES</b>					
<b>Bank balances</b>					
Current accounts		60,789,401		50,266,400	
Saving accounts	15.1	1,392,398		11,090,047	
		<u>62,181,799</u>		<u>61,356,447</u>	
<b>Cash in hand</b>					
		7,376,314		19,767,896	
		<u>69,558,113</u>		<u>81,124,343</u>	

15.1 These carry profit rates ranging from 3% to 6.5% (2016: 3% to 6%) per annum.

16. SHARE CAPITAL	16.1 Authorized capital	2017		2016	
		------(Rupees)-----		------(Rupees)-----	
<b>Number of shares</b>					
		2017	2016		
420,000,000	420,000,000	4,200,000,000	4,200,000,000	Ordinary shares of Rs. 10/- each Cumulative preference shares of Rs. 10/-each	
80,000,000	80,000,000	800,000,000	800,000,000		
<u>500,000,000</u>	<u>500,000,000</u>	<u>5,000,000,000</u>	<u>5,000,000,000</u>		
<b>16.2 Issued, subscribed and paid-up capital</b>					
		Ordinary shares of Rs. 10/- each			
263,883,930	263,883,930	2,638,839,300	2,638,839,300	Issued for cash	
33,127,497	33,127,497	331,274,970	331,274,970	Issued for consideration other than cash	
<u>297,011,427</u>	<u>297,011,427</u>	<u>2,970,114,270</u>	<u>2,970,114,270</u>		

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT – net of deferred tax	Note	2017		2016	
		------(Rupees)-----		------(Rupees)-----	
Opening balance		2,659,862,582		2,789,269,810	
Adjustment on disposal of property, plant and equipment		-		(5,222,900)	
Transfer to unappropriated profit in respect of incremental depreciation charged during the year		(106,522,740)		(124,184,328)	
		<u>2,553,339,842</u>		<u>2,659,862,582</u>	
<b>Related deferred tax liability</b>					
Opening balance		(830,281,668)		(870,397,909)	
Disposal		-		1,619,099	
Incremental depreciation charged during the year		31,956,822		38,497,142	
		<u>(798,324,846)</u>		<u>(830,281,668)</u>	
	17.1	<u>1,755,014,996</u>		<u>1,829,580,914</u>	
<b>17.1 Breakup of revaluation surplus net of deferred tax is as follows:</b>					
Leasehold land		325,670,382		325,670,383	
Buildings on leasehold land		187,277,973		211,583,174	
Plant and machinery		1,242,066,641		1,292,327,357	
		<u>1,755,014,996</u>		<u>1,829,580,914</u>	

#### 18. LONG-TERM FINANCING – secured

Note	2017			2016			
	Total	Current	Long-Term	Total	Current	Long-Term	
Diminishing Musharika Sukuk	18.1	209,804,225	104,679,216	105,125,009	313,369,137	104,052,725	209,316,412
Term finance facilities	18.2	812,500,000	205,555,556	606,944,444	167,200,000	167,200,000	-
		527,541,676	212,333,333	315,208,342	527,541,676	212,333,333	315,208,342
<b>Total</b>		<u>1,022,304,225</u>	<u>310,234,772</u>	<u>712,069,453</u>	<u>1,008,110,813</u>	<u>483,586,058</u>	<u>524,524,754</u>

18.1 Represent Diminishing Musharaka facilities obtained from Islamic banks. These facilities are repayable in equal monthly / quarterly installments latest by 2020. These carry markup rate of 6 month KIBOR + 1.75% to 6 months KIBOR + 2% per annum (2016: 6 month KIBOR + 1.75% to 6 month KIBOR + 2% per annum). These facilities are secured by title over Diminishing Musharaka asset and first pari passu hypothecation charge on present and future fixed assets of the Company.

18.2 Represent term finance facilities obtained from commercial banks. These facilities are repayable in quarterly / semi-annual installments latest by 2022. These carry markup rate ranging from 3 month KIBOR + 0.75% to 6 months KIBOR + 1.75% per annum (2016: 6 month KIBOR + 1.75% to 6 month KIBOR + 2.65% per annum) payable quarterly and semi-annually. These facilities are secured by way of first equitable mortgage over land and building, first pari passu charge on all present and future fixed assets of the Company with 25% margin over the facility amount.

19. DEFERRED TAXATION	Note	2017		2016	
		------(Rupees)-----		------(Rupees)-----	
<b>Represents tax effects of temporary differences relating to:</b>					
Accelerated tax depreciation / amortization		757,212,542		804,280,952	
Surplus on revaluation of property, plant and equipment		798,324,846		830,281,668	
Provisions		(61,903,897)		(34,166,386)	
Unused tax credits	19.1	(388,737,356)		(460,980,807)	
		<u>1,104,896,135</u>		<u>1,139,415,427</u>	

19.1 Represents deferred tax recognised on minimum tax and alternate corporate tax, paid / payable under sections 113 and 113C, respectively of the Income Tax Ordinance, 2001. The management, based on the opinion of its tax advisor, considers the same to be claimable.

