



# STANDING SOLID

BRUISED BUT NOT BEATEN

Annual Report 2024



# STANDING SOLID

## BRUISED BUT NOT BEATEN

In what has become a norm in Pakistan, the year 2024 unleashed even more unprecedented economic difficulties. Businesses across all sectors took a serious beating, and Amreli Steels was no exception, experiencing its most challenging financial year to date. It may seem that this tough business environment has taken its toll on us, but our resolve to keep standing has become even more SOLID. Because we know that when the bell rings, the last man standing is the one who wins.



# TABLE OF CONTENTS

## Corporate Information

|   |    |
|---|----|
| Vision and Mission  | 09 |
| Core Values   | 10 |
| Company Profile   | 12 |
| Company Information   | 13 |
| Product Portfolio   | 15 |
| Geographical Presence   | 16 |
| Management Objectives   | 17 |
| Organizational Structure                                      | 19 |
| Board of Directors' Profile                                   | 21 |
| Composition of the Board & Representation of Female Directors | 23 |
| Committees to the Board of Directors                          | 24 |
| Sustainability and Guiding Principles                         | 26 |
| Health, Safety and Environment Policy                         | 27 |
| Business Continuity Plan                                      | 27 |
| Company Events and CSR Activities                             | 28 |
| Human Resource  | 33 |

## Information For Shareholders

|  |    |
|--|----|
| Notice of the 40 <sup>th</sup> Annual General Meeting        | 37 |
| Notice of the 40 <sup>th</sup> Annual General Meeting - Urdu | 42 |
| Pattern of Shareholding with Additional Information          | 43 |
| Pattern of Shareholding                                      | 44 |
| Investors' Grievances Policy                                 | 46 |
| Issues raised in last AGM & Decisions taken                  | 46 |
| Stakeholders' Engagement Process                             | 47 |
| Encouraging Minority Shareholders to Attend General Meetings | 48 |
| Summary of Corporate Briefing Session held during the year   | 48 |
| Major Events During the Financial Year                       | 48 |

# Corporate Governance

|   |    |
|---|----|
| Corporate Governance, Risk Management and Compliance  | 51 |
| Corporate Calendar  | 52 |
| Risk Management & Governance  | 53 |
| Risk Management Process   | 54 |
| Internal Control Framework  | 55 |
| Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019               | 56 |
| Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019  | 57 |
| Role of Chairman of the Board   | 59 |
| Role of CEO   | 59 |
| Chairman's Review   | 60 |
| Chairman's Review (Urdu)  | 62 |
| CEO's Message   | 63 |
| Directors' Report to the Members  | 64 |
| Directors' Report to the Members (Urdu)   | 86 |
| Audit Committee Report  | 87 |
| Code of Conduct   | 89 |
| Whistleblowing Policy   | 91 |
| Policy Framework for Determining Remuneration of Directors  | 91 |
| Policy for Related Party Transactions   | 91 |
| Policy of Security Clearance of Foreign Directors   | 91 |
| Statement on Mechanism of Board's Performance and Delegation of Authority to Management by Board  | 92 |
| Annual Performance Evaluation of the Board, its Committees, Members and the CEO   | 92 |
| How the Organization Implemented Governance Practices Exceeding Legal Requirements  | 93 |
| Presence of the Chairman of Board's Audit Committee at the AGM  | 93 |
| Statement on the Management's and Board of Directors' Responsibility towards the Preparation and Presentation of the Financial Statements | 93 |
| Corporate Governance and Financial Reporting Framework  | 94 |

## Financial Highlights

|   |     |
|---|-----|
| Six Years at a Glance   | 97  |
| Vertical & Horizontal Analysis  | 98  |
| Ratio Analysis  | 102 |
| Comment on Ratio Analysis   | 103 |
| Graphical Presentation  | 105 |
| Statement of Value Addition & Wealth Distribution                     | 107 |
| Quarterly Analysis  | 108 |
| Analysis of Variation in Interim Results Reported with Annual Results | 110 |
| DuPont Analysis   | 112 |
| Cash Flow Statement - Direct Method                                   | 113 |

## Financial Statements

|                                   |     |
|-----------------------------------|-----|
| Independent Auditors' Report      | 117 |
| Statement of Financial Position   | 121 |
| Statement of Profit or Loss       | 122 |
| Statement of Comprehensive Income | 123 |
| Statement of Changes in Equity    | 124 |
| Statement of Cash Flows           | 125 |
| Notes to the Financial Statements | 126 |

## Other Information

|   |  |
|---|--|
| Investors' Education - Jama Punji                                   |  |
| E-Dividend Mandate Form   |  |
| Proxy Form  |  |
| Proxy Form (Urdu)   |  |
| Dividend Claim Form   |  |
| Standard Request Form for Annual Audited Accounts and Notice of AGM |  |



CORPORATE INFORMATION

# LEADING THE RING



# VISION

Committed to strengthen the economy and society

# MISSION

- Be the brand of choice for all stakeholders
- Empower people
- Continue to invest in state-of-the-art steel manufacturing and associated technologies
- Attain the highest standards of health and safety

VISION MISSION VALUES

# THE POWER PUNCH



# CORE VALUES

## RESPECT

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

## RESILIENCE

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

## INTEGRITY

We deliver what we promise  
We uphold the highest standards of ethics and honor

We act transparently

We do the right thing

We speak up when our Values are compromised

## DYNAMISM

We stay ahead of the curve

We change the game

We are innovative and aggressive

We are decisive and take calculated risks

We are agile and move fast

## EXCELLENCE

We give our best everyday

We strive to excel in every aspect of our business

We operate outside our comfort zone

We adapt to best practices

We believe in continuous improvement



COMPANY PROFILE

# WRAPPED IN GLORY



## COMPANY PROFILE

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

The Company is one of the largest manufacturers of steel reinforcement bars in Pakistan. The two re-rolling plants situated at S.I.T.E. Karachi and Dhabeji are using one of the most modern hot re-rolling technologies in the industry with a nameplate capacity of 180,000 metric tons and 425,000 metric tons of rebars per annum respectively.

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

## BOARD OF DIRECTORS

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

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

**Syed Asghar Jamil Rizvi**  
*Independent Director*

**Mr. Sohail Feroz Shamsi**  
*Independent Director*

**Mr. Zueb Salemwala**  
*Non-Executive Director*

**Mr. Hadi Abbas Akberali**  
*Executive Director & Chief Operating Officer (Strategy)*

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

## AUDIT COMMITTEE

**Syed Asghar Jamil Rizvi**  
*Chairman*

**Mr. Sohail Feroz Shamsi**  
*Member*

**Mr. Zueb Salemwala**  
*Member*

## HUMAN RESOURCE & REMUNERATION COMMITTEE

**Mr. Sohail Feroz Shamsi**  
*Chairman*

**Syed Asghar Jamil Rizvi**  
*Member*

**Mr. Shayan Akberali**  
*Member*

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

**Mr. Taha Umer**  
*Chief Financial Officer*

**Mr. Adnan Abdul Ghaffar**  
*Company Secretary & Legal Head*

## EXTERNAL AUDITORS

*BDO Ebrahim & Co. Chartered Accountants  
Lakson Square Building No.1,  
Sarwar Shaheed Road, Karachi, Pakistan*

## SHARES REGISTRAR

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

## LEGAL ADVISOR

*LEX FIRMA  
Advocates, Barristers & Legal Consultants  
418, Continental Trade Centre  
Clifton, Karachi*

## CORPORATE ADVISOR

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

## COMPANY INFORMATION

# UNDEFEATED CHAMPION



## **BANKERS**

*Al Baraka Bank Pakistan Limited*  
*Askari Bank Limited*  
*Allied Bank Limited*  
*Bank Al Habib Limited*  
*Bank Alfalah Limited*  
*Bank Islami Pakistan Limited*  
*Bank of Khyber*  
*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*  
*National Bank Limited*  
*Samba Bank Limited*  
*Silk Bank Limited*  
*Soneri Bank Limited*  
*Bank Makramah Limited (Formerly Summit Bank Limited)*  
*Standard Chartered Bank (Pakistan) Limited*  
*The Bank of Punjab*  
*United Bank Limited*

## **REGISTERED OFFICE**

*A-18, S.I.T.E, Karachi, Pakistan*  
*UAN: 021-111-(AMRELI) 267354*  
*Email: investor-relations@amrelisteels.com*

## **HEAD OFFICE**

*14th Floor, Sky Tower A, Dolmen City,  
Block-4, Scheme-5, Clifton, Karachi, Pakistan.*  
*UAN: 021-111-(AMRELI) 267354*

## **SHERSHAH ROLLING MILL (SRM)**

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

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

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

## **SYMBOL AT PAKISTAN STOCK EXCHANGE LIMITED**

*ASTL*

## **WEBSITE INFORMATION**

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



## PRODUCT PORTFOLIO

Being the pioneer in Pakistani Steel Market not just in terms of technology but also market practices, Amreli Steels introduced the concept of Product brands for the 1st time in Pakistan in 2018. The objective of this initiative was to distinguish our different products in a consumer-relevant way and to facilitate the end-user, who is in most cases a first time purchaser, in making the right decision.

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

Following are the product brands of Amreli Steels along with their unique features:

### 1. Amreli Steels Maxima

- Based on ASTM 615
- Ideal for any type of construction – Residential, commercial, mega, infrastructure projects in selected seismic zones\*
- Yield Strength 60,000 PSI (Minimum)
- Ultimate Tensile Strength 90,000 PSI
- Earthquake Resistant in select seismic zones
- consistent quality along the length due to Uniform Gauge
- Made from state of art meltshop and 5th generation red ring technology rolling mill for construction reinforcement

### 2. Amreli Steels Xtreme

- Based on BS 4449
- Ideal for Hi-rise buildings
- Yield Strength: 72,500 PSI (Minimum)
- Upto 15% consumption saving as compared to ASTM 615 , G-60 product
- Safely Weldable
- Earthquake Resistant in select seismic zones
- consistent quality along the length due to Uniform Gauge
- Made from state of art meltshop and 5th generation red ring technology rolling mill for construction reinforcement

### 3. Amreli Steels Ultima

- Based on ASTM 706
- Earth Quake Resistant in all seismic zones
- Yield Strength: 60,000 PSI (minimum)
- Yield Strength: 78,000 PSI (Maximum)
- Ultimate Tensile Strength 80,000 PSI (minimum)
- Tensile to Yield Strength Ratio > 1.25
- Made from state of art meltshop and 5th generation red ring technology rolling mill for construction reinforcement
- consistent quality along the length due to Uniform Gauge
- Ideal for Residential and Commercial projects especially in high seismic activity zones

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

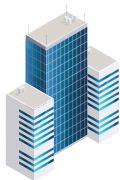
### Amreli Steels can offer\*

1. Rebars conforming to any international standard\*\*
2. Rebars with Rib patterns as per any international standard\*\*
3. Cut-to-length as per requirement from 6 meter to 16M in length\*\*
4. Tensile to Yield Strength ratio 1.25 ratio in ASTM
5. 8 mm deformed in Pakistan

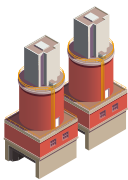
*\*These customized services are available for large quantities only. Lead times will vary from case to case basis.*

*\*\* Subject to minimum quantity order.*

GEOGRAPHICAL PRESENCE



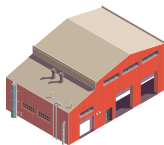
**Head Office/ Sales Office**  
1. Head office – Clifton Karachi  
2. Sales Office - Karsaz Karachi



**Factories**  
1. Factory at Dhabeji  
2. Factory at SITE Karachi



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



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



**Number Of Existing Retailers /Stockists**

|                    |            |
|--------------------|------------|
| Sindh              | 128        |
| Baluchistan        | 02         |
| Punjab             | 58         |
| Khyber Pakhtunkhwa | 12         |
| <b>Total</b>       | <b>200</b> |



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

# MANAGEMENT OBJECTIVES

The objectives of the Company are aimed at achieving sustainable productivity, profitability, and high standards of safety, occupational health, and environmental care. This entails human resource development, value addition, the implementation of conservation measures, the up-gradation of existing facilities, and the installation of new facilities. The key objective of the Company's management is to sustain market leadership in Pakistan's steel industry and increase value for all the stakeholders. All the corporate goals are targeted towards this purpose, and the key performance indicators are defined to measure Amreli Steel's improved performance in all spheres of its operations.

Maintaining competitive position in the core business, aligned with corporate goals, making every employee a self-assessor with defined yearly targets and transparent measuring criteria, we employ our brand name, unique organizational culture, professional excellence, and financial strength, diversifying in local and multinational environments through acquisitions and new projects, thus achieving synergy towards value creation for our stakeholders. Furthermore, the Company also refines and improves its human resource policies regularly. The Company's market leadership is a reflection of the achievement of its corporate goals through all-around strategic alignment.

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

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

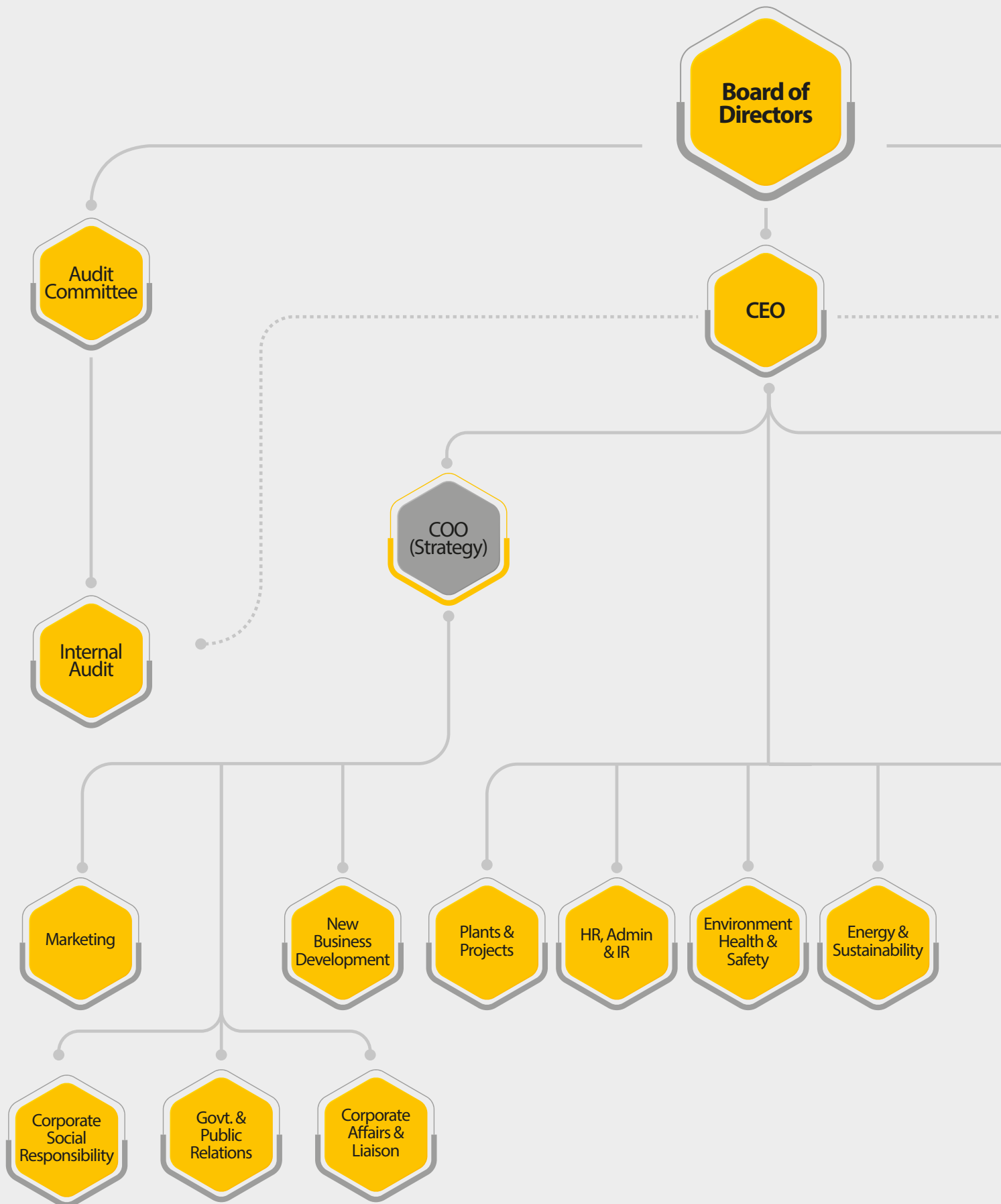
## MANAGEMENT OBJECTIVE

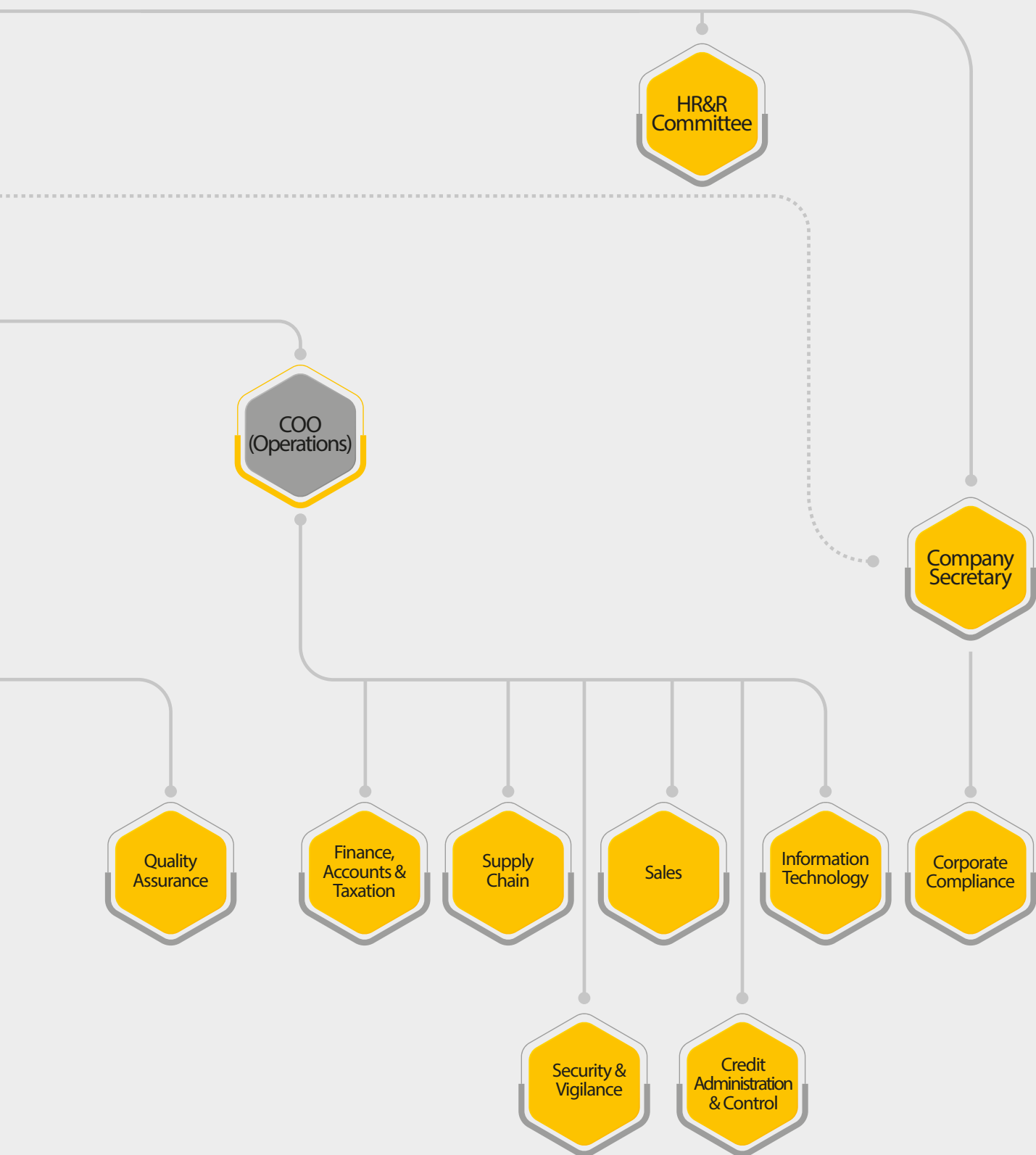
# FIGHTING THE GOOD FIGHT





# Organizational Structure





# BOARD OF DIRECTORS' PROFILE



**Abbas Akberali**

**Chairman  
Non-Executive Director**

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



**Shayan Akberali**

**Chief Executive Officer**

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



**Syed Asghar Jamil Rizvi**

**Independent Director**

Syed Asghar Jamil Rizvi is a highly accomplished professional engineer with a robust background in metallurgical engineering. His career spans over four decades, during which he has made significant contributions to the local steel industry. Mr. Rizvi's extensive experience encompasses a variety of roles, from hands-on positions on the shop floor to strategic engineering management and high-level corporate roles. Throughout his illustrious career, Mr. Rizvi has demonstrated exceptional leadership and expertise. He has held pivotal positions such as Managing Director and Chief Executive in several prominent industries.



**Sohail Feroz Shamsi**

**Independent Director**

Mr. Sohail Feroz Shamsi is a highly capable and versatile professional with extensive experience across B2B, government, recruitment, training and apprenticeships, hospitality, tourism, and international immigration sectors. Currently serving as the Director Operations at a leading recruitment agency, he oversees comprehensive operations, including management, logistical support, business sourcing, legal matters, and staff recruitment. He has also been overseeing a recruitment agency and immigration consultancy. Mr. Sohail holds an MBA from Buckinghamshire University and various certifications in immigration law, food hygiene, and teaching. Known for his collaborative approach and 'can-do' attitude, he excels in translating business requirements into tangible outcomes, inspiring teams, and adapting to changes to achieve organizational goals.



## Hadi Abbas Akberali

### Executive Director & Chief Operating Officer (Strategy)

Mr. Hadi Akberali brings a mix of technical, management, and leadership skills after graduating from Northwestern University, USA in Industrial Engineering and obtaining an MBA in Finance and Strategy from INSEAD, France. With over 17 years of experience in the steel industry, Mr. Hadi Akberali has been instrumental in the Company's success by spearheading the establishment of the billet manufacturing facility, implementing SAP across the organization, playing a key role in the company's IPO, and strengthening the marketing function. As Chief Operating Officer (Strategy), Mr. Hadi Akberali serves on various management committees and leads the business diversification, industry affairs, and marketing functions.



## Zoeb Salemwala

### Non-Executive Director

Mr. Zoeb Salemwala is a seasoned finance professional with over three decades of experience in financial management, audit, taxation, and strategic planning. He has a proven track record of enhancing financial performance, streamlining operations, and driving organizational growth. Mr. Salemwala serves at various levels at different organizations in the field of tax, planning, accounts and finance. Mr. Salemwala held managerial roles at various organizations. His responsibilities ranged from developing internal controls and conducting audits to overseeing strategic financial transactions. Mr. Salemwala holds professional certifications in accounts & finance. His extensive experience, strategic foresight and leadership capabilities make him an invaluable asset to any organization.



## Mariam Akberali

### Non-Executive Director

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

## COMPOSITION OF THE BOARD & REPRESENTATION OF FEMALE DIRECTORS

In line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG), the Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board.

Post-election of Directors, the current composition of the Board is as follows:

Total number of Directors:

|           |      |
|-----------|------|
| a) Male   | : 06 |
| b) Female | : 01 |
| Total     | : 07 |

### Composition:

|                                    |      |
|------------------------------------|------|
| a) Number of Independent Directors | : 02 |
| b) Number Non-Executive Directors  | : 03 |
| c) Number of Executive Director    | : 02 |

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

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

### Female Directors

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

At Amreli, the Board and Management is committed towards championing growing demand of gender diversity at Board level and within workforce culture. Currently, there is one Female Non-Executive Director (Ms. Mariam Akberali) representing 14% of the composition of the Board.

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

## COMMITTEES TO THE BOARD OF DIRECTORS

### BOARD'S AUDIT COMMITTEE (BAC)

During the year, six (6) meetings of the BAC were held. All the meetings were held in Pakistan.

The attendance by each Director in the BAC meetings is as follows:

| Composition                                  | Meetings Held |           |           |           |           |           | Meetings Attended |
|--|---------------|-----------|-----------|-----------|-----------|-----------|-------------------|
|  | 06-Sep-23     | 22-Sep-23 | 27-Oct-23 | 21-Feb-24 | 27-Feb-24 | 26-Apr-24 |                   |
| <b>Mr. Teizoon Kisat</b><br><i>Chairman</i>  | ✓             | ✓         | ✓         | ✓         | ✓         | ✓         | 6/6               |
| <b>Mr. Zafar Ahmed Taji</b><br><i>Member</i> | ✓             | ✓         | ✓         | ✓         | ✓         | ✓         | 6/6               |
| <b>Mr. Badar Kazmi</b><br><i>Member</i>      | ✓             | ✓         | ✓         | ✓         | ✓         | ✓         | 6/6               |

### TERMS OF REFERENCE

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

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

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

#### 1. Financial Statements

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

#### 2. Internal Controls

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

#### 3. Internal Audit

The Committee will ensure that the function is adequately resourced, functionally independent with no unreasonable limitations on its proper functioning and meets the quality assurance requirements, determined either through internal or external assessment. It shall review the audit reports, share them with the External Auditors and report matters of significance to the Board. Where it is decided to out-source the internal audit function, the Committee will recommend to the Board a professional services firm that has suitably qualified and experienced persons and is reasonably conversant with Company's policies and procedures.

#### 4. External Audit

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

#### 5. Risk Management

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

## 6. Compliance

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

## 7. Reporting and Other Responsibilities

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

### HUMAN RESOURCE & REMUNERATION (HR&R) COMMITTEE

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

| Composition                             | Meeting Held on<br>31-Oct-23 | Meeting Held on<br>10-Jun-24 | Meeting<br>Attended |
|---|------------------------------|------------------------------|---------------------|
| Mr. Zafar Ahmed Taji<br><i>Chairman</i> | ✓                            | ✓                            | 2/2                 |
| Mr. Teizoon Kisat<br><i>Member</i>      | ✓                            | ✓                            | 2/2                 |
| Mr. Shayan Akberali<br><i>Member</i>    | ✓                            | ✓                            | 2/2                 |

### TERMS OF REFERENCE

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

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

## SUSTAINABILITY AND GUIDING PRINCIPLES

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

Our guiding principles for sustainability are as follows:

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

## HEALTH, SAFETY AND ENVIRONMENT (HSE) POLICY

We at Amreli Steels Limited are committed towards surpassing the requirements and expectations of our customers/stakeholders and continually improving upon our Health, Safety & Environment performance by:

- a) Complying with applicable legal, regulatory and other requirements to which our company subscribes;
- b) Embedding the Health, Safety & Environment requirements in our routine and non-routine activities;
- c) Preventing injuries and ill health to personnel affected by our activities through a proactive system of risk management;
- d) Conserving natural resources and reducing the Carbon footprint of activities by proactively assessing their environmental impact and mitigating their adverse effects;
- e) Ensuring competency of employees by providing them with adequate training, information, instructions and supervision;
- f) Communicating with stakeholders to ensure a mutually beneficial understanding of our HSE policies, standards, programs and performance;
- g) Encourage participation and consultation with staff and workers pertain to HSE issues.
- h) Ensuring continual improvement through a system of performance planning, measurement and regular reviews.

Company's employees are at the forefront of this policy; for its successful implementation, they shall demonstrate their HSE consciousness by practicing their assigned safety roles and responsibilities. The policy shall also reinforce our standards of nurturing and developing our substantial talent pool, building shareholder value through performance excellence, improved financial results and measuring customer satisfaction by providing reliable, safe cost effective service. It is our firm belief and a core business value that all accidents and work related ill health are preventable. To achieve this, we shall ensure that timely decisions are taken and resources provided to demonstrate our commitment on implementing our HSE vision and strategy.

## BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

The Company has embraced a proactive stance towards business continuity and disaster recovery planning, ensuring alignment with its business strategy, industry best practices, and established standards and frameworks. This commitment is a testament to the organization's dedication to preserving the uninterrupted flow of IT driven business operations and safeguarding valuable information assets.

The infrastructure has been meticulously designed to ensure resilience in the event of potential disasters or interruptions, with high availability production facilities situated at state of art main data center complemented by synchronized DR servers located few kilometers away and connected through dark fiber replications. This proactive planning serves not only to safeguard the organization but also to instill confidence in customers, partners, and stakeholders, reaffirming the Company's resilience in the face of any challenge.

The business continuity and disaster recovery plan includes the following key components:

- Policy Statement Development: Formulate a clear and concise policy statement that outlines the organization's commitment to business continuity planning.
- Business Impact Analysis (BIA): Conduct a comprehensive analysis to assess the potential impact of disruptions on the business, identifying critical functions and dependencies.
- Risk Mitigation and Preventive Controls: Identify and implement preventive measures to mitigate risks and prevent disruptions.
- Business Recovery Strategies: Develop strategies for swiftly recovering critical business functions and processes following a disaster.
- Communication and Stakeholder Engagement: Establish communication protocols for informing stakeholders, including employees, customers, partners, and regulatory authorities, during a crisis.

## COMPANY EVENTS AND CSR ACTIVITIES

September 2023

### Amreli Steels Razakaars Visited TCF

On World Literacy Day, Amreli Steels Razakaars visited the students of TCF Akberali Campus for our "Parho aur Parhao" campaign and engaged them in different learning activities. The students were gifted with new stationery to encourage them to continue learning and focus on their studies.



October 2023

### Amreli Steels National Retailers Awards 2023

Amreli Steels rewarded its business partners for their performances and contributions to the business by organizing Season 2 of our National Retailer Awards in Ramada Hotel, Karachi. Retailers from all over Pakistan were in attendance.



## COMPANY EVENTS AND CSR ACTIVITIES

November 2023

Successful Certification of the ISO 45001: 2018 OH&S MS (Occupational Health & Safety Management System)

We became the first proud Steel Melt Shop plant in the steel sector of Pakistan to be ISO 45001 OH&S MS certified.



November 2023

Plantation Drive & Table Tennis Match

We celebrated the spirit of women with a perfect blend of nature and sports at our Dhabeji facility. Our female Amrelians led a plantation drive and then showcased their competitive side in a Table Tennis Tournament.



COMPANY EVENTS AND CSR ACTIVITIES

December 2023

The International Day for Persons With Disabilities

Amreli Foundation organized a visit for Amreli Steels Razakaars to the Special Children's Educational Institute on The International Day for Persons With Disabilities. The Razakaars helped with English and Math, played cricket, and made handicrafts with the children.



December 2023

Agreement of Collaboration with Haball

Amreli Steels embarked on a path of innovation and digital transformation by collaborating with Haball, one of the largest premiere B2B fintech companies providing Digital Payment Solutions.



## COMPANY EVENTS AND CSR ACTIVITIES

January 2024

175K LinkedIn Followers

We celebrated the SOLID success of becoming the first Pakistani company in the steel rebars category to achieve 175,000 organic followers on LinkedIn at our charming new head office.



February 2024

Launch of Amreli Steels Business Partner Portal

We proudly announced the launch of our Business Partner Portal 4.0 for all our Business Partners. The launch events were held in Karachi, Hyderabad, Multan and Lahore.



March 2024

### Iftar Drive

Amreli Foundation organized an Iftar Drive at Saylani Dastarkhwan by Saylani Welfare International Trust in Karachi. Our SOLID team of Razakaars volunteered to distribute Iftari.



## HUMAN RESOURCE

Our Vision “Committed to strengthen the Economy and Society” affirms our gratitude towards our people’s invaluable contributions which have earned us the prestige as the Industry leader across the country. Driven by our Mission – “Be the Brand of Choice for all stakeholders” and “Empower People”, the Company takes pride in attracting, developing and retaining talented individuals who bring out the best by capitalizing on our best in-class work environment and state-of-the-art technologies.

### **Our Values At Work – OUR-RIDE**

At Amreli Steels, our organizational values – Respect, Resilience, Integrity, Dynamism and Excellence are at the core of our daily business and operations. Our life at Amreli Steels revolves around our values making every one of us one family. Translating these values into executable initiatives drives a true sense of belongingness and enablement in our people.

### **Enabling And Rewarding Culture**

We are proud of our Company’s enabling culture that provides flexible work schedules, reciprocates good performance, promotes team cohesiveness and welcomes new ideas and initiatives.

#### **Flexible & Hybrid Working Options:**

We provide our employees with flexible and hybrid work schedules to opt as per their own preferences. These options have instilled and boosted employee empowerment as well as their productivity levels.

#### **Performance Based Culture**

Our “Objective based Performance Management System” is taking shape and moving towards best industry practices. It aims at delivering the optimum business results that creates real value for all stakeholders.

#### **Reward & Recognition**

The good performing employees are recognized through a system of rewards that is based on both instantaneous and long-term rewards and benefits, such as, Rising Star Program, Career Merit Points etc.

#### **Room for New Ideas’ Implementation**

Our team is provided with all necessary means to achieve the business objectives and limitless opportunities to pursue new challenges.

### **Brush-Up & Shine**

The Company is committed to develop a learning culture which helps employees unleash their full potential and supports their professional as well as personal development. While an intensified focus has remained with on-job and in-house learning and training opportunities, Management is also planning to utilize external resources with customized training programs for the development of our employees. All in all 4,169 hours of training have been invested during this year.

### **Capitalizing On The Technological Landscape**

The Company is a tech-savvy organization as it believes in adapting the best in-class technological platforms not only to make everyday business easier but also to ensure data-driven decisions as well as to promote transparency and accuracy in daily operations. Alongside having state-of-the-art production facility, the Company has been committed to consistently and gradually transform manual systems into digitalization and automation within all the support functions.

### **Staying Ahead Of The Curve**

In order to stay ahead of the curve, benchmark studies and surveys have now become imperative for us. Staying conversant with market trends, through frequent formal and informal market surveys across the industry ensures our readiness to align our future orientation to foresee and introduce new policies, schemes and systems for the employees.

### **Employee Engagement Programs**

We place a strong emphasis on employee engagement within our diverse culture. This year, we organized a variety of activities, including board games, counter-strike tournaments, inter-departmental cricket matches for all employees across the organization and a dedicated gaming arena program for our female employees. Additionally, we’ve introduced initiatives focused on employee well-being, such as mindfulness sessions, to encourage interaction, support, and open communication among our teams.





SHAREHOLDER'S INFORMATION

# RING OF CHAMPIONS



# NOTICE OF THE 40<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting (AGM) of the shareholders of Amreli Steels Limited (the Company) will be held on Saturday, 26 October 2024 at 03:00 p.m. at Auditorium Hall of the Institute of Chartered Accountants of Pakistan (ICAP) located at Block - 8, Chartered Accountants Avenue, Clifton, Karachi to transact the following businesses. The shareholders can also attend the AGM via video link facility.

## Ordinary Business:

1. To receive, consider and adopt the annual audited financial statements of the Company for the year ended 30 June 2024, together with the Directors' and Auditors' reports thereon.

As required under section 223(7) of the Companies Act, 2017 and pursuant to the S.R.O. 389(I)/2023 dated 21 March 2023 issued by the Securities and Exchange Commission of Pakistan (SECP), the annual report of the Company for the financial year ended 30 June 2024 has been uploaded on the Company's website which can be downloaded accessing the following link and QR Code:

<https://amrelisteels.com/investor-relations/#investor-information>



2. To appoint auditors of the Company for the financial year ending 30 June 2025 and to fix their remuneration. The Board of Directors of the Company has recommended the name of retiring auditors, M/s. BDO Ebrahim and Co., Chartered Accountants, for their re-appointment as external auditors for the financial year ending 30 June 2025. M/s. BDO Ebrahim and Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

## Any Other Business:

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

By Order of the Board

**ADNAN ABDUL GHAFFAR**  
Company Secretary

04 October 2024  
Karachi

## Notes:

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

The Company also facilitates participation of its shareholders through a video link facility in pursuance to Circulars notified by the SECP. The members/proxies interested to participate in the AGM through this facility are requested to share below information at [investor-relations@amrelisteels.com](mailto:investor-relations@amrelisteels.com) with subject "Registration for 40th AGM of Amreli Steels Limited"–

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

Video-link and login credentials will be shared with the members/proxies whose email containing all the above particulars are received at the given email address by the close of business on or before 22 October 2024.

### 2. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from 18 October 2024 to 26 October 2024 (both days inclusive). Transfers received in order by our Share Registrar, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial, Street-2, D.H.A., Phase-VII, Karachi-75500, Pakistan by the close of business on 17 October 2024 will be considered in time for attending the AGM.

### 3. Appointment of Proxies:

- i. A member entitled to attend, speak and vote at the AGM is entitled to appoint another member as his/her proxy to attend, speak and vote on his/her behalf.
- ii. The instrument appointing proxy and the power of attorney or other authority, under which it is signed, or a notarized certified copy of the power or authority must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. Form of proxy is enclosed.
- iii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iv. In case of individual, the account holder or sub-account holder shall furnish the attested copies of CNIC or the passport of the member and the proxy, along with the proxy form.
- v. Corporate entities shall submit the Board of Directors' resolution/Power of Attorney, with specimen signature, along with the proxy form.

### 4. Attending the Annual General Meeting:

- i. In case of individual, whether physical shareholder or the account holder or sub-account holder at Central Depository Company (CDC), shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the AGM.
- ii. The proxy shall also produce his/her original CNIC or original passport at the time of AGM.
- iii. Members registered on CDC are also requested to bring details of their account maintained with the CDC.
- iv. In case of a corporate entity, the Board of Directors' resolution/Power of Attorney, with specimen signature of the nominee, shall be produced at the time of the AGM (unless it has been provided earlier).

## 5. Change in Members Addresses:

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

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

The Annual Report of the Company for the year ended 30 June 2024 has been placed on the Company's website [www.amrelisteels.com](http://www.amrelisteels.com).

## 7. Electronic Circulation of Annual Financial Statements for the year ended 30 June 2023:

The Annual Report 2024 and notice of AGM are being circulated electronically via email to all those shareholders whose email addresses are available with the CDC or the Share Registrar of the Company. In case of remaining shareholders, whose email addresses are not available, a printed copy of notice of AGM containing QR enabled code and web link to access and download Annual Report 2024, has been dispatched on their registered addresses, as allowed by the SECP vide its S.R.O. 389(I)/2023 dated 21 March 2023 and as approved by the shareholders in the Extraordinary General Meeting of the Company held on 24 June 2023.

However, if a shareholder requests for a hard copy of the annual audited financial statements, the same shall be provided free of cost within seven (07) days of receipt of such request as per Section 235 of the Companies Act, 2017. For the convenience of shareholders, a "Standard Request Form for provision of annual audited accounts" has also been made available at the Company's website [www.amrelisteels.com](http://www.amrelisteels.com).

## 8. Consent for Video Conference Facility:

In compliance with Section 134(1) (b) of the Companies Act, 2017, members of the Company may attend and participate in the AGM through video conference facility, if member(s) residing in a city other than Karachi, collectively holding 10% or more shareholding, demand in writing, to participate in the AGM through video conference at least ten (10) days prior to the date of the AGM.

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

|  |             |
|--|-------------|
| I/We _____ of _____ being a member                                 |             |
| of Amreli Steels limited, holder of _____ ordinary shares(s)       |             |
| as per Registered Folio/CDC Account No. _____ hereby opt for video |             |
| conference facility at _____ to attend the 40th AGM to be          |             |
| held on 26 October, 2024 or any adjournment thereof.               |             |
| _____<br>Name and Signature (s)                                    | Date: _____ |

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

## SPECIAL NOTICES TO THE SHAREHOLDERS:

### A. Unclaimed Dividends (Important and Mandatory):

Shareholders, who for any reason, were unable to claim their dividends were advised vide last year's Notice of AGM dated 02 October 2023, to contact our Shares Registrar to inquire about or collect any unclaimed dividends. Accordingly, pursuant to Section 244(2) of the Companies Act, 2017, any dividends that remain unclaimed for a period exceeding three years would be transferred to the Federal Government in accordance with the statutory requirements of Section 244 of the Companies Act, 2017.

### B. 6th Reminder to the shareholders for submission of bank account details/IBAN (E-Dividend):

As per Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be remitted through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are once again requested to update their bank accounts details (i.e. title of account, complete bank account number (i.e. 24 digit IBAN), complete mailing address of the bank, name of the bank, folio number, mobile number and email address) for payment of any future cash dividend through electronic mode.

In case of physical shares, please provide bank account details to our Share Registrar, M/s. THK Associates (Pvt.) Limited. Please ensure an early update of your particulars to avoid any inconvenience in future.