## 20. DEFERRED LIABILITY

	Note	2017 ------(Rupees)-----	2016
Staff gratuity	20.1	<u>116,942,866</u>	<u>72,176,237</u>
<b>20.1 Amount recognised in balance sheet</b>			
Opening balance		72,176,237	67,160,595
Charge for the year	20.2	15,174,197	17,755,345
Recognised in other comprehensive income		34,971,305	(5,664,808)
Benefits paid		(5,378,873)	(7,074,895)
Closing balance		<u>116,942,866</u>	<u>72,176,237</u>
<b>20.2 Expense recognised in profit and loss</b>			
Current service cost		10,136,404	10,693,809
Past service cost		-	858,279
Interest cost		5,037,793	6,203,257
		<u>15,174,197</u>	<u>17,755,345</u>

## 20.3 Historical information for defined benefit plans

	2017	2016	2015	2014	2013
	------(Rupees)-----				
Present value of defined benefit obligations	<u>116,942,866</u>	<u>72,176,237</u>	<u>67,160,595</u>	<u>46,421,041</u>	<u>40,629,917</u>
Experience adjustment on plan liabilities	<u>34,971,305</u>	<u>(5,664,808)</u>	<u>7,514,867</u>	<u>(3,138,703)</u>	<u>9,286,508</u>

## 20.4 Principal actuarial assumptions

	2017	2016
Expected rate of increase in salary level	7.25%	6.25%
Valuation discount rate	7.75%	7.25%
Average expected remaining working life of employees	8 years	8 years

	Note	2017 ------(Rupees)-----	2016
<b>20.5 Charge for the year has been allocated as follows:</b>			
Cost of sales – production of bars	26.1.2	3,748,025	3,225,370
Cost of sales – production of billets	26.1.1.1	3,381,022	7,580,342
Distribution costs	27.1	2,242,112	2,133,572
Administrative expenses	28.1	5,803,038	4,816,061
		<u>15,174,197</u>	<u>17,755,345</u>

## 20.6 Sensitivity analysis

	2017			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	------(Rupees)-----			
Present value of defined benefit obligations	<u>107,823,524</u>	<u>127,664,902</u>	<u>127,847,936</u>	<u>107,500,729</u>

Note 2017  
------(Rupees)----- 2016

## 21. TRADE AND OTHER PAYABLES

Creditors		100,338,380	132,023,646
Murabaha	21.1	537,247,271	444,902,750
Accrued liabilities		135,551,819	217,546,437
Advances from customers		158,654,920	120,310,463
Ijarah rentals payable		1,935,864	1,124,728
Workers' Profits Participation Fund	21.2	77,819,094	94,109,268
Workers' welfare fund		98,036,577	64,786,921
Withholding tax payable		7,200,288	6,130,588
Unclaimed dividend		1,773,429	-
		<u>1,118,557,642</u>	<u>1,080,934,801</u>

21.1 Represent Murabaha facilities amounting to Rs. 2,500 (2016: Rs. 1,900) million obtained from Islamic banks for purchase of raw material. These carry profit at the rates ranging from 3 month KIBOR + 0.25% to 6 month KIBOR + 0.50% per annum (2016: 6 months KIBOR + 1.0% to 6 months KIBOR + 1.5% per annum). These are secured by joint hypothecation over present and future current assets of the Company.

Note 2017  
------(Rupees)----- 2016

## 21.2 Workers' Profits Participation Fund

Opening balance		94,109,268	68,174,227
Mark-up on funds utilized in the Company's business	31	5,834,878	3,014,515
		<u>99,944,146</u>	<u>71,188,742</u>
Allocation for the year	29	77,819,094	94,109,268
		<u>177,763,240</u>	<u>165,298,010</u>
Paid during the year		(99,944,146)	(71,188,742)
Closing balance		<u>77,819,094</u>	<u>94,109,268</u>

## 22. INTEREST / MARK-UP ACCRUED

Long-term financing		15,948,293	13,006,302
Short-term borrowings		40,417,207	35,215,563
		<u>56,365,500</u>	<u>48,221,865</u>

## 23. SHORT-TERM BORROWINGS – secured

Cash finance		-	830,067,940
Finance against trust receipts	23.1	1,697,521,447	925,281,546
Running finance	23.2	1,105,828,204	771,021,599
Short term loan	23.3	524,242,136	-
Demand finance	23.4	200,000,000	200,000,000
Short term advance	23.5	100,000,000	-
	23.6	<u>3,627,591,787</u>	<u>2,726,371,085</u>

23.1 Represent working capital facilities availed from various banks carrying markup / profit ranging from 1 month KIBOR + 0.25% to 6 month KIBOR + 0.75% per annum (2016: 1 month KIBOR + 0.75% to 6 month KIBOR + 1.25% per annum).

23.2 Represent working capital facilities availed from various banks carrying markup ranging from 3 month KIBOR + 0.25% to 3 month KIBOR + 0.50% (2016: 1 month KIBOR + 0.75% to 3 month KIBOR + 1.50% per annum).

23.3 This carries markup at the rate of 6 month KIBOR + 0.15% per annum payable by September 2017.



- 23.4 This carries profit at the rate of 1 month KIBOR + 0.15% per annum (2016: 1 month KIBOR + 1.25% per annum) payable by July 2017.
- 23.5 This carries markup at the rate of 1 month KIBOR + 0.15% per annum payable by July 2017.
- 23.6 These facilities are secured by way of joint hypothecation charge over present and future current assets of the Company with 25% margin.
- 23.7 As of the balance sheet date, the Company has unutilized facilities for short term borrowings amounting to Rs. 6,106.692 million (2016: Rs. 4,306.503 million).

## 24. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 24.1 During the year ended 30 June 2015, the Government of Pakistan promulgated Gas Infrastructure Development Cess (GIDC) Act, 2015 and levied GIDC on gas bills at the rate of Rs.100 / MMBTU on all industrial consumers. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. However, the Company filed a suit before the Honourable High Court of Sindh (the Court), challenging the vires of GIDC Act, 2015 and seeking refund of the entire amount paid under GIDC Act, 2011. The Court passed an order restraining the Sui Southern Gas Company Limited from demanding and collecting GIDC as levied by the GIDC Act, 2015. The financial exposure of the Company upto 30 June 2017 is Rs. 133.593 million. During the current year, the case was decided by the Court in favour of the Company. Accordingly, no provision has been made in these financial statements.
- 24.2 During the year ended 30 June 2016, the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers' Unit (LTU), Karachi passed an Order against the Company, concluding that the Company has violated the provisions of Rule 58H of Chapter XI of the Sales Tax Special Procedure Rules, 2007 and raised an alleged demand of Rs.2,013.620 million for the tax periods July 2013 to December 2014. The Company approached the Chief Automation and Sales Tax, Federal Board of Revenue (FBR), Islamabad, who directed the Chief Commissioner Inland Revenue, LTU Karachi that no recovery action shall be taken against the Company till the subject matter is decided by the Commissioner Inland Revenue (Appeals) or until any other directive is issued by the FBR. The Company is currently contesting the said Order at the Appellate Tribunal Inland Revenue. The management, based on a legal advice, is confident that the eventual outcome will be in favour of the Company. Accordingly, no provision has been made in these financial statements.
- 24.3 During the year ended 30 June 2016, the DCIR, LTU issued another notice for alleged non-charging of further tax on the supplies made to unregistered persons and raised an alleged demand of Rs.166.934 million for the tax periods July 2013 to June 2015. However, the Company filed a law suit in the Court which issued an interim order restraining any coercive action to be taken against the Company. The suit is currently pending adjudication. The management, based on a legal advice, is confident that the eventual outcome will be in favour of the Company. Accordingly, no provision has been made in these financial statements.
- 24.4 During the year ended 30 June 2016, the FBR issued Sales Tax General Order (STGO) No.18 of 2016, whereby the existing procedure for payment and claiming input adjustment of sales tax was amended. Before the said STGO, sales tax was being paid by the Company on the basis of Rule 58(H) of the Sales Tax Special Procedures Rules, 2007 of the Sales Tax Act, 1990 read with STGO No.01/2013. The Company has filed a suit before the Court challenging STGO No.18 of 2016 restraining the tax department to calculate the sales tax liability on the basis of the STGO and requesting continuation of the existing procedure of payment and adjustment of input sales tax. The Court granted stay against the said STGO with the direction that impugned STGO shall remain suspended and the Company shall be entitled for claiming input adjustment of the sales tax on the basis of existing STGO. The financial exposure of the Company upto 30 June 2017 is Rs.378.367 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.

	2017	2016
	------(Rupees)-----	
<b>Commitments</b>		
24.5 Outstanding letters of credit	<u>1,351,266,612</u>	<u>2,289,052,179</u>
Outstanding letters of guarantee	<u>51,640,456</u>	<u>51,640,456</u>
Capital commitments	<u>434,452,000</u>	<u>-</u>

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

	2017	2016
	------(Rupees)-----	
	Note	
Not later than one year	<u>35,634,476</u>	<u>36,459,186</u>
Later than one year but not later than five years	<u>44,035,169</u>	<u>66,772,067</u>
<b>25. SALES – net</b>		
<b>Local</b>		
Manufactured stock	12,288,762,617	11,484,044,433
Trading stock	<u>1,135,027,102</u>	<u>1,048,238,784</u>
	<u>13,423,789,719</u>	<u>12,532,283,217</u>
<b>Less: sales tax</b>		
Trading stock	<u>164,918,337</u>	<u>152,050,248</u>
<b>Less: trade discounts</b>		
Manufactured stock	<u>1,828,312</u>	<u>9,302,030</u>
	<u>13,257,043,070</u>	<u>12,370,930,939</u>
<b>Export sales</b>		
	<u>26,768,159</u>	<u>29,260,410</u>
	<u>13,283,811,229</u>	<u>12,400,191,349</u>
<b>26. COST OF SALES</b>		
Manufactured stock	26.1 <u>9,887,059,096</u>	<u>8,833,327,109</u>
Trading stock	26.2 <u>928,564,960</u>	<u>774,909,113</u>
	<u>10,815,624,056</u>	<u>9,608,236,222</u>