### C. 3rd Reminder for conversion of physical shares into Book-Entry Form:

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

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

For any query/problem/information, members may contact our share registrar at the following address

**THK Associates (Pvt) Ltd**  
Plot No. 32-C, Jami Commercial, Street-2,  
D.H.A., Phase-VII, Karachi-75500, Pakistan  
UAN No: (021) 111-000-322  
Email: [sfc@thk.com.pk](mailto:sfc@thk.com.pk)

کمپنی ممبران کو ویڈیو کانفرنس کی سہولت کے مقام کے بارے میں سالانہ اجلاس عام (AGM) کی تاریخ سے کم از کم پانچ (05) دن پہلے مطلع کرے گی اور اس کے ساتھ ہی اجلاس تک رسائی کیلئے ممبران کو ضروری معلومات بھی فراہم کر دی جائیں گی۔

خصوصی نوٹس برائے شیئر ہولڈرز:

الف۔ غیر دعویٰ شدہ ڈیویڈنڈ: (اہم اور لازمی)

شیئر ہولڈرز، جو کسی بھی وجہ سے اپنے ڈیویڈنڈ کا دعویٰ نہیں کر سکے، ان سے گزارش ہے کہ وہ ہمارے شیئر رجسٹرار سے رابطہ کریں تاکہ وہ اپنے غیر دعویٰ شدہ ڈیویڈنڈ کے بارے میں معلومات حاصل کریں، اگر کوئی ہو۔ براہ کرم نوٹ فرمائیجے کہ کمپنیز ایکٹ 2017 کے سیکشن (2) 244 کے تحت تین سال سے زائد غیر دعویٰ شدہ ڈیویڈنڈ کمپنیز ایکٹ 2017 کے سیکشن 244 کے تحت وفاقی حکومت کے پاس جمع کر دیئے جاتے ہیں۔

ب۔ چھٹی یاد دہانی برائے شیئر ہولڈرز بابت بینک اکاؤنٹ تفصیلات/آئی بی اے این (ای - ڈیویڈنڈ):

کمپنیز ایکٹ، 2017 کے سیکشن 242 کے مطابق، بصورت نقد قابل ادائیگی ڈیویڈنڈ صرف الیکٹرانک ذرائع سے حقدار شیئر ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں ہی بھیجا جائے گا۔ لہذا، بذریعہ نوٹس ہذا، تمام شیئر ہولڈرز سے ایک بار پھر اپنے بینک اکاؤنٹس (یعنی اکاؤنٹ کا عنوان، مکمل بینک اکاؤنٹ نمبر-24 ہندسوں کا IBAN)، بینک کا مکمل میلنگ ایڈریس، بینک کا نام، فوئیو نمبر، اور موبائل نمبر اور ای میل ایڈریس کی تجدید کی درخواست کی جاتی ہے) تاکہ الیکٹرانک ذرائع سے مستقبل میں نقد ڈیویڈنڈ کی ادائیگی کی جاسکے۔

فزیکل شیئرز کی صورت میں، براہ کرم ہمارے شیئر رجسٹرار، میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو اپنے بینک اکاؤنٹ کی تفصیلات فراہم کر دیجئے۔ براہ کرم مستقبل میں کسی بھی قسم کی زحمت سے بچنے کے لیے اپنی تفصیلات کی جلد از جلد تجدید کو یقینی بنائیں۔

ج۔ تیسری یاد دہانی بابت فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنا:

کمپنیز ایکٹ 2017 کے سیکشن 72 اور ایس ای سی پی کے لیٹر نمبر CSD/ED/Misc./2016-639-640 مورخہ 26 مارچ 2021 کی رو سے تمام لسٹڈ کمپنیوں پر لازم ہے کہ اپنے موجودہ فزیکل شیئرز کو بک انٹری فارم میں تبدیل کریں۔ لہذا فزیکل فوئیو/شیئرز سرٹیفکیٹ رکھنے والے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو فزیکل شکل سے جلد از جلد بک انٹری فارم میں تبدیل کروالیں۔

فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے سے حصص یافتگان کو کئی طریقوں سے سہولت فراہم ہو جائے گی جیسا کہ حصص کی محفوظ تحویل، فوری فروخت اور حصص کی خریداری کے لیے آسانی سے دستیاب مارکیٹ، گم ہونے اور ضائع ہونے کے خطرات کا خاتمہ، اور فزیکل شیئرز کے مقابلے میں کم از کم رسمی کارروائیوں کے ساتھ آسان اور محفوظ منتقلی۔ فزیکل حصص کو بک انٹری کی صورت میں منتقل کرنے کیلئے کمپنی کے شیئر ہولڈرز کمپنی کے شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔

کسی بھی سوال/مسئلہ/معلومات کے لیے ممبران درج ذیل پتے پر ہمارے شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔

ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

پلاٹ نمبر C-32، جامی کمرشل، اسٹریٹ-2،

ڈی ایچ اے، فیز، VII، کراچی-75500، پاکستان

UAN نمبر: 021) 111-000-322

ای میل: sfc@thk.com.pk

-6

ویب سائٹ پر مالی دستاویزات اور رپورٹس کی دستیابی:

مورخہ 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے کمپنی کی سالانہ رپورٹ کمپنی کی ویب سائٹ [www.amrelisteels.com](http://www.amrelisteels.com) پر فراہم کر دی گئی ہے۔

-7

مورخہ 30 جون 2024 کو ختم ہونے والے سال کے سالانہ مالیاتی گوشواروں کی الیکٹرانک سرکولیشن:

سالانہ رپورٹ 2024 اور سالانہ اجلاس عام (AGM) کے نوٹس کو الیکٹرانک طور پر ای میل کے ذریعے ان تمام شیئر ہولڈرز کو بھیجا جا رہا ہے جن کے ای میل ایڈریس سی ڈی سی (CDC) یا کمپنی کے شیئر رجسٹرار کے پاس دستیاب ہیں۔ بصورت دیگر شیئر ہولڈرز جن کے ای میل ایڈریسز دستیاب نہیں ہیں، ان کے رجسٹرڈ پتے پر سالانہ اجلاس عام (AGM) کے نوٹس مع فعال QR کوڈ اور ویب لنک ارسال کئے جا چکے ہیں جن کے ذریعے وہ سالانہ رپورٹ 2024 تک رسائی حاصل کر سکتے ہیں اور انھیں ڈاؤن لوڈ بھی کر سکتے ہیں، جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے بحوالہ ایس آر او 389 (1) / 2023 مورخہ 21 مارچ 2023 میں اجازت دی گئی ہے نیز 24 جون 2023 کو منعقدہ کمپنی کے غیر معمولی اجلاس عام میں شیئر ہولڈرز کی طرف سے منظوری بھی حاصل کر لی گئی تھی۔

تاہم، اگر کوئی شیئر ہولڈر، سالانہ آڈٹ شدہ مالیاتی گوشواروں کی بارڈر کاپی کی درخواست کرتا ہے، تو کمپنیز ایکٹ، 2017 کے سیکشن 235 کے مطابق ایسی درخواست کی وصولی کے سات (07) دنوں کے اندر اندر ایسے ممبر کو مفت کاپی فراہم کر دی جائے گی۔ شیئر ہولڈرز کی سہولت کے لیے کمپنی کی ویب سائٹ [www.amrelisteels.com](http://www.amrelisteels.com) پر "سالانہ آڈٹ شدہ اکاؤنٹس کی فراہمی کے لیے مقررہ درخواست فارم" بھی دستیاب کر دیا گیا ہے۔

-8

ویڈیو کانفرنس کی سہولت کے لیے رضامندی:

کمپنیز ایکٹ 2017 کے سیکشن (b)(1) 134 کے تحت کمپنی کے ممبران ویڈیو کانفرنس کی سہولت کے ذریعے سالانہ اجلاس عام (AGM) میں شرکت کر سکتے ہیں اور اگر ممبران کراچی کے علاوہ کسی اور شہر میں مقیم ہوں اور اجتماعی طور پر 10 فیصد یا زیادہ شیئر ہولڈنگ کے حامل ہوں تو سالانہ اجلاس عام کے آغاز سے کم از کم دس (10) دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کا تحریری مطالبہ جمع کروادیں۔

اس طرح کی سہولت حاصل کرنے کے لیے، براہ کرم درج ذیل فارم کو کمپنی کے رجسٹرڈ آفس میں مطلوبہ معلومات کے ساتھ جمع کروادیتے۔

|                                 |   |                            |
|---------------------------------|---|----------------------------|
| میں/ہم                          | ساکن / ساکنان   | امریلی اسٹیلز کے حصص داران |
| ہونے کی حیثیت سے، حامل / حاملین | عام حصص بحوالہ رجسٹرڈ شدہ فوئیو / سی ڈی سی اکاؤنٹ نمبر  | بذریعہ ہند                 |
| بمقام                           | سالانہ اجلاس عام بتاریخ 26 اکتوبر 2024 میں ویڈیو کانفرنس کی سہولت کا انتخاب کرتا / کرتی / کرتے ہوں / ہیں۔ |                            |
| نام و دستخط ممبر / ممبران       | تاریخ   |                            |

| شیر ہولڈر کا نام | فولیو/سی ڈی سی نمبر | کمپیوٹرائزڈ قومی شناختی کارڈ نمبر | موبائل فون نمبر | رجسٹرڈ ای میل ایڈریس |
|------------------|---------------------|-----------------------------------|-----------------|----------------------|
|                  |                     |                                   |                 |                      |

ویڈیولنک اور لاگ ان کی اسناد ان ممبران/پراکسیز کو ارسال کر دی جائیں گی جن کی جانب سے مندرجہ بالا تمام تفصیلات پر مشتمل ای میل مذکورہ بالا ای میل ایڈریس پر موزعہ 22 اکتوبر 2024 کو کاروباری دن کے اختتام تک موصول ہو جائے۔

## 2- شیرز کی منتقلی کے کھاتوں کی بندش:

کمپنی کے حصص منتقلی کے کھاتے 18 اکتوبر 2024 سے 26 اکتوبر 2024 (بشمول ایام مذکورہ) بند رہیں گی۔ ہمارے شیرز رجسٹرار، میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ پلاٹ نمبر C-32، جامی کمرشل، اسٹریٹ نمبر 2، ڈی ایچ اے، فیڑا VII کراچی - 75500 کو موزعہ 17 اکتوبر 2024 تک دوران اوقات کار موصول ہونے والے شیرز کی منتقلی کی درخواستوں کو بروقت تصور کیا جائے گا اور انہیں سالانہ اجلاس عام میں شرکت کی اجازت ہوگی۔

## 3- پراکسیز کی تقرری:

- سالانہ اجلاس عام میں شرکت کرنے، اظہار خیال کرنے اور ووٹ دینے کا حقدار ممبر کسی دوسرے ممبر کو اپنی طرف سے شرکت کرنے، اظہار خیال کرنے اور ووٹ دینے کے لیے اپنا پراکسی مقرر کرنے کا حقدار ہے۔
- پراکسی کی تقرری کیلئے استعمال کی جانے والی دستاویزات اور پاور آف اٹارنی یا دیگر کوئی مجاز اتھارٹی، جس کے تحت اس پر دستخط کیے گئے ہیں، یا پاور یا اتھارٹی کی ایک نوٹرائزڈ تصدیق شدہ کاپی سالانہ اجلاس عام شروع ہونے سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کروانی جانی لازم ہے۔ پراکسی فارم منسلک ہے۔
- پراکسی فارم پر دو گواہوں کے دستخط ان کے نام، معینے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر درج ہونا لازم ہیں۔
- بصورت فرد، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر پراکسی فارم کے ساتھ کمپیوٹرائزڈ قومی شناختی کارڈ یا ممبر اور پراکسی کے پاسپورٹ کی تصدیق شدہ نقول لازم منسلک کریں۔
- کارپوریٹ ادارے پراکسی فارم کے ساتھ نمونہ دستخط کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی جمع کروانے کے پابند ہیں۔

## 4- سالانہ جلسہ عام میں شرکت

- بصورت فرد، چاہے وہ فزیکل شیر ہولڈر ہو یا اکاؤنٹ ہولڈر یا سی ڈی سی میں ذیلی اکاؤنٹ ہولڈر، سالانہ اجلاس عام میں شرکت کے وقت اپنا اصل کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل کارآمد پاسپورٹ دکھا کر اپنی شناخت کی تصدیق کرنا لازم ہوگا۔
- پراکسی سالانہ اجلاس عام میں شرکت کے وقت اپنا اصل کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ بھی پیش کرے گا۔
- سینٹرل ڈپازٹری کمپنی (CDC) میں رجسٹرڈ ممبران سے بھی درخواست کی جاتی ہے کہ وہ اپنے اکاؤنٹ کی تفصیلات معیسی ڈی سی سے متعلق اپنے کوائف ہمراہ لے کر آئیں۔
- بصورت کارپوریٹ ادارہ، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی، نامزد شخص کے دستخط کے ساتھ، سالانہ اجلاس عام میں شرکت کے وقت پیش کرنا لازم ہے (اگر پہلے سے فراہم نہ کیا گیا ہو)۔

## 5- ممبران کے چٹوں میں تبدیلی:

تمام ممبران سے درخواست ہے کہ وہ اپنے چٹوں میں کسی بھی تبدیلی کی اطلاع فوری طور پر شیرز رجسٹرار میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو دیں۔

## چالیسویں (40th) سالانہ اجلاس عام کانٹس

بذریعہ ہذا اطلاع دی جاتی ہے کہ امریلی اسٹیلز لمیٹڈ (کمپنی) کے شیئر ہولڈرز کا چالیسواں سالانہ اجلاس عام (AGM) بروز ہفتہ مورخہ 26 اکتوبر 2024 سے پہر 03:00 بجے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے آڈیٹوریم ہال بلاک-8، چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن، کراچی میں درج ذیل امور کو زیر بحث لانے کے لیے منعقد کیا جا رہا ہے۔ شیئر ہولڈرز ویڈیو لنک کی سہولت کے ذریعے بھی سالانہ اجلاس عام (AGM) میں شرکت کر سکتے ہیں۔

عمومی امور:

1- 30 جون 2024 کو ختم ہونے والے مالی سال سے متعلق کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشواروں بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو وصول کرنا، زیر غور لانا اور منظور کرنا۔

کمپنیز ایکٹ 2017 کے سیکشن (7) 223 اور ایس آر او 2023/389 مورخہ 21 مارچ 2023 مجریہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تحت، کمپنی کے مالیاتی گوشوارے بابت مالی سال اختتامیہ 30 جون 2024 کمپنی کی ویب سائٹ پر اپ لوڈ کر دیے گئے ہیں جسے درج ذیل لنک اور QR کوڈ سے ڈاؤن لوڈ کیا جاسکتا ہے:



<https://amrelisteels.com/investor-relations/#investor-information>

2- مورخہ 30 جون 2025 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈیٹرز کا انتخاب کرنا اور ان کے معاوضے کی منظوری دینا۔ کمپنی کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے ریٹائر ہونے والے آڈیٹرز میسرز بی ڈی ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور بیرونی آڈیٹرز برائے مالی سال 30 جون 2025 تقرری کی سفارش کی ہے۔ میسرز بی ڈی ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اپنی اہلیت کی بنیاد پر ایک مرتبہ پھر اپنی خدمات پیش کی ہیں۔

دیگر امور:

3- چیئرمین کی اجازت سے اجلاس سے پہلے کسی بھی دیگر امور کو زیر کارروائی لانے کیلئے پیش کرنا۔

بحکم بورڈ

عدنان عبدالغفار  
کمپنی سیکریٹری

04 اکتوبر 2024

کراچی

نوٹس:

1- ویڈیو لنک کی سہولت کے ذریعے سالانہ اجلاس عام کی کارروائی میں شرکت:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے جاری کردہ سرکلرز کے مطابق کمپنی اپنے شیئر ہولڈرز کی سالانہ اجلاس عام میں شرکت کیلئے ویڈیو لنک کی سہولت بھی فراہم کر رہی ہے۔ اس سہولت کے ذریعے سالانہ اجلاس عام (AGM) میں شرکت کرنے کے خواہشمند ممبران/پراکسیز سے درخواست کی جاتی ہے کہ وہ ای میل ایڈریس [investor-relations@amrelisteels.com](mailto:investor-relations@amrelisteels.com) پر درج ذیل معلومات بعنوان "رجسٹریشن برائے چالیسواں (40th) سالانہ اجلاس عام برائے امریلی اسٹیلز لمیٹڈ" ارسال کر دیں۔

## PATTERN OF SHAREHOLDING WITH ADDITIONAL INFORMATION

As at 30 June 2024

| Categories of Shareholders | Number of Shareholders | Shares Held | Percentage |
|----------------------------|------------------------|-------------|------------|
|----------------------------|------------------------|-------------|------------|

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

|                     |   |            |       |
|---------------------|---|------------|-------|
| Abbas Akberali      | 2 | 92,549,482 | 31.16 |
| Shayan Akberali     | 1 | 37,441,123 | 12.60 |
| Hadi Abbas Akberali | 1 | 37,732,212 | 12.70 |
| Mariam Akberali     | 1 | 1,000      | 0.00  |
| Teizoon Kisat       | 1 | 500        | 0.00  |
| Badar Kazmi         | 1 | 1,000      | 0.00  |
| Zafar Ahmed Taji    | 1 | 12,000     | 0.00  |

### Associated Companies, Undertakings and Related Parties

|                  |   |            |       |
|------------------|---|------------|-------|
| Mahvash Akberali | 1 | 55,732,930 | 18.77 |
|------------------|---|------------|-------|

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

|                     |   |           |      |
|---------------------|---|-----------|------|
| Banks, DFI & NBFI   | 2 | 3,530,000 | 1.19 |
| Insurance Companies | 4 | 4,030,500 | 1.36 |

|              |    |           |      |
|--------------|----|-----------|------|
| Mutual Funds | 14 | 2,763,993 | 0.93 |
|--------------|----|-----------|------|

### General Public

|                       |       |            |      |
|-----------------------|-------|------------|------|
| Local                 | 8,587 | 27,591,636 | 9.29 |
| Non-Resident/ Foreign | 352   | 3,989,440  | 1.34 |

|        |    |            |       |
|--------|----|------------|-------|
| Others | 42 | 31,485,611 | 10.60 |
|--------|----|------------|-------|

|                   |   |         |      |
|-------------------|---|---------|------|
| Foreign Companies | 1 | 150,000 | 0.05 |
|-------------------|---|---------|------|

|              |              |                    |               |
|--------------|--------------|--------------------|---------------|
| <b>Total</b> | <b>9,011</b> | <b>297,011,427</b> | <b>100.00</b> |
|--------------|--------------|--------------------|---------------|

| Shareholders holding 5% or more | Shares Held | Percentage |
|---------------------------------|-------------|------------|
| Abbas Akberali                  | 91,294,723  | 30.74      |
| Mahvash Akberali                | 55,732,930  | 18.77      |
| Hadi Abbas Akberali             | 37,732,212  | 12.70      |
| Shayan Akberali                 | 37,441,123  | 12.61      |

## PATTERN OF SHAREHOLDING

As at 30 June 2024

| Number of Shareholders | Number of Shareholders From | To     | Shares Held | Percentage |
|------------------------|-----------------------------|--------|-------------|------------|
| 567                    | 1                           | 100    | 19170       | 0.0065     |
| 4792                   | 101                         | 500    | 2337052     | 0.7869     |
| 1358                   | 501                         | 1000   | 1328292     | 0.4472     |
| 1519                   | 1001                        | 5000   | 3975365     | 1.3385     |
| 310                    | 5001                        | 10000  | 2487126     | 0.8374     |
| 109                    | 10001                       | 15000  | 1396187     | 0.4701     |
| 84                     | 15001                       | 20000  | 1529987     | 0.5151     |
| 53                     | 20001                       | 25000  | 1259317     | 0.4240     |
| 24                     | 25001                       | 30000  | 693800      | 0.2336     |
| 21                     | 30001                       | 35000  | 694855      | 0.2339     |
| 19                     | 35001                       | 40000  | 734626      | 0.2473     |
| 12                     | 40001                       | 45000  | 518020      | 0.1744     |
| 21                     | 45001                       | 50000  | 1026167     | 0.3455     |
| 6                      | 50001                       | 55000  | 316185      | 0.1065     |
| 8                      | 55001                       | 60000  | 467000      | 0.1572     |
| 4                      | 60001                       | 65000  | 247893      | 0.0835     |
| 4                      | 65001                       | 70000  | 275500      | 0.0928     |
| 6                      | 70001                       | 75000  | 446000      | 0.1502     |
| 2                      | 75001                       | 80000  | 156500      | 0.0527     |
| 2                      | 80001                       | 85000  | 170000      | 0.0572     |
| 3                      | 85001                       | 90000  | 268000      | 0.0902     |
| 1                      | 90001                       | 95000  | 95000       | 0.0320     |
| 11                     | 95001                       | 100000 | 1095591     | 0.3689     |
| 6                      | 100001                      | 105000 | 619695      | 0.2086     |
| 5                      | 105001                      | 110000 | 543143      | 0.1829     |
| 1                      | 110001                      | 115000 | 115000      | 0.0387     |
| 3                      | 120001                      | 125000 | 372500      | 0.1254     |
| 3                      | 125001                      | 130000 | 381976      | 0.1286     |
| 2                      | 130001                      | 135000 | 265500      | 0.0894     |
| 1                      | 135001                      | 140000 | 137500      | 0.0463     |
| 4                      | 145001                      | 150000 | 597500      | 0.2012     |
| 1                      | 150001                      | 155000 | 154400      | 0.0520     |
| 3                      | 170001                      | 175000 | 523207      | 0.1762     |
| 1                      | 175001                      | 180000 | 178533      | 0.0601     |
| 2                      | 180001                      | 185000 | 363500      | 0.1224     |
| 3                      | 185001                      | 190000 | 569300      | 0.1917     |
| 3                      | 195001                      | 200000 | 599514      | 0.2018     |
| 2                      | 205001                      | 210000 | 419500      | 0.1412     |
| 1                      | 210001                      | 215000 | 213877      | 0.0720     |
| 1                      | 220001                      | 225000 | 224000      | 0.0754     |
| 1                      | 265001                      | 270000 | 266956      | 0.0899     |
| 1                      | 270001                      | 275000 | 272500      | 0.0917     |
| 2                      | 280001                      | 285000 | 568000      | 0.1912     |
| 3                      | 295001                      | 300000 | 900000      | 0.3030     |

## PATTERN OF SHAREHOLDING

As at 30 June 2023

| Number of Shareholders | Number of Shareholders From | To       | Shares Held | Percentage |
|------------------------|-----------------------------|----------|-------------|------------|
| 1                      | 305001                      | 310000   | 307000      | 0.1034     |
| 1                      | 320001                      | 325000   | 321000      | 0.1081     |
| 2                      | 335001                      | 340000   | 678500      | 0.2284     |
| 1                      | 340001                      | 345000   | 343188      | 0.1155     |
| 1                      | 345001                      | 350000   | 347717      | 0.1171     |
| 1                      | 350001                      | 355000   | 350248      | 0.1179     |
| 1                      | 360001                      | 365000   | 362500      | 0.1220     |
| 1                      | 395001                      | 400000   | 400000      | 0.1347     |
| 1                      | 500001                      | 505000   | 500500      | 0.1685     |
| 1                      | 505001                      | 510000   | 508000      | 0.1710     |
| 1                      | 580001                      | 585000   | 582617      | 0.1962     |
| 1                      | 590001                      | 595000   | 590923      | 0.1990     |
| 1                      | 595001                      | 600000   | 600000      | 0.2020     |
| 1                      | 645001                      | 650000   | 650000      | 0.2188     |
| 1                      | 940001                      | 945000   | 943897      | 0.3178     |
| 1                      | 1250001                     | 1255000  | 1254759     | 0.4225     |
| 1                      | 1790001                     | 1795000  | 1793356     | 0.6038     |
| 1                      | 3495001                     | 3500000  | 3500000     | 1.1784     |
| 1                      | 3850001                     | 3855000  | 3852500     | 1.2971     |
| 1                      | 4495001                     | 4500000  | 4500000     | 1.5151     |
| 1                      | 5995001                     | 6000000  | 6000000     | 2.0201     |
| 1                      | 16595001                    | 16600000 | 16600000    | 5.5890     |
| 1                      | 37440001                    | 37445000 | 37441123    | 12.6060    |
| 1                      | 37730001                    | 37735000 | 37732212    | 12.7040    |
| 1                      | 55730001                    | 55735000 | 55732930    | 18.7646    |
| 1                      | 91290001                    | 91295000 | 91294723    | 30.7378    |
| 9012                   | Company Total               |          | 297011427   | 100.0000   |

## INVESTORS' GRIEVANCES POLICY

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

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

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

|                       |   |
|-----------------------|---|
| By calling at UAN:    | (+92-21) 111 - AMRELI (267354)  |
| By writing to:        | The Company Secretary<br>Amreli Steels Limited<br>Plot No. A-18, S.I.T.E. Karachi, Pakistan                                 |
| By sending an email:  | <a href="mailto:investor-relations@amrelisteels.com">investor-relations@amrelisteels.com</a>                                |
| By accessing website: | <a href="https://amrelisteels.com/investor-relations#Complaints">https://amrelisteels.com/investor-relations#Complaints</a> |

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

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

### Issues raised in last AGM & Decisions taken

The 39th Annual General Meeting of the Company held on 24 October 2023. Besides approval of annual audited accounts for the year ended 30 June 2023 and satisfactorily concluding other ordinary businesses of the said AGM, all the queries raised by the respected shareholders of the Company were responded up to their satisfaction by the Chair of the meeting, Directors, Chief Executive Officer and the Chief Financial Officer of the Company. Other than routine enquiries, no issues were raised by the shareholders which require decision or implementation thereof.

## STAKEHOLDERS' ENGAGEMENT PROCESS

| Stakeholders                                  | Management of Stakeholders' Engagement   | Effect and Value to Amreli Steels Limited (ASL)   |
|---|--|---|
| <b>Institutional Investors / Shareholders</b> | ASL acknowledges and honors the trust our investors have put in us by striving to provide a steady return on their investment. We rigorously enforce a transparent relationship with all our stakeholders.   | The providers of capital allow ASL the means to achieve its vision.   |
| <b>Customers &amp; Suppliers</b>              | ASL has invested significantly over the years in customer relationship management. Our continuous and sustainable growth is also attributable to engaging reputed suppliers as business partners for supply of industrial inputs, equipment and machinery.   | Our success and performance depends upon the loyalty of our customers, their preference and our supply chain management.  |
| <b>Banks and Other Lenders</b>                | Banks and other financial institutions are engaged by the Company on and on-going basis in relation to negotiation of rates, lending purposes, 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>                             | <p>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.</p> <p>ASL has paid a total of Rs. 6.54 billion tax (comprising in terms of income taxes, federal excise duties, sales taxes and custom duties) to Government Exchequer during the financial year under review and continues to be one of the highest taxpayers of Pakistan.</p> | Laws and regulations, determination of prices and other factors controlled by the Government affect ASL and its performance.  |
| <b>Analysts</b>                               | In order to remain transparent and attract potential investors, ASL regularly engages with analysts on details of projects already disclosed to the regulators, with due regard to regulatory restrictions imposed on inside information and/or trading, to avoid any negative impact on the Company's reputation or share price.  | Providing all the required information to analysts on the historical performance of the Company, material announcement made during the period and help them understand the industry and its dynamics more clearly to create a positive investor environment.  |
| <b>Employees</b>                              | ASL's commitment to its most valued resource, a dedicated and competent workforce, is at the core of its human resource strategy. ASL provides a nurturing and employee friendly environment while investing considerably in local and foreign employee trainings. Besides monetary compensations, ASL has also invested in health and fitness activities for its employees.   | ASL's employees represent its biggest asset. They implement every strategic and operational decision and represent the Company in the industry and community.   |
| <b>Local Community and General Public</b>     | In addition to local communities near plant sites, ASL engages with general public at large through its CSR activities. This engagement helps to identify needed interventions in the field of education, health and general economic uplift of the society.   | The people of the Country provide the grounds for ASL to build its future on.   |

## ENCOURAGING MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

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

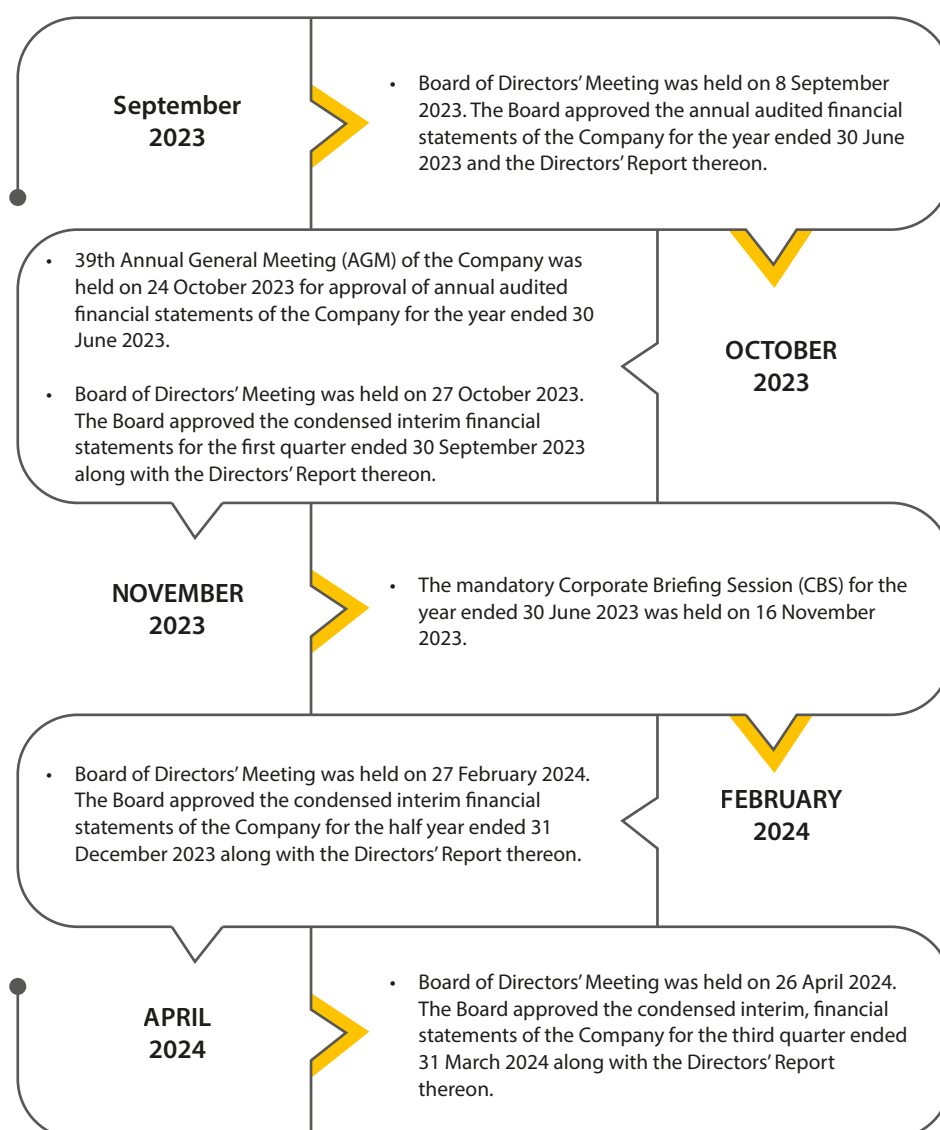
Shareholders are also encouraged to avail the facility of video conferencing (as per the prescribed procedures) and getting notices by email addresses (as provided by shareholders) to encourage maximum attendance at the meetings. The Company always facilitates and ensures shareholders' presence while entertaining their requests if feasible and viable. It values and honors their inputs, records their concerns, prepositions, suggestions in minutes and keeps them abreast on the progress and subsequent actions. Shareholders can also actively participate during general meetings in discussions on operations, objectives and future strategy of the Company.

## SUMMARY OF CORPORATE BRIEFING SESSION HELD DURING THE YEAR 2023-24

The Company has conducted mandatory Corporate Briefing Session (CBS), for the financial year 2022-23 through virtual means for better participation by giving fair advance intimation to shareholders and analysts' community. Chief Financial Officer of the Company gave presentation on financial and operational details of the Company during Corporate Briefing Session pertaining to the respective period covered. Presentation was also posted on the Company's website after the Corporate Briefing Session, which can easily be viewed by all respected shareholders of the Company as well as the analysts. The same can be viewed by accessing Investors' Relations portion of the Company's website (i.e. <https://www.amrelisteels.com/investor-relations#investorInformation>).

Corporate Briefing Session for the year ended 30 June 2023 was held on 16 November 2023.

## MAJOR EVENTS DURING THE FINANCIAL YEAR 2023-24





CORPORATE GOVERNANCE

# ENSURING FAIR PLAY



## CORPORATE GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

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

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

### Governance

Governance (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 and Rules made thereunder
- Listed Companies (Code of Corporate Governance Regulations), 2019
- Securities Act, 2015
- Listing Regulations of Pakistan Stock Exchange Limited
- Rule Book of Pakistan Stock Exchange Limited
- CDC Regulations
- All applicable Labor Laws
- All applicable Taxation Laws and Rules made thereunder
- Competition Act, 2010 and Rules made thereunder
- Other SECP Regulations, Circulars, Notifications and Guidelines issued from time to time
- Other local and International laws applicable directly or indirectly

### Major Internal Regulations

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

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

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

### Risk Management

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

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

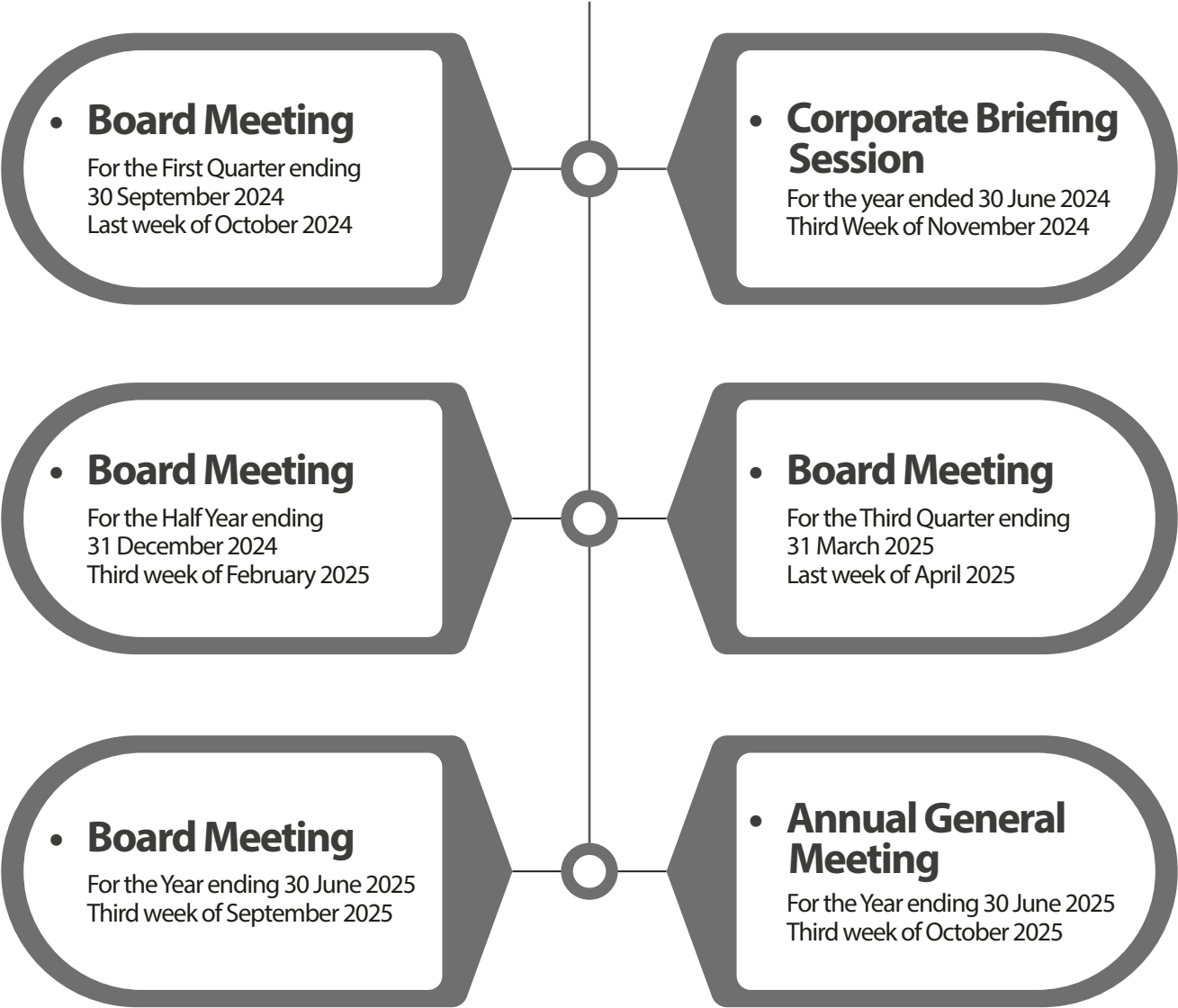
### Compliance

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

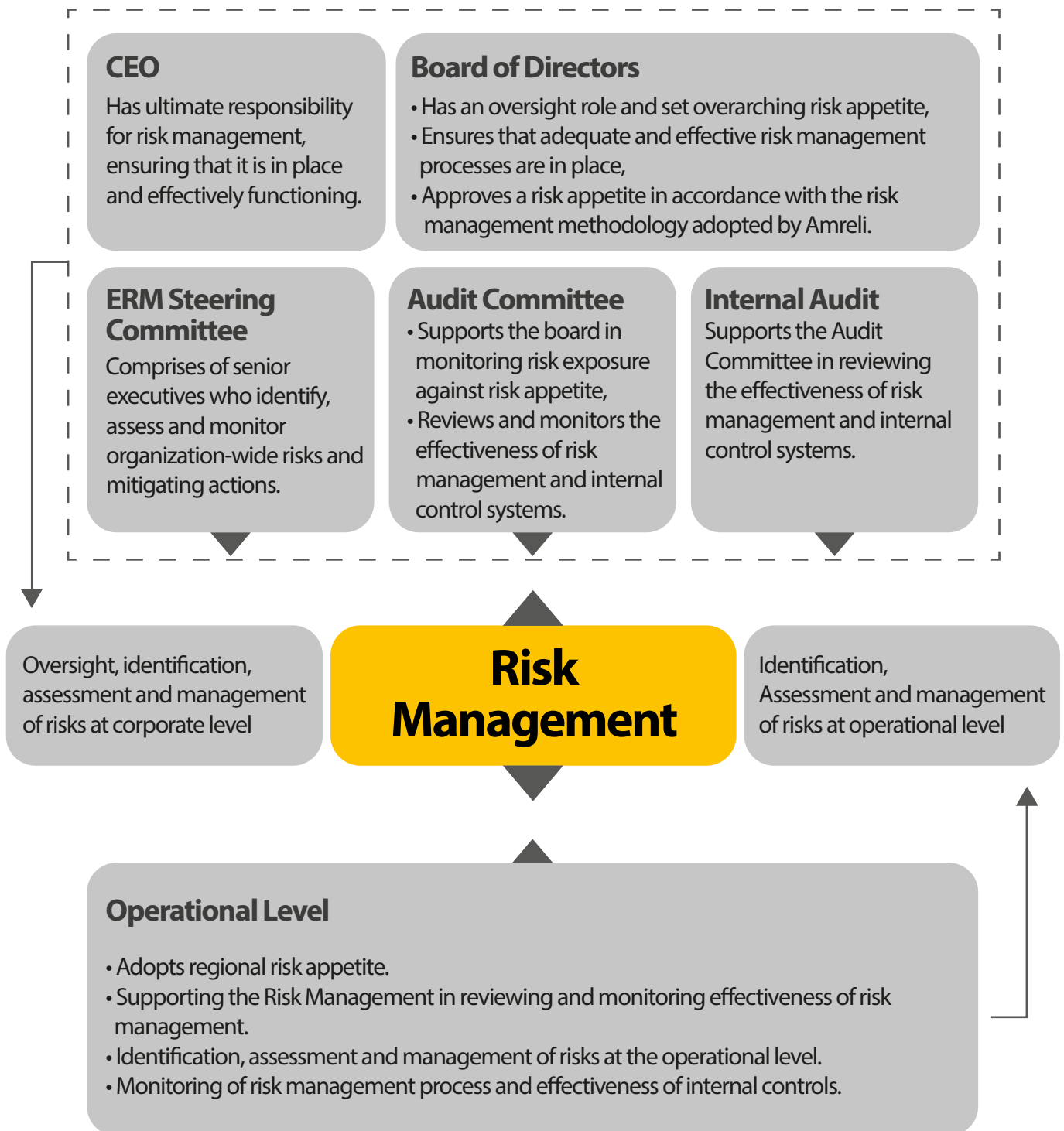
Due to the increasing number of regulations and need for operational transparency, the Company is increasingly adopting the use of consolidated and harmonized sets of compliance controls. This approach is used to ensure that all necessary governance requirements can be met without unnecessary duplication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

CORPORATE CALENDAR

Tentative Dates for the Financial Year 2024-25



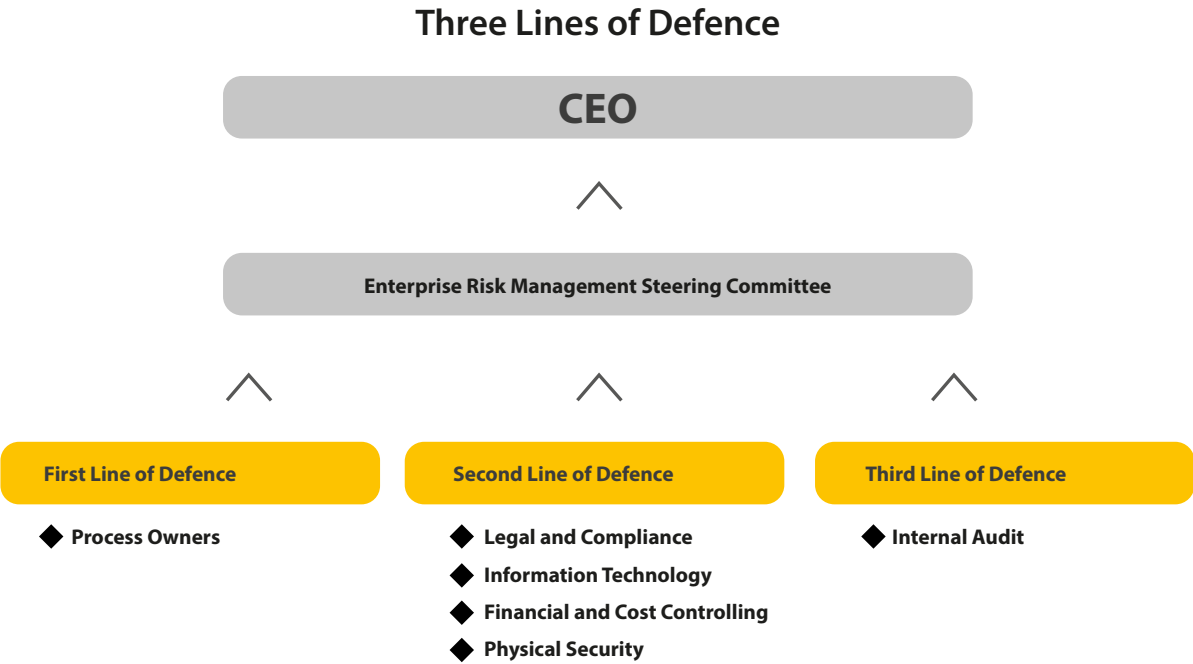
## RISK MANAGEMENT AND GOVERNANCE



# RISK MANAGEMENT PROCESS

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

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



## INTERNAL CONTROL FRAMEWORK

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

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

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

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

The Board has overall responsibility for the Company's system of internal controls and for reviewing its effectiveness. The Board considers that strong internal controls are integral to the sound management of the organization, and it is committed to maintaining strict financial, operational, and risk management control over all its activities with formally defined lines of responsibility, delegated authorities, and clear operating processes. The systems that the Board has established are designed to safeguard both the shareholders' investment and the assets of the Company. Entity level controls are in place for the achievement of desired objectives. To ensure the effectiveness and reliability of internal control, ASL has in-house internal audit function.

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

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

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

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

### Internal Control Framework

#### Control Environment

Management is keen to promote integrity, ethical values and the commitment to competence.

Company and departmental organograms are designed properly assigning the appropriate lines for reporting of each functional area.

Key Performance Indicators (KPIs) are established to monitor the performance of its departments against their stated objectives.

#### Risk

The Company 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 actions.

#### Control Activities

The policies and procedures are developed in order to ensure that management directives are understood clearly and carried out properly.

All the necessary actions are taken to address risks to achieve entity's objective.

These include a range of activities such as approvals, authorizations, verifications, reconciliations, budgeting, security of assets, segregation of duties and reviews of operating performance.

#### Information & Communication

The Company has a defined formal mechanism of communication and sharing of information amongst the departments and stakeholders.

All responsible personnel have been given clear understanding of their role in internal control system as well as how individual activities relate to others.

#### Monitoring

The internal control system is actively monitored. Ongoing monitoring occurs in the ordinary course of operations, and includes regular management and supervisory activities, and other actions personnel take in performing their duties that assess the quality of internal control system performance.

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AMRELI STEELS LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Amreli Steels Limited (the Company) for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention that causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

**KARACHI**

**DATED: October 03, 2024**

**UDIN: CR2024100673JI5Y6R8G**



**BDO EBRAHIM & CO.**

**CHARTERED ACCOUNTANTS Engagement  
Partner: Zulfqar Ali Causer**

## STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED 30 JUNE 2024

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

- The total number of Directors of the Company are seven (07) as per the following:

|        |   |
|--------|---|
| Male   | 6 |
| Female | 1 |

- The composition of Board is as follows:

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

- The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
- The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- The Board has developed Vision and Mission statements, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval and subsequent update is maintained by the Company.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provision of the Companies Act, 2017 ("the Act") and the Regulations.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
- The Board has a formal policy and transparent procedures for the remuneration of Directors in accordance with the Act and the Regulations.
- All the Directors of the Company have either obtained certificate of Directors' Training Program as required under clause 19 of listed companies (Code of corporate governance) Regulation 2019 or are exempted from the requirement as per the Regulations.
- The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board.
- The Board has formed the following committees comprising of members given below:

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees held during the year are as under:
- Audit Committee – Six (06) meetings
  - Human Resource and Remuneration Committee – Two (02) meetings
15. The Board has set up an effective internal audit function comprising personnel who are considered suitably qualified and experienced for the purpose and are well conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 is as follows:

| Name of Committee Members  | Regulation No. | Explanation  |
|--|----------------|--|
| <b>Nomination Committee</b><br>The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.  | 29(1)          | The Board and its HR&R Committee are effectively discharging the responsibilities prescribed for the Nomination Committee, as its constitution is non-mandatory.   |
| <b>Risk Management Committee</b><br>The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.  | 30(1)          | The Board and its Audit Committee are effectively discharging the responsibilities prescribed for the Risk Management Committee, as its constitution is non-mandatory.   |
| <b>Disclosure of significant policies on website</b><br>The company may post on its website key elements of its significant policies including but not limited to the following:<br>(1) Communication and disclosure policy<br>(2) Risk management policy<br>(3) Internal control policy<br>(4) Director's remuneration policy   | 35(1)(4)       | As the Regulation does not require mandatory disclosure of key elements of its significant policies on the website, the Company has not made updates to the website.   |
| <b>Significant Policies</b><br>The significant policies may include but not limited to the anti-harassment policy to safeguard the rights and well-being of employees, incorporating the mechanism as prescribed under the protection against harassment of women at the workplace Act 2010 and the respective provincial laws on the protection against harassment of women at workplace for the time being in force. | 10(A)(4)       | The Company's Code of Conduct adequately addresses the requirements related to workplace harassment, as recently introduced by the SECP in its notification dated 12 June 2024.  |
| <b>Environmental , Social and Governance (ESG) matters</b><br>The Board is responsible for setting the company's sustainability strategies, priorities and targets to create long term corporate value. The Board may establish a dedicated sustainability committee having at least one female director.  | 10(A)(5)       | The Board effectively provides governance and oversight in relation to the Company's initiatives on Environmental, Social and Governance matters, as recently introduced by the SECP in its notification dated 12 June 2024. |

For & on behalf of Board of Directors



**Abbas Akberali**  
Chairman  
23 September 2024  
Karachi

## ROLE OF CHAIRMAN OF THE BOARD



**Abbas Akberali**

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

Besides effective operations of the Board, the Chairman ensures that its Committees operate in conformity with the highest standards of corporate governance and the committees are properly established, composed and operated as required under the applicable corporate laws. At the beginning of term of each Director, the Chairman ensures that each Director understands his/ her role, obligations, powers and responsibilities in accordance with the Companies Act, 2017 and Company's Articles of Association. He reviews the Board's performance and suggests the training and development of Board Members on individual and collective basis.

The Chairman sets the agenda of the Board Meetings and ensures that all written notices and relevant material, including the agenda, of meetings be circulated amongst the Board Members prior to the meetings.

## ROLE OF CEO

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

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

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



**Shayan Akberali**

## CHAIRMAN'S REVIEW



Dear Shareholders,

I am pleased to present an overview of the Company's performance for fiscal year 2024. Like recent years, this period has been characterized by a challenging economic environment and political uncertainties, which have notably impacted the steel industry's performance, particularly the documented steel sector which has encountered significant economic challenges, including significant reduction in rebars' demand, rising utility costs - particularly electricity, high interest rates, an irrational tariff structure, and heavy tax burdens. Moreover, record inflation and resultantly decreased purchasing power, regressive tax policies, widespread smuggling across land borders, and the growth of undocumented activities have intensified unfair competition and has further disrupted market equilibrium.

According to official government records, though the Gross Domestic Product (GDP) growth rate for FY24 has risen to 2.38% marking a recovery from the previous year's contraction, the industrial sector recorded only modest growth of 1.2%, with the large-scale manufacturing sector, including steel products, shown minimal growth of just 0.07%. Specifically, the iron and steel products sector tapered by -2.20% highlighting the significant challenges in the steel industry.

The high-interest rate environment has persisted, with rates reaching 19.5% by June 2024, driving up both the cost of capital and operational expenses, putting considerable pressure on capital-intensive industries like steel manufacturing. Moreover, electricity costs in Pakistan remain significantly higher than in neighboring countries, further straining the industry. Although inflation eased to 12.6% in June 2024 from a peak of 31.04% in September 2023, it continues to erode purchasing power and inflate cost structures. The exchange rate, elevated at 278 in June 2024, also undermines market competitiveness.

With these challenges, there are encouraging indicators that may boost demand for steel products. The projected GDP growth of 3.6% for FY25 and anticipated improvements in industrial sector performance suggest a cautiously optimistic outlook for the future. The favorable economic forecast for the coming year is contingent upon key factors such as political stability and exchange rate stability. The Company is steadfast in its commitment to navigating these challenging times with resilience and strategic foresight.

The Board remains fully committed to its governance responsibilities, including oversight of business operations, informed decision-making, risk and control management, regulatory compliance, and strategic planning to safeguard and promote our long-term objectives and values. In line with regulatory obligations, we conducted our annual self-assessment to evaluate the performance and effectiveness of the Board, its members, and committees. I am pleased to report that the assessment results were satisfactory, demonstrating the Board's and its committees' continued dedication to excellence and a culture of continuous improvement.

As Chairman of the Board, I am delighted to congratulate our newly elected directors, who will serve a three-year term following their successful election at the Extraordinary General Meeting on July 30, 2024. Their appointment marks a significant step forward for our organization, and I am honored to welcome them to the Board. With their broad expertise, insights, and diverse perspectives, they will add substantial value, enhancing the Board's ability to guide the Company toward sustained success while maintaining the highest standards of governance, providing objective oversight, and ensuring alignment with our mission and values.

On behalf of the entire Company, I would like to express our heartfelt gratitude to our outgoing directors for their outstanding service and leadership as members of the Board of Directors. Their collective expertise, drawn from diverse backgrounds, played a pivotal role in steering the Company to new heights. Their strategic insights, dedication to excellence, and commitment to strengthening our governance structure have not only helped shape our present but also positioned us for a promising future. The positive impact of their contributions will be felt for many years to come. We are immensely grateful for the time, energy, and wisdom they shared with us during their tenure. Their legacy of leadership, integrity, and innovation will remain an enduring part of our Company's journey.



**Abbas Akberali**  
Chairman  
23 September 2024

بطور چیئر مین بورڈ، میں اپنے نو منتخب ڈائریکٹرز کو مبارکباد پیش کرتا ہوں، جو کہ 30 جولائی 2024 کو ہونے والے غیر معمولی اجلاس عام میں اپنے کامیاب انتخاب کے بعد تین سال کی مدت پوری کریں گے۔ ان کی تقرری ہمارے ادارے کے لیے ایک اہم قدم ہے، اور مجھے بورڈ میں ان کا خیر مقدم کرتے ہوئے فخر محسوس ہو رہا ہے۔ میں پر امید ہوں کہ تمام ڈائریکٹرز اپنی وسیع مہارت، بصیرت، اور متنوع نقطہ نظر کے ساتھ، کمپنی کی قدر میں اضافے کا باعث بنیں گے، گورننس کے اعلیٰ معیارات کو برقرار رکھتے ہوئے، معروضی انداز سے نگرانی فراہم کریں گے اور ہمارے مشن اور اقدار کے ساتھ ہم آہنگی کو یقینی بناتے ہوئے کمپنی کی مسلسل کامیابی کی طرف رہنمائی کرنے کے سلسلے میں بورڈ کی صلاحیت میں اضافے کا باعث بنیں گے۔

تمام کمپنی کی جانب سے، میں اپنے سبکدوش ہونے والے ان بورڈ ممبران کا ان کی شاندار خدمات اور قیادت کے لیے تہہ دل سے شکریہ ادا کرنا چاہتا ہوں۔ متنوع پس منظر سے اخذ شدہ ان کی اجتماعی مہارت نے کمپنی کو نئی بلندیوں تک لے جانے میں اہم کردار ادا کیا ہے۔ حکمت عملی وضع کرنے میں انکی بصیرت، مہارتوں میں اضافہ کرنے کے لیے انکی لگن، اور کمپنی کے گورننس کے ڈھانچے کو مضبوط بنانے میں انکی کوششوں نے نہ صرف ہمارے حال کو تشکیل دینے میں مدد کی ہے بلکہ ہمیں ایک امید افزا مستقبل کی راہ بھی دکھائی ہے۔ ان کے تعاون کے مثبت اثرات آنے والے کئی سالوں تک محسوس کیے جائیں گے۔ ہم کمپنی میں ان کی جانب سے صرف کئے جانے والے وقت، توانائیوں اور حکمت کے لیے بے حد مشکور ہیں۔ ان کی قیادت، دیانتداری اور اختراعات کی میراث ہماری کمپنی کے سفر کا ایک لازوال حصہ رہے گی۔



عباس اکبر علی

چیئر مین

23 ستمبر 2024

میری جانب سے انتہائی مسرت کے ساتھ مالی سال 2024 کے لیے کمپنی کی کارکردگی کا جائزہ پیش کیا جا رہا ہے۔ حالیہ برسوں کی طرح، زیر نظر مالی سال بھی اقتصادی مسائل اور سیاسی غیر یقینی صورتحال کا شکار رہا، جس کی وجہ سے اسٹیل انڈسٹری کی کارکردگی بری طرح متاثر ہوئی، بالخصوص دستاویزی طور پر رجسٹرڈ اسٹیل سیکٹر پر بہت ہی منفی اثرات مرتب ہوئے، انڈسٹری کو لاحق مسائل میں تعمیراتی سرے کی طلب میں نمایاں کمی، توانائی کی بڑھتی ہوئی قیمتیں، بالخصوص بجلی کے نرخ، بلند شرح سود، غیر معقول ٹیرف کا ڈھانچہ، اور بھاری ٹیکسوں کے بوجھ سمیت اہم اقتصادی مسائل شامل ہیں۔ مزید برآں، ریکارڈ مہنگائی اور نتیجتاً قوت خرید میں کمی، روایتی ٹیکس پالیسیاں، وسیع پیمانے پر اسمگلنگ، اور غیر دستاویزی سرگرمیوں میں اضافے کی وجہ سے غیر منصفانہ مسابقت میں اضافہ وہ اہم مسائل ہیں جن کی وجہ سے کاروبار کا توازن بہت متاثر ہو رہا ہے۔

سرکاری اعداد و شمار کے مطابق، اگرچہ مالی سال 2024 کے لیے مجموعی ملکی پیداوار (جی ڈی پی) کی شرح نمو 2.38 فیصد تک بڑھی، جو پچھلے سال کے شرح نمو کے سکڑاؤ کے مقابلے میں بہتر ہے، تاہم صنعتی شعبے میں شرح نمو محض 1.2 فیصد ریکارڈ کی گئی ہے، جبکہ بڑے پیمانے پر مینوفیکچرنگ سیکٹر (جس میں اسٹیل کی صنعت بھی شامل ہے)، میں شرح نمو محض 0.07 فیصد ریکارڈ کی گئی ہے۔ خاص طور پر، لوہے اور اسٹیل کی مصنوعات کے شعبے میں 2.20 فیصد کمی ہوئی ہے جس سے اسٹیل کی صنعت کو درپیش مسائل واضح ہیں۔

جون 2024 سے شرح سود 19.5 فیصد ہے، سود کی بلند شرح کے اس ماحول میں سرمائے کی لاگت اور آپریشنل اخراجات دونوں میں اضافہ ہو رہا ہے، جس سے سرمایہ پر مبنی صنعت جیسا کہ اسٹیل مینوفیکچرنگ پر کافی دباؤ پڑتا ہے۔ علاوہ ازیں، پاکستان میں بجلی کی لاگت پورے خطے کے مقابلے میں نمایاں طور پر زیادہ ہے، جس سے صنعت مزید دباؤ کا شکار ہے۔ اگرچہ جون 2024 میں افراط زر ستمبر 2023 کے مقابلے میں کم ہو کر 31.04 فیصد کی بلند ترین سطح سے 12.6 فیصد پر آ گئی، لیکن یہ قوت خرید میں کمی کا باعث بننے کے علاوہ مجموعی طور پر لاگت کو بڑھا رہی ہے۔ جون 2024 میں ڈالر کے مقابلے میں 278 روپے کا بلند شرح مبادلہ بھی مارکیٹ کی مسابقت پر منفی اثرات کئے ہوئے ہے۔

ان مسائل کے ساتھ ساتھ اسٹیل مصنوعات کی طلب میں اضافے کیلئے چند حوصلہ افزا اشارے بھی ملتے ہیں۔ مالی سال 2025 کے لیے 3.6 فیصد کی متوقع شرح نمو (GDP) اور صنعتی شعبے کی کارکردگی میں متوقع بہتری کے محتاط اندازے کے مطابق مستقبل میں کاروباری حالات میں بہتری کی توقع ہے۔ آئندہ مالی سال کے لیے سازگار اقتصادی پیشین گوئی کے صحیح ثابت ہونے کا انحصار سیاسی استحکام اور شرح مبادلہ کے استحکام جیسے عوامل پر ہے۔ کمپنی دورانہدیشی کے ساتھ اس مشکل وقت میں آگے بڑھنے کیلئے پرعزم ہے۔

بورڈ، نظم و ضبط، کاروباری افعال کی نگرانی، باخبر فیصلہ سازی، رسک اینڈ کنٹرول مینجمنٹ، قواعد و ضوابط کی تعمیل، اور طویل المدتی مقاصد اور اقدار کی حفاظت اور فروغ کے لیے بنائی جانے والی حکمت عملی سمیت اپنی تمام ذمہ داریوں سے پوری طرح آگاہ ہے۔ تمام مروجہ ضوابط کی روشنی میں، ہماری جانب سے خود احتسابی کے نظام کے تحت بورڈ، اس کے اراکین اور کمیٹیوں کی کارکردگی کا خود سالانہ جائزہ لیا گیا۔ میں انتہائی مسرت کے ساتھ اس بات کا اعلان کرتا ہوں کہ اس جائزے کے نتائج تسلی بخش رہے، جس سے واضح ہے کہ بورڈ اور اس کی ذیلی کمیٹیاں مکمل اخلاص کے ساتھ حسن کارکردگی کی جانب آگے بڑھ رہے ہیں اور اس کے ساتھ ساتھ مسلسل اصلاح کے کلچر کو فروغ دیا جا رہا ہے۔

## CEO's MESSAGE



**Dear Shareholders,  
Assalam-o-Alaikum.**

As we review our recent performance, our Company is currently facing significant challenges in the shifting economic landscape, where rising costs, fluctuating consumer behavior, and intense competition are creating a complex environment. This past year has pushed our resilience to its limits in ways we've never experienced before. I want to address these difficulties openly and honestly.

The current economic downturn in our country (now in its third year) has led to a significant decline in consumer demand, impacting various sectors, including ours. Rising inflation and uncertainty about the future have caused consumers to tighten their belts, prioritizing essential purchases over discretionary spending. This shift in behavior has resulted in lower sales volumes and increased competition for a shrinking market.

The combination of rising energy costs, record high interest rates along with political instability has eroded consumer confidence. Further, cash liquidity has been flushed out from the market due to less disposable income available and funds being routed to alternate investments in secured bank deposits and sovereign bonds.

The current high interest rate environment has significantly affected our Company's bottom line. The increased costs associated with borrowing and debt servicing have put considerable pressure on our financial resources and these costs are severely damaging the economy and hindering growth.

Our revenue for the outgoing fiscal year decreased by 14.76% as compared to last year, whereas our gross profit decreased by 59.67%. In quantity terms, sales volume of re-bars saw a massive decline by 23.02% YoY, from 229,176 tons to 176,426 tons.

To add to the woes of the Company, we were unsuccessful in negotiating our balance sheet re-profiling with the banks, which resulted in the Company not being able to meet its financial obligations. The situation worsened further as our banking lines remain frozen, preventing the Company from opening letters of credit for the import of raw materials. Capacity utilization plummeted from 30% in the third quarter to 12% in the fourth, leading to unabsorbed fixed costs eroding gross margins; our contribution margins that could have reduced our losses were also diminished.

The management has once again approached the banks, this time seeking a comprehensive restructuring in light of the new circumstances, including the recently promulgated national budget, the Company's weak financial position, extremely low capacity utilization in the first half of FY 25, and declining demand for graded material in the markets. A detailed proposal has been circulated to all banks, and we are hopeful for a positive response. Additionally, all other potential avenues to inject liquidity into the Company are being explored to keep it afloat during this challenging period.

The repercussions of our unsuccessful re-profiling with the banks will likely affect the Company's performance in FY 2025, and to some extent, in FY 2026, before conditions normalize. Despite these challenges, we remain hopeful that our lenders will support us and that the successful financial restructuring of our Company will be pivotal in ensuring the continuity of our operations during these challenging times. By strategically renegotiating our debt obligations and optimizing our capital structure, we would have significantly improved our cash flow and financial stability. This restructuring would not only alleviate immediate financial pressures but also position us for long-term growth. As a result, we would be better equipped to navigate market uncertainties and enhance our competitiveness.

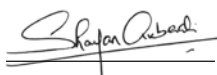
Ensuring the sustainability of our business demanded sacrifices that we would not have even considered under normal circumstances. After thoroughly evaluating every alternative to avoid extreme actions, we reached the difficult conclusion that streamlining our operations was the only way forward. We carefully mapped out a strategic course of action, considering our financial realities and the dynamic economic landscape. We then outlined the resources that were needed to follow through and dispassionately identified the redundancies across our entire operation.

We undertook an extensive exercise to "right-size" our work force. This decision, above all others, was the one we constantly revisited because of its profound impact. This step was especially painful for a Company like Amreli Steels which has been an employer of choice for decades in Pakistan and even more so for me personally as CEO because I had made empowering people a key pillar of our mission statement.

In conclusion, the upcoming financial year is set to be incredibly tough. As we look ahead, we will face trials with the same relentless determination and commitment that have defined us for years. Our strategic vision is unwavering, and our resolve is unyielding. I want to remind you that tough times are often the crucibles in which great organizations are forged. Let's unite our efforts, lean on each other, and emerge stronger than ever.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Shayan Akberali', written over a horizontal line.

**Shayan Akberali**  
Chief Executive Officer  
23 September 2024

## Directors' Report to the Members

### Esteemed Shareholders,

The financial year 2024 truly tested us as we navigated through extreme difficult conditions. The Company faced considerable market uncertainty, a complex political landscape and economic instability, all of which significantly impacted its financial performance. While our financial results reflect the obstacles encountered, we remain committed to reinforcing operations and improving resilience. Our dedication to overcoming these hurdles will guide us toward a more secure and stable future for the Company.

From a global economic perspective, the past year witnessed notable shifts, reflecting a mix of ongoing challenges and concerns. Key issues included the lingering impacts of the pandemic, geopolitical conflicts and rising debt levels, all contributing to a slowdown in global growth. These challenges underscored the urgent need for stronger international cooperation and comprehensive financial reforms to stabilize economies and address climate change.

During the year under review, the global economy faced a tumultuous environment shaped by persistent inflationary pressures, geopolitical instability, and uneven regional growth. Major economies, particularly in the West, contended with the impact of prolonged interest rate hikes as central banks, led by the U.S. Federal Reserve and the European Central Bank, sought to combat inflation. These aggressive monetary policies curbed demand, slowed economic expansion, and raised concerns about potential recessions. Emerging markets meanwhile struggled with rising debt burdens, currency depreciation and capital flight, exacerbated by a stronger U.S. dollar and fluctuating commodity prices. The world is witnessing a gradual decline in global inflation, which had previously spiked to concerning levels. While this decrease is a positive sign, inflationary pressures remain impactful, especially as core inflation is expected to decrease at a slower pace.

Geopolitical tensions, particularly the ongoing conflict in Ukraine and strained U.S.-China relations, further complicated global trade and investment flows. Energy prices remained volatile, driven by shifting supply dynamics and ongoing disruptions from the war in Eastern Europe, affecting the global economy. Additionally, supply chain bottlenecks, though somewhat eased compared to previous years, continued to hinder global manufacturing and trade, particularly in critical sectors such as automotive and electronics. Amid these challenges, areas of growth emerged.

Globally, the technology sector, bolstered by advancements in artificial intelligence and digital infrastructure, attracted significant investment. Similarly, the global shift toward de-carbonization and renewable energy spurred increased activity in the green energy sector, offering hope for future growth. Although the global economy remained fragile, efforts to bolster growth through diversification, innovation, and sustainable practices began gaining traction as businesses and governments adapted to the evolving economic landscape. These initiatives will be pivotal in navigating the complex global economic terrain and fostering sustainable growth.

In 2024, Pakistan's economy continued to face significant challenges, reflecting ongoing difficulties from the previous year. Despite claims of recovery, pressing issues such as persistent inflation, political instability, energy shortages, and a weakening currency severely impacted the financial stability of the populace. While there were indications that inflation might ease, essential goods remained prohibitively expensive, significantly reducing purchasing power. Although agricultural output showed marginal improvements due to favorable weather conditions, it remained inconsistent and insufficient to fully address pressing food security concerns. The government's attempts to implement structural reforms often fell short, as bureaucratic inefficiencies and corruption impeded meaningful progress. Efforts to attract Foreign Direct Investment were met with skepticism, given the prevailing political instability and perceived economic mismanagement.

Remittances from overseas Pakistanis, though vital, were insufficient to offset the broader economic challenges. While the services sector, particularly information technology, showed some resilience, this growth did little to alleviate widespread unemployment, which continued to affect a large portion of the population. Overall, 2024 highlighted the persistence of economic difficulties that began couple of years back, with few signs of a sustainable recovery. The underlying structural issues remained largely unaddressed, leaving the economy in a precarious state and raising concerns about future stability and growth.

According to the Economic Survey Report, real GDP experienced growth of 2.4%, marking a reversal from the negative growth of 0.2% recorded in FY23. This growth was broad-based, with the agriculture sector emerging as a primary driver, achieving its highest expansion in 19 years at 6.25% in FY24. This surge was fueled by substantial increases in key crops such as wheat, rice, and cotton, which collectively grew by 16.82%. Meanwhile, the industrial sector demonstrated a modest recovery, growing by 1.21%, while the large-scale manufacturing sector, including steel products, showed minimal growth of just 0.07%. Specifically, the iron and steel products sector contracted by 2.20%, highlighting the significant challenges within the steel industry. The persistence of macroeconomic constraints is evident in the decline of the investment-to-GDP ratio, which dropped to 13.14% in FY24 from 14.13% in FY23. This decrease is primarily attributed to contractionary macroeconomic policies and ongoing political uncertainty.

The long steel sector in Pakistan, particularly the production of billets and rebars, remain a crucial component of the country's construction and infrastructure development industries. However, the sector has faced significant challenges in recent years, including the current year, due to economic instability, fluctuating demand, and the impact of global market conditions. The ongoing economic difficulties in Pakistan, including high inflation, rising energy costs, and a depreciating currency, have significantly impacted production costs for long steel manufacturers, particularly those committed to documentation. These economic pressures, combined with a slowdown in construction activity due to rising interest rates and reduced government spending on infrastructure projects, have resulted in a decline in domestic demand for rebars.

Pakistan's long steel industry heavily relies on imported raw materials, such as scrap metal, for billet production. In 2024, the continued depreciation of the Pakistani rupee exacerbated import costs, placing additional pressure on manufacturers. Global disruptions in scrap supply and fluctuating international prices have further contributed to rising production costs, leading to increased prices for billets and rebars domestically. The industry's dependence on energy-intensive processes for billet production has made it highly susceptible to Pakistan's ongoing energy shortages. Frequent power outages, skyrocketing electricity tariffs, and gas supply constraints have caused production disruptions, increasing manufacturing costs and reducing operational efficiency. This, in turn, has led to higher steel prices, making local products less competitive.

The tax exemptions granted to the FATA/PATA regions have created significant challenges for regulated steel producers. Originally intended to promote development in these areas, the exemptions have been largely abused, with approximately 90% of the steel produced being sold across the country without paying sales tax. This has put legitimate, tax-paying companies at a severe disadvantage. As a result, many compliant businesses are struggling to survive under the burden of heavy taxation. Even more alarming is the massive loss of tax revenue, estimated in the hundreds of billions of rupees, that has deprived the government of essential revenue needed for economic growth. It is crucial for the government to address this unequal tax structure, which punishes compliant industries while benefiting those in unregulated regions. Without immediate corrective measures, the domestic steel industry could face irreversible damage, forcing many already struggling companies to shut down.

The current turnover tax rate is a significant burden on companies, particularly regulated units in the steel industry, which operate with high capital investments and narrow margins. Rising production costs and significantly declining demand have turned already tight profit margins into outright losses, making the high turnover tax even more oppressive. Since this tax is levied on gross revenue, regardless of profitability, it becomes especially difficult for businesses facing economic downturns, like those in the steel sector.

An additional concern is the limited three-year period allowed for adjusting turnover tax. This short timeframe is inadequate for industries attempting to recover from major economic challenges. The Pakistan Business Council and other economic advocacy groups have proposed extending this adjustment period to at least 10 years, allowing businesses more time to manage the financial impact of the tax. They also recommend reducing the turnover tax rate to 0.5% for the steel sector to better align with current economic conditions, offering much-needed relief to industries vital to the nation's economic recovery. Revising the turnover tax policy would not only relieve immediate financial pressure on businesses but also foster a more sustainable environment for long-term growth, particularly for heavily taxed sectors like steel.

Political uncertainty in Pakistan, coupled with inconsistent industrial policies, has further dampened investor confidence in the steel sector. The lack of a stable, long-term policy framework for the steel industry, especially in relation to energy pricing, tax structure and import tariffs, has created a challenging environment for documented players.

#### Financial Performance for the year ended 30 June 2024:

It is evident that the Company faced significant challenges during the financial year ended 30 June 2024, which substantially impacted the Company's financial performance. The sustained economic downturn in Pakistan, characterized by escalating inflation, volatile exchange rates, and unprecedented energy costs, particularly electricity, have placed considerable pressure on the Company's operations. Despite efforts to streamline processes and enhance efficiency, these macroeconomic forces have resulted in reduced production capacity and increased costs, ultimately leading to financial loss for the year.

A comparison of the key financial indicators of the Company for the year ended 30 June 2024 with the corresponding year is as under:

| Particulars                                    | 30 June 2024       | 30 June 2023 |
|--|--------------------|--------------|
| ..... Rupees in thousands .....                |                    |              |
| Sales Revenue                                  | <b>38,775,737</b>  | 45,492,724   |
| Gross Profit                                   | <b>2,401,426</b>   | 5,953,930    |
| Operating (Loss)/ Profit                       | <b>(130,787)</b>   | 3,998,651    |
| Loss Before Tax                                | <b>(5,391,396)</b> | (301,186)    |
| Loss After Tax                                 | <b>(6,106,723)</b> | (697,196)    |
| Loss per share - basic and diluted (in Rupees) | <b>(20.56)</b>     | (2.35)       |

The financial results for the year ended 30 June 2024 show a stark decline compared to the previous year, reflecting the significant challenges faced by the Company. Sales revenue dropped by 14.76%, falling from Rs.45.49 billion in FY23 to Rs. 38.78 billion in FY24. This contraction in revenue is primarily attributed to ongoing demand contraction, intense price competition, and the entry of new competitors in the northern region. This influx of competition has created a significant price disparity between the northern and southern markets, leading to market disequilibrium. During the financial year under review, the Company sold a total of 174,071 metric tons of prime rebars, a decrease from the 218,279 metric tons recorded in FY23. This represents a decline of 44,262 metric tons, or 20.28%, in overall sales volume compared to the previous year.

Gross profit experienced a steep decline of 59.67%, falling from Rs. 5.95 billion in FY23 to Rs. 2.40 billion in FY24. This reduction reflects mounting production costs mainly consisting of unabsorbed fixed cost due to low-capacity utilization, increased energy prices and rupee devaluation of 20% (1 USD = average Rs. 239 in FY 23 to Rs. 286 in FY24). Another factor that has severely impacted the Company's volume in the fourth quarter was the unsuccessful re-profiling of balance sheet with the lenders because of which the Company was not able to utilize available lines to open LCs to procure steel. This financial bottleneck disrupted operations and hindered critical imports, leading to a substantial decline in Company's financial position. These increased costs coupled with the inability to pass onto consumers due to fierce competition has dropped the gross margin from 13.09% in FY23 to 6.19% in FY24 and to gross loss of 18.17% in the fourth quarter. The failure to secure timely financial support has not only exacerbated the situation in FY24 but will also have lingering effects into FY25 and FY26.

Operating performance shifted drastically, with an operating loss of Rs. 130.79 million reported in FY24, compared to an operating profit of Rs. 3.99 billion in FY23. This shift was driven by lower gross margin and other costs increases primarily three factors first, increase in salaries in light of unprecedented general inflation; second, increased cartage and transport costs driven by rising local freight rates during FY24, with average fuel prices climbing to Rs. 283 per liter from Rs. 241 per liter in FY23, along with higher freight charges due to axle load regulations; and third, increase in allowance for expected credit loss for the receivables aging over and above 180 days by increasing default rates considering prevailing economic conditions

Furthermore, finance costs experienced a substantial rise despite lower level of volumes in FY 24 as compared to FY23, increasing from Rs. 4.0 billion last year to Rs. 4.7 billion in FY24. This increase in interest costs was primarily due to a rise in the average interest rate, which increased from 18.45% in FY23 to 22.86% in FY24. Importantly, the average borrowing levels remained relatively constant across both periods, indicating that the increase in finance costs can be solely attributed to the higher interest rates. Additionally, borrowing as of the balance sheet date increased due to the transition from Usance to Sight Letters of Credit following the easing of LC restrictions in July 2023, alongside cash losses and repayment obligations for matured operational capital expenditures.

For the financial year ended 30 June 2024, the Company has carried forward Rs. 2,678 million in minimum taxes, including Rs. 485 million for the current year. These taxes are recorded as expense in the financial year under review due to anticipated low profitability and existing carry-forward taxable losses, as required under the Income Tax Ordinance, 2001. However, if future conditions permit recovery, these amounts will be reversed and recognized as income under the applicable financial reporting standards.

The loss before tax surged to Rs. 5.39 billion in FY24, a marked increase from Rs. 301.19 million in the previous year. Similarly, the loss after tax expanded exponentially to Rs. 6.11 billion, compared to Rs. 697.20 million in FY23. This sharp rise in loss indicates the compounded financial difficulties faced during the year, including political uncertainty, a general election in February 2024, and market instability. Loss Per Share (LPS) also reflected the deteriorating financial position, with a LPS of Rs.20.56 in FY24 compared to a LPS of Rs.2.35 in FY23.

In summary, the financial year 2024 was characterized by a combination of external economic pressures, market competition, and internal operational and financial difficulties, which severely impacted both top-line and bottom-line performance. Despite the challenging economic landscape, the management team and staff have worked diligently to minimize the adverse effects on operations. By prioritizing the optimization of internal processes and adhering to sustainable practices, the company is committed to overcoming these challenges and positioning itself for growth when the economic environment stabilizes.

#### **Future Outlook:**

In reference to Note 2 to the annual audited financial statements of the Company, the Board of Directors would like to draw attention to the events, conditions, and factors that, according to the external auditors, indicate an uncertainty that may cast doubt on the Company's ability to continue as a going concern. Management has developed a comprehensive action plan, which includes a major balance sheet re-profiling, injection of fresh funds from various other sources, costs rationalization given the lower volumes expected in FY 25 and FY 26, complete moratorium on capital expenditure and future expansion plans particularly in steel to address and mitigate these concerns, focusing on stabilizing the Company's financial position and ensuring long-term sustainability. The Board and management are closely monitoring the situation and remain confident that these steps will improve the Company's financial health, allowing it to continue operations as a going concern.

As inflation trends begin to show signs of improvement, headline inflation eased to 9.6% year-on-year in August 2024, down from 12.6% in June. This decline indicates a positive shift in the economic landscape, as core inflation also decreased to 11.9%, down from 14.1%. These reductions in inflation rates suggest that the measures taken by the government and the State Bank of Pakistan (SBP) to control price levels are beginning to show some sign of improvement providing hope for consumers and businesses alike.

While risks persist, including uncertainties regarding future energy price adjustments and potential fluctuations in global commodity prices, the overall outlook is cautiously optimistic on macro level. The SBP's Monetary Policy Committee anticipates that average inflation for FY25 may fall below earlier forecasts if fiscal and external targets are met, signaling a commitment to maintaining economic stability. Furthermore, the Asian Development Bank projects GDP growth of 2.8% in FY25, expected to be driven by a robust framework of deeper economic reforms, improved political stability, and a focus on infrastructure development. These reforms are expected to enhance productivity and foster an environment conducive to investment, which can further stimulate economic growth.

However, despite continuous promises of fiscal discipline, the government's expenditure has continued to rise at an unsustainable rate, exacerbating the financial strain on the economy. While industries and the general public have been asked to tighten their belts, the same level of restraint has not been reflected in government spending. Instead of curbing unnecessary expenditures, loss-making State-Owned Enterprises (SOEs) remain under government control, draining national resources. Despite the tall claims, no meaningful efforts have been made to privatize these failing entities, which continue to accumulate losses and siphon off public funds.

Additionally, the absence of serious structural reforms further weakens the economic landscape. Key reforms, especially in the taxation system and public sector efficiency, have been neglected. The burden of taxation, instead of being spread equitably, has disproportionately fallen on the already taxed segments, particularly the salaried class. The introduction of a "super tax" of 10%, framed as a surcharge, is another example of the government's reliance on overtaxing compliant sectors, rather than broadening the tax base or addressing chronic inefficiencies. This approach not only stifles economic growth but also demoralizes those who contribute fairly to the nation's revenues, while large swaths of the economy remain under-taxed or outside the tax net altogether. For genuine economic revival, the government must not only focus on reducing expenditure but also undertake serious structural reforms, including the long-delayed privatization of loss-making SOEs and the establishment of a more equitable and sustainable taxation system.

In conclusion, while challenges remain, the combination of declining inflation, projected GDP growth, and targeted reforms, if implemented, can convert the outlook of Pakistan's economy in the coming years from negative to positive. With sustained efforts and collaboration between the government and the private sector, we can hope to witness gradual recovery. As we navigate this tumultuous landscape, our collective resilience and commitment to strategic action will be crucial in overcoming these obstacles. We are determined to emerge stronger, adapting to shifting market conditions and positioning ourselves for future growth as the domestic economic and political environment stabilizes. According to forecasts from the IMF and World Bank, Pakistan's GDP is expected to grow at an average rate of 4% from FY26 onward. Interest rates, having begun to decline, are projected to reach single digits by mid-next financial year. Strong demand potential exists in the construction sector due to the current infrastructure state, low water reservoir levels, and significant housing shortfalls, all within a population of approximately 240 million that is growing at over 2% annually. Additionally, Pakistan ranks lowest in per capita steel consumption in the region. Consequently, management is confident that the future outlook for both the sector and the Company is promising.

#### **Role of Pakistan Association of Large Steel Producers:**

The Pakistan Association of Large Steel Producers (PALSP) plays a vital role in advocating for the sustainability of the steel industry amid significant challenges. The Board of Directors expresses its sincere gratitude to PALSP for its dedicated efforts in addressing critical issues facing the sector. The Association has actively engaged with government authorities and industry stakeholders to highlight the negative impacts of large-scale smuggling, mis-declaration, and under-invoicing of steel imports, which undermine local competitiveness and result in substantial revenue losses for the national exchequer. The PALSP has emphasized the urgent need for stricter enforcement against these illegal activities and has called for essential reforms in energy policies. Their advocacy for renegotiating agreements with Independent Power Producers (IPPs), addressing inefficiencies in the power sector, and restructuring energy debt is crucial for alleviating the financial burdens on consumers and documented industrial players. These reforms are vital for the steel industry, which is currently facing soaring energy costs, currency depreciation, and increased financial pressures.

The Board acknowledges PALSP's significant contributions, particularly during a time when many steel mills are experiencing extreme financial difficulties, with some ceasing operations and others operating at reduced capacities. PALSP's commitment to finding long-term solutions and fostering dialogue for the industry's revival is commendable and reflects a shared vision for the sector's survival, which is essential for Pakistan's economic growth and industrial development. Company fully supports PALSP's mission to protect the future of the steel industry and appreciates the Association's ongoing efforts to advocate for policies that promote a competitive, fair, and sustainable environment for steel producers nationwide.

#### **Governance:**

##### **Corporate Governance and Financial Reporting Framework:**

The Board of Directors of your Company is committed to upholding rigorous standards of effective corporate governance. The Directors affirm their adherence to the Corporate and Financial Reporting Framework established by the Securities and Exchange Commission of Pakistan and the Code of Corporate Governance for the following areas -

- (a) The financial statements, prepared by the management of the Company, present its state of affairs, the results of its operations, cash flows and changes in equity fairly.
- (b) The Company has maintained proper books of accounts.
- (c) Appropriate accounting policies have been consistently applied to prepare the financial statements and accounting estimates are based on reasonable and prudent judgments.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been duly followed in the preparation of financial statements.

- (e) The system of internal controls is sound in design and has been effectively implemented and monitored. The process of monitoring the internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- (f) There are no doubts upon the Company's ability to continue as a going concern.
- (g) There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of the Rule Book of the Pakistan Stock Exchange Limited.
- (h) A summary of key operating and financial data of the Company is annexed to this annual report.
- (i) Information about taxes and levies is given in notes to the financial statements.
- (j) The Company has an unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying years of service for entitlement of gratuity. The provision for gratuity is in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of 30 June 2024 using Projected Unit Credit Method. Being an unfunded gratuity scheme, no investment could have been made and hence the value of investments as at 30 June 2024 stands Nil.

#### Board of Directors;

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

The corporate governance structure of the Company is based on statutory and regulatory compliance requirements that are applicable to companies listed on the Pakistan Stock Exchange Limited and Company's Articles of Association complemented by several internal procedures. These procedures include a risk assessment and control system, as well as a system of assurances on compliance with applicable laws, regulations and the Company's Code of Conduct. The Board of Directors of your Company is highly engaged in maintaining long-term and sustainable value creation founded on durable ideologies of governance. The Board comprises of three Independent Directors, two Non-Executive Directors and two Executive Directors.