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
<b>26.1 Cost of sales – manufactured goods</b>			
Opening stock – work in progress	10	1,128,669,547	231,780,314
Cost of billets manufactured internally	26.1.1	8,248,046,647	8,407,340,576
Purchases		-	381,709,754
Closing stock – work in progress	10	(793,767,325)	(1,128,669,547)
		<u>8,582,948,869</u>	<u>7,892,161,097</u>
<b>Manufacturing overheads</b>			
Stores and spares consumed		100,852,860	112,701,698
Salaries, wages and other benefits	26.1.2	129,969,520	88,096,875
Fuel, power and water		558,813,035	538,733,962
Depreciation	6.1.2	114,412,543	108,628,706
Ijarah rentals		21,561,579	23,955,943
Repairs and maintenance		32,899,492	51,732,782
Cartage		7,913,534	6,647,976
Insurance		2,075,083	3,612,040
Rent, rates and taxes		3,580,961	25,335
Others		5,213,809	3,690,033
		<u>977,292,416</u>	<u>937,825,350</u>
Cost of goods manufactured		<u>9,560,241,285</u>	<u>8,829,986,447</u>
Cost of bars used for own use		(148,131,848)	(10,191,666)
		<u>9,412,109,437</u>	<u>8,819,794,781</u>
<b>Finished goods</b>			
Opening stock	10	797,160,524	810,692,852
Closing stock	10	(322,210,865)	(797,160,524)
		<u>474,949,659</u>	<u>13,532,328</u>
		<u>9,887,059,096</u>	<u>8,833,327,109</u>
<b>26.1.1 Cost of billets manufactured internally</b>			
<b>Raw material consumed</b>			
Opening stock	10	995,409,479	1,125,101,250
Purchases		5,677,623,264	4,987,973,175
		<u>6,673,032,743</u>	<u>6,113,074,425</u>
Closing stock	10	(1,544,811,592)	(995,409,479)
		<u>5,128,221,151</u>	<u>5,117,664,946</u>
<b>Manufacturing overheads</b>			
Stores and spares consumed		531,911,942	472,826,897
Salaries, wages and other benefits	26.1.1.1	180,199,852	154,907,814
Depreciation	6.1.2	191,320,339	223,205,222
Fuel and power		2,121,609,756	2,363,456,790
Ijarah rentals		16,164,561	9,792,132
Cartage		41,910,993	31,496,693
Repairs and maintenance		7,502,559	4,735,088
Rent, rates and taxes		324,085	724,999
Insurance		3,856,016	4,902,574
Conveyance and travelling		13,797,692	12,134,685
Entertainment expenses		4,876,314	5,266,372
Vehicle running expense		4,314,596	3,714,974
Others		2,036,791	2,511,390
		<u>3,119,825,496</u>	<u>3,289,675,630</u>
		<u>8,248,046,647</u>	<u>8,407,340,576</u>

26.1.1.1 Include Rs. 3.381 million (2016: Rs. 7.580 million) in respect of staff retirement benefits.

26.1.2 Include Rs.3.748 million (2016: Rs. 3.225 million) in respect of staff retirement benefits.

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
<b>26.2 Cost of sales – trading</b>			
Opening stock		1,101,672,556	-
Purchases		13,684,475	1,890,198,053
Closing stock	10	(43,937,561)	(1,101,672,556)
		<u>1,071,419,470</u>	<u>788,525,497</u>
Cost of bars used for own use		(142,854,510)	(13,616,384)
		<u>928,564,960</u>	<u>774,909,113</u>

## 27. DISTRIBUTION COSTS

Salaries, allowances and other benefits	27.1	58,467,209	45,758,979
Carriage and transport		153,480,176	222,490,271
Advertisement and sales promotion		66,775,073	32,792,051
Depreciation	6.1.2	5,462,391	4,781,636
Utilities		5,287,533	4,253,880
Bundling and special order charges		28,954,693	15,496,178
Rent, rates and taxes		4,518,942	5,746,304
Testing charges and others		14,320,534	10,006,614
		<u>337,266,551</u>	<u>341,325,913</u>

27.1 Include Rs. 2.242 million (2016: Rs. 2.134 million) in respect of staff retirement benefits.

## 28. ADMINISTRATIVE EXPENSES

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
Salaries, allowances and other benefits	28.1	155,990,179	107,056,685
Depreciation	6.1.2	10,115,388	10,204,677
Amortisation	7	6,534,073	5,338,396
Travelling and conveyance		7,112,107	5,613,347
Legal and professional charges		19,600,796	27,697,136
Provision for doubtful debts	11.1	37,239,451	7,914,839
Provision for doubtful deposits	13	12,750,000	-
Provision for doubtful advances	12	1,376,102	-
Vehicles running expenses		7,278,377	5,073,199
Entertainment		6,494,812	3,651,780
Security guard expenses		13,311,883	10,424,833
Insurance		1,379,147	2,221,094
Computer consumables		12,709,959	12,275,714
Rent, rates and taxes		1,857,397	1,060,861
Communication charges		4,260,024	3,597,077
Printing and stationery		6,724,806	732,325
Utilities		3,788,845	3,503,500
Auditors' remuneration	28.2	2,175,000	2,067,500
Repairs and maintenance		8,698,752	2,680,533
Ijarah rentals		3,183,378	2,342,949
Others		2,250,336	2,826,791
		<u>324,830,812</u>	<u>216,283,236</u>