The Board of Directors of the Company as of 30 June 2024 consists of:

| Total Number of Directors | 7 |
|---------------------------|---|
| i) Men                    | 6 |
| ii) Women                 | 1 |

The names and composition of the Board of Directors as of 30 June 2024 are as follows:

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

During the year, five (05) meetings of the Board of Directors took place. All the meetings took place in Pakistan. The attendance by each director in the meetings is as follows:

| Name of Directors         | Number of Meetings Attended |
|---------------------------|-----------------------------|
| Abbas Akberali - Chairman | 05/05                       |
| Teizoon Kisat             | 05/05                       |
| Badar Kazmi               | 05/05                       |
| Zafar Ahmed Taji          | 05/05                       |
| Shayan Akberali           | 04/05                       |
| Hadi Abbas Akberali       | 05/05                       |
| Mariam Akberali           | 05/05                       |

#### Board's Audit Committee:

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

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

During the year, six (06) meetings of the BAC took place. All the meetings took place in Pakistan. The attendance by each director in the BAC meetings is as follows:

| Name of Directors        | Number of Meetings Attended |
|--------------------------|-----------------------------|
| Teizoon Kisat - Chairman | 06/06                       |
| Badar Kazmi              | 06/06                       |
| Zafar Ahmed Taji         | 06/06                       |

#### Human Resource and Remuneration Committee:

The purpose of the Human Resources & Remuneration Committee (HR&R) is to assist the Board in fulfilling its oversight responsibilities in the field of Human Resources, their development, succession planning and compensation and to perform all such responsibilities as are assigned to the HR&R Committee by the Act and the Code of Corporate Governance Regulations. During the year, two meetings of the HR&R Committee took place. The meetings took place in Pakistan. The CEO of the Company is a member of the Board's HR&R Committee. The Head of HR attended the HR&R Committee meeting by invitation. The attendance by each Director in the HR&R Committee meeting is as follows:

| Name of Directors           | Number of Meetings Attended |
|-----------------------------|-----------------------------|
| Zafar Ahmed Taji - Chairman | 02                          |
| Teizoon Kisat               | 02                          |
| Shayan Akberali             | 02                          |

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

The Company is committed to implementing and adhering to corporate governance guidelines and best practices, not only to enhance long-term shareholder value but also to uphold the rights of minority shareholders. It views the timely and accurate disclosure of financial performance, leadership, and governance as a fundamental responsibility. An annual performance evaluation report of the Board of Directors and its Committees is included in the Chairman's Review section of this annual report.

#### Female Directors:

The Company is dedicated to fostering gender diversity in the workplace and ensuring equal opportunities for all individuals, based on merit and qualifications. Female directors currently comprise 14% of the Board of Directors. By including female representation on the Board, the Company adheres to Section 154 of the Companies Act, 2017, as well as the Code of Corporate Governance Regulations. The Board and management actively encourage the recruitment of female employees within the organization.

**Review of CEO's Performance:**

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

**Directors' Remuneration:**

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

**Directors' Training:**

The Board organizes orientation courses for Directors as needed to ensure they are well-acquainted with their responsibilities as specified in the Companies Act, 2017, and the Code of Corporate Governance. The Company guarantees that new Directors receive comprehensive briefing and orientation materials to provide them with an in-depth understanding of the Company's operations.

All Board members have either completed the Directors' Training Program certification or exempted under the Listed Companies (Code of Corporate Governance) Regulations, 2019. To keep Board members updated on changes in corporate law, the Company regularly conducts refresher courses that familiarize them with recent developments in corporate legislation and other pertinent rules and regulations. These sessions are also extended to senior executives within the organization.

**External Auditors:**

The present auditors, M/s. BDO Ebrahim & Co., Chartered Accountants are retiring at the conclusion of the annual general meeting scheduled on 26 October 2024 and offering themselves for re-appointment. The Board, upon recommendations of the Audit Committee, has endorsed the re-appointment of M/s. BDO Ebrahim & Co., Chartered Accountants as auditors of the Company for the year ending 30 June 2025.

**Internal Audit:**

The Company has an independent Internal Audit function comprising personnel who are considered suitably qualified and experienced for the purpose and are well conversant with the policies and procedures of the Company. The department is overseen by the Head of Internal Audit who functionally reports to the Board's Audit Committee and administratively reports to the Chief Executive.

**Strategic Planning:**

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

**Material Changes Concerning the Nature of the Business:**

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

**Material Changes Between Balance Sheet Date and Reporting Date (Subsequent Events):**

There have been no material changes since 30 June 2024 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company except as disclosed in note no.52 to the annexed annual audited financial statements of the Company.

**Pattern of Shareholding:**

The Pattern of shareholdings as of 30 June 2024 is annexed with this annual report.

**Communication with Shareholders:**

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

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

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

**Safeguarding of Records:**

The Company has a well-defined system for safeguarding of its assets in an effective manner. The Company puts ample importance on storage and the safe custody of its financial records. The Company uses SAP as an ERP system for recording its financial information. The access to electronic documentation has been secured through implementation of a comprehensive password protected authorization matrix in SAP-ERP system.

As required by the Companies Act, 2017, records of all circular resolutions and minutes of Board Meetings are maintained in physical form for at least 10 years and for good in electronic form. Further, records of members' resolutions and minutes of general meetings are preserved both physically and in electronic form respectively for 20 years and permanently.

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

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

**Modification in the Audit Report:**

The External Auditors of the Company have provided a clean opinion on the state and affairs of the Company and the same is enclosed in this annual report; and as such, there has been no modification in the Auditors' Report for the year under review. However, in reference to Note 2 to the annual audited financial statements of the Company, the Board of Directors would like to draw attention to the events, conditions, and factors that, according to the external auditors, indicate an uncertainty and may cast doubt on the Company's ability to continue as a going concern. The management has developed a comprehensive action plan to address and mitigate these concerns, focusing on stabilizing the Company's financial position and ensuring long-term sustainability. The Board and management are closely monitoring the situation and remain confident that these steps will improve the Company's financial health, allowing it to continue operations as a going concern.

**Holding Company:**

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

**Payment Methodology:**

The Company strongly believes in timely payments of its debts to all its stakeholders.

**Internal Control Framework:**

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

**Business Continuity Plan:**

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

**Health, Safety and Environment - Impact of the Company's Business on the Environment:**

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

**Human Resource Management:**

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

**Employees' Retirement Benefits:**

The Company has an unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying years of service for entitlement of gratuity. The provision for gratuity is in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out on 30 June 2024 using Projected Unit Credit Method.

**Activities under Corporate Social Responsibility:**

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

**The Corporate Governance Practices:**

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

**Dividend and Appropriations:**

As detailed in this financial report, the Company experienced a financial loss of Rs.6 billion for the year under review. Given this financial shortfall and considering the volatile and uncertain business environment within the country, the Company regrettably cannot recommend any distribution of cash dividends for the fiscal year ended 30 June 2024.

**Contribution to National Exchequer:**

The Company contributed Rs.6.54 billion (FY 2023: Rs.10.6 billion) towards the National Exchequer on account of various government levies, taxes and import duties in the year under review.

**Code of Conduct:**

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

**Operating & Financial Data:**

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

**Acknowledgement:**

The Board would like to express its deepest gratitude to valued stakeholders, including shareholders, customers, financial institutions, and suppliers, for your trust and support, especially during these unprecedented times. Your confidence has always been the bedrock of our strength and resilience, and we are profoundly thankful for your continued partnership.

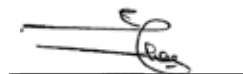
At this juncture, we would like to express our sincere gratitude to the outgoing directors for their valuable contributions. Their leadership, guidance, and service have made a lasting impact on the company's strategic direction and growth. We deeply appreciate their efforts and extend our best wishes for their continued success and well-being in the future.

The Board extend appreciation to the management team and dedicated employees, whose tireless efforts and unwavering dedication have been critical during this period of uncertainty. Their resilience and commitment have been integral in navigating the Company through these turbulent times. Amid these challenges, we remain committed to maintaining the highest standards of corporate governance, transparency, and ethical business practices. Your support and trust are deeply valued, and we will continue working to restore the strength and sustainability of the Company for the years ahead.

For & on behalf of Board of Directors



**Shayan Akberali**  
Chief Executive Officer



**Syed Asghar Jamil Rizvi**  
Director

23 September 2024  
Karachi

آپریٹنگ اور مالیاتی اعداد و شمار:

آپریٹنگ اور مالیاتی اعداد و شمار اور کمپنی کے گزشتہ چھ سالوں کے اہم تناسب اس سالانہ رپورٹ کے ساتھ منسلک ہیں۔

اظہار تشکر:

بورڈ اپنے قابل قدر شراکت داروں، بشمول حصص یافتگان، صارفین، مالیاتی اداروں اور سپلائرز کا، خاص طور پر ان نامساعد حالات میں، اس اعتماد اور تعاون کے لیے تہہ دل سے شکریہ ادا کرنا چاہتا ہے۔ آپ کا اعتماد ہمیشہ ہماری قوت اور عزم و استقلال کو بنیاد فراہم کرتا رہا ہے، اور ہم آپ کی مسلسل شراکت داری کے لیے تہہ دل سے شکر گزار ہیں۔

اس موقع پر، ہم سبکدوش ہونے والے ڈائریکٹرز کا ان کے گراں قدر تعاون کے لیے تہہ دل سے شکریہ ادا کرتے ہیں۔ ان کی قیادت، رہنمائی اور خدمات نے کمپنی کی حکمت عملی کی سمت اور ترقی پر دیرپا اثر ڈالا ہے۔ ہم دل کی گہرائیوں سے ان کی کاوشوں کے معترف ہیں اور مستقبل میں ان کی مسلسل کامیابی اور فلاح و بہبود کے لیے اپنی نیک خواہشات کا اظہار کرتے ہیں۔

بورڈ کمپنی کی انتظامی ٹیم اور مخلص ملازمین کو خراج تحسین پیش کرتا ہے، جن کی انتھک کوششیں اور غیر متزلزل لگن غیر یقینی کے ان حالات میں ہمارے تقویت کا باعث بنتے رہے ہیں۔ ان کا استقلال اور عزم اس غیر یقینی صورتحال میں آگے بڑھنے کیلئے کمپنی کیلئے لازم و ملزوم تھا۔ ان مسائل کے درمیان، ہم کارپوریٹ گورننس، شفافیت، اور اخلاقی کاروباری طریقوں کے اعلیٰ ترین معیارات کو برقرار رکھنے کے لیے پرعزم ہیں۔ آپ کا تعاون اور اعتماد ہمارے قابل قدر ہے، اور ہم آنے والے سالوں تک کمپنی کی مضبوطی اور پائیداری کو بحال کرنے کے لیے اپنی کاوشوں کو جاری رکھیں گے۔

منجانب و برائے بورڈ آف ڈائریکٹرز



سید اصغر جمیل رضوی  
ڈائریکٹر



شایان اکبر علی  
چیف ایگزیکٹو آفیسر

کراچی: 23 ستمبر 2024

## انسانی وسائل کا انتظام:

کمپنی ایک باصلاحیت افرادی قوت کی مالک ہے، جو پیشہ ورانہ ترقی اور حوصلہ افزائی کے ساتھ کمپنی کو اپنے وژن کی جانب گامزن کرنے میں اہم کردار ادا کرتی ہے۔ کمپنی انسانی وسائل (HR) ترقی کے سفر پر گامزن ہے۔ ترقی پذیر مارکیٹ میں کام کرنے والی تنظیم کی ضروریات اور مسائل سے نمٹنے کے لیے انسانی وسائل (HR) میں تنوع پیدا کرنے کی حکمت عملی ایک جہد مسلسل کی مانند جاری ہے۔

## ملازمین کے ریٹائرمنٹ کے فوائد:

کمپنی کے پاس ان تمام مستقل ملازمین کے لیے ایک غیر فنڈ ڈیفائنڈ گریجویٹی اسکیم ہے جنہوں نے گریجویٹی کے حقدار ہونے کے لیے سروس کی کم از کم مدت کو مکمل کر لیا ہے۔ گریجویٹی کی فراہمی آزاد ایکچو ریل ویلیویشن کے مطابق ہے۔ تازہ ترین ایکچو ریل ویلیویشن 30 جون 2024 کو پروجیکٹڈ یونٹ کریڈٹ طریقہ استعمال کرتے ہوئے کی گئی۔

## کارپوریٹ سماجی ذمہ داریوں کے تحت سرگرمیاں:

کمپنی کے لیے خدمات امریلی اسٹیلز کے آغاز سے ہی بنیادی حیثیت رکھتی ہیں اور کمپنی بالخصوص اپنے ملازمین اور بالعموم کمیونٹی کے معیار زندگی کو بہتر بنانے پر پختہ یقین رکھتی ہے۔ کمپنی کی کارپوریٹ سماجی ذمہ داریوں (CSR) پر مبنی سرگرمیوں پر ایک جامع رپورٹ "کارپوریٹ سماجی ذمہ داری" کے عنوان کے ساتھ اس سالانہ رپورٹ کا حصہ ہے۔

## کارپوریٹ گورننس کے طریقے:

کمپنی کا بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اصولوں پر سختی کے ساتھ کاربند ہے۔ کمپنی کا کارپوریٹ گورننس طریقہ کار قانونی اور ریگولیٹری تقاضوں کی تعمیل کے عین مطابق ہے جو کہ پاکستان اسٹاک ایکسچینج لیٹیڈ میں لسٹڈ کمپنیوں پر لاگو ہوتے ہیں اور کمپنی کے آرٹیکلز آف ایسوسی ایشن میں بھی کئی انداز سے مندرج ہیں۔ بورڈ کمپنی کی حکمت عملیوں اور مقاصد کو مد نظر رکھتے ہوئے تنظیم کو چلانے کا ذمہ دار ہے۔ انتظامیہ کو مذکورہ اہداف اور مقاصد کے حصول کے لیے پالیسیاں اور رہنما اصول اپنانے اور وضع کرنے کی ضرورت ہے۔

## ڈیویڈنڈ اور تخصیص:

جیسا کہ اس مالیاتی رپورٹ میں تفصیل سے بتایا گیا ہے، کمپنی کو زیر جائزہ سال کے لیے 6 ارب روپے کے مالی نقصان کا سامنا کرنا پڑا ہے، زیر نظر مالیاتی نقصان کو مد نظر رکھتے ہوئے اور ملک کے اندر غیر مستحکم اور غیر یقینی کاروباری ماحول کو دیکھتے ہوئے، کمپنی افسوس کے ساتھ مالی سال اختتامیہ 30 جون 2024 کے لیے نقد منافع کی تقسیم کی سفارش نہیں کر سکتی۔

## قومی خزانے میں حصہ:

کمپنی نے زیر جائزہ سال میں مختلف سرکاری محصولات، ٹیکسوں اور درآمدی محصولات کی مد میں قومی خزانے میں 6.54 بلین روپے (مالی سال 2023: 10.6 بلین روپے) کا حصہ شامل کیا ہے۔

## ضابطہ اخلاق:

کمپنی کا ضابطہ اخلاق اس بات کی وضاحت کرتا ہے کہ ہم کن عزائم کے لیے کمر بستہ ہیں اور اس بات پر یقین رکھتے ہیں، ان اعلیٰ اخلاقی معیارات کو کمپنی کی جانب سے بلا سمجھوتہ کمپنی کے ضابطہ اخلاق کا حصہ بنایا گیا ہے۔ اعلیٰ کاروباری اخلاقیات ملازمین، صارفین، مسابقت کاروں، سپلائرز اور شراکت داروں کے ساتھ ہمارے تمام تعلقات کی بنیاد فراہم کرتے ہیں۔ یہ کمپنی کی بنیادی پالیسی ہے کہ وہ اپنے کاروبار کو ایمانداری، دیانتداری اور اعلیٰ ترین اخلاقی اور قانونی معیارات کے مطابق چلائے۔

کمپنیز ایکٹ، 2017 کے ضوابط کے تحت، تمام نوٹسز، قراردادوں اور بورڈ کے اجلاسوں کی کاروائیوں کے ریکارڈ کم از کم 10 سال تک پرنٹ شدہ صورت میں اور الیکٹرانک صورت میں ہمیشہ کے لیے محفوظ بنانے کا بندوبست کیا گیا ہے۔ مزید برآں، اراکین کی قراردادوں اور عمومی اجلاسوں کے منٹس کا ریکارڈ بالترتیب 20 سال اور مستقل طور پر پرنٹ شدہ صورت اور الیکٹرانک صورت میں محفوظ کیا جاتا ہے۔

**کمپنی کی بنیادی سرگرمیاں (کاروبار کی نوعیت):**

کمپنی اسٹیل بارز اور بلیٹس کی تیاری اور فروخت میں مشغول ہے اور پاکستان میں اسٹیل ری انفراسٹرکچر بارز کی سب سے بڑی صنعت کار ہے۔ کمپنی کے پروڈکٹ پورٹ فولیو میں امریکی اور برطانوی تصریحات کے مطابق اعلیٰ معیار والے ڈیفارمڈ بارز شامل ہیں۔ امریکی اسٹیلز ISO 9001:2008 اور PSQCA سے سیند یافتہ ہے

**آڈٹ رپورٹ میں ترمیم:**

کمپنی کے بیرونی آڈیٹرز نے کمپنی کی حالت اور معاملات کے بارے میں کلین رپورٹ پیش کی ہے اور اسی رپورٹ کو اس سالانہ رپورٹ میں شامل کیا گیا ہے۔ اسی طرح، زیر جائزہ سال کے لیے آڈیٹرز کی رپورٹ میں کوئی تبدیلی نہیں کی گئی ہے۔ تاہم، کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 2 کے حوالے سے، بورڈ آف ڈائریکٹرز ان واقعات، حالات اور عوامل کی طرف توجہ مبذول کرانا چاہتے ہیں جو بیرونی آڈیٹرز کے مطابق، ایک غیر یقینی صورتحال کی نشاندہی کرتے ہیں اور پیچیدگی کی بنیاد پر کاروبار جاری رکھنے کے حوالے سے شکوک پیدا کر سکتے ہیں۔ انتظامیہ نے کمپنی کی مالی حالت کو مستحکم کرنے اور طویل مدتی پائیداری کو یقینی بنانے پر توجہ مرکوز کرتے ہوئے کمپنی کے کاروبار کے بارے میں خدشات کو دور کرنے اور ان کو کم کرنے کے لیے ایک جامع ایکشن پلان تیار کیا ہے۔ بورڈ اور انتظامیہ صورت حال پر گہری نظر رکھے ہوئے ہیں اور اس بات پر یقین رکھتے ہیں کہ یہ اقدامات کمپنی کی مالی صحت کو بہتر بنائیں گے، اور کمپنی کے پیچیدگی کی بنیاد پر کاروبار جاری رکھنے کے حوالے سے شکوک و شبہات کو رفع کر پائیں گے۔

**ہولڈنگ کمپنی:**

کمپنی کی کوئی سرپرست کمپنی یا ذیلی کمپنی نہیں ہے۔

**ادائیگی کا طریقہ کار:**

کمپنی اپنے تمام اشراکت داروں کو اپنے قرضوں کی بروقت ادائیگی پر پختہ یقین رکھتی ہے۔

**اندرونی کنٹرول فریم ورک:**

بورڈ پوری کمپنی میں داخلی کنٹرول کے موثر نفاذ کے سلسلے میں اپنی ذمہ داریوں سے بخوبی واقف ہے۔ آپ کی کمپنی نے ایک موثر اور مستعد اندرونی آڈٹ فنکشن قائم کیا ہے جو کمپنی کے کنٹرول کے نظام کی سختی سے نگرانی کرتا ہے۔ زیر نظر سالانہ رپورٹ میں کمپنی کے اندرونی کنٹرول کے بارے میں ایک جامع رپورٹ پیش کی گئی ہے۔

**کاروبار کے تسلسل کا منصوبہ:**

کمپنی کا کاروبار کو جاری رکھنے سے متعلق جامع منصوبہ (BCP) اپنی جگہ متحرک ہے جس میں ایسی سرگرمیاں شامل ہیں جو کمپنی کے تنظیمی ڈھانچے کو غیر معمولی حالات میں بھی معمول کے کاموں میں رکاوٹ کے بغیر چلانے کے لیے درکار ہیں۔ بی سی پی (BCP) پر رپورٹ اس سالانہ رپورٹ میں شامل ہے۔

**صحت، حفاظت اور ماحولیات - کمپنی کے کاروبار کا ماحول پر اثر:**

کمپنی صحت، حفاظت اور ماحولیات (HSE) کے اعلیٰ ترین معیاروں کو بنانے، فروغ دینے اور ان پر عمل درآمد کرنے کے لیے پرعزم ہے تاکہ ہمارے ساتھ کام کرنے والے لوگوں کے ساتھ ساتھ ان کیونٹیز کی فلاح و بہبود کو یقینی بنایا جائے جہاں ہم کام کرتے ہیں۔ صحت، حفاظت اور ماحولیات (HSE) کی تفصیلی پالیسی اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

## اندرونی آڈٹ:

کمپنی کے پاس ایک آزاد داخلی آڈٹ فنکشن موجود ہے جس میں ایسے افراد شامل ہیں جو اس مقصد کے لیے انتہائی موزوں اور تجربہ کار ہیں، انہیں کمپنی کی پالیسیوں اور طریقہ کار سے بخوبی واقفیت حاصل ہے۔ ڈیپارٹمنٹ کی نگرانی ہیڈ آف انٹرئل آڈٹ کرتا ہے جو بورڈ کی آڈٹ کمیٹی کو اور انتظامی طور پر چیف ایگزیکٹو کو رپورٹ کرتا ہے۔

## حکمت عملی کی منصوبہ بندی:

بورڈ آف ڈائریکٹرز بورڈ کے اجلاسوں میں کمپنی کی حکمت عملی کی سمت کا باقاعدگی سے جائزہ لیتے ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ انتظامیہ کی طرف سے قائم کردہ قلیل مدتی اور طویل مدتی کاروبار اور آپریشنل حکمت عملی کمپنی کے مجموعی کاروباری مقاصد کے مطابق ہے۔

## کاروبار کی نوعیت سے متعلق اہم تبدیلیاں:

زیر نظر مالی سال کے دوران، کمپنی کے کاروبار کی نوعیت سے متعلق کوئی اہم تبدیلی نہیں آئی ہے۔

## بیلنس شیٹ کی تاریخ اور رورنگ کی تاریخ کے درمیان اہم تبدیلیاں (مابعد کے واقعات):

مالی سال کے اختتام 30 جون 2024 سے رپورٹ کی تاریخ تک کوئی اہم تبدیلیاں نہیں ہوئی ہیں اور کمپنی نے اس مدت کے دوران کوئی ایسا عہد نہیں کیا ہے جس سے کمپنی کی مالی حالت پر منفی اثرات پڑتے ہوں۔ کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 52 کو ملاحظہ فرمائیں۔

## ترتیب حصص داری:

بتاریخ 30 جون 2024 ترتیب حصص داری سالانہ رپورٹ ہذا کے ساتھ منسلک ہے۔

## شیر ہولڈرز کے ساتھ روابط:

کمپنی اپنے حصص یافتگان کے ساتھ بروقت روابط کو اعلیٰ ترجیح دیتی ہے۔ مروجہ قوانین و ضوابط کی تعمیل کرتے ہوئے بورڈ آف ڈائریکٹرز کی منظوری کے بعد سالانہ اور عبوری مالیاتی نتائج تمام متعلقہ افراد کو فوری طور پر ارسال کر دیے جاتے ہیں۔

کمپنی کی اپنی ایک ویب سائٹ ([www.amrelisteels.com](http://www.amrelisteels.com)) بھی ہے جس میں دیگر باتوں کے علاوہ کمپنی کی سرگرمیوں، مالیاتی رپورٹس، نوٹس اور اعلانات پر تازہ ترین معلومات موجود ہیں۔

کمپنی کے پاس ایک مخصوص ای میل آئی ڈی ([investors-relations@amrelisteels.com](mailto:investors-relations@amrelisteels.com)) موجود ہے جو اپنے حصص یافتگان کے سوالات کے جوابات ترجیحی بنیادوں پر دیتی ہے اور ان کی شکایات کے ازالے کے لیے مناسب اقدامات کرتی ہے۔

## ریکارڈ کی حفاظت:

کمپنی کے پاس اپنے اثاثوں کی مؤثر طریقے سے حفاظت کے لیے ایک مؤثر نظام موجود ہے۔ کمپنی سٹوریج اور اپنے مالیاتی ریکارڈ کی محفوظ تحویل کو بہت اہمیت دیتی ہے۔ کمپنی اپنی مالی معلومات کو ریکارڈ کرنے کے لیے SAP کو بطور ERP سسٹم استعمال کرتی ہے۔ بذریعہ خفیہ کوڈ الیکٹرانک دستاویزات تک رسائی کو ERP-SAP سسٹم میں جامع نظام ذریعہ محفوظ بنایا گیا۔

بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی سالانہ کارکردگی کا جائزہ:

کمپنی کارپوریٹ گورننس کے رہنما اور سنہرے اصولوں کو نافذ کرنے اور ان پر عمل کرنے کے لیے پرعزم ہے، نہ صرف طویل مدتی حصص یافتگان کی قدر کو بڑھانے بلکہ اقلیتی حصص یافتگان کے حقوق کی حفاظت کے لیے بھی کوشاں ہے۔ اس کی جانب سے مالیاتی کارکردگی، قیادت، اور گورننس کے بروقت اور درست انکشاف کو ایک بنیادی ذمہ داری کے طور پر سرانجام دیا جاتا ہے۔ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی سالانہ کارکردگی کی جانچ کی سالانہ رپورٹ، رپورٹ ہذا کے چیئرمین کے جائزہ سیکشن میں شامل ہے۔

خاتون ڈائریکٹرز:

کمپنی اپنی انتظامیہ میں صنفی تنوع کو فروغ دینے اور قابلیت اور اہلیت کی بنیاد پر تمام افراد کے لیے مساوی مواقع کی فراہمی کو یقینی بنانے کیلئے پرعزم ہے۔ خواتین ڈائریکٹرز فی الحال بورڈ آف ڈائریکٹرز میں 14% پر مشتمل ہیں۔ بورڈ میں خواتین کی نمائندگی شامل کر کے، کمپنی کمپنیز ایکٹ، 2017 کے سیکشن 154 کے علاوہ کارپوریٹ گورننس کے ضابطوں کی

پاسداری بھی کی گئی ہے۔ بورڈ اور انتظامیہ کی جانب سے کمپنی کی تنظیم میں خواتین کو موقع فراہم کرنے کی بھرپور حوصلہ افزائی کی جاتی ہے۔

سی ای او کی کارکردگی کا جائزہ:

سی ای او کی کارکردگی کا جائزہ کمپنی کے وژن، مشن اور اقدار کے تناظر میں طے شدہ کاروباری افعال اور حکمت عملی کے اہداف کو مد نظر رکھ کر کیا جاتا ہے۔ واضح طور پر طے شدہ تشخیصی نظام کے ذریعے تشخیص کے عمل میں کاروبار کی کارکردگی، منافع کے حوالے سے مقاصد کی تکمیل، تنظیم سازی، جانشینی کی منصوبہ بندی اور کارپوریٹ کامیابی شامل ہیں۔

ڈائریکٹرز کا معاوضہ:

بورڈ آف ڈائریکٹرز کے پاس کمپنیز ایکٹ، 2017 اور کوڈ آف کارپوریٹ گورننس کے مطابق ڈائریکٹرز کے مشاہرے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار موجود ہے۔ بورڈ ممبران کے مشاہرے کی منظوری بورڈ کے ذریعے دی جاتی ہے۔ کارپوریٹ گورننس کے ضابطہ کے مطابق، اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے مشاہرے کا فیصلہ کرنے میں بورڈ کے اجلاسوں کی کارروائی میں حصہ نہ لے۔ کمپنی کے اجلاسوں میں شرکت کی فیس کے علاوہ غیر انتظامی ڈائریکٹرز کو مشاہرہ ادا نہیں کیا جاتا ہے۔ کمپنی کی مشاہرے کی پالیسیاں صنعت میں مروجہ رجحانات اور کاروباری طریقوں کے مطابق بنائی گئی ہیں۔ ڈائریکٹرز اور سی ای او کے مشاہرے کی تفصیلات مالی گوشواروں کے متعلقہ نوٹس میں بیان کی گئی ہیں۔

ڈائریکٹرز کی تربیت:

بورڈ کی جانب سے ضرورت کے مطابق ڈائریکٹرز کے لیے تعارفی کورسز کا اہتمام کیا جاتا ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ وہ اپنی ذمہ داریوں سے بخوبی واقف ہوں، جیسا کہ کمپنیز ایکٹ، 2017، اور کوڈ آف کارپوریٹ گورننس میں بیان کیا گیا ہے۔ کمپنی اس بات کی ضمانت دیتی ہے کہ نئے ڈائریکٹرز کو جامع بریفنگ اور واقفیت کا مواد فراہم کیا جاتا ہے تاکہ انہیں کمپنی کے امور سے مکمل آگاہی فراہم کی جاسکے۔

بورڈ کے تمام ممبران نے یا تو ڈائریکٹرز ٹریننگ پروگرام سرٹیفیکیشن مکمل کر لیا ہے یا سڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت اس ٹریننگ سے مستثنیٰ ہے۔ کمپنی کی جانب سے جدید معلومات پر مبنی کورسز کا وقتاً فوقتاً اہتمام کیا جاتا ہے تاکہ ممبران کو کارپوریٹ قانون سازی اور دیگر متعلقہ قواعد و ضوابط میں پیشرفت سے آگاہی حاصل ہو سکے۔ ان تربیتی کورسز میں انتظامیہ کے سینئر ایگزیکٹوز کو بھی شامل کیا جاتا ہے۔

بیرونی آڈیٹرز:

موجودہ آڈیٹرز، میسرز بی ڈی اوبراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس 26 اکتوبر 2024 کو منعقد کئے جانے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں اور اپنی اہلیت کی بنیاد پر انکی جانب سے اپنی خدمات کو ایک مرتبہ پھر پیش کیا گیا ہے۔ بورڈ نے آڈٹ کمیٹی کی سفارشات پر میسرز بی ڈی اوبراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی 30 جون 2025 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹر کے طور پر دوبارہ تقرری کی توثیق کی ہے۔

سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (05) اجلاس ہوئے۔ تمام اجلاس پاکستان میں منعقد کئے گئے۔ اجلاسوں میں ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

| ڈائریکٹر کے نام          | اجلاسوں کی تعداد میں شرکت کی |
|--------------------------|------------------------------|
| عباس اکبر علی - چیئر مین | 05/05                        |
| تیزون کست                | 05/05                        |
| بدر کاظمی                | 05/05                        |
| ظفر احمد تاجی            | 05/05                        |
| شایان اکبر علی           | 04/05                        |
| ہادی عباس اکبر علی       | 05/05                        |
| مریم اکبر علی            | 05/05                        |

بورڈ کی آڈٹ کمیٹی:

بورڈ کی آڈٹ کمیٹی (BAC) کمپنی کے اندرونی کنٹرول کے نظام اور رسک مینجمنٹ کے عمل کی وقتاً فوقتاً نگرانی کرتی ہے، اس طرح یہ کمیٹی بورڈ کی نگرانی کی ذمہ داریوں کو پورا کرنے میں بورڈ کی مدد کرتی ہے جیسا کہ ریگولیٹری کے ضوابط کی تعمیل کا جائزہ لینا اور شیئر ہولڈرز کو مالیاتی اور غیر مالیاتی معلومات کی اطلاعات فراہم کرنا وغیرہ۔

BAC انتظامیہ کے اقدامات اور فیصلوں کا جائزہ لیتی ہے اور جہاں ضروری ہو ان اقدامات اور فیصلوں پر نظر ثانی اور ان پر سوالات اٹھانے کی ذمہ داری بھی ادا کرتی ہے۔ BAC کو انتظامیہ سے معلومات طلب کرنے اور بیرونی آڈیٹرز یا مشیروں سے براہ راست مشورہ کرنے کی خود مختاری ہے جیسا کہ مناسب سمجھا جاتا ہے۔ کمپنی کا چیف فنانشل آفیسر عبوری اور سالانہ اکاؤنٹس پیش کرنے کیلئے مدعو کئے جانے پر BAC کے اجلاسوں میں شرکت کرتا ہے۔ ہر اجلاس کے بعد، BAC کا چیئر مین بورڈ کو رپورٹ کرتا ہے۔

زیر نظر سال کے دوران BAC کے چھ (06) اجلاس منعقد کئے گئے۔ تمام اجلاس پاکستان میں منعقد کئے گئے۔ BAC اجلاسوں میں ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

| ڈائریکٹر کا نام      | اجلاسوں کی تعداد میں شرکت کی |
|----------------------|------------------------------|
| تیزون کست - چیئر مین | 06/06                        |
| بدر کاظمی            | 06/06                        |
| ظفر احمد تاجی        | 06/06                        |

انسانی وسائل اور ادائیگیوں کی کمیٹی:

انسانی وسائل اور ادائیگیوں کی کمیٹی (HR&R) کا مقصد انسانی وسائل، ان کی ترقی، جانشینی کی منصوبہ بندی اور معاوضہ کے شعبے میں اپنی نگرانی کی ذمہ داریوں کو پورا کرنے میں بورڈ کی مدد کرنا ہے اور ایسی تمام ذمہ داریوں کو انجام دینا ہے جو کہ ایکٹ اور کوڈ آف کارپوریٹ گورننس ضوابط کے تحت اس کمیٹی کو تفویض کی گئی ہیں۔ سال کے دوران انسانی وسائل اور ادائیگیوں کی کمیٹی کے دو اجلاس ہوئے۔ تمام اجلاس پاکستان میں منعقد کئے گئے۔ کمپنی کا سی ای او (CEO) بورڈ کی انسانی وسائل اور ادائیگیوں کی کمیٹی کا رکن ہے۔ HR کے سربراہ نے مدعو کئے جانے پر انسانی وسائل اور ادائیگیوں کی کمیٹی کے اجلاس میں شرکت کی۔ انسانی وسائل اور ادائیگیوں کی کمیٹی کے اجلاس میں ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

| ڈائریکٹر کا نام          | اجلاسوں کی تعداد میں شرکت کی |
|--------------------------|------------------------------|
| ظفر احمد تاجی - چیئر مین | 02                           |
| تیزون کست                | 02                           |
| شایان اکبر علی           | 02                           |

ذ۔ کارپوریٹ گورننس کے سنہرے اصولوں سے کوئی قابل ذکر وگروڈانی نہیں کی گئی، جیسا کہ پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک کے ضوابط میں مندرج ہے۔

ح۔ کمپنی کے کلیدی آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

ط۔ ٹیکس اور لیویز کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں درج ہیں۔

ی۔ کمپنی کے پاس ان تمام مستقل ملازمین کے لیے ایک غیر فنڈ ڈیفائنڈ گریجویٹ اسکیم ہے جنہوں نے گریجویٹ کے حقدار ہونے کے لیے سروس کے کم از کم مطلوبہ سال مکمل کر لئے ہیں۔ گریجویٹ کی فراہمی آزاد اکیچوریل تخمینے کے مطابق ہے۔ تازہ ترین اکیچوریل تخمینے 30 جون 2024 تک پروجیکٹڈ یونٹ کریڈٹ طریقہ استعمال کرتے ہوئے کی گئی۔ ایک غیر فنڈ شدہ گریجویٹ اسکیم ہونے کی وجہ سے کوئی سرمایہ کاری نہیں کی جاسکتی تھی اور اس وجہ سے 30 جون 2024 تک سرمایہ کاری کی قدر صفر ہے۔

#### بورڈ آف ڈائریکٹرز:

امریلی اسٹیلز میں نظم و ضبط کے معاملات بورڈ آف ڈائریکٹرز اور کمپنی کی انتظامیہ کے ذریعے مجموعی طور پر چلائے جاتے ہیں، جو کمپنی کے ڈھانچے سے بھی ظاہر ہے، اس نظم و نسق سے مجموعی طور پر کمپنی کے مقاصد کے حصول کو ممکن بنایا جاتا ہے۔

کمپنی کا کارپوریٹ گورننس ڈھانچہ قانونی اور ریگولیٹری کے تقاضوں کے عین مطابق ہے جو کہ پاکستان اسٹاک ایکسچینج لمیٹڈ میں رجسٹرڈ شدہ کمپنیوں پر لاگو ہوتے ہیں اور کمپنی کے آرٹیکلز آف ایسوسی ایشن میں کئی داخلی طریقہ کار سے مندرج ہوتے ہیں۔ ان طریقہ کار میں خطرے کی تشخیص اور کنٹرول کا نظام، نیز قابل اطلاق قوانین، ضوابط اور کمپنی کے ضابطہ اخلاق کی تعمیل پر یقین دہانی کا نظام شامل ہے۔

آپ کی کمپنی کا بورڈ آف ڈائریکٹرز گورننس کے پائیدار نظریات پر قائم طویل مدتی اور پائیدار قدر کی تخلیق کو برقرار رکھنے میں مصروف عمل ہے۔ بورڈ تین غیر جانبدار ڈائریکٹرز، دو غیر انتظامی ڈائریکٹرز اور دو انتظامی ڈائریکٹرز پر مشتمل ہے۔

بتاریخ 30 جون 2024 تک کمپنی کے بورڈ آف ڈائریکٹرز:

| ڈائریکٹرز کی کل تعداد | 7 |
|-----------------------|---|
| (i) مرد               | 6 |
| (ii) خاتون            | 1 |

بتاریخ 30 جون 2024 تک بورڈ آف ڈائریکٹرز کے نام اور تشکیل حسب ذیل ہیں:

| ڈائریکٹرز کی تشکیل               | ڈائریکٹرز کے نام       |
|----------------------------------|------------------------|
| الف۔ غیر جانبدار ڈائریکٹرز       | (1) بدر کاظمی          |
|                                  | (2) تیزون کست          |
|                                  | (3) ظفر احمد تاجی      |
| ب۔ غیر انتظامی ڈائریکٹر/چیئر مین | (4) عباس اکبر علی      |
| ج۔ خاتون غیر انتظامی ڈائریکٹر    | (5) مریم اکبر علی      |
| د۔ انتظامی ڈائریکٹرز             | (6) شایان اکبر علی     |
|                                  | (7) ہادی عباس اکبر علی |

## پاکستان ایسوسی ایشن آف لارج اسٹیل پروڈیوسرز کا کردار:

پاکستان ایسوسی ایشن آف لارج اسٹیل پروڈیوسرز (PALSP) اہم مسائل کے ساتھ ساتھ اسٹیل انڈسٹری کی پائیداری کیلئے آواز اٹھانے میں اہم کردار ادا کرتی ہے۔ بورڈ آف ڈائریکٹرز اس شعبے کو درپیش اہم مسائل کو حل کرنے کے لیے پاکستان ایسوسی ایشن آف لارج اسٹیل پروڈیوسرز کی مخلصانہ کوششوں کے لیے تہہ دل سے مشکور ہے۔ ایسوسی ایشن بڑے پیمانے پر اسمگلنگ، غلط ٹیکس مندرجات، اور اسٹیل کی درآمدات میں انڈرانوائسنگ کے منفی اثرات کو اجاگر کرنے کے لیے سرکاری حکام اور صنعت کے شراکت داروں کے ساتھ سرگرم عمل ہے، ان عوامل سے مقامی مسابقت کو نقصان پہنچتا ہے اور اس کے نتیجے میں قومی خزانے کو خاطر خواہ محصولات کا نقصان ہوتا ہے۔ پاکستان ایسوسی ایشن آف لارج اسٹیل پروڈیوسرز نے ان غیر قانونی سرگرمیوں کے خلاف سختی کے ساتھ نمٹنے کی فوری ضرورت پر زور دیا ہے اور توانائی کی پالیسیوں میں ضروری اصلاحات پر زور دیا ہے۔ انڈیپنڈنٹ پاور پروڈیوسرز (IPPs) کے ساتھ معاہدوں پر دوبارہ گفت و شنید کرنے، پاور سیکٹر میں خامیوں کو دور کرنے اور توانائی کے قرضوں کی تنظیم نو کے لیے ایسوسی ایشن کی جانب سے اٹھائی جانے والی آواز صاف اور رجسٹرڈ شدہ صنعتکاروں پر مالی بوجھ کو کم کرنے کے لیے انتہائی اہم ہے۔ یہ اصلاحات اسٹیل کی صنعت کے لیے بہت اہم ہیں، جو اس وقت توانائی کے بڑھتے ہوئے اخراجات، کرنسی کی قدر میں کمی، اور بڑھتے ہوئے مالی دباؤ کا سامنا کر رہی ہے۔

بورڈ، پاکستان ایسوسی ایشن آف لارج اسٹیل پروڈیوسرز کی اہم خدمات کو تسلیم کرتا ہے، خاص طور پر ایسے وقت میں جب بہت سی اسٹیل ملز انتہائی مالی مشکلات کا سامنا کر رہی ہیں، کچھ کام بند کرنے پر مجبور ہو رہے ہیں اور دیگر کم صلاحیتوں پر کام کر رہی ہیں۔ صنعت کی بحالی کے لیے طویل مدتی حل تلاش کرنے اور گفت و شنید کے عمل کو آگے بڑھانے کے لیے پاکستان ایسوسی ایشن آف لارج اسٹیل پروڈیوسرز کا عزم قابل ستائش ہے اور اس شعبے کی بقا کے لیے مشترکہ وژن کی عکاسی کرتا ہے، جو پاکستان کی اقتصادی ترقی اور صنعتی ترقی کے لیے انتہائی ضروری ہے۔

کمپنی اسٹیل انڈسٹری کے مستقبل کے تحفظ کے لیے پاکستان ایسوسی ایشن آف لارج اسٹیل پروڈیوسرز کے مشن کی مکمل حمایت کرتی ہے اور ملک بھر میں اسٹیل پروڈیوسرز کے لیے مسابقتی، منصفانہ، اور پائیدار ماحول کو فروغ دینے والی پالیسیوں کے حق میں آواز بلند کرنے پر ایسوسی ایشن کی جاری کوششوں کی تعریف کرتی ہے۔

## گورننس (نظم و ضبط):

### کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک:

آپ کی کمپنی کا بورڈ آف ڈائریکٹرز موثر کارپوریٹ گورننس کے سخت معیارات کو برقرار رکھنے کے لیے پرعزم ہے۔ ڈائریکٹرز، سیکریٹریز اینڈ ایگزیکیوٹو کمیشن آف پاکستان (SECP) کے قائم کردہ کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک اور درج ذیل امور کے لیے کوڈ آف کارپوریٹ گورننس کی پابندی کی تصدیق کرتے ہیں:

الف۔ کمپنی کی انتظامیہ کے جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے معاملات، کاروباری نتائج، نقد رقوم کی ترسیل اور سرمایہ میں ہونے والی تبدیلیوں کو شفاف انداز سے پیش کرتے ہیں۔

ب۔ کمپنی کی جانب سے باقاعدہ محاسبی کے کھاتے مرتب کئے جاتے ہیں۔

ج۔ مالیاتی گوشواروں کی تیاری کے لیے مناسب محاسبی پالیسیوں کا تسلسل سے اطلاق کیا گیا ہے اور محاسبی کے تخمینے معقول اور ترین از قیاس ہیں۔

د۔ پاکستان میں مروجہ، بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی روشنی میں مالی گوشواروں کو تیار کیا گیا ہے۔

ه۔ اندرونی کنٹرول کا نظام اپنی وضع میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔ اندرونی کنٹرولز کی نگرانی کا عمل ہمہ وقت جاری رہے گا جس کا مقصد کنٹرولز کو مزید مضبوط کرنا اور نظام میں بہتری لانا ہے۔

و۔ ہیجنگ کی بنیاد پر کاروبار کو جاری رکھنے کی کمپنی کی صلاحیت پر کوئی شک نہیں ہے۔

جیسا کہ افراط زر کے رجحانات میں بہتری کے آثار نظر آنا شروع ہو چکے ہیں، مجموعی افراط زر اگست 2024 میں سال بہ سال کی بنیاد پر 9.6 فیصد تک کم ہو گئی، جو جون میں 12.6 فیصد تھی۔ یہ کمی معاشی منظر نامے میں ایک مثبت تبدیلی کی نشاندہی کرتی ہے، کیونکہ بنیادی افراط زر بھی 14.1 فیصد سے کم ہو کر 11.9 فیصد ہو چکی ہے۔ مہنگائی کی شرح میں یہ کمی بتاتی ہے کہ حکومت اور اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے قیمتوں کی سطح کو کنٹرول کرنے کے لیے اٹھائے گئے اقدامات سے صارفین اور کاروباری سرگرمیوں کے لیے یکساں امید کی فراہمی میں بہتری کے آثار نظر آنے لگے ہیں۔

اگرچہ خطرات برقرار ہیں، بشمول مستقبل میں توانائی کی قیمتوں میں ایڈجسٹمنٹ اور عالمی اجناس کی قیمتوں میں ممکنہ اتار چڑھاؤ کے حوالے سے غیر یقینی صورتحال، تاہم ایک محتاط اندازے کے مطابق مجموعی طور پر، کلي معاشی اشاریے پر امید نظر آتی ہے۔ اسٹیٹ بینک آف پاکستان کی مانیٹری پالیسی کمیٹی کی جانب سے لگائے گئے اندازوں کے مطابق اگر مالیاتی اور بیرونی اہداف پورے ہو جاتے ہیں تو مالی سال 2025 کے لیے اوسط افراط زر کی شرح پیشگوئیوں سے بھی کم ہو سکتا ہے، جو معاشی استحکام کو برقرار رکھنے کے عزم کا اشارہ ہے۔ مزید برآں، ایشیائی ترقیاتی بینک نے مالی سال 2025 میں جی ڈی پی کی شرح نمو 2.8 فیصد کی توقع کی ہے، تاہم اس کا انحصار بنیادی اقتصادی اصلاحات، بہتر سیاسی استحکام، اور بنیادی ڈھانچے کی ترقی پر ہوگا۔ توقع ہے کہ ان اصلاحات سے پیداواری صلاحیت میں اضافہ ہوگا اور سرمایہ کاری کے لیے سازگار ماحول کو فروغ ملے گا، جو معاشی ترقی کو مزید متحرک کرنے کا باعث ہوگا۔

تاہم، مالیاتی نظم و ضبط کے مسلسل وعدوں کے باوجود، حکومت کے اخراجات میں ناپائیدار شرح کے اضافے کے ساتھ جاری ہیں، جس سے معیشت پر مالیاتی دباؤ بڑھتا جا رہا ہے۔ دوسری جانب صنعتوں اور عوام سے مطالبہ کیا جا رہا ہے کہ وہ اپنے معاشی معاملات میں سخت احتیاط کریں، تاہم حکومتی اخراجات میں اسی سطح کی کٹوتی کی عکاسی نظر نہیں آتی۔ غیر ضروری اخراجات کو روکنے کے بجائے، خسارے میں چلنے والے سرکاری ادارے (SOEs) حکومت کے کنٹرول میں رہتے ہیں، جس سے قومی وسائل ضائع ہوتے ہیں۔ بلند وبالا دعووں کے باوجود، ان ناکام اداروں کی نجکاری کے لیے کوئی بامعنی کوششیں نہیں کی گئیں، جو مسلسل خسارے میں رہتی ہیں اور عوامی رقوم کو ضائع کرتی رہتی ہیں۔

مزید برآں، بنیادی ڈھانچے میں سنجیدہ اصلاحات کی عدم موجودگی اقتصادی منظر نامے کو مزید کمزور کرتی ہے۔ کلیدی اصلاحات، خاص طور پر ٹیکس کے نظام اور پبلک سیکٹر کی کارکردگی کو نظر انداز کیا گیا ہے۔ ٹیکس کا بوجھ، منصفانہ طور پر تقسیم کرنے کے بجائے، پہلے سے ٹیکس شدہ طبقات، خاص طور پر تنخواہ دار طبقے پر غیر متناسب طور پر بڑھادیا گیا ہے۔ مزید برآں، 10% کے "سپر ٹیکس" کا تعارف، جسے ایک سرچارج کے طور پر نافذ کیا گیا ہے، ٹیکس کے دائرہ کار کو وسیع کرنے یا دائمی ناکارگیوں کو دور کرنے کے بجائے، ٹیکسوں پر زیادہ سے زیادہ انحصار کرنے کی پالیسی کو ظاہر کرتا ہے۔ یہ طریقہ کار نہ صرف معاشی ترقی کو روکتا ہے بلکہ ان لوگوں کے حوصلے پست کر دیتا ہے جو ملک کی آمدنی میں مناسب حصہ ڈالتے ہیں، جب کہ معیشت کا بڑا حصہ ٹیکس کے دائرے میں رہتے ہوئے مناسب ٹیکس نہیں دیتا ہے یا مکمل طور پر ٹیکس نیٹ سے باہر ہے۔ حقیقی معاشی بحالی کے لیے، حکومت کو نہ صرف اخراجات کو کم کرنے پر توجہ مرکوز کرنی چاہیے بلکہ سنجیدہ بنیادی اصلاحات بھی کرنا ہوں گی، جن میں طویل عرصے سے خسارے میں رہنے والے سرکاری اداروں (SOEs) کی تاخیر سے ہونے والی نجکاری اور زیادہ منصفانہ اور پائیدار ٹیکس سسٹم کا قیام شامل ہے۔

آخر میں، مسائل کے باوجود، گرتی ہوئی افراط زر، متوقع جی ڈی پی نمو، اور اصلاحات کے اہداف کا مجموعہ، اگر لاگو کیا جاتا ہے، تو آنے والے سالوں میں پاکستان کی معیشت کے منفی منظر نامے کو مثبت منظر نامے میں تبدیل کیا جاسکتا ہے۔ حکومت اور نجی شعبے کے درمیان مسلسل کوششوں اور تعاون سے، ہم بتدریج بحالی کی امید کر سکتے ہیں۔ اس ہنگامہ خیز ماحول میں ہماری اجتماعی مستقل مزاجی اور بہترین حکمت عملی ان رکاوٹوں پر قابو پانے میں اہم کردار ادا کرے گی۔ ہم عزم رکھتے ہیں کہ مضبوط بن کر ابھریں گے اور کاروباری حالات کے مطابق خود کو استوار کریں گے اور ملکی اقتصادی اور سیاسی ماحول کے مستحکم ہونے کے ساتھ ساتھ مستقبل میں ترقی کے لئے خود کو تیار کریں گے۔ آئی ایم ایف اور ورلڈ بینک کی پیشین گوئیوں کے مطابق، پاکستان کا جی ڈی پی مالی سال 2026 میں 4 فیصد کی اوسط شرح نمو متوقع ہے۔ شرح سود، جس میں کمی آنا شروع ہو چکی ہے، اگلے مالی سال کے وسط تک ایک عددی ہندسے تک پہنچنے کا امکان ہے۔ موجودہ بنیادی ڈھانچے کی حالت، پانی کے ذخائر کی کم سطح، اور رہائشی مکانات کی کمی کی وجہ سے تعمیراتی شعبے میں طلب کی مضبوط صلاحیت موجود ہے، یہ سب امکانات تقریباً 240 ملین کی بڑی آبادی ہیں جو کہ سالانہ 2 فیصد سے زیادہ بڑھ رہی ہے۔ مزید برآں، پاکستان خطے میں فی کس سٹیبل کی کھپت میں سب سے نچلے نمبر پر ہے۔ نتیجتاً، کمپنی انتظامیہ کو یقین ہے کہ سیکٹر اور کمپنی دونوں کے لیے مستقبل کا نقطہ نظر امید افزا ہے۔

لوڈ کے ضوابط کی وجہ سے زیادہ فریٹ چارجز کا نفاذ تھا اور تیسرا مسئلہ موجودہ معاشی حالات کو مد نظر رکھتے ہوئے 180 دن سے زائد کے پرانے قابل وصول قرضوں کے لیے متوقع کریڈٹ نقصان کے الاؤنس میں اضافہ کرنا شامل تھا۔

مزید برآں، مالی سال 2023 کے مقابلے میں مالی سال 2024 میں قرضوں کے حجم میں کمی کے باوجود تمویلی اخراجات میں خاطر خواہ اضافہ ہوا، جو کہ مالی سال 2023 میں 4.0 بلین روپے سے بڑھ کر مالی سال 2024 میں 4.7 بلین روپے تک بڑھ گئے ہیں۔ سود کی لاگت میں یہ اضافہ بنیادی طور پر اوسط شرح سود میں اضافے کی وجہ سے ہوا، جو مالی سال 2023 میں 18.45 فیصد سے بڑھ کر مالی سال 2024 میں 22.86 فیصد تک جا پہنچی۔ اہم بات یہ ہے کہ قرض لینے کی اوسط سطح دونوں ادوار میں نسبتاً مستحکم رہی، جس سے ظاہر ہوتا ہے کہ تمویلی اخراجات میں اضافہ صرف اور صرف بلند شرح سود سے منسوب کیا جاسکتا ہے۔ مزید برآں، جولائی 2023 میں LC کی پابندیوں میں نرمی کے بعد یوسنس (Usance) سے سائٹ لیٹرز آف کریڈٹ (Sight Letters of Credit) میں منتقلی کی وجہ سے بیلنس شیٹ کی تاریخ کے مطابق قرض لینے میں اضافہ ہوا، اسی کے ساتھ نقد نقصانات اور میچورڈ آپریشنل کیپیٹل اخراجات کے لیے ادائیگی کی ذمہ داریاں بھی شامل تھیں۔

مالی سال اختتامیہ 30 جون 2024 میں کمپنی نے minimum tax کی مد میں 2,678 ملین روپے ریکارڈ کئے ہیں، جس میں 485 ملین روپے رواں مالی سال کے شامل ہیں۔ ان ٹیکسوں کو رواں مالی سال کیلئے بطور اخراجات ریکارڈ کیا گیا، جس کی وجہ اگلے سالوں میں کم منافع کی توقع ہے، یہ اقدام انکم ٹیکس آرڈیننس 2001 کے ضوابط کے تحت لیا گیا۔ پاکستان میں قابل اطلاق مالیاتی رپورٹنگ معیارات کے تحت اگر مستقبل میں بہتری کی امید پیدا ہوتی ہے تو ان اخراجات کو بحال کر دیا جائے گا اور بطور آمدنی ریکارڈ کر لیا جائے گا۔

ٹیکس سے پہلے کا خسارہ مالی سال 2024 میں بڑھ کر 5.39 بلین روپے تک پہنچ گیا جو کہ گزشتہ مالی سال میں، 301.19 ملین روپے سے نمایاں طور پر زیادہ ہے۔ اسی طرح ٹیکس کے بعد کا نقصان 6.11 ارب روپے تک پہنچ گیا، جبکہ گزشتہ مالی سال میں 697.20 ملین کا نقصان ریکارڈ کیا گیا تھا۔ نقصان میں اس تیزی کے ساتھ اضافہ سال کے دوران درپیش پیچیدہ مالی مشکلات کی نشاندہی کرتا ہے، بشمول سیاسی غیر یقینی صورتحال، عام انتخابات 2024 کے بعد کے حالات اور مارکیٹ کی غیر مستحکم صورتحال وغیرہ۔ نقصان فی حصص سے بھی کمپنی کی گرتی ہوئی مالیاتی پوزیشن کا احساس ہوتا ہے۔ مالی سال اختتامیہ 2024 کیلئے نقصان فی حصص 20.56 ریکارڈ کیا گیا، جبکہ مالی سال 2023 میں نقصان فی حصص 2.35 روپے تھا۔

خلاصہ یہ کہ مالی سال 2024 بیرونی معاشی دباؤ، مارکیٹ میں مسابقتی عدم توازن، اور اندرونی آپریشنل اور مالی مشکلات کے امتزاج کا سال تھا، جس نے خام منافع اور صافی منافع دونوں کی کارکردگی کو بری طرح متاثر کیا۔ مشکل معاشی منظر نامے کے باوجود، انتظامی ٹیم اور عملے نے منفی اثرات کو کم سے کم کرنے کے لیے تندی سے کام کیا ہے۔ اندرونی عمل کی اصلاح کو ترجیح دیتے ہوئے اور پائیدار طریقوں پر عمل کرتے ہوئے، کمپنی ان مسائل پر قابو پانے اور اقتصادی ماحول کے مستحکم ہونے پر ترقی کی راہ پر گامزن ہونے کے لئے پرعزم ہے۔

## مستقبل کا منظر نامہ:

کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشواروں کے نوٹ 2 کے حوالے سے، بورڈ آف ڈائریکٹرز ان واقعات، حالات اور عوامل کی طرف توجہ مبذول کرنا چاہیں گے جو بیرونی آڈیٹرز کے مطابق، ایک غیر یقینی صورتحال کی نشاندہی کرتے ہیں جو کمپنی کے کاروبار کے جاری رہنے کے بارے میں شکوک پیدا کر سکتے ہیں۔ انتظامیہ نے ایک جامع ایکشن پلان تیار کیا ہے، جس میں مجموعی طور پر بیلنس شیٹ کی پروفائٹنگ، مختلف دیگر ذرائع سے تازہ فنڈز کا اندراج، مالی سال 2025 اور مالی سال 2026 میں متوقع کم حجم کے پیش نظر لاگت کو معقول بنانا، مزید سرمایہ کاری پر مکمل پابندی اور مستقبل کے توسیعی منصوبے شروع کرنا وغیرہ شامل ہیں بالخصوص اسٹیل میں ان خدشات کو دور کرنے اور ان کو کم کرنے کے لیے، کمپنی کی مالی حالت کو مستحکم کرنے اور طویل مدتی پائیداری کو یقینی بنانے پر توجہ مرکوز کرنا۔ بورڈ اور انتظامیہ صورت حال پر گہری نظر رکھتے ہوئے ہیں اور اس بات پر یقین رکھتے ہیں کہ یہ اقدامات کمپنی کی مالی صحت کو بہتر بنائیں گے، اور ان کی مدد سے کمپنی کے کاروبار کو یقینی بنیاد پر جاری رکھنے میں مدد ملے گی۔

مالی سال اختتامیہ 30 جون 2024 سے متعلق کمپنی کے اہم مالیاتی اشاریوں کا گزشتہ مالی سال کے ساتھ موازنہ حسب ذیل ہے:

| تفصیلات                                     | 30 جون 2024 | 30 جون 2023<br>(اعادہ کیا گیا) |
|---|-------------|--------------------------------|
| .....روپے ہزاروں میں.....                   |             |                                |
| آمدن از فروخت                               | 38,775,737  | 45,492,724                     |
| خام منافع                                   | 2,401,426   | 5,953,930                      |
| آپریٹنگ (نقصان)/منافع                       | (130,787)   | 3,998,651                      |
| نقصان قبل از ٹیکس                           | (5,391,396) | (301,186)                      |
| نقصان بعد از ٹیکس                           | (6,106,723) | (697,196)                      |
| (نقصان)/فی حصص - بنیادی و تخلیلی (روپے میں) | (20.56)     | (2.35)                         |

مالی سال اختتامیہ 30 جون 2024 سے متعلق مالیاتی نتائج گزشتہ مالی سال کے مقابلے میں واضح طور پر منفی نتائج کو ظاہر کر رہے ہیں، ان نتائج سے کمپنی کو درپیش اہم مسائل کی نشاندہی ہوتی ہے۔ آمدن از فروخت میں 14.76 فیصد کمی ہوئی ہے، یعنی مالی سال 2023 میں 45.49 بلین روپے سے آمدن گر کر مالی سال 2024 میں 38.78 بلین تک کم ہو گئی۔ آمدنی میں یہ کمی بنیادی طور پر طلب میں کمی، قیمتوں میں شدید مسابقت اور شمالی علاقے میں نئے حریفوں کے داخلے سے منسوب ہے۔ مسابقت کے اس ماحول کی وجہ سے شمالی اور جنوبی مارکیٹوں کے درمیان قیمتوں میں نمایاں تفاوت پیدا ہو چکا ہے، جس سے مارکیٹ میں عدم توازن پیدا ہو گیا ہے۔ زیر نظر مالی سال کے دوران، کمپنی نے کل 174,071 میٹرک ٹن پرائمری فروخت کیا ہے، جو کہ مالی سال 2023 میں ریکارڈ کیے گئے 218,279 میٹرک ٹن سے قدرے کم ہے۔ یہ گزشتہ مالی سال کے مقابلے میں مجموعی فروخت کے حجم میں 44,262 میٹرک ٹن یا 20.28 فیصد کمی کو ظاہر کرتا ہے۔

خام منافع میں 59.67 فیصد زبردست کمی واقع ہوئی ہے، جو کہ مالی سال 2023 میں 5.95 بلین روپے سے گر کر مالی سال 2024 میں 2.40 بلین روپے ہو چکی ہے۔ یہ کمی بڑھتی ہوئی پیداواری لاگت کی عکاسی کرتی ہے جس میں بنیادی طور پر کم پیداواری صلاحیت کا استعمال ہونے کی وجہ سے مستقل اخراجات کا جذب نہ ہونا، توانائی کی قیمتوں میں اضافہ اور روپے کی قدر میں 20 فیصد کمی (مالی سال 2023 میں 1 ڈالر برابر 239 روپے اور مالی سال 2024 میں 1 ڈالر برابر 286 روپے) شامل ہیں۔ ایک اور مسئلہ جس کی وجہ سے چوتھی سہ ماہی میں کمپنی کے کاروباری حجم بری طرح متاثر ہوا وہ قرض دہندگان کے ساتھ بیلنس شیٹ کی پروفاٹنگ کا ناکام ہونا تھا جس کی وجہ سے کمپنی اسٹیل کی

خریداری کے لیے ایل سی کھولنے کے لیے دستیاب لائسنسوں کو استعمال کرنے کے قابل نہ ہو سکی۔ اس مالیاتی رکاوٹ نے کاروباری آپریشنز میں خلل ڈالا اور اہم درآمدات میں رکاوٹ ڈالی، جس کے نتیجے میں کمپنی کی مالی پوزیشن پر منفی اثرات مرتب ہوئے۔ سخت مسابقت کی وجہ سے صارفین تک منتقل نہ ہونے کے ساتھ ساتھ ان بڑے ہوئے اخراجات نے مالی سال 2023 میں خام منافع کے مارجن 13.09% کو مالی سال 2024 میں 6.19% تک کم کر دیا اور چوتھی سہ ماہی میں کمپنی کو 18.17% خام نقصان اٹھانا پڑا۔ بروقت مالی مدد حاصل کرنے میں ناکامی نے نہ صرف مالی سال 2024 میں صورتحال کو مزید خراب کیا، بلکہ مالی سال 2025 اور مالی سال 2026 میں بھی اس کے دیرپا اثرات مرتب ہوں گے۔

آپریٹنگ کارکردگی میں بڑی تبدیلی آئی ہے، جس کے نتیجے میں کمپنی کو مالی سال 2024 میں 130.79 بلین روپے کا نقصان ہوا ہے، جبکہ گزشتہ مالی سال 2023 میں 3.99 بلین کا منافع ریکارڈ کیا گیا تھا۔ اس تبدیلی کی بنیادی وجوہات میں خام منافع کی شرح میں آنے والی کمی کے ساتھ ساتھ دیگر عوامل میں تین بنیادی اخراجات شامل ہیں جیسا کہ عمومی افراط زر کی بلند شرح کے وجہ سے تنخواہوں میں اضافہ، مالی سال 2024 کے دوران مقامی طور پر مال برداری کی بڑھتی ہوئی قیمتوں کی وجہ سے ٹرانسپورٹ کے اخراجات میں اضافہ، جس کی وجہ مالی سال 2023 میں ایندھن کی اوسط قیمتوں کا 241 روپے فی لیٹر سے بڑھ کر مالی سال 2024 میں 283 روپے تک بڑھ جانا تھا اور اس کے ساتھ ساتھ ایکسسل

فاٹا/ پائٹا کے علاقوں کو دی گئی ٹیکس چھوٹ نے رجسٹرڈ اسٹیل صنعتکاروں کے لیے اہم مسائل پیدا کر دیئے ہیں۔ دراصل ان علاقوں میں ترقی کو فروغ دینے کے لیے یہ چھوٹ دی گئی تھی، تاہم اس چھوٹ کا بڑے پیمانے پر غلط استعمال کیا گیا ہے، جس کی وجہ سے تقریباً 90 فیصد اسٹیل سیلز ٹیکس ادا کیے بغیر ملک بھر میں فروخت کیا جا رہا ہے۔ اس اقدام کی وجہ سے جائز ٹیکس ادا کرنے والی کمپنیوں کو شدید نقصان پہنچا ہے۔ جس کے نتیجے میں قانونی طور پر کام کرنے والے کاروبار بھاری ٹیکسوں کے بوجھ تلے اپنی بقا کی جنگ لڑ رہے ہیں۔ مذکورہ منظر نامے میں سب سے زیادہ تشویشناک بات ٹیکس ریونیو کا بڑے پیمانے پر نقصان ہے، جس کا تخمینہ سیکنڈوں ارب روپے ہے، جس نے حکومت کو معاشی ترقی کے لیے درکار ضروری محصولات سے محروم کر دیا ہے۔ حکومت کے لیے ٹیکس کے اس غیر مساوی ڈھانچے کو ختم کرنا بہت ضروری ہے، جو کہ قانونی طور پر کام کرنے والی صنعتوں کو سزا دیتا ہے جبکہ غیر منصفانہ استثنیٰ حاصل کرنے والے کاروبار کو فائدہ پہنچاتا ہے۔ فوری اصلاحی اقدامات کے بغیر، مقامی اسٹیل کی صنعت کو ناقابل تلافی نقصان کا سامنا کرنا پڑ سکتا ہے، وگرنہ قانونی طور پر کام کرنے والی ایسی کمپنیاں جو کہ پہلے ہی اپنی بقا کیلئے جدوجہد کر رہی ہیں وہ اپنا کاروبار بند کرنے پر مجبور ہو سکتی ہیں۔

موجودہ ٹرن اوور ٹیکس کی شرح کمپنیوں پر ایک بہت بڑا بوجھ ہے، خاص طور پر اسٹیل انڈسٹری میں رجسٹرڈ شدہ کمپنیوں پر جو زیادہ سرمایہ کاری پر انحصار کرتی ہیں اور منافع کے کم مارجن کے ساتھ کام کرتی ہیں۔ بڑھتی ہوئی پیداواری لاگت اور نمایاں طور پر گرتی ہوئی طلب نے پہلے سے کم منافع سراسر نقصان میں بدل دیا ہے، جس سے زیادہ ٹرن اوور ٹیکس مزید جابرانہ صورت اختیار کر چکا ہے۔ چونکہ یہ ٹیکس منافع سے قطع نظر، مجموعی آمدنی پر لگایا جاتا ہے، اس لیے یہ خاص طور پر معاشی بدحالی کا سامنا کرنے والے کاروباروں کے لیے مشکل ہو جاتا ہے، جیسے کہ اسٹیل کے شعبے میں یہ مسئلہ موجود ہے۔

ٹرن اوور ٹیکس کو ایڈجسٹ کرنے کے لیے ایک اضافی تشویش تین سال کی محدود مدت ہے۔ یہ مختصر وقت ان صنعتوں کے لیے ناکافی ہے جو بڑے اقتصادی مسائل سے نکلنے کی کوشش کر رہی ہیں۔ پاکستان بزنس کونسل اور دیگر اقتصادی وکالتی گروپوں نے اس ایڈجسٹمنٹ کی مدت کو کم از کم 10 سال تک بڑھانے کی تجویز پیش کی ہے، جس سے کاروباری اداروں کو ٹیکس کے مالیاتی اثرات سے سنبھلنے کے لیے مزید وقت ملے گا۔ انکی جانب سے اسٹیل سیکٹر کے لیے ٹرن اوور ٹیکس کی شرح کو 0.5% تک کم کرنے کی سفارش بھی کی جا رہی ہے، تاکہ موجودہ معاشی حالات کے مطابق بہتر انداز میں ہم آہنگ ہو سکیں، جس سے صنعتوں کو ملک کی معاشی بحالی کے لیے انتہائی ضروری ریلیف ملنے کی توقع ہو سکتی ہے۔ ٹرن اوور ٹیکس پالیسی پر نظر ثانی کرنے سے نہ صرف کاروبار پر فوری مالیاتی دباؤ کم ہوگا بلکہ طویل المدتی ترقی کے لیے زیادہ پائیدار ماحول کو فروغ ملے گا، خاص طور پر اسٹیل سیکٹر جو پہلے ہی بھاری ٹیکس ادا کر رہا ہے۔

پاکستان میں سیاسی غیر یقینی صورتحال اور غیر مستقل صنعتی پالیسیوں کے وجہ سے اسٹیل کے شعبے میں سرمایہ کاروں کے اعتماد کو ٹھیس پہنچی ہے۔ اسٹیل انڈسٹری کے لیے ایک مستحکم، طویل المدتی پالیسی فریم ورک کی کمی، بالخصوص توانائی کی قیمتوں کے سلسلے میں ٹیکس کے ڈھانچے اور درآمدی محصولات کے مسائل نے رجسٹرڈ شدہ کمپنیوں کے لیے مسائل سے بھرپور ایک ماحول پیدا کر دیا ہے۔

## مالی سال اختتامیہ 30 جون 2024 سے متعلق مالیاتی کارکردگی:

یہ بات مکمل طور پر واضح ہے کہ کمپنی کو مالی سال اختتامیہ 30 جون 2024 کے دوران اہم مسائل کا سامنا کرنا پڑا جن کی وجہ سے کمپنی کی مالیاتی کارکردگی کافی حد تک متاثر ہوئی۔ پاکستان میں مسلسل معاشی بدحالی، بڑھتی ہوئی افراط زر، شرح مبادلہ کے اتار چڑھاؤ، اور توانائی کی بڑھتی ہوئی قیمتیں، خاص طور پر بجلی کی قیمتوں، نے کمپنی کے کاروباری افعال پر بہت دباؤ ڈالا ہے۔ کاروباری افعال کو ہموار کرنے اور کارکردگی کو مزید موثر بنانے کیلئے کی جانے والی کوششوں کے باوجود، کلی معاشی اقدامات کے نتیجے میں پیداواری صلاحیت میں کمی اور اخراجات میں اضافہ ہوا ہے، جو بالآخر زیر نظر مالی سال کے لیے مالی نقصان کا باعث بنی ہے۔

مالی سال 2024 میں، پاکستان کی معیشت کو نمایاں مسائل کا سامنا رہا، جو پچھلے سال سے جاری مشکلات کی عکاسی کرتے ہیں۔ بحالی کے دعوؤں کے باوجود، مسلسل مہنگائی، سیاسی عدم استحکام، توانائی کی قلت، اور کمزور ہوتی ہوئی کرنسی جیسے اہم مسائل نے عوام کے مالی استحکام کو بری طرح متاثر کیا ہے۔ اگرچہ اس بات کے اشارے مل رہے تھے کہ افراط زر میں کمی آسکتی ہے، لیکن ضروری اشیاء ناقابل برداشت حد تک مہنگی رہیں، جس سے قوت خرید میں نمایاں کمی واقع ہوئی۔ اگرچہ سازگار موسمی حالات کی وجہ سے زرعی پیداوار میں معمولی بہتری دکھائی دی، لیکن یہ اضافہ بڑھتی غذائی ضروریات کو مکمل طور پر حل کرنے کے لیے ناکافی رہا۔ حکومت کی جانب سے بنیادی اصلاحات کو نافذ کرنے کی کوششیں اکثر بیوروکریسی کی نااہلی اور بدعنوانی کی وجہ سے ناکامی کا شکار ہو جاتی ہیں۔ موجودہ سیاسی عدم استحکام اور معاشی بدانتظامی کے پیش نظر براہ راست غیر ملکی سرمایہ کاری کو راغب کرنے کی کوششوں کو بھی شدید دھچکا پہنچا ہے۔

بیرون ملک مقیم پاکستانیوں کی جانب سے ترسیلات زرا اگرچہ اہم ہیں، تاہم وسیع تر اقتصادی مسائل سے نمٹنے کیلئے یہ ترسیلات ناکافی تھیں۔ اگرچہ خدمات کے شعبے، خاص طور پر انفارمیشن ٹیکنالوجی نے کچھ بہتری کا مظاہرہ کیا ہے، لیکن اس قدر شرح نمو سے وسیع پیمانے پر پھیلی ہوئی بے روزگاری کو کم کرنے میں خاطر خواہ مدد نہ مل سکی، بے روزگاری نے آبادی کے ایک بڑے حصے کو متاثر کر رکھا ہے۔ مجموعی طور پر، مالی سال 2024 میں چند سال قبل شروع ہونے والی معاشی مشکلات کا تسلسل جاری رہا، گوکہ بحالی کے چند آثار بھی نظر آنے لگے ہیں۔ بنیادی نوعیت کے مسائل بڑی حد تک حل طلب ہی رہے، معیشت کو ایک غیر یقینی حالت میں چھوڑ دیا گیا، جس کے باعث مستقبل میں استحکام اور ترقی کے بارے میں خدشات نے جنم لیا۔

اقتصادی سروے رپورٹ کے مطابق، حقیقی جی ڈی پی میں 2.4 فیصد کی نمو رہی، یعنی مالی سال 2023 میں ریکارڈ کی گئی 0.2 فیصد کی منفی شرح نمو کے مقابلے میں نتائج مثبت رہے۔ یہ شرح نمو وسیع البہد تھی، جس میں زراعت کا شعبہ ایک بنیادی محرک کے طور پر ابھر کر سامنے آیا، زراعت کے شعبے نے گزشتہ 19 سالوں کے مقابلے میں مالی سال 2024 میں 6.25 فیصد بہتر کارکردگی کا مظاہرہ کیا۔ گندم، چاول اور کپاس جیسی اہم فصلوں میں خاطر خواہ اضافے سے زراعت کے شعبے میں ترقی کو مزید تقویت حاصل ہوئی اور اس طرح اس شعبے میں مجموعی طور پر 16.82 فیصد اضافہ ہوا۔ دریں اثنا، صنعتی شعبے نے معمولی بحالی کا مظاہرہ کیا، جس میں 1.21 فیصد اضافہ ہوا، جبکہ بڑے پیمانے پر مینوفیکچرنگ سیکٹر، بشمول اسٹیل انڈسٹری، نے 0.07 فیصد کی کم ترین شرح نمو کا مظاہرہ کیا ہے۔ بالخصوص لوہے اور اسٹیل کی مصنوعات کے شعبے میں 2.20 فیصد کمی واقع ہوئی ہے، یہ کمی اسٹیل کی صنعت کو لاحق دیرینہ مسائل کی عکاسی کرتی ہے۔ معاشی رکاوٹوں کا تسلسل سرمایہ کاری کے لحاظ سے جی ڈی پی کے تناسب میں کمی سے ظاہر ہوتا ہے، جو مالی سال 2023 میں 14.13 فیصد سے کم ہو کر مالی سال 2024 میں 13.14 فیصد رہ گیا۔ یہ کمی بنیادی طور پر سخت معاشی پالیسیوں اور جاری سیاسی غیر یقینی صورتحال کی وجہ سے ہے۔

پاکستان میں اسٹیل کا شعبہ، خاص طور پر تعمیراتی سرینے کی پیداوار سے منسلک انڈسٹری، ملک کی تعمیرات اور بنیادی ڈھانچے کی ترقی کی صنعتوں کا ایک اہم جزو ہے۔ تاہم، اس شعبے کو حالیہ برسوں میں اہم مسائل کا سامنا کرنا پڑا ہے، جس میں رواں مالی سال بھی شامل ہے، اقتصادی عدم استحکام، طلب میں کمی، اور عالمی منڈی کے حالات کے اثرات ان مسائل میں نمایاں رہے۔ پاکستان میں جاری معاشی مشکلات، بشمول بلند افراط زر، توانائی کی بڑھتی ہوئی قیمتیں، اور کرنسی کی قدر میں کمی، نے اسٹیل کے صنعتکاروں کے لیے پیداواری لاگت میں خاطر خواہ اضافہ کیا ہے، بالخصوص ان کاروباروں کیلئے جن کے کاروبار دستاویزی شکل میں رجسٹرڈ ہیں۔ معاشی دباؤ، شرح سود میں اضافے اور بنیادی ڈھانچے کے منصوبوں پر حکومتی اخراجات میں کمی کے نتیجے میں تعمیراتی سرگرمیاں سست روی کا شکار رہی ہیں، جس کے نتیجے میں مقامی طور پر تعمیراتی سرینے کی طلب میں کمی آئی ہے۔

پاکستان کی اسٹیل کی صنعت بٹ کی پیداوار کے لیے درآمد شدہ خام مال، یعنی سکریپ میٹل پر بہت زیادہ انحصار کرتی ہے۔ مالی سال 2024 میں پاکستانی روپے کی مسلسل گراوٹ نے درآمدی لاگت کو کافی حد تک بڑھا دیا، جس کے باعث صنعتکاروں پر اضافی دباؤ پڑا۔ اسکرپ کی سپلائی میں عالمی رکاوٹوں اور بین الاقوامی قیمتوں میں اتار چڑھاؤ نے پیداواری لاگت میں مزید اضافہ کیا ہے، جس کی وجہ سے مقامی طور پر بلٹس اور سرینے کی قیمتوں میں اضافہ ہوا ہے۔ بٹ کی پیداوار کے لیے توانائی پر مبنی صنعت پر انحصار نے اسے پاکستان میں توانائی کی جاری قلت کے تناظر میں ایک انتہائی حساس مسئلہ بنا دیا ہے۔ بار بار بجلی کی بندش، بجلی کے آسمان کو چھوتے ہوئے نرخ اور گیس کی سپلائی کی رکاوٹوں نے پیداوار میں خلل پیدا کیا ہے، اس کے ساتھ ساتھ پیداواری لاگت میں اضافہ اور آپریشنل کارکردگی کو متاثر کیا ہے۔ اس کے نتیجے میں، اسٹیل کی قیمتیں بلند ہوئیں، جس سے مقامی مصنوعات میں مقابلہ کرنے کی سکت ہی باقی نہیں رہی۔

مالی سال 2024 کے نامساعد حالات سے نبرد آزما ہونا واقعاً ایک سخت امتحان تھا، کمپنی کو مارکیٹ میں کافی غیر یقینی صورتحال، پیچیدہ سیاسی منظر نامے، اور معاشی عدم استحکام کا سامنا تھا، ان تمام مسائل نے کمپنی کی مالیاتی کارکردگی کو نمایاں طور پر متاثر کیا۔ جب کہ ہمارے مالیاتی نتائج درپیش رکاوٹوں کی عکاسی کرتے ہیں، تاہم ہماری جانب سے کاروباری افعال کو مزید مستحکم بنانے کیلئے بھرپور کوششیں جاری ہیں۔ ان رکاوٹوں پر قابو پانے کے لیے ہماری لگن اور ہمارا عزم کمپنی کے محفوظ اور مستحکم مستقبل کی جانب ہماری رہنمائی کرتے رہیں گے۔

عالمی اقتصادی نقطہ نظر سے، گزشتہ مالی سال میں قابل ذکر تبدیلیاں دیکھنے میں آئیں، جو مختلف مسائل کے امتزاج اور ان مسائل سے نمٹنے کیلئے حکمت عملی کی عکاسی کرتی ہیں۔ اہم مسائل میں وبائی امراض کے دور رس اثرات، جغرافیائی سیاسی تنازعات، اور قرضوں کے بڑھتے ہوئے حجم شامل ہیں، یہ تمام مسائل عالمی ترقی میں سست روی کا باعث بن رہے ہیں۔ ان مسائل کی وجہ سے یہ لازم ہے کہ معیشتوں کو مستحکم کرنے اور موسمیاتی تبدیلیوں سے نمٹنے کے لیے مضبوط بین الاقوامی تعاون اور جامع مالیاتی اصلاحات جیسے اقدامات پر فوری طور پر عمل شروع کیا جائے۔

زیر نظر مالی سال کے دوران، عالمی معیشت کو مسلسل افراط زر کے دباؤ، جغرافیائی و سیاسی عدم استحکام کے ساتھ ساتھ غیر مساوی علاقائی ترقی کی وجہ سے ایک غیر یقینی ماحول کا سامنا کرنا پڑا۔ بڑی معیشتوں (خاص طور پر مغرب میں) نے شرح سود میں اضافے کے دیرپا اثرات کا مقابلہ کیا، یو ایس فیڈرل ریزرو اور یورپی سینٹرل بینک کی قیادت میں مرکزی بینکوں نے افراط زر کا مقابلہ کرنے کی کوششیں جاری رکھیں۔ ان جارحانہ مالیاتی پالیسیوں کے باعث طلب میں کمی واقع ہوئی، اقتصادی توسیع سست روی کا شکار رہی، اور ممکنہ کساد بازاری کے خدشات نے جنم لیا۔ اس دوران ابھرتی ہوئی منڈیوں کو قرضوں کے بڑھتے ہوئے بوجھ، کرنسی کی قدر میں کمی، اور سرمائے کی انخلاء جیسے مسائل سے نبرد آزما ہونا پڑا، امریکی ڈالر کی بڑھتی ہوئی قیمت اور اجناس کی قیمتوں میں اتار چڑھاؤ کی وجہ سے ان مسائل کو بھی تقویت حاصل ہوئی۔ دنیا میں عالمی سطح پر افراط زر میں بتدریج کمی دیکھی جا رہی ہے، جو کہ پہلے تشویشناک حد تک پہنچ چکی تھی۔ اگرچہ یہ کمی ایک مثبت علامت ہے، تاہم افراط زر کا دباؤ ابھی تک مؤثر ہے، خاص طور پر جب کہ بنیادی افراط زر میں کمی کی رفتار سست ہونے کی توقع ہے۔

جغرافیائی و سیاسی کشیدگیاں، بالخصوص یوکرین میں جاری تنازعہ اور امریکہ چین تعلقات میں تناؤ، عالمی تجارت اور سرمایہ کاری کے بہاؤ کو مزید پیچیدہ بنا رہے ہیں۔ توانائی کی قیمتیں اتار چڑھاؤ کا شکار رہیں، مشرقی یورپ میں جنگ کی وجہ سے رسد میں حائل رکاوٹیں اور موجودہ مسائل کے باعث ترقی یافتہ اور ترقی پذیر ممالک متاثر ہو رہے ہیں۔ مزید برآں، سپلائی چین کی رکاوٹیں، اگرچہ پچھلے سالوں کے مقابلے میں کسی حد تک کم ہوئیں، عالمی صنعت سازی اور تجارت میں رکاوٹ کا باعث بن رہی ہیں، بالخصوص آٹوموٹیو اور الیکٹرانکس جیسے اہم شعبوں میں۔ ان مسائل کے مابین دوسری جانب بہتری کے مظاہرے بھی دیکھنے کو مل رہے ہیں اور ترقی بھی اپنا سفر طے کر رہی ہے۔

عالمی سطح پر، ٹیکنالوجی کے شعبے نے مصنوعی ذہانت اور ڈیجیٹل انفراسٹرکچر میں پیشرفت کی وجہ سے نمایاں سرمایہ کاری کو اپنی جانب راغب کیا۔ اسی طرح، کاربن کے اخراج کی حوصلہ شکنی اور قابل تجدید توانائی کی جانب عالمی تبدیلی نے گرین انرجی کے شعبے کو مزید فعال کیا ہے، جس سے مستقبل میں ترقی کی امید پیدا ہوئی ہے۔ اگرچہ عالمی معیشت کے حالات اچھے نہیں تھے، لیکن تنوع، اختراعات، اور پائیدار طریقوں کے ذریعے کاروبار اور حکومتوں نے بدلتے ہوئے حالات کے تحت خود کو ڈھالنا شروع کر دیا۔ یہ اقدامات پیچیدہ عالمی اقتصادی منظر نامے کو تبدیل کرنے اور پائیدار ترقی کو فروغ دینے میں اہم ثابت ہوں گے۔

# AUDIT COMMITTEE REPORT

## Introduction

We are pleased to present annual Audit Committee Report which provides an insight into our work, the issues handled and the focus of the Audit Committee's deliberations during 2023-24. The Audit Committee assists the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management and internal control system and related compliance and governance matters. We are also responsible for making a recommendation to the Board on the appointment or reappointment of the external auditors.