28.1 Include Rs. 5.803 million (2016: Rs. 4.816 million) in respect of staff retirement benefits.

### 28.2 Auditors' remuneration

Audit fee	1,425,000	1,350,000
Review of half yearly financial statements and other services	550,000	480,000
Out of pocket expenses	200,000	237,500
	<u>2,175,000</u>	<u>2,067,500</u>

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
<b>29. OTHER EXPENSES</b>			
Workers' Profits Participation Fund	21.2	77,819,094	94,109,268
Workers' Welfare Fund		33,249,656	38,880,715
Loss on disposal of property, plant and equipment		-	1,264,747
Donations	29.1	5,482,176	30,760,238
		<u>116,550,926</u>	<u>165,014,968</u>

29.1 Recipients of donations do not include any donee in which any director or their spouse had any interest. (2016: Include donation of Rs 22.5 million to Hunar Foundation Karachi - a related Party).

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
<b>30. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on saving accounts		530,692	399,620
Profit on TDRs		5,204,908	13,892,363
		<u>5,735,600</u>	<u>14,291,983</u>
<b>Income from non-financial assets</b>			
Gain on disposal of property, plant and equipment		40,860	-
Scrap sales		1,581,265	1,106,767
		<u>1,622,125</u>	<u>1,106,767</u>
		<u>7,357,725</u>	<u>15,398,750</u>

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
<b>31. FINANCE COSTS</b>			
<b>Markup / interest</b>			
Long-term financing		65,589,131	140,221,553
Short-term borrowings		132,552,027	140,282,392
Murabaha		42,160,567	36,476,111
		<u>240,301,725</u>	<u>316,980,056</u>
Markup on Worker's Profit Participation Fund	21.2	5,834,878	3,014,515
Loss on cash flow hedge		-	6,281,009
Bank charges		5,446,872	3,851,535
Exchange loss		-	5,407,274
		<u>251,583,475</u>	<u>335,534,389</u>

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
<b>32. TAXATION</b>			
Current			
- for the year	32.1	395,288,330	262,396,494
- for prior years		-	291,694
		<u>395,288,330</u>	<u>262,688,188</u>
Deferred		(24,027,900)	207,758,155
		<u>371,260,430</u>	<u>470,446,343</u>

32.1 The return of income for the tax year 2016 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.

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
<b>32.2 Reconciliation between tax expense and accounting profit</b>			
Accounting profit before taxation		1,445,313,134	1,749,195,371
Tax at applicable tax rate of 31% Super tax		448,047,072	559,742,519
		<u>46,536,205</u>	<u>54,358,805</u>
		<u>494,583,277</u>	<u>614,101,324</u>
<b>Tax effects of:</b>			
expenses admissible for tax purpose		(35,168,954)	(29,603,825)
income assessed under final tax regime		(6,390,364)	(7,770,241)
tax credits		(59,878,541)	(89,419,584)
prior year tax		-	291,694
tax rate adjustment		(21,884,988)	(17,153,025)
		<u>371,260,430</u>	<u>470,446,343</u>

	2017 ------(Rupees)-----	2016 ------(Rupees)-----
<b>33. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Net profit for the year	<u>1,074,052,704</u>	<u>1,278,749,028</u>
	<b>Number of shares</b>	
Weighted average number of ordinary shares of Rs. 10/- each	<u>297,011,427</u>	<u>266,072,737</u>
	<b>------(Rupees)-----</b>	
Basic and diluted earnings per share	<u>3.62</u>	<u>4.81</u>

	Note	2017 ------(Rupees)-----	2016 ------(Rupees)-----
<b>34. CASH AND CASH EQUIVALENTS</b>			
Short-term investments		-	300,000,000
Cash and bank balances	15	69,558,113	81,124,343
		<u>69,558,113</u>	<u>381,124,343</u>

	2017			
	Chief Executive	Director	Executives	Total
	<b>------(Rupees)-----</b>			
Managerial remuneration	4,626,000	2,865,000	68,711,759	76,202,759
Housing allowance	2,081,700	1,289,250	30,138,636	33,509,586
Utilities & conveyance	1,229,700	683,250	27,508,453	29,421,403
Medical	462,600	286,500	7,168,814	7,917,914
Bonus	-	-	3,854,776	3,854,776
Others	718,797	722,340	24,493,407	25,934,544
	<u>9,118,797</u>	<u>5,846,340</u>	<u>161,875,844</u>	<u>176,840,982</u>
Number	<u>1</u>	<u>1</u>	<u>64</u>	<u>66</u>



	2016			
	Chief Executive	Director	Executives	Total
	----- (Rupees) -----			
Managerial remuneration	4,626,000	2,865,000	41,221,268	48,712,268
Housing allowance	2,081,700	1,289,250	18,464,343	21,835,293
Utilities & conveyance	462,600	286,500	14,187,130	14,936,230
Medical	462,600	286,500	4,864,930	5,614,030
Bonus	-	-	3,037,579	3,037,579
Others	767,100	396,750	14,401,528	15,565,378
	<u>8,400,000</u>	<u>5,124,000</u>	<u>96,176,778</u>	<u>109,700,778</u>
Number	<u>1</u>	<u>1</u>	<u>41</u>	<u>43</u>

- 35.1 In addition, the Chief Executive and Director are provided with free use of Company maintained cars and club memberships with certain reimbursements pertaining to business purposes.
- 35.2 The aggregate amount paid to the five Non-Executive Directors as a fee for attending the meetings is Rs. 1.45 (2016: Rs. 2.75) million.