## Audit Committee Members

The committee comprises of three Independent Non-Executive Directors

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

Members:

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

Mr. Badar Kazmi (Independent Non-Executive Director)

\*as defined in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The members of the Audit Committee have the appropriate knowledge, skills and experience to carry out the tasks entrusted to the Committee by the Board. The approved minutes of Audit Committee are circulated to the Board for information and guidance.

## Audit Committee Attendance

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

| Name of Member       | Number of Meetings Attended |
|----------------------|-----------------------------|
| Mr. Teizoon Kijat    | 06                          |
| Mr. Zafar Ahmed Taji | 06                          |
| Mr. Badar Kazmi      | 06                          |

## Synopsis of Activities

### Financial Reporting

The Committee has a process to review the financial information of the Company when quarterly and annual financial statements and the reports are presented to the Committee by the CFO. The financial reporting was assessed to ensure that credible and reliable information should be timely reported. Annual and quarterly financial statements were reviewed prior to their approval by the Board of Directors.

Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements. Applicable International Financial Reporting Standards were followed in the preparation of financial statements of the Company on a going concern basis, for the financial year ended 30 June 2024, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company for the year under review.

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

### Review of related party transactions

The Audit Committee reviewed the statement of significant related party transactions, submitted by the management. Audit Committee ensured the disclosure of materially significant related party transactions. During the year 2023-2024, the Company has entered into certain related party transactions as disclosed in the respective note to the Financial Statements. The details of all related party transactions were placed quarterly before the audit committee of the Company and upon recommendations of the Audit Committee, the same were placed before the Board for review and approval.

## AUDIT COMMITTEE REPORT

### Effectiveness of Internal Control System

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

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

### External Auditors

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

The external auditors were allowed direct access to Audit Committee. The Audit Committee reviewed the Management Letter issued by external auditors and the management response thereto. Observations were discussed with the auditors and required actions recorded.

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

On 22 September 2023, the Audit Committee recommended to the Board re-appointment of external auditors along with fixing remuneration for the year ending 30 June 2024. The Shareholders approved the recommendation in Annual General Meeting held on 24 October 2023 and M/s. BDO Ebrahim & co., Chartered Accountants were appointed as external auditors of the Company for the year ending 30 June 2024.

### Internal Auditor

The Company has established Internal Audit Function, which is responsible for conducting audits to evaluate the effectiveness of the Company's internal controls, risk management processes and compliance with regulations. The Internal Audit Function is led by "Head of Internal Audit" who possesses the necessary qualification prescribed under the CCG Regulations 2019. The Head of Internal Audit has direct access to the Chairman Audit Committee. The Committee has ensured that the internal audit function is adequately staffed with personnel possessing the necessary internal audit acumen. The Internal Audit function has unrestricted access to Management and the right to seek information and explanation. The Internal Audit function has carried out its duties under the Audit Charter defined by the Committee. The Committee has carefully reviewed material findings with management given direction to ensure that necessary steps were taken to mitigate any issues. Head of Internal Audit attends all Committee meetings, during which internal audit reports are considered and discussed.

## CODE OF CONDUCT

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

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

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

### Applicability

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

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

### Consequences of Non-Compliance of Code

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

### Conflicts of Interest

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

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

### Inside Information

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

The Company personnel may find themselves in violation of the applicable laws if they misuse information not generally known to the public and either trade or induce others to trade in the shares of the Company or in the stock of another Company. Specific confidential information would include financial information, information concerning acquisitions or dispositions of properties and proposed acquisition or mergers with other companies.

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

### Health and Safety

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

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

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

## **Consumers**

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

## **Suppliers**

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

## **Integrity and Professionalism**

The Company personnel should remember that they are a reflection 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.

## **Community Activities**

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

## **Protection of the Environment**

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

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

## WHISTLEBLOWING POLICY

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

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

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

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

E-mail – whistleblowing@amrelisteels.com which shall only be accessible to the Whistleblowing Unit.

Mail – Captioned 'Whistleblowing Unit' – Registered Office, A-18, S.I.T.E. Karachi.

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

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

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

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

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

## POLICY FRAMEWORK FOR DETERMINING REMUNERATION OF DIRECTORS

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

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

## POLICY FOR RELATED PARTY TRANSACTIONS

A complete and updated list of related parties is being maintained by the Company. All transactions with related parties are carried out on an unbiased and arm's length basis as per policy approved by the Board of Directors of the Company. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. The Internal Audit Function ensures that all related party transactions are carried on an arm's length basis. After review by the Audit Committee, the transactions are placed before the Board for their consideration and approval. All transactions with related parties are disclosed in the financial statements.

## POLICY OF SECURITY CLEARANCE OF FOREIGN DIRECTORS

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

## STATEMENT ON MECHANISM OF BOARD'S PERFORMANCE AND DELEGATION OF AUTHORITY TO MANAGEMENT BY BOARD

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

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

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

## ANNUAL PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES, MEMBERS AND THE CEO

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

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

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

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

## HOW THE ORGANIZATION IMPLEMENTED GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

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

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

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

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

## PRESENCE OF THE CHAIRMAN OF THE BOARD’S AUDIT COMMITTEE (BAC) AT THE ANNUAL GENERAL MEETING (AGM)

The Chairman of Board’s Audit Committee - Mr. Teizoon Kisat (an Independent Director) was present in the 39th AGM of the Company which was held on 24 October 2023, to answer questions on the Audit Committee’s activities and matters within the scope of the Board’s Audit Committee. All queries raised by shareholders at the AGM were duly answered by the Chairman, Directors, CEO and CFO present in the meeting up to satisfaction of the shareholders.

## STATEMENT ON THE MANAGEMENT’S AND BOARD OF DIRECTORS’ RESPONSIBILITY TOWARDS THE PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so;
- The Board of Directors are responsible for overseeing the Company’s financial reporting process.

## CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK

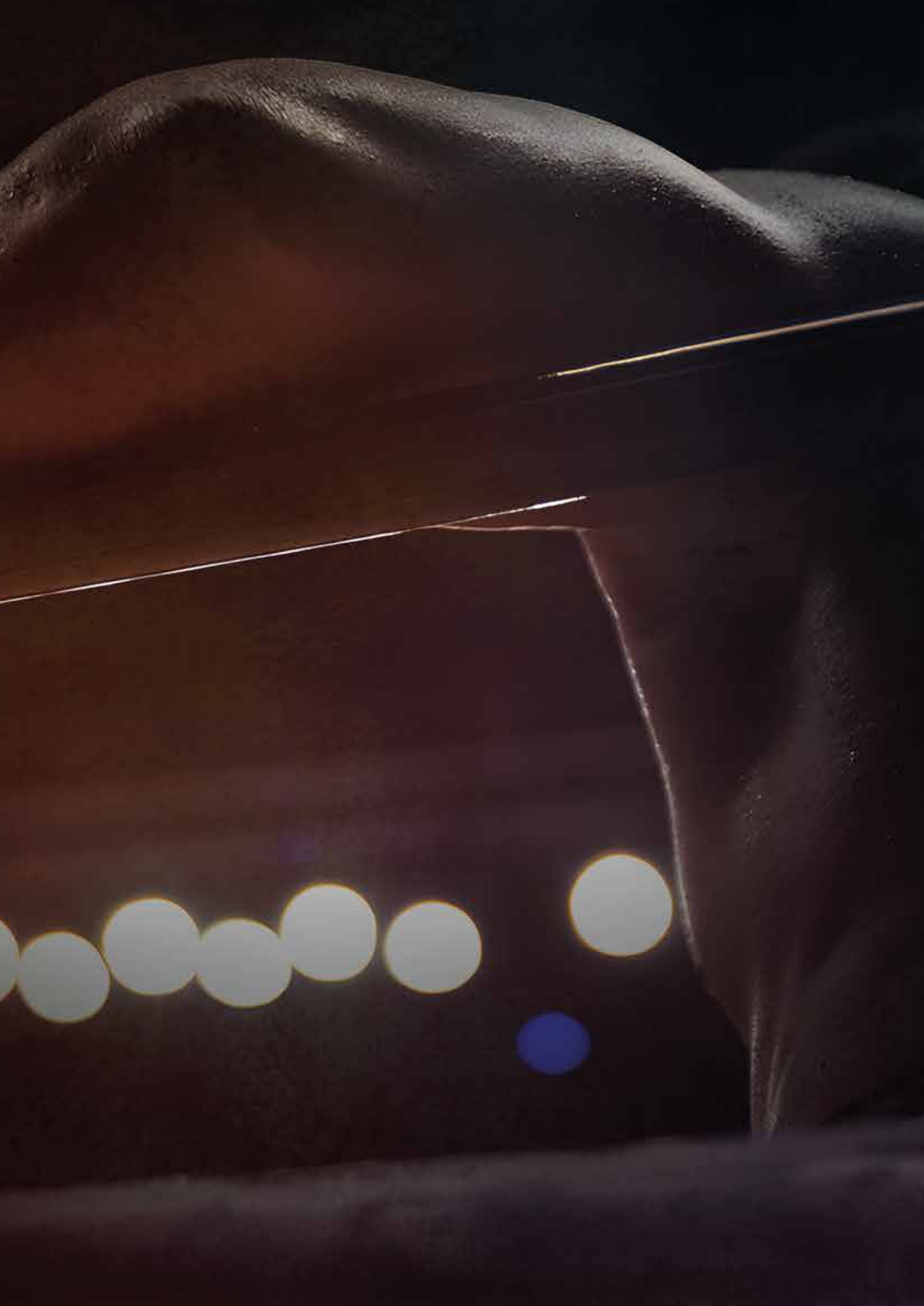
The Board of Directors of the Company are dedicated in maintaining high standards of good corporate governance. The Directors confirm compliance with the Corporate and Financial Reporting Framework of the SECP and the CCG for the following matters -

- a) The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity;
- b) Proper books of accounts have been maintained by the Company;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments;
- d) International Financial Reporting Standards, as applicable in Pakistan, have been duly followed in preparation of financial statements;
- e) The system of internal controls is sound in design and has been effectively implemented and monitored. The process of monitoring the internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system;
- f) There are no doubts upon the Company's ability to continue as going concern;
- g) There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of the Rule Book of the Pakistan Stock Exchange Limited;
- h) A summary of key operating and financial data of the Company is annexed in this Annual Report;
- i) Information about taxes and levies is given in notes to the financial statements;
- j) The Company has an unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying years of service for entitlement of gratuity. The provision for gratuity is made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of 30 June 2024 using Projected Unit Credit Method. Being an unfunded gratuity scheme, no investment could have been made and hence the value of investments as at 30 June 2024 stands Nil.

A woman in a boxing ring, wearing a white boxing glove and a black headgear, is shown in a dynamic pose, possibly celebrating a victory. The background is dark with bokeh lights.

FINANCIAL HIGHLIGHTS

# GOING THE EXTRA ROUND



## SIX YEARS AT A GLANCE

### FINANCIAL POSITION

Rs. in Million

#### Assets Employed

| 2024                          | 2023<br>(Restated) | 2022<br>(Restated) | 2021          | 2020<br>(Restated) | 2019<br>(Restated) |
|-------------------------------|--------------------|--------------------|---------------|--------------------|--------------------|
| Property, plant and equipment | 29,955             | 22,263             | 21,578        | 20,146             | 17,651             |
| Right of use asset            | 100                | 136                | 76            | 100                | 72                 |
| Intangible assets             | 3                  | 7                  | 12            | 19                 | 24                 |
| Long-term investments         | -                  | -                  | 14            | 15                 | 15                 |
| Long-term deposit and loans   | 176                | 194                | 204           | 152                | 135                |
| Current assets                | 16,606             | 17,829             | 22,316        | 15,934             | 17,345             |
| <b>Total Assets</b>           | <b>46,840</b>      | <b>40,428</b>      | <b>44,201</b> | <b>36,366</b>      | <b>35,243</b>      |

#### Financed By

|  |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Share capital and reserves             | 14,226        | 14,376        | 15,208        | 13,941        | 10,951        | 12,196        |
| <b>Long-term liabilities</b>           |               |               |               |               |               |               |
| Long-term financing                    | -             | 3,705         | 4,821         | 4,821         | 5,430         | 1,507         |
| Current portion of long-term financing | 4,002         | 1,800         | 1,354         | 1,129         | 812           | 1,187         |
|  | 4,002         | 5,505         | 6,175         | 5,950         | 6,241         | 2,693         |
| Non-current and deferred liabilities   | 5,689         | 2,111         | 1,688         | 1,116         | 847           | 1,369         |
| Current liabilities                    | 26,925        | 20,236        | 22,504        | 16,489        | 18,015        | 14,475        |
| Current portion of long term finance   | (4,002)       | (1,800)       | (1,354)       | (1,129)       | (812)         | (1,187)       |
|  | 22,922        | 18,436        | 21,151        | 15,359        | 17,204        | 13,288        |
| <b>Total Funds Invested</b>            | <b>46,840</b> | <b>40,428</b> | <b>44,201</b> | <b>36,366</b> | <b>35,243</b> | <b>29,547</b> |

#### OPERATIONS

|                                       |         |        |        |        |         |        |
|---------------------------------------|---------|--------|--------|--------|---------|--------|
| Turnover - net                        | 38,776  | 45,493 | 58,184 | 39,218 | 26,532  | 28,596 |
| Gross profit                          | 2,401   | 5,954  | 6,491  | 4,542  | 1,813   | 2,424  |
| Operating (loss) / profit             | (131)   | 3,999  | 4,385  | 3,012  | 356     | 1,195  |
| EBITDA                                | 422     | 4,670  | 5,100  | 3,549  | 1,229   | 1,892  |
| (Loss) / profit before tax            | (5,391) | (301)  | 2,078  | 1,384  | (1,943) | (67)   |
| (Loss) / profit after tax             | (6,107) | (697)  | 1,326  | 1,368  | (1,242) | 33     |
| Total comprehensive (loss) / income   | (150)   | (711)  | 1,314  | 2,990  | (1,246) | 17     |
| Capital expenditures                  | 514     | 1,598  | 2,158  | 1,273  | 1,369   | 2,122  |
| (Loss per share) / Earnings per share | (20.56) | (2.35) | 4.46   | 4.61   | (4.18)  | 0.11   |

#### Cash Flow Summary

|  |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|
| Net cash (used in) / generated from operating activities | (4,212) | 7,040   | (2,190) | 2,440   | (4,003) | 749     |
| Net cash (used in) investing activities                  | (484)   | (1,589) | (2,138) | (1,146) | (1,361) | (2,137) |
| Net cash generated from / (used in) financing activities | 3,345   | (5,491) | 4,514   | (1,996) | 5,825   | 1,404   |
| (Decrease) / increase in cash and cash equivalents       | (1,352) | (41)    | 185     | (701)   | 462     | 16      |
| Cash and cash equivalents at end of the year             | (3,053) | (1,701) | (1,660) | (1,846) | (1,144) | 147     |

## VERTICAL ANALYSIS

### BALANCE SHEET

#### EQUITY AND LIABILITIES

##### Share Capital And Reserves

|   |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Issued, subscribed and paid-up capital                        | 6.34         | 7.35         | 6.72         | 8.17         | 8.43         | 10.05        |
| Capital reserves  | 5.95         | 6.90         | 6.31         | 7.67         | 7.91         | 9.44         |
| Revenue reserves – Accumulated (loss) / unappropriated profit | -1.60        | 12.60        | 12.99        | 12.30        | 8.41         | 13.99        |
| Surplus on revaluation of property, plant and equipment       | 19.68        | 8.71         | 8.38         | 10.20        | 6.32         | 7.80         |
|   | <b>30.37</b> | <b>35.56</b> | <b>34.41</b> | <b>38.33</b> | <b>31.07</b> | <b>41.28</b> |

##### Non Current Liabilities

|   |              |              |              |              |              |             |
|---|--------------|--------------|--------------|--------------|--------------|-------------|
| Long term financing                             | 0.00         | 9.16         | 10.91        | 13.26        | 15.41        | 5.10        |
| Long term provision                             | 0.00         | 0.01         | 0.16         | 0.46         | 0.00         | 0.00        |
| Loan from related parties                       | 0.27         | 0.00         | 0.77         | 0.94         | 0.97         | 0.95        |
| Deferred taxation                               | 10.56        | 2.84         | 1.45         | 0.59         | 0.51         | 2.99        |
| Deferred liability - defined benefit obligation | 1.09         | 1.12         | 0.84         | 0.85         | 0.72         | 0.70        |
| Lease liabilities                               | 0.23         | 0.30         | 0.16         | 0.23         | 0.18         | 0.00        |
| Government grant                                | 0.00         | 0.94         | 0.39         | 0.00         | 0.02         | 0.00        |
|   | <b>12.15</b> | <b>14.39</b> | <b>14.68</b> | <b>16.33</b> | <b>17.81</b> | <b>9.73</b> |

##### Current Liabilities

|  |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Trade and other payables                     | 5.28         | 11.88        | 6.71         | 13.96        | 10.59        | 12.05        |
| Contract liabilities                         | 0.93         | 1.19         | 1.75         | 1.37         | 2.73         | 0.95         |
| Interest / mark-up accrued                   | 3.11         | 1.98         | 1.18         | 0.73         | 1.64         | 1.19         |
| Short term borrowings                        | 38.13        | 28.94        | 37.62        | 26.05        | 33.80        | 30.76        |
| Current portion of long-term financing       | 8.55         | 4.45         | 3.06         | 3.11         | 2.30         | 4.02         |
| Current portion of long term provision       | 0.60         | 0.67         | 0.44         | 0.00         | 0.00         | 0.00         |
| Current portion of lease liabilities         | 0.07         | 0.09         | 0.03         | 0.06         | 0.02         | 0.00         |
| Current portion of government grant          | 0.79         | 0.07         | 0.10         | 0.03         | 0.01         | 0.00         |
| Current portion of loan from related parties | 0.00         | 0.78         | 0.00         | 0.00         | 0.00         | 0.00         |
| Unclaimed dividend                           | 0.01         | 0.01         | 0.01         | 0.02         | 0.02         | 0.02         |
|  | <b>57.48</b> | <b>50.05</b> | <b>50.91</b> | <b>45.34</b> | <b>51.12</b> | <b>48.99</b> |

#### TOTAL EQUITY AND LIABILITIES

|  |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|

#### ASSETS

##### Non-Current Assets

|                               |              |              |              |              |              |              |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Property, plant and equipment | 63.95        | 55.07        | 48.82        | 55.40        | 50.08        | 57.42        |
| Right of use assets           | 0.21         | 0.34         | 0.17         | 0.28         | 0.21         | 0.00         |
| Intangible assets             | 0.01         | 0.02         | 0.03         | 0.05         | 0.07         | 0.11         |
| Long-term investments         | 0.00         | 0.00         | 0.03         | 0.04         | 0.04         | 0.05         |
| Long-term deposits and loans  | 0.37         | 0.48         | 0.46         | 0.42         | 0.38         | 0.47         |
|                               | <b>64.52</b> | <b>55.86</b> | <b>49.51</b> | <b>56.19</b> | <b>50.78</b> | <b>58.05</b> |

##### Current Assets

|   |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Stores and spars                        | 5.24         | 6.45         | 6.24         | 4.00         | 4.78         | 4.53         |
| Stock-in-trade                          | 15.29        | 17.54        | 24.93        | 16.48        | 22.17        | 22.08        |
| Trade debts                             | 5.02         | 12.30        | 12.39        | 17.38        | 13.90        | 11.52        |
| Loans and advances                      | 0.05         | 0.03         | 0.12         | 0.09         | 0.08         | 0.06         |
| Trade deposits & short term prepayments | 0.14         | 0.14         | 0.07         | 0.06         | 1.82         | 0.12         |
| Short term investment                   | 0.03         | 0.04         | 0.00         | 0.00         | 0.00         | 0.00         |
| Other receivables                       | 2.11         | 0.52         | 0.00         | 0.76         | 1.50         | 0.43         |
| Taxation - net                          | 6.25         | 6.41         | 5.93         | 4.00         | 3.51         | 2.72         |
| Cash and bank balances                  | 0.42         | 0.67         | 0.81         | 1.04         | 1.45         | 0.50         |
|   | <b>34.58</b> | <b>44.14</b> | <b>50.49</b> | <b>43.81</b> | <b>49.22</b> | <b>41.95</b> |

Non current asset held for sale

|  |      |      |      |      |      |      |
|--|------|------|------|------|------|------|
|  | 0.90 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
|--|------|------|------|------|------|------|

#### TOTAL ASSETS

|  |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|

## HORIZONTAL ANALYSIS

### BALANCE SHEET

#### EQUITY AND LIABILITIES

##### Share Capital And Reserves

|   |              |              |             |              |               |              |
|---|--------------|--------------|-------------|--------------|---------------|--------------|
| Issued, subscribed and paid-up capital                        | 0.00         | 0.00         | 0.00        | 0.00         | 0.00          | 0.00         |
| Capital reserves  | 0.00         | 0.00         | 0.00        | 0.00         | 0.00          | 0.00         |
| Revenue reserves – Accumulated (loss) / unappropriated profit | -114.74      | -11.29       | 28.46       | 50.89        | -28.30        | -12.58       |
| Surplus on revaluation of property, plant and equipment       | 161.73       | -4.96        | -0.13       | 66.50        | -3.31         | -5.33        |
|   | <b>-1.04</b> | <b>-5.47</b> | <b>9.09</b> | <b>27.31</b> | <b>-10.21</b> | <b>-5.61</b> |

##### Non Current Liabilities

|   |              |               |             |              |               |               |
|---|--------------|---------------|-------------|--------------|---------------|---------------|
| Long term financing                             | -100.00      | -23.15        | 0.00        | -11.22       | 260.34        | -31.64        |
| Long term provision                             | -100.00      | -91.92        | -56.78      | 100.00       | 0.00          | 0.00          |
| Loan from related parties                       | 0.00         | -100.00       | 0.00        | 0.00         | 21.90         | 100.00        |
| Deferred taxation                               | 330.48       | 79.22         | 200.99      | 18.46        | -79.64        | -12.26        |
| Deferred liability - defined benefit obligation | 13.02        | 22.46         | 19.64       | 21.37        | 24.01         | 31.95         |
| Lease liabilities                               | -13.12       | 68.19         | -14.77      | 33.59        | 100.00        | 0.00          |
| Government grant                                | -100.00      | 123.61        | 18347.68    | -87.87       | 100.00        | 0.00          |
|   | <b>-2.19</b> | <b>-10.36</b> | <b>9.28</b> | <b>-5.41</b> | <b>118.29</b> | <b>-14.59</b> |

##### Current Liabilities

|  |              |               |              |              |              |              |
|--|--------------|---------------|--------------|--------------|--------------|--------------|
| Trade and other payables                     | -48.48       | 68.14         | -41.55       | 36.07        | 4.81         | 62.68        |
| Contract liabilities                         | -8.75        | -38.05        | 54.81        | -48.10       | 242.89       | 16.78        |
| Interest / mark-up accrued                   | 82.15        | 53.56         | 94.99        | -53.74       | 63.76        | 160.07       |
| Short term borrowings                        | 52.69        | -29.66        | 75.53        | -20.47       | 31.08        | 28.85        |
| Current portion of long-term financing       | 122.40       | 32.95         | 19.87        | 39.16        | -31.61       | 53.06        |
| Current portion of long term provision       | 3.70         | 39.35         | 0.00         | 0.00         | 0.00         | 0.00         |
| Current portion of lease liabilities         | -0.63        | 140.60        | -37.21       | 161.25       | 100.00       | 0.00         |
| Current portion of government grant          | 1259.16      | -36.31        | 241.31       | 196.42       | 100.00       | 0.00         |
| Current portion of loan from related parties | -100.00      | 0.00          | 0.00         | 0.00         | 100.00       | 0.00         |
| Unclaimed dividend                           | -3.22        | -2.75         | -1.89        | -4.54        | -8.97        | 111.57       |
|  | <b>33.05</b> | <b>-10.08</b> | <b>36.48</b> | <b>-8.47</b> | <b>24.46</b> | <b>39.23</b> |

#### TOTAL EQUITY AND LIABILITIES

|  |              |              |              |             |              |              |
|--|--------------|--------------|--------------|-------------|--------------|--------------|
|  | <b>15.86</b> | <b>-8.54</b> | <b>21.54</b> | <b>3.19</b> | <b>19.28</b> | <b>10.73</b> |
|--|--------------|--------------|--------------|-------------|--------------|--------------|

#### ASSETS

##### Non-Current Assets

|                               |              |             |             |              |             |             |
|-------------------------------|--------------|-------------|-------------|--------------|-------------|-------------|
| Property, plant and equipment | 34.55        | 3.18        | 7.11        | 14.14        | 4.04        | 9.25        |
| Right of use assets           | -26.15       | 77.64       | -23.84      | 38.48        | 100.00      | 0.00        |
| Intangible assets             | -51.71       | -44.41      | -36.25      | -23.25       | -23.99      | 14.48       |
| Long-term investments         | 0.00         | -100.00     | -6.54       | 0.00         | 0.00        | 0.00        |
| Long-term deposits and loans  | -9.37        | -5.04       | 33.90       | 12.88        | -2.02       | 1.58        |
|                               | <b>33.78</b> | <b>3.27</b> | <b>7.11</b> | <b>14.16</b> | <b>4.36</b> | <b>9.19</b> |

##### Current Assets

|   |              |               |              |              |              |              |
|---|--------------|---------------|--------------|--------------|--------------|--------------|
| Stores and spares                       | -5.98        | -5.35         | 89.35        | -13.52       | 25.83        | 53.82        |
| Stock-in-trade                          | 0.99         | -35.63        | 83.87        | -23.31       | 19.80        | -12.56       |
| Trade debts                             | -52.75       | -9.21         | -13.33       | 28.98        | 44.01        | 90.34        |
| Loans and advances                      | 106.26       | -78.47        | 56.99        | 17.73        | 53.82        | -19.59       |
| Trade deposits & short term prepayments | 21.31        | 75.15         | 48.35        | -96.72       | 1688.79      | -18.75       |
| Short term investment                   | 0.00         | 0.00          | 0.00         | 0.00         | 0.00         | 0.00         |
| Other receivables                       | 368.06       | 79312         | -99.90       | -47.87       | 314.40       | -43.92       |
| Taxation - net                          | 13.05        | -1.21         | 80.04        | 17.62        | 54.05        | 104.52       |
| Cash and bank balances                  | -28.12       | -23.81        | -5.73        | -25.68       | 246.41       | 12.18        |
|   | <b>-9.23</b> | <b>-20.11</b> | <b>40.06</b> | <b>-8.14</b> | <b>39.92</b> | <b>13.36</b> |

Non current asset held for sale

|  |      |      |      |      |      |      |
|--|------|------|------|------|------|------|
|  | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
|--|------|------|------|------|------|------|

#### TOTAL ASSETS

|  |              |              |              |             |              |              |
|--|--------------|--------------|--------------|-------------|--------------|--------------|
|  | <b>15.86</b> | <b>-8.54</b> | <b>21.54</b> | <b>3.19</b> | <b>19.28</b> | <b>10.90</b> |
|--|--------------|--------------|--------------|-------------|--------------|--------------|

## VERTICAL ANALYSIS

### PROFIT OR LOSS

|   | June-24       | June-23<br>(Restated) | June-22      | June-21      | June-20<br>(Restated) | June-19      |
|---|---------------|-----------------------|--------------|--------------|-----------------------|--------------|
|   | %             | %                     | %            | %            | %                     | %            |
| Turnover - net  | 100.00        | 100.00                | 100.00       | 100.00       | 100.00                | 100.00       |
| Cost of sales   | -93.81        | -86.91                | -88.84       | -88.42       | -93.17                | -91.52       |
| <b>Gross profit</b>                                       | <b>6.19</b>   | <b>13.09</b>          | <b>11.16</b> | <b>11.58</b> | <b>6.83</b>           | <b>8.48</b>  |
| Distribution costs  | -2.87         | -2.22                 | -2.07        | -2.41        | -2.57                 | -2.51        |
| Administrative expenses                                   | -2.17         | -1.65                 | -1.26        | -1.41        | -1.90                 | -1.61        |
| (Allowance for) / reversal of expected credit losses      | -0.98         | -0.26                 | -0.01        | 0.18         | -0.70                 | -0.14        |
| Other income  | 0.01          | 0.02                  | 0.04         | 0.06         | 0.03                  | 0.02         |
| Other expenses  | -0.51         | -0.18                 | -0.32        | -0.32        | -0.36                 | -0.06        |
| <b>Operating (loss) / profit</b>                          | <b>-0.34</b>  | <b>8.79</b>           | <b>7.54</b>  | <b>7.68</b>  | <b>1.34</b>           | <b>4.18</b>  |
| Finance costs   | -12.31        | -8.89                 | -3.96        | -4.15        | -8.67                 | -4.41        |
| <b>(Loss) / profit before taxation, min and final tax</b> | <b>-12.65</b> | <b>-0.10</b>          | <b>3.57</b>  | <b>3.53</b>  | <b>-7.32</b>          | <b>-0.23</b> |
| Levy  | -1.26         | -0.56                 | 0.00         | 0.00         | 0.00                  | 0.00         |
| <b>(Loss) / profit before taxation</b>                    | <b>-13.90</b> | <b>-0.66</b>          | <b>3.57</b>  | <b>3.53</b>  | <b>-7.32</b>          | <b>-0.23</b> |
| Taxation  | -1.84         | -0.87                 | -1.29        | -0.04        | 2.64                  | 0.35         |
| <b>(Loss) / profit after taxation</b>                     | <b>-15.75</b> | <b>-1.53</b>          | <b>2.28</b>  | <b>3.49</b>  | <b>-4.68</b>          | <b>0.11</b>  |
| Other comprehensive (loss) / income                       | 15.36         | -0.03                 | -0.02        | 4.14         | -0.01                 | -0.06        |
| <b>Total comprehensive (loss) / income</b>                | <b>-0.39</b>  | <b>-1.56</b>          | <b>2.26</b>  | <b>7.62</b>  | <b>-4.70</b>          | <b>0.06</b>  |

## HORIZONTAL ANALYSIS

### PROFIT OR LOSS

|   | 2024 vs<br>2023 | 2023 vs<br>2022 | 2022 vs<br>2021 | 2021 vs<br>2020 | 2020 vs<br>2019 | 2019 vs<br>2018 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | %               | %               | %               | %               | %               | %               |
| Turnover - net  | -14.76          | -21.81          | 48.36           | 47.81           | -7.22           | 84.48           |
| Cost of sales   | -8.00           | -23.51          | 49.07           | 40.28           | -5.55           | 105.40          |
| <b>Gross profit</b>                                       | <b>-59.67</b>   | <b>-8.28</b>    | <b>42.92</b>    | <b>150.51</b>   | <b>-25.19</b>   | <b>-12.14</b>   |
| Distribution costs  | 10.49           | -16.19          | 27.29           | 38.64           | -4.80           | 85.75           |
| Administrative expenses                                   | 12.15           | 2.06            | 32.70           | 10.18           | 9.02            | 32.25           |
| (Allowance for) / reversal of expected credit losses      | 217.06          | 2210            | -107.44         | -137.57         | 367.75          | -24.23          |
| Other income  | -62.03          | -66.08          | 1.61            | 195.31          | 15.09           | -68.52          |
| Other expenses  | 136.89          | -54.89          | 50.62           | 31.15           | 433.15          | -85.61          |
| <b>Operating (loss) / profit</b>                          | <b>-103.27</b>  | <b>-8.81</b>    | <b>45.58</b>    | <b>745.41</b>   | <b>-70.19</b>   | <b>-36.11</b>   |
| Finance costs   | 18.03           | 75.28           | 41.70           | -29.20          | 82.15           | 165.01          |
| <b>(Loss) / profit before taxation, min and final tax</b> | <b>10886.83</b> | <b>-102.15</b>  | <b>50.15</b>    | <b>-171.23</b>  | <b>2793.08</b>  | <b>-104.82</b>  |
| Levy  | 90.29           | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            |
| <b>(Loss) / profit before taxation</b>                    | <b>1690.06</b>  | <b>-114.49</b>  | <b>50.15</b>    | <b>-171.23</b>  | <b>2793.08</b>  | <b>0.00</b>     |
| Taxation  | 80.63           | -47.38          | 4695.75         | -102.24         | 601.10          | -47.60          |
| <b>(Loss) / profit after taxation</b>                     | <b>775.90</b>   | <b>-152.60</b>  | <b>-3.12</b>    | <b>-210.16</b>  | <b>-3883.96</b> | <b>-97.93</b>   |
| Other comprehensive (loss) / income                       | -42579.95       | 22.58           | -100.71         | -42994.79       | -76.32          | -102.15         |
| <b>Total comprehensive (loss) / income</b>                | <b>-78.88</b>   | <b>-154.12</b>  | <b>-56.05</b>   | <b>340.01</b>   | <b>-7490.33</b> | <b>-99.28</b>   |

## VERTICAL ANALYSIS

### CASH FLOW

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

| June-24 | June-23 | June-22 | June-21 | June-20 | June-19 |
|---------|---------|---------|---------|---------|---------|
| %       | %       | %       | %       | %       | %       |
| 312     | -17364  | -1182   | -348    | -867    | 4692    |
| 36      | 3920    | -1154   | 163     | -295    | -13384  |
| -247    | 13544   | 2435    | 284     | 1262    | 8791    |
| 100     | 100     | 100     | 100     | 100     | 100     |

## HORIZONTAL ANALYSIS

### CASH FLOW

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

| 2024 vs<br>2023 | 2023 vs<br>2022 | 2022 vs<br>2021 | 2021 vs<br>2020 | 2020 vs<br>2019 | 2019 vs<br>2018 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| %               | %               | %               | %               | %               | %               |
| -160            | -421            | -190            | -161            | -634            | -134            |
| -70             | -26             | 87              | -16             | -36             | -27             |
| -161            | -222            | -326            | -134            | 315             | -73             |
| 3234            | -122            | -126            | -252            | 2791            | -74             |

## RATIO ANALYSIS

|                                    | UoM        | 2024    | 2023<br>(Restated) | 2022   | 2021     | 2020<br>(Restated) | 2019<br>(Restated) |
|------------------------------------|------------|---------|--------------------|--------|----------|--------------------|--------------------|
| <b>Profitability Ratios</b>        |            |         |                    |        |          |                    |                    |
| Gross profit ratio                 | Percentage | 6.19%   | 13.09%             | 11.16% | 11.58%   | 6.83%              | 8.48%              |
| Net profit / (loss) to sales ratio | Percentage | -15.75% | -1.53%             | 2.28%  | 3.49%    | -4.68%             | 0.11%              |
| Return on equity                   | Percentage | -42.93% | -4.85%             | 8.72%  | 9.81%    | -11.34%            | 0.27%              |
| Return on capital employed         | Percentage | -37.80% | -3.65%             | 6.83%  | 7.79%    | -8.26%             | 0.23%              |
| Operating leverage                 | Percentage | 789.31% | 67.19%             | 94.26% | 1558.95% | 972.55%            | -42.75%            |
| EBITDA margin to sales             | Percentage | 1.09%   | 10.27%             | 8.76%  | 9.05%    | 4.63%              | 6.62%              |

### Liquidity Ratios

|                                    |       |           |           |           |           |           |          |
|------------------------------------|-------|-----------|-----------|-----------|-----------|-----------|----------|
| Current ratio                      | Times | 0.60 : 1  | 0.88 : 1  | 0.99 : 1  | 0.97 : 1  | 0.96 : 1  | 0.86 : 1 |
| Quick / acid test ratio            | Times | 0.34 : 1  | 0.53 : 1  | 0.50 : 1  | 0.60 : 1  | 0.53 : 1  | 0.41 : 1 |
| Cash to current liability          | Times | -0.11 : 1 | -0.08 : 1 | -0.07 : 1 | -0.11 : 1 | -0.06 : 1 | 0.01 : 1 |
| Cash flow from operations to sales | Times | -0.11 : 1 | 0.15 : 1  | -0.04 : 1 | 0.06 : 1  | -0.15 : 1 | 0.03 : 1 |

### Activity / Turnover Ratios

|                            |       |       |     |     |     |     |      |
|----------------------------|-------|-------|-----|-----|-----|-----|------|
| Inventory turnover         | Times | 5.1   | 4.4 | 6.1 | 5.0 | 3.4 | 3.7  |
| No. of days in Inventory   | Days  | 72    | 84  | 60  | 73  | 106 | 97   |
| Debtor turnover            | Times | 10.6  | 8.7 | 9.9 | 7.0 | 6.4 | 11.0 |
| No. of days in receivables | Days  | 35    | 42  | 37  | 52  | 57  | 33   |
| Creditor turnover          | Times | 14    | 18  | 134 | 84  | 75  | 150  |
| No. of days in payables    | Days  | 26.74 | 20  | 3   | 4   | 5   | 2    |
| Operating cycle            | Days  | 80    | 105 | 94  | 121 | 158 | 128  |
| Total asset turnover       | Times | 0.8   | 1.1 | 1.3 | 1.1 | 0.8 | 1.0  |
| Fixed asset turnover       | Times | 1.3   | 2.0 | 2.7 | 1.9 | 1.5 | 1.7  |

### Investment / Market Ratios

|  |         |         |        |       |       |        |        |
|--|---------|---------|--------|-------|-------|--------|--------|
| (LPS) / EPS - basic & diluted                        | Rupees  | (20.56) | (2.35) | 4.46  | 4.61  | (4.18) | 0.11   |
| P/E ratio  | Times   | (1.31)  | (6.54) | 5.25  | 9.43  | (7.81) | 223.14 |
| Dividend yield ratio                                 | Percent | 0.00%   | 0.00%  | 0.00% | 0.00% | 0.00%  | 0.00%  |
| Dividend payout ratio                                | Percent | 0.00%   | 0.00%  | 0.00% | 0.00% | 0.00%  | 0.00%  |
| Dividend coverage ratio                              | Times   | -       | -      | -     | -     | -      | -      |
| Cash dividend per share                              | Rupees  | -       | -      | -     | -     | -      | -      |
| Price to book ratio                                  | Times   | 2.70    | 1.53   | 2.34  | 4.34  | 3.26   | 2.47   |
| Market value per share                               |         |         |        |       |       |        |        |
| - Year End   | Rupees  | 26.99   | 15.35  | 23.44 | 43.44 | 32.64  | 24.66  |
| - Highest  | Rupees  | 28.96   | 30.86  | 49.98 | 54.65 | 41.61  | 79.41  |
| - Lowest   | Rupees  | 18.29   | 14.99  | 21.50 | 32.55 | 15.83  | 21.57  |
| Break value per share with surplus on revaluation    | Rupees  | 47.90   | 48.40  | 51.20 | 46.94 | 36.87  | 41.06  |
| Break value per share without surplus on revaluation | Rupees  | 16.86   | 36.54  | 38.73 | 34.44 | 29.37  | 33.30  |

### Capital Structure Ratios

|                               |            |          |          |          |          |          |          |
|-------------------------------|------------|----------|----------|----------|----------|----------|----------|
| Debt / equity ratio           | Times      | 0.00 : 1 | 0.26 : 1 | 0.32 : 1 | 0.35 : 1 | 0.50 : 1 | 0.12 : 1 |
| Weighted average cost of debt | Percentage | 23.29%   | 17.73%   | 9.80%    | 8.36%    | 13.31%   | 9.73%    |
| Financial leverage ratio      | Times      | 1.58 : 1 | 1.24 : 1 | 1.77 : 1 | 1.34 : 1 | 1.83 : 1 | 1.16 : 1 |
| Debt service ratio            | Times      | 0.06 : 1 | 0.87 : 1 | 1.48 : 1 | 1.46 : 1 | 0.35 : 1 | 0.93 : 1 |
| Interest cover                | Times      | -0.13    | 0.93     | 1.90     | 1.85     | 0.15     | 0.95     |

## COMMENTS ON RATIO ANALYSIS

### Profitability Ratios

#### Gross profit

The Company has achieved a consistent annual sales growth rate of 26.72% between FY 19 and FY 22. However, in FY 19, a significant drop in the gross profit margin to 8.48% from 17.8% in FY-18 was observed due to an economic slowdown caused by efforts to address twin deficits, leading to an abnormal devaluation of the national currency, reduced national consumption, and a decline in GDP from 5% in FY 18 to 1.4%. This downward trend continued in FY 20, exacerbated by the outbreak of the COVID-19 pandemic, resulting in a further decrease in the gross profit margin to 6.83%.

The economic situation began to improve at the start of FY 21, with the lifting of lockdown measures and government and State Bank of Pakistan initiatives to support the economy, particularly in the construction and related industries. This improvement in conditions led to a 3.94% GDP growth from the negative 0.4% recorded in FY 20, allowing the Company to achieve a gross profit margin of 11.58%. During FY 22, despite significant increases in production costs due to currency depreciation and inflation, the Company managed to sustain demand and pass on the rising costs to its selling prices, resulting in a slight decline in gross margin to 11.16% (a decrease of 0.42%).

In FY 23, economic challenges persisted due to political instability post change of regime, impacts of Russia/Ukraine crisis, record-high inflation, rupee devaluation, and rising utility rates. Nevertheless, the Company successfully achieved a margin of 13.11% due to improved price retention strategies.

The challenges mentioned above persisted in FY-24 which slowed down the already contracted national demand. Further, in FY-24 input costs have increased including electricity tariff from Rs. 29/kwh to Rs. 44/kwhs, gas prices and rupee devaluation of 20% and unabsorbed fixed costs due to low-capacity utilization of 28%. Further, the prevailing uncertainties regarding IMF fresh package coupled with general elections in February 2024 have kept the demand silent resulting in inability of the Company to pass through the impact of increased cost. Consequently, the gross margin in FY-24 dropped to 6.19%.

#### Operating and Net Profit

The operating profit and net profit margins followed a similar pattern as the gross margin trend discussed earlier. The Company effectively managed its administrative and distribution costs as a percentage of sales from FY 19 to FY 24. However, in FY 19 and FY 20, the finance cost of the Company increased due to the rise in the policy rate, leading to a decline in the net profit margin to 0.11% and a negative 4.68%, respectively.

In FY 21, as the gross margin improved and the policy rate decreased to 7% (compared to 13% in FY 20), the Company achieved a net profit margin of 3.49%. However, in FY 22, the net profit margin decreased to 2.28% due to an increase in the policy rate and higher borrowing costs. The significant rise in interest rates from average of 9.39% in FY 22 to 17.51% in FY 23 resulted in a substantial increase in finance costs, leading to a net loss margin of 1.53%.

In FY 24, the other factors impacting operating margin besides decrease in gross margin mentioned above includes, cartage and transportation cost due to increase in fuel prices and implementation of axle load and increase in allowance for expected credit loss for the receivables aging over and above 180 days primarily due to increase in default rates. The reason for significant negative net margin includes increased finance cost by 18% when compared with FY 23 due to increase in average interest rate from 17.51% to 22% and reversal of deferred tax assets recorded on prior turnover taxes including deferred tax asset on turnover tax recorded till March 31, 2024. For further details please refer quarterly analysis.

### Liquidity and Working Capital Ratios

#### Liquidity Ratios

The liquidity ratios primarily stem from the Company's internal cash generation. The current ratio improved from FY 19 till FY 22 primarily due to better profitability and financial position of the Company.

In FY 21, the current ratio saw a slight uptick to 0.97, driven by profit generation but still falling short due to impending maturities of long-term loans in FY 22. The improved collection of cash in FY 22 further enhanced the current ratio, reaching 1.00 from 0.97. However, the economic challenges pertaining to FY 23 & FY 24 as discussed above under gross margin heading, has severely impacted the Company's liquidity position resulting in current ratio to dropped to 0.88 and 0.60. Other factor that has significantly deteriorated current ratio in FY 24 is the reclassification of long-term loans and related government grant as current liabilities under the requirements of IAS 1- Presentation of financial statements under due to breach of financial covenants that are required to be maintained by the Company as per the agreement with lenders.

#### Working capital ratios

The duration for which working capital required is reflective of the Company's cash conversion cycle adjusted for optimization based on prevailing market situation and liquidity position of the Company remained consistent within the range of 156 to 84 days from FY 18 to FY 23. In FY 18, the Company accrued an elevated inventory period of 156 days due to the implementation of a new rolling mill and the expansion of the melt shop, resulting in the stockpiling of raw materials. In FY 19, the Company inventory days, improved from 156 in FY 18 to 97 days in FY 19 mainly due to excess production and sale by 59% and 61% compared to FY 18 respectively, post commissioning of new rolling mill at Dhabeji.

In FY 20, inventory days extended to 106 days primarily due to the COVID-19 lockdown in the fourth quarter, resulting in minimal consumption and an accumulation of raw material inventory during this period. FY 21 saw the Company adopt a just-in-time inventory approach to facilitate cash flow, resulting in a decrease of inventory days by 33 days to 73 days.

## COMMENTS ON RATIO ANALYSIS

Efficient working capital management and the maintenance of an optimal inventory level led to a further 13-day improvement in inventory days, reducing them to 60 days in FY 22. However, during FY 23, the inventory days increased by 24 days due to an economic slowdown in the country, resulted in selling 38% less volume compared to FY 22. In FY 24, inventory days reduced due to lower sales volumes and capacity utilization.

Debtor days are computed based on the average debtor balance and net sales. The Company is dedicated to reducing its debtor days and has established a specialized sales and credit administration department to manage and oversee receivables from customers. Nevertheless, FY 20 posed significant challenges due to extraordinarily low demand and COVID-19 lockdowns that disrupted sales, production, and collections. Consequently, debtor days increased to 57 days in FY 20 compared to 33 days in FY 19.

In FY 21, as sales and collections improved, debtor days were reduced to 52 days. FY 22 witnessed a notable improvement of 15 days, bringing debtor days down to 37 days, achieved through diligent follow-ups, revisiting customer credit policies, and adjusting credit limits. In FY 23 and FY 24, the robust recovery efforts coupled with effective internal credit administration and monitoring department, reduced the debtor days to 42 and 35 respectively despite depressed economic conditions.

### Investment / Market Ratios

The fluctuations in earnings per share directly correlate with changes in the Company's profitability, as detailed in the profitability section.

The Company's shares were actively traded on the Pakistan Stock Exchange, with prices ranging from Rs. 18.29 to Rs. 28.96 throughout FY 24. The lowest recorded price was Rs. 18.29, while the highest was Rs. 28.96 during the fiscal year.

The breakup value per share, without considering revaluation, shown improvement from of Rs. 33 to Rs. 38 per share from FY 19 to FY 22. However, it came down to Rs. 36 and Rs. 16 per share in FY 23 and FY 24 respectively due to declining profitability as discussed above in detailed. This breakup value per share primarily relies on factors such as capital reserves, revenue reserves, and the total number of ordinary shares. Notably, the capital reserves and the quantity of ordinary shares remained unchanged over the past six years. However, fluctuations in revenue reserves occurred due to variations in profits, as discussed in the profitability section.

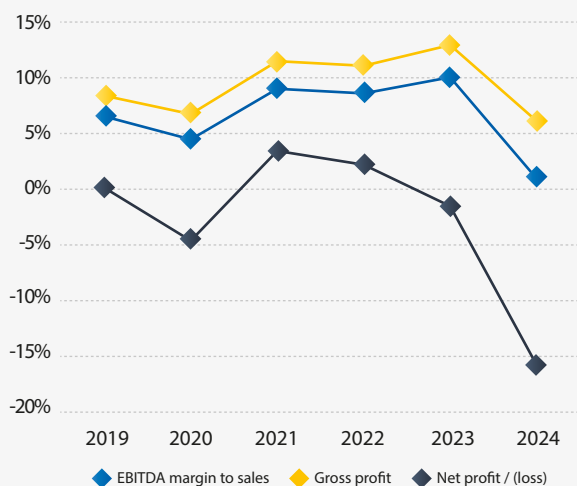
### Capital Structure Ratios

The debt-to-equity ratio and financial leverage showed an upward trend from FY 19 to FY 20 due to permanent working capital obtained by the Company and decrease in shareholder's equity due to loss reported in FY 20 primarily due to Covid-19 crisis. However, there was an improvement in both the debt-to-equity ratio and financial leverage in FY 21 and FY 22. This positive change was driven by the generation of profits and the recording of a surplus on the revaluation of fixed assets in FY 21. In FY 24, debt-to-equity turned zero due to reclassification of long-term loan discussed above in liquidity ratio. Further, financial leverage increased in FY-24 due to lower cash generation by the Company discussed above in profitability section.

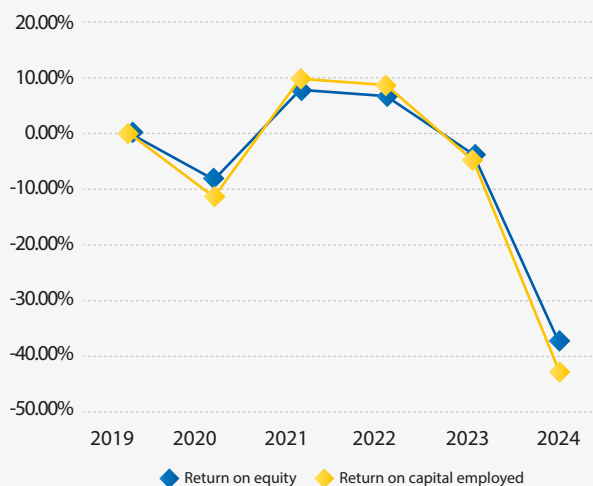
The debt service ratio and interest cover are based on Company's earnings before interest, tax and depreciation (EBITDA) which shows mixed trend from FY 19 to FY 24. Till FY 22, the both ratios shown improvement. The debt service ratio and interest cover decreased in FY 23 and FY 24 due to lower profitability and increased current maturity of term loan coupled with heightened finance cost.

## GRAPHICAL PRESENTATION

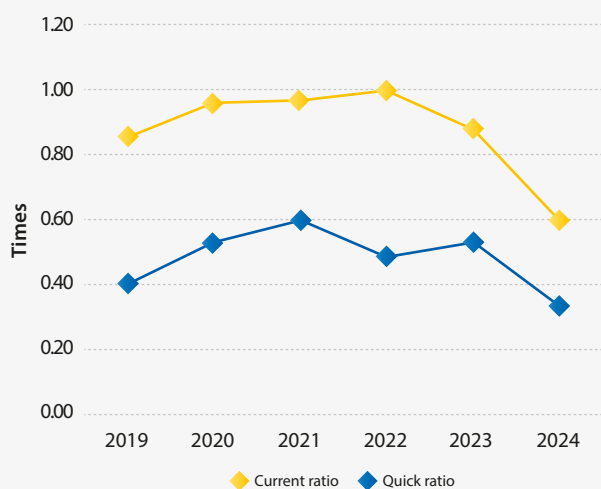
EBITDA Margin To Sales, Gross Profit & Net Profit / (Loss)



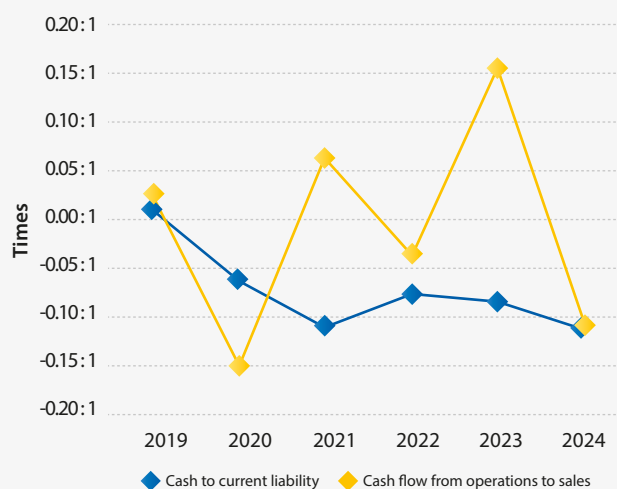
Return On Equity & Return On Capital Employed



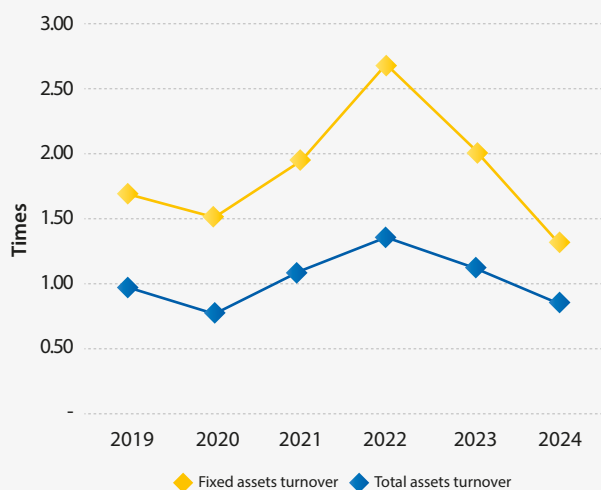
Current & Quick Ratio



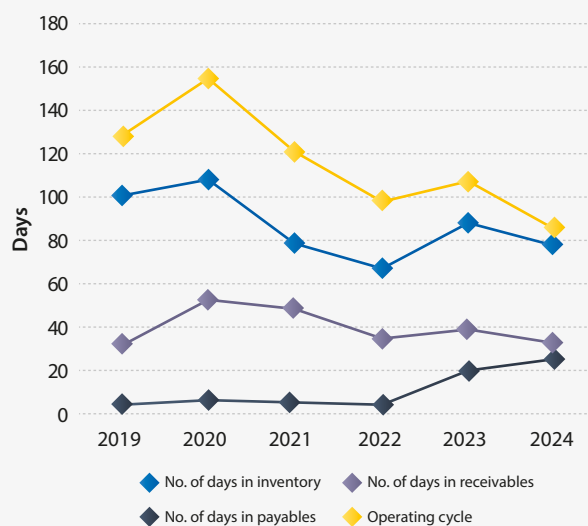
Cash To Current Liability & Cash From Operations To Sales



Total Assets & Fixed Assets Turnover

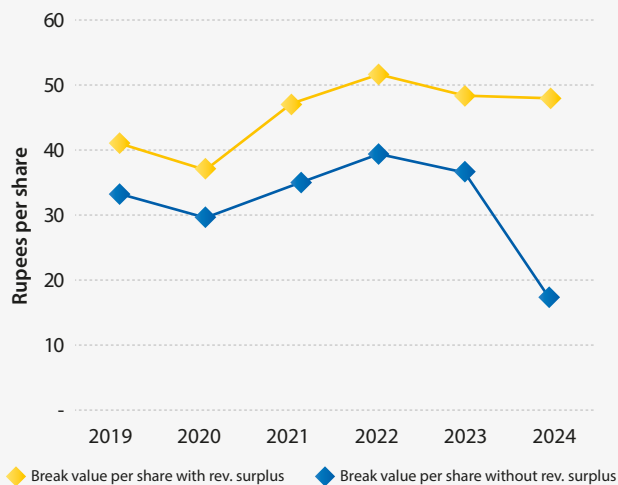


Cash Operating Cycle

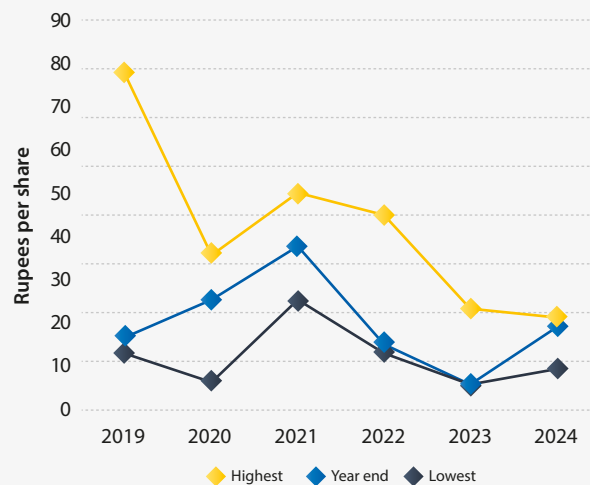


## GRAPHICAL PRESENTATION

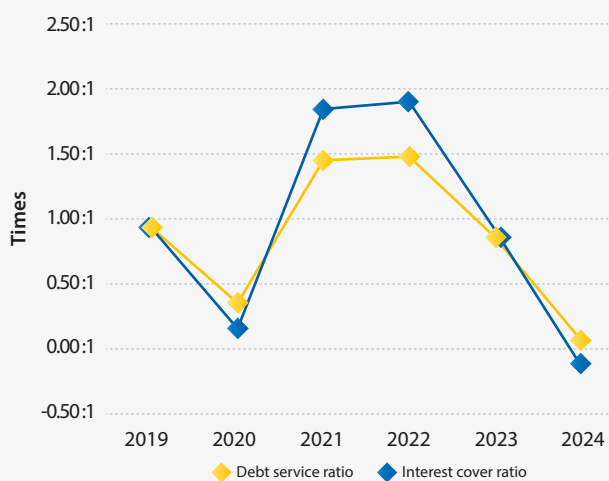
Break Value Per Share



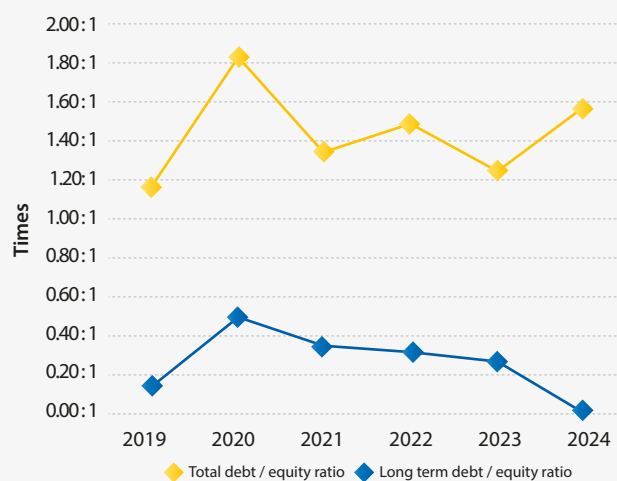
Market Value Per Share



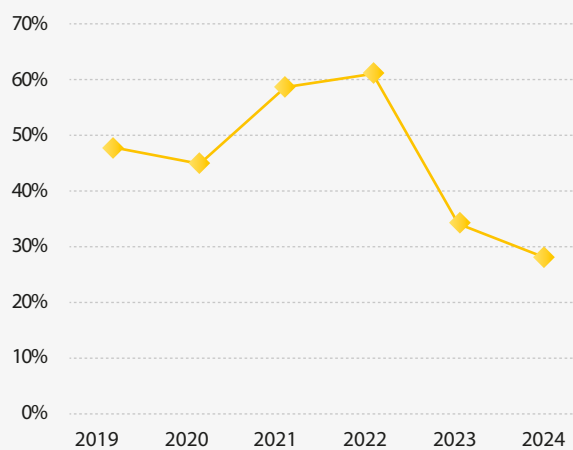
Debt Service & Interest Cover Ratio



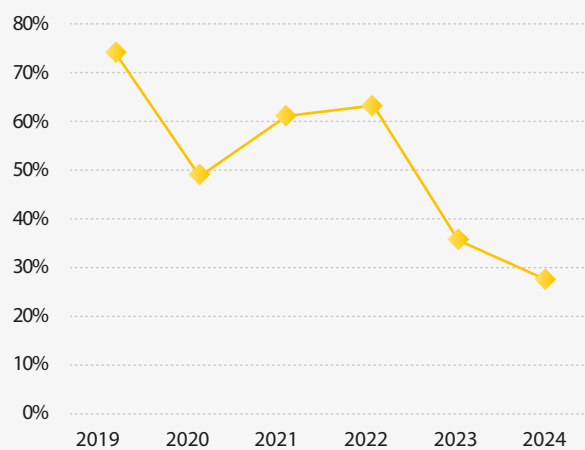
Long Term & Total Debt to Equity Ratio



Capacity Utilization - Rolling Mills



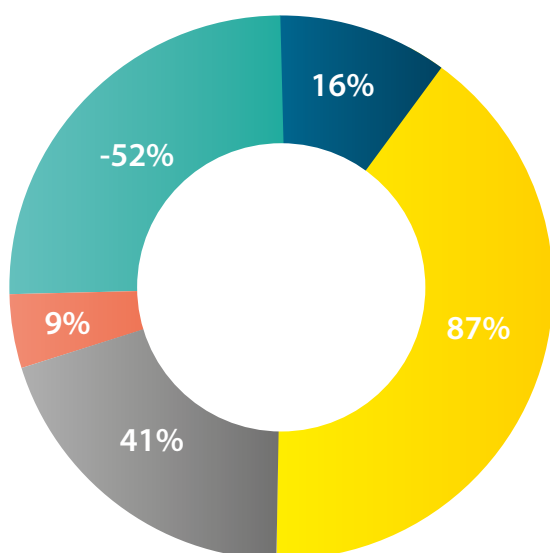
Capacity Utilization - Steel Melt Shop



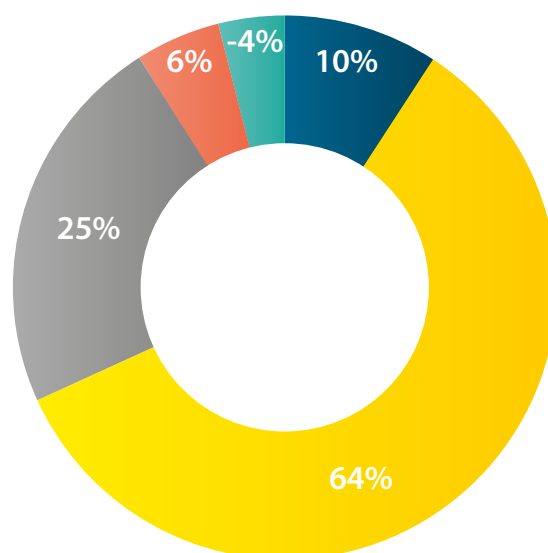
## STATEMENT OF VALUE ADDITION & WEALTH DISTRIBUTION

|  | 2024              |             | 2023              |             |
|--|-------------------|-------------|-------------------|-------------|
|  | Rs.'000'          |             | Rs.'000'          |             |
| <b>WEALTH GENERATION</b>                       |                   |             |                   |             |
| Revenue from sales including sales tax         | 45,888,479        |             | 53,410,342        |             |
| Revenue from other income                      | 3,156             |             | 8,312             |             |
| Bought in material and services                | (34,145,752)      |             | (37,004,115)      |             |
| <b>Value added by the Company</b>              | <b>11,745,883</b> |             | <b>16,414,538</b> |             |
| <b>WEALTH DISTRIBUTION</b>                     |                   |             |                   |             |
| <b>To Employees:</b>                           |                   |             |                   |             |
| Salaries, Wages and Other benefits             | 1,878,362         | 16%         | 1,655,772         | 10%         |
| <b>To Government:</b>                          |                   |             |                   |             |
| Income tax, Sales tax, Customs & Excise duties | 10,163,880        | 87%         | 10,491,937        | 64%         |
| <b>To Providers of capital:</b>                |                   |             |                   |             |
| Bank Charges and Markup                        | 4,772,416         | 41%         | 4,043,279         | 25%         |
| <b>For Replacement of assets:</b>              |                   |             |                   |             |
| Depreciation and Amortization                  | 1,037,949         | 9%          | 920,746           | 06%         |
| <b>To Company:</b>                             |                   |             |                   |             |
| (Net loss)                                     | (6,106,723)       | -52%        | (697,196)         | -04%        |
|  | <b>11,745,883</b> | <b>100%</b> | <b>16,414,538</b> | <b>100%</b> |

FY 2024



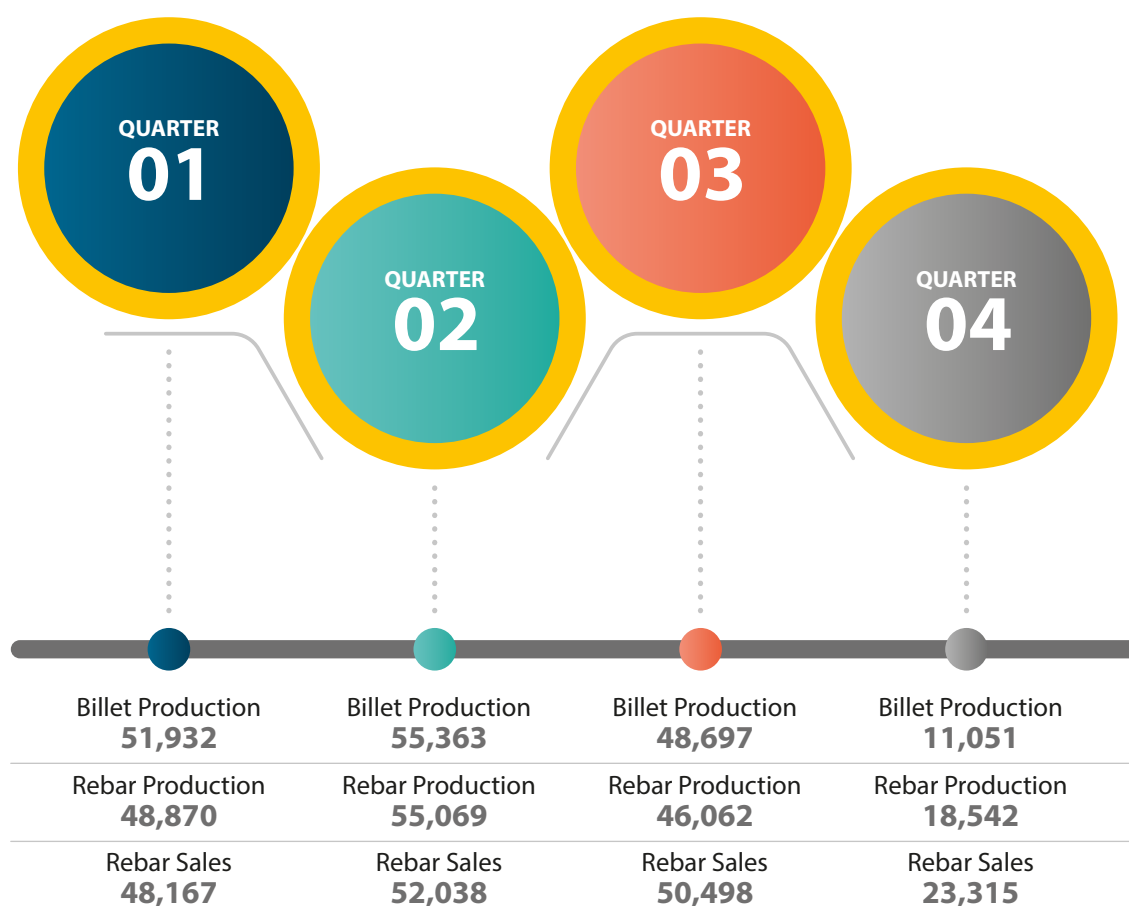
FY 2023



■ To employees
 ■ To government
 ■ To providers of capital
 ■ For replacement of assets
 ■ To Company

## QUARTERLY ANALYSIS

|  | 1st Quarter      | 2nd Quarter      | 3rd Quarter        | 4th Quarter        | Annual             |
|--|------------------|------------------|--------------------|--------------------|--------------------|
| ----- Rs. '000' -----                                |                  |                  |                    |                    |                    |
| Sales  | 10,891,115       | 11,359,909       | 11,182,624         | 5,342,089          | 38,775,737         |
| Cost of Sales  | (9,563,289)      | (10,204,139)     | (10,294,339)       | (6,312,544)        | (36,374,311)       |
| <b>Gross Profit</b>                                  | <b>1,327,826</b> | <b>1,155,770</b> | <b>888,285</b>     | <b>(970,455)</b>   | <b>2,401,426</b>   |
| <b>Gross Profit %</b>                                | <b>12.19%</b>    | <b>10.17%</b>    | <b>7.94%</b>       | <b>-18.17%</b>     | <b>6.19%</b>       |
| Administrative Expenses                              | (199,540)        | (241,920)        | (202,371)          | (198,568)          | (842,398)          |
| Allowance for expected credit loss                   | (10,920)         | (18,249)         | (47,293)           | (302,743)          | (379,205)          |
| Distribution Expenses                                | (244,672)        | (308,772)        | (319,713)          | (241,393)          | (1,114,552)        |
| Other Expenses                                       | (119,110)        | (3,833)          | (49,880)           | (26,392)           | (199,214)          |
| Other Income   | 655              | 1,459            | 82,492             | (81,449)           | 3,156              |
| <b>Operating Profit / (loss)</b>                     | <b>754,238</b>   | <b>584,453</b>   | <b>351,521</b>     | <b>(1,820,999)</b> | <b>(130,787)</b>   |
| <b>Operating Profit / (loss) %</b>                   | <b>6.93%</b>     | <b>5.14%</b>     | <b>3.14%</b>       | <b>-34.09%</b>     | <b>-0.34%</b>      |
| Finance Cost   | (1,015,460)      | (1,247,669)      | (1,287,686)        | (1,221,600)        | (4,772,416)        |
| <b>(Loss) before taxation, minimum and final tax</b> | <b>(261,222)</b> | <b>(663,216)</b> | <b>(936,165)</b>   | <b>(3,042,600)</b> | <b>(4,903,203)</b> |
| Levy   | (136,078)        | (141,932)        | (143,144)          | (67,039)           | (488,193)          |
| <b>(Loss) before taxation</b>                        | <b>(397,299)</b> | <b>(805,148)</b> | <b>(1,079,309)</b> | <b>(3,109,639)</b> | <b>(5,391,396)</b> |
| Taxation Reversal / (Expense)                        | 224,519          | 343,585          | 413,508            | (1,696,939)        | (715,327)          |
| <b>Net (loss)</b>                                    | <b>(172,780)</b> | <b>(461,563)</b> | <b>(665,803)</b>   | <b>(4,806,578)</b> | <b>(6,106,723)</b> |
| <b>Net (loss) %</b>                                  | <b>-1.59%</b>    | <b>-4.06%</b>    | <b>-5.95%</b>      | <b>-89.98%</b>     | <b>-15.75%</b>     |



## COMMENTS ON QUARTERLY ANALYSIS

### First Quarter

During this quarter, demand remained contracted due to macro-level challenges resulting in slight downturn of 2% in sales volume when compared to the same quarter of last year. However, it is to be noted that corresponding quarter was already impacted due to the unprecedented monsoon rainfall, leading to flash flooding and extensive damage.

The cost of goods sold increased by 16% during this quarter when compared with corresponding quarter primarily due significant rupee devaluation of 28%, increase in electricity tariff and increased per ton fixed cost due to decreased capacity utilization of re-bars by 12%. However, the impact of these increased costs couldn't be completely passed through by the Company due to low demand, resulting in decline in gross margin by 3.99% when compared with same quarter last year.

During the quarter, the Company's operating margin dropped by 4.7% when compared with corresponding quarter followed by decline in gross margin coupled with increase in administrative and distribution expenses due to increase in salaries in lieu of unprecedented general inflation and increase in cartage and transportation due to increase in fuel prices.

The company experienced a 3.66% decline in its bottom line in this quarter compared to the corresponding quarter of the previous year. This decline can be primarily attributed to a significant increase in finance cost, stemming from higher interest rates from quarterly average of 16% to 23% in quarter under review coupled with decrease in the operating profit margin.

### Second Quarter

The declining trend faced by the country in the first quarter persisted into the second quarter. The sales revenue declined by 14% due to lower sales volume by 25% when compared with same quarter last year.

However, the lower volumes resulted in decreased in cost of goods sold by 17% despite devaluation of rupee when compared with same quarter last year. Further, during the quarter, rupee depreciated as high as 305 in interbank which later has gained its value against dollar after the controlling measures taken by the authorities. The gross margin when compared with same quarter last year remained on higher side by 3.7%, since in corresponding quarter the prices of steel re-bars dropped significantly due to impact of flooding.

Due to increased gross margin compared to corresponding quarter, the company's operating margin witnessed an improvement by 2% despite increase in distribution cost primarily due to implementation of axle load.

The net profit margin dropped by 1.12% when compared with the same quarter of the previous year mainly due to the increase in finance cost, driven by higher interest rates and increased in the allowance for expected credit loss due to deteriorated economic conditions of the country.

### Third Quarter

During this quarter, the prevailing economic conditions in the country continued to deteriorate resulting in decline of 3% in the sales volume and 4% in revenue when compared with same quarter last year.

In this quarter, the cost of goods sold witnessed a notable increase of 8% compared to corresponding quarter due to lower capacity utilization and heightened energy cost. Further, due to general elections in this quarter coupled with prevailing economic uncertainties including IMF new package, demand remained silent resulting in inability of the Company to increase its sale price. Consequently, the gross margin of the Company dropped by 10% when compared to corresponding quarter.

The operational margin and net margin dropped by 10% followed by decline in gross margin and increase in finance cost when compared to the same quarter of the last year.

### Fourth Quarter

In this quarter, in addition to continued deterioration of the country's economic conditions, another factor that has significantly impacted the Company's sale off-take was the refusal of the lenders to make use of available working capital limits due to the then pursued but unsuccessful re-profiling of the balance sheet of the Company with the lenders. Because of that the Company was not able to open LCs to procure steel scrap resulting in sharp decline in sales volume by 50% and accordingly 51% in sale revenue when compared with same quarter last year, despite basic demand of its rebar remaining intact in the markets.

The cost of goods sold experienced a noteworthy surge of 33% when compared to the same quarter last year. The drivers behind this cost upswing were the capacity utilization that has dropped by 35% resulting in unabsorbed fixed costs, provision for fuel charge adjustment (FCA) of K-Electric and incremental depreciation subsequent to surplus on revaluation of property, plant and equipment. Therefore, the combination of all such events has resulted in drop in gross margin by 31% when compared with same quarter last year.

The operating margin of the Company dropped by 42% when compared with corresponding quarter due to decline in gross margin discussed above. Further, the decline in operating margin was due to increase in allowance for expected credit loss for the receivables aging over and above 180 days primarily due to increase in default rates.

The net loss margin of the Company witnessed a notable increase of 81% when compared with corresponding quarter. The factors for such increase include decrease operating margin discussed above and reversal of deferred tax assets recorded on prior turnover taxes including deferred tax asset on turnover tax recorded till March 31, 2024. These turnover taxes were otherwise allowed to be carry forward and adjusted against future tax liabilities in three years' time. However, the Company based on the principle of conservatism and being prudent has provided for these taxes as expense in the financial year under review anticipating low profitability in the near term as a result of unsuccessful balance sheet re-profiling and possible delay in the newly floated balance sheet restructuring to all lenders. Also, the Company has carry forward taxable losses that are required to be adjusted first under the income tax ordinance 2001 before making any other adjustment.

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

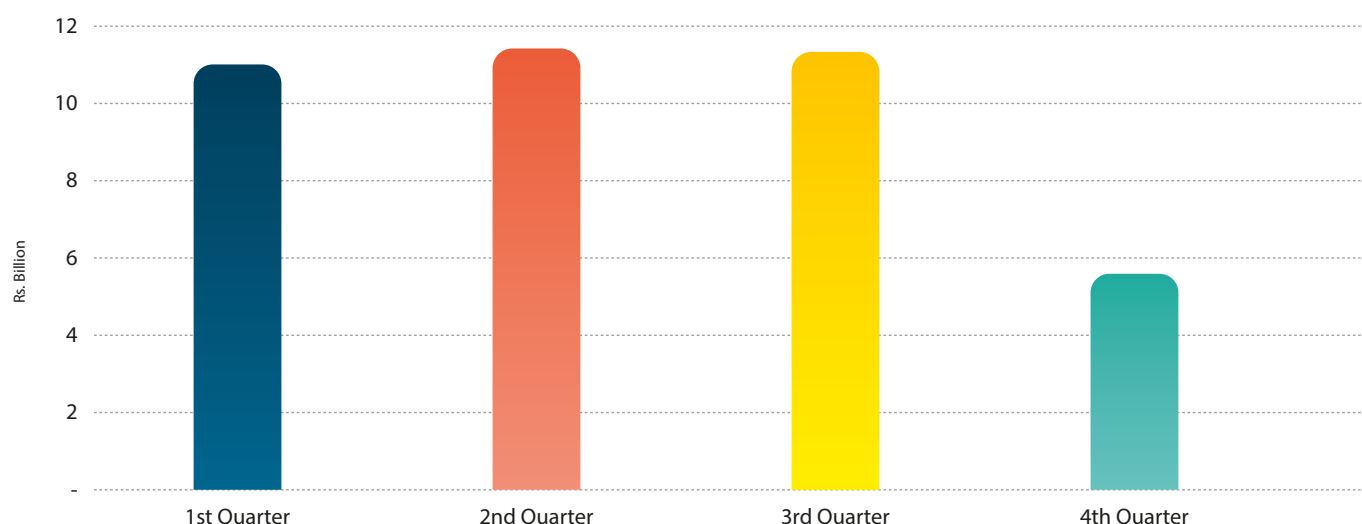
### Sales Revenue:

During the year under consideration, the sales revenue recorded almost in same range for the first three quarters. However, when compared with revenue of corresponding quarters, they have dropped, the reasons of which are discussed in quarterly analysis in this report.

The macro-level challenges faced by the Company during last year remained persisted in year under review. These include, high interest rates, political uncertainty, record high inflation, mounting debt burden of the Country and IMF bailout package with its stringent conditions. Further, in 2nd quarter the demand slowed down in anticipation that prices of rebars will decrease due to strengthening of rupee after controlling measures undertaken by the authorities. The slowdown in demand continued in 3rd quarter due to general elections that held in February 2024.

In the fourth quarter, sales revenue witnessed sharp decline. In this quarter, in addition to continued deterioration of the country's economic conditions, another factor that has significantly impacted the Company's sale off-take was the refusal of the lenders to make use of available working capital limits due to the then pursued but unsuccessful re-profiling of the balance sheet of the Company with the lenders. Because of that the Company was not able to open LCs to procure steel scrap resulting in sharp decline in sales volume by 50% and accordingly 51% in sale revenue when compared with same quarter last year, despite basic demand of its rebar remaining intact in the markets.

### Sales Revenue



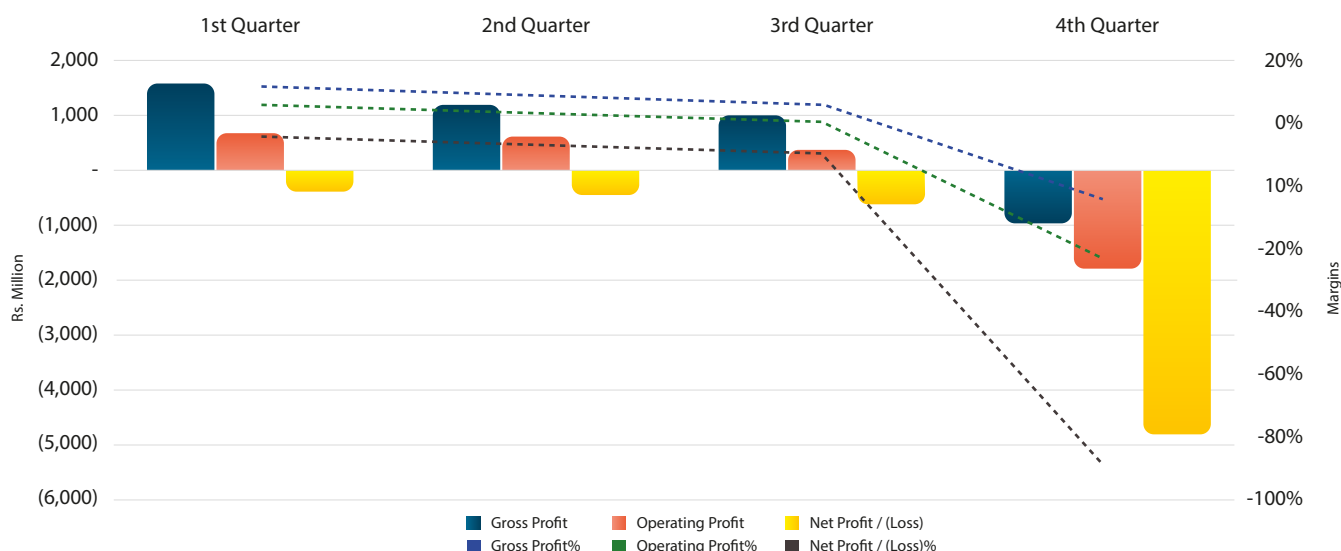
### Gross Profit:

The gross profit and gross profit margin shows declining trajectory over the course of the year. In the first quarter, the gross margin was at 12.19%, primarily due to better price retention despite increase in input cost due to rupee devaluation.

However, in the second quarter, the gross profit margin drops to 10.17% due to decrease in prices because of demand contraction coupled with strengthening of PKR after administrative measures. This declining trend continues in third quarter where gross margin drops to 7.94% due to slowdown in demand given the general elections in February 2024. The other reasons for declining gross margin are increased input costs due to lower capacity utilization resulting in unabsorbed fixed costs, increased electricity tariff from Rs. 29/kwh to Rs. 44/kwh, gas prices from Rs. 1200/mmbtu to Rs. 2,200/mmbtu along with increase in other input costs.

In fourth quarter, the Company recorded gross loss due to much lower capacity utilization from 32% to 12% due to the reason mentioned in sales above. Further, in this quarter, the cost of good sold increases due to recording of provision related to Fuel Charge Adjustments of K-Electric and incremental depreciation subsequent to surplus on revaluation of property, plant and equipment.