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

#### 36.1 Market risk

##### 36.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company interest rate risk arises from long-term financing, short-term borrowings, Murabaha carrying floating rates. Change in benchmark interest rate by 1% may have a positive or negative impact of approximately Rs.53.901 (2016: Rs. 38.539) million in profit and loss account before taxation. The analysis is made based on the assumption that all other variables remain constant.

##### 36.1.2 Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist as a result of transactions with foreign undertakings. As of the balance sheet date, the Company is not exposed to any such risk.

##### 36.1.3 Commodity risk

The Company purchases scrap on an ongoing basis, as its operating activities require a continuous supply of raw material for the production. The Company has not hedged itself from the variation in commodity prices through any forward contract and purchase commitments but the management negotiates the price with the suppliers as part of its risk management policy.

#### 36.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	2017	2016
	----- (Rupees) -----	
Investments	15,289,370	315,289,370
Trade debts	1,455,202,310	2,070,501,848
Loans and advances	22,220,787	125,635,829
Trade deposits	950,789	6,551,225
Other receivables	176,537,237	427,987,469
Bank balances	62,181,799	61,356,447
	<u>1,732,382,292</u>	<u>3,007,322,188</u>

#### 36.2.1 Credit quality of financial assets

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as shown below:

	2017	2016
	----- (Rupees) -----	
<b>Trade debts</b>		
Customers with no defaults in the past one year	<u>575,721,182</u>	<u>1,157,591,100</u>
<b>Bank balances</b>		
Ratings		
A1+	30,478,166	31,826,535
A-1+	16,146,528	6,597,163
A1	9,308,534	11,209,532
A-1	5,880,244	9,884,532
A-2	368,327	1,838,685
	<u>62,181,799</u>	<u>61,356,447</u>
<b>Investments</b>		
Ratings		
A-1+	-	1,000,000
A1	-	314,289,370
AAA	1,000,000	-
A+	14,289,370	-
	<u>15,289,370</u>	<u>315,289,370</u>

#### 36.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. To guard against the risk, the Company has diversified funding sources and the assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

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

2017	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	Total
------(Rupees)-----					
Long-term financing	-	38,669,804	271,564,968	712,069,453	1,022,304,225
Trade and other payables	-	935,501,683	-	-	935,501,683
Accrued mark-up	-	48,932,340	7,433,160	-	56,365,500
Short-term borrowings	-	3,348,413,238	279,178,549	-	3,627,591,787
	-	4,371,517,065	558,176,677	712,069,453	5,641,763,195

2016	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	Total
------(Rupees)-----					
Long-term financing	-	122,113,180	361,472,879	524,524,754	1,008,110,813
Trade and other payables	7,272,770	908,667,556	-	-	915,940,326
Accrued mark-up	-	40,928,378	7,293,487	-	48,221,865
Short-term borrowings	-	2,109,384,019	616,987,066	-	2,726,371,085
	7,272,770	3,181,093,133	985,753,432	524,524,754	4,698,644,089

#### 36.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares.

	2017	2016
------(Rupees)-----		
<b>Gearing ratio</b>		
Long-term financing	1,022,304,225	1,008,110,813
Trade and other payables	1,118,557,642	1,080,934,801
Accrued mark-up	56,365,500	48,221,865
Short-term borrowings	3,627,591,787	2,726,371,085
Total debt	5,824,819,154	4,863,638,564
Cash and cash equivalents	(69,558,113)	(381,124,343)
<b>Net debt</b>	<b>5,755,261,041</b>	<b>4,482,514,222</b>
Share capital	2,970,114,270	2,970,114,270
Reserves	6,420,623,118	5,890,507,263
Surplus on revaluation of property, plant and equipment	1,755,014,996	1,829,580,914
<b>Total equity</b>	<b>11,145,752,384</b>	<b>10,690,202,447</b>
<b>Equity and net debt</b>	<b>16,901,013,425</b>	<b>15,172,716,669</b>
<b>Gearing ratio</b>		
Including surplus on revaluation of property, plant and equipment	34%	30%
Excluding surplus on revaluation of property, plant and equipment	38%	34%

#### 36.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms-length transaction other than in a forced or liquidation sale. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

#### 37. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, directors and key management personnel. Transactions and balances with related parties are disclosed in respective notes to the financial statements.

#### 38. PLANT CAPACITY AND ACTUAL PRODUCTION

	2017	2016
------(Metric Ton)-----		
<b>38.1 Billets</b>		
Plant capacity – estimated	200,000	200,000
Actual production	163,778	168,852
<b>38.2 Bars</b>		
Plant capacity – estimated	180,000	180,000
Actual production	158,206	148,988
<b>38.3</b>	The reason for lower capacity utilization is due to production of different sizes according to sales mix.	

#### 39. NUMBER OF EMPLOYEES

Total number of employees at year end are 407 (2016: 351) and average number of employees during the year were 398 (2016: 347).

#### 40. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 26 August 2017 by the Board of Directors of the Company.

#### 41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

41.1 Subsequent to the year ended 30 June 2017, the Board of Directors in its meeting held on 26 August 2017 has proposed final cash dividend @ Rs. 2/- per share amounting to Rs. 594.023 million (2016: Rs. 2/- per share amounting to Rs. 594.023 million) for approval of the members at the Annual General Meeting.

41.2 The Finance Act, 2017 introduced a tax on every public company at the rate of 7.5% on profit before tax if the Company fails to distribute at least 40% of its profit after tax as cash or stock dividend within the prescribed time after the end of the relevant tax year.

Based on the above fact, the Board of Directors of the Company has proposed cash dividend amounting to Rs. 594.023 million for the financial and tax year 2017 which exceeds the prescribed minimum dividend requirement as referred above. Accordingly, the Company believes that it would not be liable to pay tax on its undistributed reserves as of June 30, 2017.

#### 42. GENERAL

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



Chief Executive Officer



Director



Chief Financial Officer

## Transmission of Financial Statements and Notice of General Meetings to the Shareholders through Email

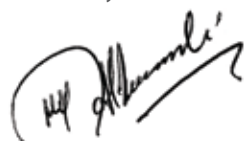
### Dear Shareholder(s),

We are pleased to inform you that the Securities & Exchange Commission of Pakistan [SECP], through its SRO 787(1)/2014 dated 08 September 2014, has allowed companies to circulate their annual (audited) financial statements and notice of general meetings to the members through email, thus saving the cost of printing and postage.

Therefore, if you wish to receive the financial statements and notice of general meetings of the Company via email, please fill in the attached "Request Form" mentioning your valid email address and send us the same as your consent for the purpose of receiving the annual reports and notices of annual general meetings electronically in future. The Request Form / Consent Form is attached herewith.

Please note that the Company shall continue to dispatch annual audited accounts and notice of general meetings by post (either through CD/DVD/USB) to the shareholders who do not opt for transmission through email. The members will be responsible to communicate any change in their registered email address in timely manner.

Yours truly,



Adnan Abdul Ghaffar  
Company Secretary

## Consent Form

### For Electronic Transmission of Annual Audited Financial Statements and Notice of Annual General Meeting

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

The Share Registrar  
THK Associates (Pvt) Limited  
1st Floor, 40-C, Block-6  
P.E.C.H.S. Karachi

Dear Sir,

Pursuant to SRO No.787 (I)/2014 dated September 8, 2014 issued by the Securities and Exchange Commission of Pakistan allowing companies to circulate its Annual Audited Financial Statements (annual balance sheet and profit and loss account, auditor's report and directors' report) along with the notice of Annual General Meetings to its members through email instead of registered post/courier. Accordingly, the undersigned, being member of AMRELI STEELS LIMITED, desires and hereby gives this consent to receive Annual Audited Financial Statements and Notice of Annual General Meeting for the financial year ending June 30, 2017 and onward through my e-mail address provided below:

Name of Member/ Shareholder	
Folio/ CDC Account Number	
Valid Email Address	
Contact Number	
CNIC Number	
Registered Postal Address of the Member	

\_\_\_\_\_  
Signature of the Member



## E-Dividend Mandate Form

### Mandatory Credit Of Dividend Into Bank Account

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 Detail	
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)	
Land Line Phone No.	
Cellphone No.	
Email Address.	
(ii) Shareholder's Bank Detail	
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

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

#### Note:

- 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.
- 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 (CDCPL) vide its Circular No. 16 of 2017 issued on August 31, 2017.

## Proxy Form

### 33<sup>rd</sup> Annual General Meeting

I, \_\_\_\_\_ S/o / D/o: \_\_\_\_\_,  
holder of CNIC No. \_\_\_\_\_,  
Resident of \_\_\_\_\_, being member of **Amreli Steels Limited**,  
holding \_\_\_\_\_ ordinary shares as per Registered Folio / CDS Account No. \_\_\_\_\_ hereby  
appoint Mr. /Ms. \_\_\_\_\_, resident of \_\_\_\_\_ member  
of the Company Registered Folio / CDS Account No. \_\_\_\_\_ or failing him/her  
Mr./Ms. \_\_\_\_\_  
resident of \_\_\_\_\_ who is also a member of the Company  
Registered Folio / CDS Account No. \_\_\_\_\_, as my / our proxy to attend,  
act and vote for me/ us and on my / our behalf at the 33<sup>rd</sup> Annual General Meeting (AGM) of the Company to be held on  
Wednesday October 25, 2017 at 03:30 pm PST at Institute of Chartered Accountants of Pakistan (ICAP), Auditorium Hall,  
Chartered Accountants Avenue, Clifton Karachi and any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Signed by \_\_\_\_\_ in the presence of;

#### Witness:

1. Name:

Signature \_\_\_\_\_

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

CNIC or Passport No.: \_\_\_\_\_

2. Name:

Signature \_\_\_\_\_

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

CNIC or Passport No.: \_\_\_\_\_

#### Note:

- The proxy form, duly completed and signed, must be received at the Registered Office of the Company, A-18, S.I.T.E. Karachi.
- All members are entitled to attend and vote at the meeting.
- If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.
- Members are requested to notify any changes in their addresses immediately.

# پراکسی فارم

## 33واں سالانہ اجلاس عام

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

AFFIX  
 CORRECT  
 POSTAGE

میں \_\_\_\_\_ ولد \_\_\_\_\_  
 شناختی کارڈ نمبر \_\_\_\_\_ رہائشی \_\_\_\_\_  
 بطور / بحیثیت امریلی اسٹیلز لمیٹڈ، \_\_\_\_\_ عمومی شیئرز رجسٹرڈ فولیو / سی ڈی ایس اکاؤنٹ نمبر \_\_\_\_\_  
 کے تحت رکھتا ہوں اور میں اس طرح سے محترم / محترمہ \_\_\_\_\_ رہائشی \_\_\_\_\_  
 ممبر آف دی کمپنی رجسٹرڈ فولیو / سی ڈی ایس اکاؤنٹ نمبر \_\_\_\_\_ کو میں اپنا / ہمارا پراکسی مقرر کرتا ہوں جس کے لئے وہ میرے /  
 ہمارے حق میں 33واں سالانہ اجلاس عام جو کہ 25 اکتوبر 2017 بروز بدھ دوپہر 03:30 بجے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) چارٹرڈ اکاؤنٹنٹس ایسوسی ایشن، کلفٹن  
 کراچی میں منعقد ہوگا، کے لئے ووٹ دینے کا اہل ہوگا۔

بطور گواہ میرا / ہمارا ہاتھ کا نشان / مہر \_\_\_\_\_ بروز \_\_\_\_\_ 2017-

دستخط کنندہ \_\_\_\_\_ کی موجودگی میں \_\_\_\_\_

گواہ 1:

نام \_\_\_\_\_  
 دستخط \_\_\_\_\_  
 پتہ \_\_\_\_\_  
 شناختی کارڈ یا پاسپورٹ نمبر \_\_\_\_\_

گواہ 2:

نام \_\_\_\_\_  
 دستخط \_\_\_\_\_  
 پتہ \_\_\_\_\_  
 شناختی کارڈ یا پاسپورٹ نمبر \_\_\_\_\_

نوٹ:

- 1- مکمل اور دستخط شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس A-18 سائٹ، کراچی کو موصول ہو جانا چاہئے۔
- 2- تمام ممبران میٹنگ میں شامل اور ووٹ دینے کے اہل ہوں گے۔
- 3- اگر کوئی ممبر ایک سے زائد پراکسی اور ایک سے زائد انسٹرومنٹ پراکسی نامزد کرتا ہے یا جمع کرواتا ہے تو اس کے ایسے تمام اقدامات ناقابل معیاد قرار دے دیئے جائیں گے۔
- 4- ممبران کو یہ ہدایات کی جاتی ہیں کہ اگر ان کے پتہ میں کوئی بھی تبدیلی ہو تو فوری طور پر اس سے آگاہ کریں۔

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

AFFIX  
 CORRECT  
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## Investors' Education

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

www.jamapunji.pk



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- Risk profiler\*
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\*Mobile apps are also available for download for android and ios devices



## Glossary of Terms

AGM	Annual General Meeting	IMF	International Monetary Fund
ASL	Amreli Steels Limited	ISO	International Organization for Standardization
BCP	Business Continuity Planning	IT	Information Technology
BOD	Board of Directors	KIBOR	Karachi Inter Bank Offer Rate
CEO	Chief Executive Officer	MMBTU	Million British Thermal Units
CFO	Chief Financial Officer	OHS	Occupational Health & Safety
CPIs	Critical Performance Indicators	OHSAS	Occupational Health & Safety Advisory Services
CSR	Corporate Social Responsibility	PICG	Pakistan Institute of Corporate Governance
DPS	Dividend Per Share	PSMA	Pakistan Steel Melters Association
EBITDA	Earnings Before Interest, Tax, Depreciation, and Amortization	PSQCA	Pakistan Standards & Quality Control Authority
EPS	Earnings Per Share	PSX	Pakistan Stock Exchange Limited
ERP	Enterprise Resource Planning	R&D	Research & Development
FBR	Federal Board of Revenue	ROE	Return On Equity
GDP	Gross Domestic Product	SAP	Systems, Applications and Products
GIDC	Gas Infrastructure Development Cess	SECP	Securities and Exchange Commission of Pakistan
GOP	Government of Pakistan	SMS	Steel Melt Shop
GST	General Sales Tax	SWOT	Strength, Weakness, Opportunity, Threat
HRS	Human Resource Steering Committee	WPPF	Workers' Profit Participation Fund
HSE	Health Safety & Environment	WWF	Workers' Welfare Fund
ICAP	Institute of Chartered Accountants Pakistan		