## Quarterly Performance Analysis



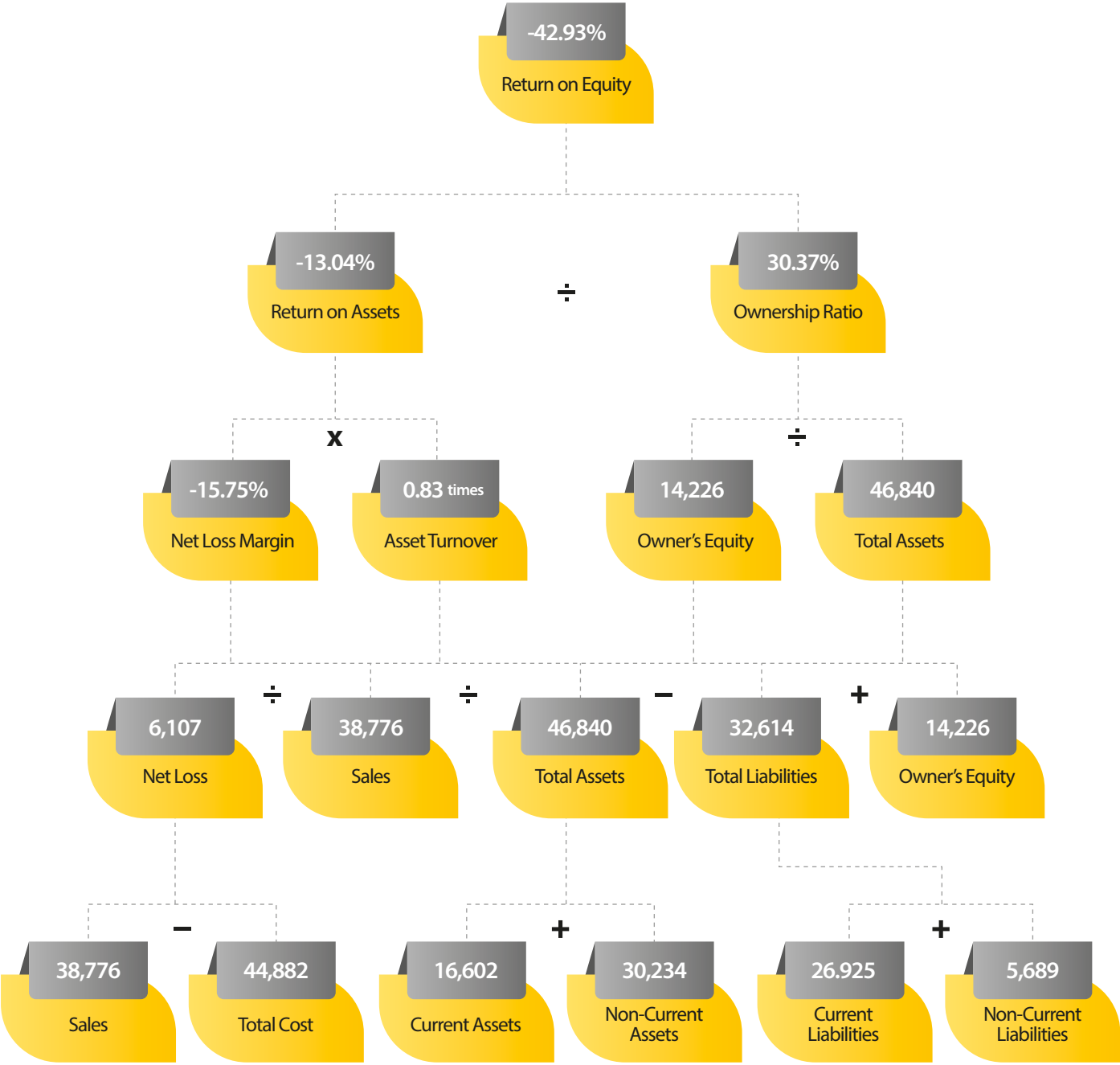
### Operating Profit:

The declining trend in operating profit margin is in line with the gross margin. Followed by decline in gross margin, other factors that have contributed in decline in operating margin includes, increase in salaries which is attributable to all time high national inflation, cartage and transportation cost due to increase in fuel prices and implementation of axle load. Further, the operating margin decline significantly in fourth quarter due to increase in allowance for expected credit loss for the receivables aging over and above 180 days primarily due to increase in default rates.

### Net Profit:

The net profit margin followed the similar trend as shown in gross and operating margin. The other factor impacted net margin is increased finance cost due to higher interest rates throughout the year. Further, the net profit margin declined significantly in fourth quarter due to reversal of deferred tax assets recorded on prior turnover taxes including deferred tax asset on turnover tax recorded till March 31, 2024. These turnover taxes are otherwise allowed to be carry forward and adjusted against future tax liabilities in three years' time. However, the Company based on the principle of conservatism and being prudent has provided for these taxes as expense in the financial year under review anticipating low profitability in the near term and the fact that the Company also has to carry forward taxable losses that are required to be adjusted first under the income tax ordinance 2001.

DUPONT ANALYSIS



\*All figures are in PKR million, otherwise indicated.

## CASH FLOW STATEMENT – DIRECT METHOD

### CASH FLOW FROM OPERATING ACTIVITIES

|   |
|---|
| Cash receipts from the customers                                |
| Cash paid to suppliers and employees                            |
| Cash generated from operations                                  |
| Income taxes paid   |
| Gratuity paid   |
| Finance costs paid  |
| Long-term deposits – net  |
| <b>Net cash (used in) / generated from operating activities</b> |

### CASH FLOW FROM INVESTING ACTIVITIES

|  |
|--|
| Fixed capital expenditure                      |
| Addition to intangible assets                  |
| Proceeds from disposal of operating assets     |
| <b>Net cash (used in) investing activities</b> |

### CASH FLOW FROM FINANCING ACTIVITIES

|   |
|---|
| Short term borrowings – net                                     |
| Long-term financing – net                                       |
| Lease rentals paid  |
| Loan from related parties                                       |
| Dividend paid   |
| <b>Net cash generated from / (used in) financing activities</b> |

### Net (decrease) in cash and cash equivalents

|   |
|---|
| <b>Cash and cash equivalents at the beginning of the year</b> |
| <b>Cash and cash equivalents at the end of year</b>           |

### Cash and cash equivalent comprise the following:

|   |
|---|
| Cash and bank balances                              |
| Running finance                                     |
| <b>Cash and cash equivalents at the end of year</b> |

| 2024                   | 2023<br>(Restated) |
|------------------------|--------------------|
| -----Rs. In '000'----- |                    |
| <b>41,023,969</b>      | 45,886,624         |
| <b>(40,867,640)</b>    | (34,321,532)       |
| <b>156,329</b>         | 11,565,092         |
| <b>(334,309)</b>       | (822,443)          |
| <b>(54,379)</b>        | (32,833)           |
| <b>(3,997,871)</b>     | (3,680,499)        |
| <b>18,143</b>          | 10,276             |
| <b>(4,212,088)</b>     | 7,039,593          |
| <b>(513,506)</b>       | (1,597,660)        |
| -                      | (2,347)            |
| <b>29,009</b>          | 10,780             |
| <b>(484,497)</b>       | (1,589,227)        |
| <b>4,888,680</b>       | (4,887,751)        |
| <b>(1,502,095)</b>     | (525,273)          |
| <b>(38,048)</b>        | (52,730)           |
| <b>(3,411)</b>         | (25,000)           |
| <b>(182)</b>           | (154)              |
| <b>3,344,944</b>       | (5,490,908)        |
| <b>(1,351,640)</b>     | (40,542)           |
| <b>(1,700,884)</b>     | (1,660,342)        |
| <b>(3,052,524)</b>     | (1,700,884)        |
| <b>195,444</b>         | 271,913            |
| <b>(3,247,969)</b>     | (1,972,797)        |
| <b>(3,052,524)</b>     | (1,700,884)        |





FINANCIAL STATEMENTS

# GAME OF STRENGTH



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMRELI STEELS LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of AMRELI STEELS LIMITED (the Company), which comprise the statement of financial position as at June 30, 2024 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Material Uncertainties Related to Going Concern

We draw attention to note 2 in the financial statements, which indicates that the Company incurred a net loss of Rs. 6,106.723 million during the year ended June 30, 2024 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 10,742.584 million. As stated in note 2 these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

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

Following are the Key audit matters:

| Key audit matter   | How our audit addressed the key audit matter  |
|--|---|
| <b>1. Existence and valuation of stock-in-trade</b>  |   |
| <p>As at June 30, 2024, the Company held stock in trade amounting to Rs. 7,162.016 million which constitutes 15.3% of total assets of the Company. This comprises of raw materials, billets and rebars.</p> <p>As described in note 5.5 to the financial statements, stock in trade is measured at lower of cost and net realizable value. Cost of work in process and finished goods is determined at average manufacturing cost including the proportion of production overheads. There is an element of judgement involved in determining an appropriate costing basis, assessing its valuation including assessment of provision of slow moving and obsolete stock in trade.</p> <p>We considered existence and valuation of stock-in-trade as key audit matter due to the significance of stock in trade to the Company's total assets and level of judgments and estimates involved.</p> | <p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>Assessed the design, implementation and operating effectiveness of the relevant key controls over valuation of stock in trade;</li> <li>Assessing the appropriateness of the Company's accounting policy for valuation of stock in trade and compliance of the policy with International Accounting Standard (IAS-2) "Inventories";</li> <li>Observed physical inventory counts for raw material, billets and rebars performed by the Company and assessed the reasonableness of the management's process of measurement of raw materials, billets and rebars and involved an external expert to perform physical inspection of raw material held at Company's premises;</li> <li>Tested the valuation of specific items of raw materials and work in progress and finish goods at year end;</li> <li>Assessed net realizable value (NRV) by comparing management's estimation of future selling prices for the products with the selling prices achieved subsequent to the reporting period;</li> <li>Assessed the adequacy of the obsolescence provision and the management judgement used;</li> <li>Assessed the appropriateness of the disclosures made in financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.</li> </ul> |
| <b>2. Revaluation of property, plant and equipment</b>   |   |
| <p>(Refer note 20 to the financial statements)</p> <p>During the year, the Company revalued its land, buildings and plant and machinery resulting in recognition of surplus on revaluation amounting to Rs. 9,030.438 million. Such revaluation was carried out by an independent valuer of the Company who considered various factors such as estimated market val, utilization by the Company and conditions of asset etc.</p> <p>We considered revaluation of property, plant and equipment as key audit matter due to significant managements' judgments and estimations involved in revaluation of property, plant and equipment.</p>   | <p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>Assessed the competence of the managements' independent valuer and reviewed the revaluation report to understand the basis and methodology used for such valuation;</li> <li>Involved our own specialist to review the valuation carried out by the managements independent valuer to assess the appropriateness of the methodology, assumptions and estimates used to determine the fair value of property, plant and machinery;</li> <li>Assessed the appropriateness of the disclosures made in financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.</li> </ul>   |

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

Management is responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon.

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

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



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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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



#### **Report on Other Legal and Regulatory Requirements**

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

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

#### **Other Matter relating to comparative information**

The financial statements of the Company as at and for the year ended June 30, 2023, excluding the retrospective adjustments described in note 5.33 to the financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on October 02, 2023.

As part of our audit of the financial statements as at and for the year ended June 30, 2024, we also audited the retrospective adjustments described in note 5.33 to the financial statements that were applied to restate the comparative information. We were not engaged to audit, review, or apply any procedures to the comparative information, other than with respect to the retrospective adjustments described in note 5.33 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on comparative information. However, in our opinion, the retrospective adjustments described in note 5.33 to the financial statements are appropriate and have been properly applied.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

**KARACHI**

**DATED: October 03, 2024**

**UDIN: AR202410067HKo1VtEkJ**

  
**BDO EBRAHIM & CO.**  
**CHARTERED ACCOUNTANTS**

# STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

## ASSETS

### NON-CURRENT ASSETS

|                               | Note | June 30<br>2024   | June 30<br>2023<br>(Rupees in '000)<br>(Restated) | July 01<br>2022<br>(Restated) |
|-------------------------------|------|-------------------|---|-------------------------------|
| Property, plant and equipment | 7    | 29,955,370        | 22,263,497  | 21,578,251                    |
| Right-of-use-assets           | 8    | 100,238           | 135,731   | 76,410                        |
| Intangible assets             | 9    | 3,187             | 6,600   | 11,872                        |
| Long term investments         |      | -                 | -   | 14,289                        |
| Long term deposits and loans  | 10   | 175,575           | 193,717   | 203,993                       |
|                               |      | <b>30,234,370</b> | <b>22,599,545</b>                                 | <b>21,884,815</b>             |

### CURRENT ASSETS

|   |    |                   |                   |                   |
|---|----|-------------------|-------------------|-------------------|
| Stores and spares                         |    | 2,453,480         | 2,609,216         | 2,756,628         |
| Stock-in-trade                            | 11 | 7,162,016         | 7,092,139         | 11,017,657        |
| Trade debts                               | 12 | 2,349,962         | 4,973,402         | 5,478,005         |
| Loans and advances                        | 13 | 60,121            | 45,494            | 53,447            |
| Trade deposits and short term prepayments | 14 | 30,035            | 20,767            | 31,260            |
| Short term investments                    | 15 | 14,289            | 14,289            | -                 |
| Other receivables                         | 16 | 988,633           | 211,236           | 266               |
| Taxation – net                            |    | 2,928,387         | 2,590,288         | 2,622,040         |
| Cash and bank balances                    | 17 | 195,444           | 271,913           | 356,869           |
|   |    | <b>16,182,367</b> | <b>17,828,744</b> | <b>22,316,172</b> |
| Non current asset held for sale           | 18 | 423,170           | -                 | -                 |
|   |    | <b>46,839,907</b> | <b>40,428,289</b> | <b>44,200,987</b> |

### TOTAL ASSETS

### EQUITY AND LIABILITIES

#### SHARE CAPITAL AND RESERVES

|   |    |                   |                   |                   |
|---|----|-------------------|-------------------|-------------------|
| Authorized share capital                                      | 19 | 5,000,000         | 5,000,000         | 5,000,000         |
| Issued, subscribed and paid-up capital                        | 19 | 2,970,114         | 2,970,114         | 2,970,114         |
| Capital reserve   |    | 2,788,742         | 2,788,742         | 2,788,742         |
| Revenue reserves – Accumulated (loss) / unappropriated profit |    | (751,018)         | 5,095,368         | 5,743,716         |
| Surplus on revaluation of property, plant and equipment       | 20 | 9,218,163         | 3,521,961         | 3,705,659         |
|   |    | <b>14,226,001</b> | <b>14,376,185</b> | <b>15,208,231</b> |

#### NON-CURRENT LIABILITIES

|   |    |                  |                  |                  |
|---|----|------------------|------------------|------------------|
| Long term financing                             | 21 | -                | 3,704,899        | 4,820,914        |
| Long term provision                             | 22 | -                | 5,831            | 72,160           |
| Loan from related parties                       | 23 | 124,922          | -                | 341,333          |
| Deferred taxation                               | 24 | 4,946,265        | 1,149,000        | 641,128          |
| Deferred liability - defined benefit obligation | 25 | 511,949          | 452,985          | 369,916          |
| Lease liabilities                               | 26 | 105,818          | 121,797          | 72,416           |
| Government grant                                | 27 | -                | 381,564          | 170,641          |
|   |    | <b>5,688,955</b> | <b>5,816,076</b> | <b>6,488,508</b> |

#### CURRENT LIABILITIES

|  |    |                   |                   |                   |
|--|----|-------------------|-------------------|-------------------|
| Trade and other payables                     | 28 | 2,474,553         | 4,803,126         | 2,967,756         |
| Contract liabilities                         |    | 437,305           | 479,227           | 773,573           |
| Interest / markup accrued                    | 29 | 1,457,718         | 800,284           | 521,139           |
| Short term borrowings                        | 30 | 17,861,957        | 11,698,105        | 16,630,270        |
| Current portion of long term financing       | 21 | 4,002,484         | 1,799,680         | 1,353,625         |
| Current portion of long term provision       | 22 | 282,189           | 272,127           | 195,281           |
| Current portion of lease liabilities         | 26 | 34,310            | 34,529            | 14,351            |
| Current portion of government grant          | 27 | 369,161           | 27,161            | 42,643            |
| Current portion of loan from related parties | 23 | -                 | 316,333           | -                 |
| Unclaimed dividend                           |    | 5,274             | 5,456             | 5,610             |
|  |    | <b>26,924,951</b> | <b>20,236,028</b> | <b>22,504,248</b> |
|  |    | <b>46,839,907</b> | <b>40,428,289</b> | <b>44,200,987</b> |

### TOTAL EQUITY AND LIABILITIES

#### CONTINGENCIES AND COMMITMENTS

31

The annexed notes from 1 to 55 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2024

|  |      | 2024                         | 2023<br>(Restated) |
|--|------|------------------------------|--------------------|
|  | Note | ----- (Rupees in '000) ----- |                    |
| Sales-net  | 32   | <b>38,775,737</b>            | 45,492,724         |
| Cost of sales                                      | 33   | <b>(36,374,311)</b>          | (39,538,794)       |
| <b>Gross profit</b>                                |      | <b>2,401,426</b>             | 5,953,930          |
| Distribution costs                                 | 34   | <b>(1,114,552)</b>           | (1,008,778)        |
| Administrative expenses                            | 35   | <b>(842,398)</b>             | (751,114)          |
| Allowance for expected credit losses               | 12.1 | <b>(379,205)</b>             | (119,602)          |
| Other expenses                                     | 36   | <b>(199,214)</b>             | (84,097)           |
| Other income                                       | 37   | <b>3,156</b>                 | 8,312              |
| <b>Operating (loss) / profit</b>                   |      | <b>(130,787)</b>             | 3,998,651          |
| Finance costs                                      | 38   | <b>(4,772,416)</b>           | (4,043,279)        |
| <b>Loss before taxation, minimum and final tax</b> |      | <b>(4,903,203)</b>           | (44,628)           |
| Levy   | 39   | <b>(488,193)</b>             | (256,558)          |
| <b>Loss before taxation</b>                        |      | <b>(5,391,396)</b>           | (301,186)          |
| Taxation   | 40   | <b>(715,327)</b>             | (396,010)          |
| <b>Loss for the year</b>                           |      | <b>(6,106,723)</b>           | (697,196)          |
| <b>Loss per share – basic and diluted</b>          | 41   | <b>(20.56)</b>               | (2.35)             |

The annexed notes from 1 to 55 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

Loss for the year

Other comprehensive income

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

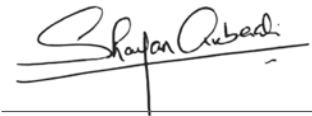
Actuarial gain / (loss) on remeasurement of defined benefit obligation – net of tax

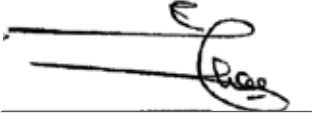
Surplus on revaluation of property, plant and equipment - net of tax

Total comprehensive loss for the year

The annexed notes from 1 to 55 form an integral part of these financial statements.

| Note | 2024             | 2023       |
|------|------------------|------------|
|      | (Rupees in '000) | (Restated) |
|      | (6,106,723)      | (697,196)  |
|      | 4,904            | (14,022)   |
| 20   | 5,951,635        | -          |
|      | (150,184)        | (711,218)  |

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

|   | Issued,<br>subscribed<br>and paid-<br>up<br>capital | Capital Reserve  |   | Revenue Reserve                                     | Acturial<br>loss on<br>gratuity<br>fund | Total       |
|---|---|------------------|---|---|---|-------------|
|   |   | Share<br>premium | Surplus on<br>revaluation<br>of property,<br>plant and<br>equipment | Accumulated<br>(loss) /<br>unappropriated<br>profit |   |             |
| ----- (Rupees in '000) -----  |   |                  |   |   |   |             |
| Balance as at June 30, 2022 as previously reported  | 2,970,114   | 2,788,742        | 3,705,659   | 5,865,798   | (75,607)                                | 15,254,706  |
| Effect of restatements- Note 5.33.3   | -   | -                | -   | (122,082)   | 75,607                                  | (46,475)    |
| Balance as at July 01, 2022 - as restated   | 2,970,114   | 2,788,742        | 3,705,659   | 5,743,716   | -                                       | 15,208,231  |
| Total comprehensive loss for the year   |   |                  |   | 5,095,368   |   |             |
| Loss for the year   | -   | -                | -   | (697,196)   | -                                       | (697,196)   |
| Other comprehensive loss for the year   |   |                  |   |   |   |             |
| - Actuarial gain / (loss) on remeasurement of defined benefit obligation – net of tax         | -   | -                | -   | (14,022)  | -                                       | (14,022)    |
|   | -   | -                | -   | (711,218)   | -                                       | (711,218)   |
| Change of deferred tax rates - Note 5.33.3  | -   | -                | (120,828)   | -   | -                                       | (120,828)   |
| Surplus on revaluation of property, plant and equipment released during the year - net of tax | -   | -                | (62,870)  | 62,870  | -                                       | -           |
| Balance as at June 30, 2023- as restated  | 2,970,114   | 2,788,742        | 3,521,961   | 5,095,368   | -                                       | 14,376,185  |
| Balance as at June 30, 2023- as previously reported   | 2,970,114   | 2,788,742        | 3,642,789   | 5,250,225   | (89,629)                                | 14,562,241  |
| Effect of restatements- Note 5.33.3   | -   | -                | (120,828)   | (154,857)   | 89,629                                  | (186,056)   |
| Balance as at July 01, 2023- as restated  | 2,970,114   | 2,788,742        | 3,521,961   | 5,095,368   | -                                       | 14,376,185  |
| Total comprehensive loss for the year   |   |                  |   |   |   |             |
| Loss for the year   | -   | -                | -   | (6,106,723)   | -                                       | (6,106,723) |
| Other comprehensive income for the year   |   |                  |   |   |   |             |
| - Actuarial gain / (loss) on remeasurement of defined benefit obligation – net of tax         |   | -                | -   | 4,904   | -                                       | 4,904       |
| - Surplus on revaluation of property, plant and equipment - net of tax                        |   | -                | 5,951,635   | -   | -                                       | 5,951,635   |
|   | -   | -                | 5,951,635   | (6,101,819)   | -                                       | (150,184)   |
| Surplus on revaluation of property, plant and equipment released during the year - net of tax | -   | -                | (255,433)   | 255,433   | -                                       | -           |
| Balance as at June 30, 2024   | 2,970,114   | 2,788,742        | 9,218,163   | (751,018)   | -                                       | 14,226,001  |

The annexed notes from 1 to 55 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

## CASH FLOWS FROM OPERATING ACTIVITIES

|   |
|---|
| Cash generated from operations                                  |
| Income taxes paid   |
| Gratuity paid   |
| Finance costs paid  |
| Long term deposits and loans – net                              |
| <b>Net cash (used in) / generated from operating activities</b> |

|      | 2024                         | 2023<br>(Restated) |
|------|------------------------------|--------------------|
|      | ----- (Rupees in '000) ----- |                    |
| Note |                              |                    |
| 43   | <b>156,329</b>               | 11,565,092         |
|      | <b>(334,309)</b>             | (822,443)          |
|      | <b>(54,379)</b>              | (32,833)           |
|      | <b>(3,997,871)</b>           | (3,680,499)        |
|      | <b>18,143</b>                | 10,276             |
|      | <b>(4,212,088)</b>           | 7,039,593          |

## CASH FLOWS FROM INVESTING ACTIVITIES

|   |
|---|
| Capital expenditure                                     |
| Additions to intangible assets                          |
| Proceeds from disposal of property, plant and equipment |
| <b>Net cash (used in ) investing activities</b>         |

|                  |             |
|------------------|-------------|
| <b>(513,506)</b> | (1,597,660) |
| -                | (2,347)     |
| <b>29,009</b>    | 10,780      |
| <b>(484,497)</b> | (1,589,227) |

## CASH FLOWS FROM FINANCING ACTIVITIES

|   |
|---|
| Dividend paid   |
| Short term borrowings – net                                     |
| Long term financing -net  |
| Loan from related parties- net                                  |
| Lease rentals paid  |
| <b>Net cash generated from / (used in) financing activities</b> |
| <b>Net (decrease) in cash and cash equivalents</b>              |
| <b>Cash and cash equivalents at beginning of the year</b>       |
| <b>Cash and cash equivalents at end of the year</b>             |

|                    |             |
|--------------------|-------------|
| <b>(182)</b>       | (154)       |
| <b>4,888,680</b>   | (4,887,751) |
| <b>(1,502,095)</b> | (525,273)   |
| <b>(3,411)</b>     | (25,000)    |
| <b>(38,048)</b>    | (52,730)    |
| <b>3,344,944</b>   | (5,490,908) |
| <b>(1,351,640)</b> | (40,542)    |
| <b>(1,700,884)</b> | (1,660,342) |
| <b>(3,052,524)</b> | (1,700,884) |

The annexed notes from 1 to 55 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 1. THE COMPANY AND ITS OPERATIONS

- 1.1** Amreli Steels Limited (the Company) was incorporated in 1984 as a private limited company and converted into a public unquoted company in 2009 under the repealed Companies Ordinance, 1984 (the Ordinance now Companies Act, 2017). The Company enlisted on Pakistan Stock Exchange (PSX) in 2015. The Company is engaged in manufacture and sale of steel bars and billets. The geographical location and addresses of the Company's business units / immovable assets are as under:

| Business Units                  | Addresses  |
|---------------------------------|--|
| Registered office and warehouse | Plot No. A-18, S.I.T.E Karachi (Land measuring area 2.490 Acres)<br>Plot No. D-89 Shershah Karachi (Land measuring area 2.220 Acres)       |
| Production plant                | Plot No. D-90/B Shershah Karachi (Land measuring area 1.05 Acres)  |
| Production plant and warehouse  | Industrial Land, Deh Ghara, Tapo Ghara, Taluka Mirpur Sakro, District Thatta, Sindh (Land measuring area 109.5 Acres )                     |
| Warehouses                      | Noor Road Badami Bagh Lahore (Land measuring 0.79 Acres)<br>Plot # 392 sector I-9/3 industrial area Islamabad (Land measuring (0.50 Acres) |
| Office Premises                 | 14th floor, West Wing, Sky Tower, Clifton, Karachi (20,000 sq.ft)  |

## 2 MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

During the year ended June 30, 2024, the Company faced further significant challenges arising from macroeconomic conditions and political uncertainties. These challenges included, but were not limited to, a tight monetary policy, constrained fiscal space, high inflation, exorbitant energy costs, mounting external and domestic debt burdens, and stringent conditions associated with International Monetary Fund (IMF) support. These unprecedented external factors placed considerable pressure on the construction sector, leading to reduced demand and capacity utilization. The combination of low capacity utilization, which increased the fixed cost per ton, and the Company's high leverage during the year resulted in a substantial net loss for the year amounting to Rs. 6,106.723 million (2023: Rs. 697.196 million) and have a negative operating cash flow amounting to Rs. 4,212.092 million.

The gap between current assets and current liabilities has widened considerably, primarily due to negative operating cash flows, operational capital expenditures, and the repayment of current maturities. The Company has also breached the covenant of all long term finance due to adverse liquidity position (refer note 21.6) which triggered the reclassification of long term loans and related deferred grant amounting to Rs. 1,961.59 million and Rs. 336.117 million from "non-current liabilities" to "current liabilities" under the requirements of IAS 1- Presentation of financial statements, further deteriorating the Company's current ratio resultantly current liabilities of the Company exceed its current assets by Rs.10,742.58 millions. Further subsequent to year end, the Company has shutdown its plant located at Shershah (Refer note 52).

These events or conditions, along with other matters as stated above, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

However, the management has devised financially viable strategies to navigate through these challenging times. These strategies include restructuring of short-term and long-term debt, reducing operational costs, thus conserving cash and showing much-improved liquidity ratios post-restructuring. The profitability will also improve gradually and as soon as capacity utilization kicks in after a successful restructuring. Further, the Company's Sponsors remain committed to provide unconditional financial support to the Company to ensure continued operations.

According to the IMF and World Bank's forecasts, the country's GDP is poised to grow at an average rate of 4% from financial year 2026 and beyond, the interest rate, which has already started to climb down. It is important to note that strong demand potential exists in the construction industry given the current state of infrastructure, lowest water reservoir, and significant housing shortfall all within a country of approximately 240 million people, growing at an annual rate of over 2%. Pakistan currently ranks as the lowest in per capita steel consumption in the region. Therefore, the management believes that the future outlook of the Company is positive and accordingly, these financial statements have been prepared on a going concern basis.

## 3 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## 4 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for certain items as disclosed in the relevant accounting policies below.

### 4.2 Functional and presentation currency

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

### 4.3 New standards, amendments, IFRS interpretations and guidance that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

|  | Effective dates<br>(annual periods<br>beginning<br>on or after) |
|--|---|
| Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice   | January 01, 2023  |
| Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates                                     | January 01, 2023  |
| Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction   | January 01, 2023  |
| Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes | January 01, 2023  |

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 01, 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of "Material Accounting Policy Information" rather than "Summary of Significant Accounting Policies". The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updated it and disclosed in Note 5 Material accounting policies information (2023: Summary of significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognised as 'Income tax'.

### 4.4 New accounting standards, amendments and interpretations that are not yet effective and have not early adopted by the Company

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after July 01, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

|  | Effective dates<br>(annual periods<br>beginning<br>on or after) |
|--|---|
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements  | January 01, 2024  |
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments | January 01, 2026  |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

|  | Effective dates<br>(annual periods<br>beginning<br>on or after) |
|--|---|
| Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments  | January 01, 2026  |
| Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions   | January 01, 2024  |
| Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current   | January 01, 2024  |
| Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants  | January 01, 2024  |
| Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements  | January 01, 2024  |
| Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability  | January 01, 2025  |
| IFRS 17 Insurance Contracts  | January 01, 2026  |
| IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)                  |   |
| IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP   |   |
| IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP  |   |
| IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026. |   |

## 5 MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

### 5.1 Property, plant and equipment

#### 5.1.1 Owned assets

These are initially stated at cost. Subsequently, these are stated at cost less accumulated depreciation and accumulated impairment loss, if any, except for leasehold land, building on leasehold land and plant and machinery which are stated at revalued amounts less impairment, if any. Cost in relation to certain items in operating fixed assets and capital work in progress, signifies historical cost and financial charges on borrowings.

Depreciation is charged to statement of profit or loss applying the reducing balance method except for plant and machinery, computers and vehicles which are depreciated on straight line basis and / or unit of production method at the rates disclosed in note 7 to the financial statements. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged for the month in which asset is disposed.

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

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

The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each reporting date.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Surplus on revaluation of land, buildings and plant and machinery is credited to the surplus on revaluation of property, plant and equipment account and is shown in the statement of changes in equity. The revaluation reserve is not available for distribution to the Company's shareholders. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Cost / revalued amount at the date of the revaluation is adjusted / eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to retained earnings. If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in statement of comprehensive income and accumulated in equity under the heading of surplus on revaluation of property plant and equipment. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in statement of comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in statement of profit or loss.

## 5.1.2 Capital work in progress

Capital work-in-progress are stated at cost less impairment and signifies expenditures incurred, advances made in respect of specific assets and financial charges on borrowings for financing the projects which takes substantial time for completion, until such projects are available for their intended use. Fixed assets under capital work-in-progress are classified to the appropriate categories of property, plant and equipment, when completed and ready for intended use.

## 5.2 Right-of-use assets

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

## 5.3 Intangibles

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

Amortization is charged to statement of profit or loss on straight line basis over its economic useful life at the rate given in note 9 to these financial statements. Amortization on additions is charged from the month in which an intangible asset is available for use while no amortization is charged for the month in which an intangible asset is disposed.

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

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

## 5.4 Stores and spares

These are valued at lower of cost or net realizable value, less impairment if any. The net realizable value of stores and spares is determined based on replacement cost. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

The Company reviews the carrying amount of inventories regularly and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence, if there is any change in usage pattern and/or physical form of related inventory.

## 5.5 Stock-in-trade

These are valued at the lower of cost and NRV.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

|                               |   |   |
|-------------------------------|---|---|
| Raw materials                 | - | Weighted average cost   |
| Work-in-process               | - | Consists of direct materials, labour cost, fuel cost, power cost, depreciation and maintenance etc. |
| Finished goods - Manufactured | - | Weighted average cost   |
| Stock-in-transit              | - | Invoice value plus other charges paid thereon up to the reporting date                              |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

## 5.6 Deposits, advances, prepayments and other receivables excluding financial assets

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

## 5.7 Investments at amortised cost

These are investments which meet the following criteria:

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

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

## 5.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank deposit, cheques in hand, short term highly liquid investments and balances with banks. Short-term borrowing facilities which are payable on demand, are included as part of cash and cash equivalents for the purpose of statement of cash flows.

## 5.9 Non current assets held for sale

'The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

'The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification. 'Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

## 5.10 Leases

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

### 5.10.1 Short-term leases

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

### 5.10.2 Finance lease - lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less lease incentives receivable (if any), variable lease payments that depend on an index or a rate (if any), and amounts expected to be paid under residual value guarantees (if any). The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company (if any) and payments of penalties for terminating the lease (if any), if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 5.11 Financial instruments

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

### i) Financial assets

#### Initial Recognition and Measurement

Initial recognition and measurement Financial assets are classified at initial recognition and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15 'Revenue from Contract with Customers'.

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

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

#### Subsequent measurement

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

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

#### Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

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

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

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

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

#### Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

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

The Company has not designated any financial asset at FVPL.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

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

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

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

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

## ii) Financial liabilities

### Initial recognition and measurement

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

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

### Subsequent measurement

#### Financial liabilities at FVPL

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

#### Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## Derecognition

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

## 5.12 Offsetting of financial instruments

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

## 5.13 Impairment

### Impairment of financial assets

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

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

For financial assets other than trade debts and contract assets, the Company applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts and contract assets, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Impairment of non-financial assets

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

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

## 5.14 Provisions

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

## 5.15 Borrowing costs

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

## 5.16 Foreign currency transactions and translations

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

## 5.17 Unclaimed dividend

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

## 5.18 Defined benefit obligation - Gratuity

The Company operates an un-approved and unfunded defined benefit plan for all permanent employees who have completed the minimum qualifying year of service for entitlement of gratuity. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method.

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

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

## 5.19 Ijarah contracts

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

## 5.20 Taxation - Levy and taxes

### 5.20.1 Levy

The Institute of Chartered Accountants of Pakistan has issued IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes and defined two approaches for bifurcation of tax between current and minimum taxes. Accordingly, the Company has accounting policy to recognise minimum tax or final tax if any on any amount over the current tax as levy under IAS-37 "Provisions, Contingent liabilities and Contingent assets" which was previously recognised as Income tax liabilities.

### 5.20.2 Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is also recognized in other comprehensive income or directly in equity respectively.

#### 5.20.2.1 Current

Current tax is the expected tax payable on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date after taking into account tax credits and tax rebates. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

#### 5.20.2.2 Deferred

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

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

### 5.20.3 Sales tax

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

When the sales tax incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the goods or as part of the expense item, as applicable.

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

### 5.21 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised when performance obligation is satisfied, at a point in time, when control of goods have been transferred to a customer. Generally, the normal credit term is 30 to 60 days upon delivery.

### 5.22 Other income

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

Scrap sales are recognized on receipt basis.

### 5.23 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders is recognised as a liability and appropriation to / from reserves is made in the period in which these are approved. However, if these are approved after the reporting period but before the financial statement are authorised for issue, they are disclosed as subsequent event in the notes to the financial statements.

### 5.24 Contingent liabilities

Contingent liability is disclosed when:

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

### 5.25 Operating segments

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

### 5.26 Borrowings

Borrowings are recognised initially at fair value net of transaction cost incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds received (net of transaction cost) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Finance cost are accounted for on accrual basis and are shown as interest and markup is accrued to the extent of the amount remaining unpaid.

### 5.27 Trade and other payables

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

## 5.28 Contract liabilities

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

## 5.29 Share capital

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

## 5.30 Earnings per share

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

## 5.31 Government grant

The Company recognises benefit of a government loan at a below-market rate of interest as a government grant provided there is a reasonable assurance that the grant will be received and Company will comply with all attached conditions.

The deferred capital grant is measured upon initial recognition as the difference between fair value of the loan and loan proceeds. The fair value of the loan is the present value of the loan proceed received, discounted using the prevailing market rates of interest for a similar instrument. In subsequent periods, the loan amount would be accredited using the effective interest method.

When the grant relates to expense, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed-out. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

## 5.32 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification.

An asset is current when:

- it is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period;
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 5.33 Restatements

### 5.33.1 Change in accounting policy

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognised as 'Income tax'.

### 5.33.2 Reclassifications and correction of errors

**53321** During the year, Murabaha financing had been included in trade and other payables. During the year, Murabaha financing has been classified as short term borrowing based on its nature of borrowings and accordingly, outstanding balances as at June 30, 2023 and July 01, 2022 amounting to Rs. 366.968 million and Rs. 4,056.998 million respectively have been reclassified from trade and other payables to short term borrowings.

**53322** In previous year, long term investment having maturity on June, 2024 (within next 12 months maturity) was classified as non current asset instead of current asset. The fact has been identified in the current year and the comparative figure amounting Rs. 14.289 million has been reclassified to current assets as the investment was expected to be realized within next 12 months from the reporting date.

**53323** Actuarial loss on remeasurement of defined benefit obligation had been reported as separate line item in the Statement of Changes in Equity / the Statement of Financial Position. During the year, the actuarial loss balance as at June 30, 2023 and July 01, 2022 amounting Rs. 89.629 million and Rs. 75.607 million respectively have been reclassified to Revenue reserves – Accumulated (loss) / unappropriated profit in the Statement of Changes in Equity for the purpose of better presentation and classification.

**53324** As per IAS 12, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted at the statement of financial position date. However, as at June 30, 2023 it was identified that the deferred tax on revaluation surplus on property, plant and equipment was measured at the rate other than the rate enacted at reporting date. During the year, the Company identified this fact and accordingly applied the enacted rate to determine the deferred tax.

**53325** Pursuant to Supreme Court order in August, 2020, the Company is required to pay levy of GIDC in 48 monthly installment through billing by Sui Northern Gas Pipeline Limited (SNGPL).

"Institute of Chartered Accountants of Pakistan issued guidelines dated January 21, 2021 for measurement of Gas Infrastructure Development Cess (GIDC) as financial liability for treatment under accounting principles of IFRS9- "Financial Instruments" that require all the future outflows need to be recognized at present value as financial liability at amortized cost. Difference between present value of financial liability and face value is recognized as income in profit or loss. However, the accounting treatment as required had not been followed neither the unwinding of the liability was accounted for in accordance with the original installment plan classification of current portion was not made based on schedule of payment rather the current portion was included in Trade and other payables based on straight line basis of installments, instead of separately presented on the Statement of Financial Position. During the year, the management has accurately determined the unwinding effect and accounted for accordingly and presented current portion of long term provision separately in the Statement of Financial Position as required by IAS 1.

### 5.33.3 Effect of changes

The above changes have been made in accordance with the requirements of IAS 8, 'Accounting Policies, Change in Accounting Estimates and Errors' in these financial statements with retrospective effect and restatement of amounts previously reported in the financial statements for the year ended June 30, 2023 and July 01, 2022 are given below.

The Company has presented statement of financial position as at the beginning of the earliest period presented i.e. July 01, 2022 and related note in accordance with the requirements of IAS - 1 "Presentation of Financial Statements".

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

|   | June 30, 2023          |                  |             | July 01, 2022          |                  |                             |
|---|------------------------|------------------|-------------|------------------------|------------------|-----------------------------|
|   | As previously reported | As restated      | Restatement | As previously reported | As restated      | Restatement                 |
|   | -----                  | (Rupees in '000) | -----       | -----                  | (Rupees in '000) | -----                       |
| <b>Effect on statement of financial position</b>  |                        |                  |             |                        |                  |                             |
| <b>Change in accounting policy</b>  |                        |                  |             |                        |                  |                             |
| Taxation – net (Refer 5.33.1)   | 2,333,730              | 2,590,288        | 256,558     | 1,769,109              | 2,622,040        | 852,931                     |
| <b>Reclassifications and corrections:</b>   |                        |                  |             |                        |                  |                             |
| Short term borrowings (Refer 5.33.2.1)  | 11,331,137             | 11,698,105       | (366,968)   | 12,573,272             | 16,630,270       | (4,056,998)                 |
| Long term investments (Refer 5.33.2.2)  | 14,289                 | -                | (14,289)    | -                      | -                | -                           |
| Short term investments (Refer 5.33.2.2)   | -                      | 14,289           | 14,289      | -                      | -                | -                           |
| Deferred taxation (Refer 5.33.2.4)  | 1,028,172              | 1,149,000        | (120,828)   | -                      | -                | -                           |
| Long term provision (Refer 5.33.2.5)  | 146,863                | 5,831            | 141,032     | 154,463                | 72,160           | 82,303                      |
| Current portion of long term provision (Refer 5.33.2.5)   | -                      | 272,127          | (272,127)   | -                      | 195,281          | (195,281)                   |
| Trade and other payables* (Refer 5.33.2.1, 5.33.2.5 & 5.33.1)   | 4,979,403              | 4,803,126        | 176,277     | 6,238,326              | 2,967,756        | 3,270,570                   |
| <b>Effect on statement of changes in equity</b>   |                        |                  |             |                        |                  |                             |
| Revenue reserves – unappropriated profit** (Refer 5.33.2.3 & 5.33.2.5)  | 5,250,225              | 5,095,368        | (154,857)   | 5,865,798              | 5,743,716        | (122,082)                   |
| Surplus on revaluation of property, plant and equipment (Refer 5.33.2.4)  | 3,642,789              | 3,521,961        | (120,828)   | -                      | -                | -                           |
| Remeasurement loss on defined benefit obligation (Refer 5.33.2.3)   | (89,629)               | -                | 89,629      | (75,607)               | -                | 75,607                      |
| * Restatement represents effect of change in accounting policy of Rs. 256.558 million (2022: Rs. 852.931 million) and reclassification of Rs. 366.968 million (2022: Rs. 4,056.998 million) and Rs. 65.867 million (2022: Rs. 66.503 million) from trade and other payables to short term borrowings and current portion of long term provision respectively. |                        |                  |             |                        |                  |                             |
| ** Restatement represents reclassification of remeasurement loss on defined benefit obligation amounting to Rs. 89.629 million (2022: Rs. 75.607 million) and effect of correction of unwinding of GIDC liability as explained in note 5.33.2.5, amounting to Rs. 65.228 million (2022: Rs. 46.475 million).  |                        |                  |             |                        |                  |                             |
| <b>Effect on statement of profit or loss:</b>   |                        |                  |             |                        |                  |                             |
|   |                        |                  |             |                        |                  | 2023                        |
|   |                        |                  |             |                        |                  | ---- (Rupees in '000') ---- |
| <b>Change in accounting policy:</b>   |                        |                  |             |                        |                  |                             |
| Increase in levy (Refer 5.33.1)   |                        |                  |             |                        |                  |                             |
| Minimum tax   |                        |                  |             |                        |                  | (255,293)                   |
| Final tax (Refer 5.33.1)  |                        |                  |             |                        |                  | (1,265)                     |
|   |                        |                  |             |                        |                  | (256,558)                   |
| Decrease in income tax (Refer 5.33.1)   |                        |                  |             |                        |                  | 256,558                     |
| <b>Corrections:</b>   |                        |                  |             |                        |                  |                             |
| Increase in cost of sales (Refer 5.33.2)  |                        |                  |             |                        |                  | (8,234)                     |
| Increase in finance cost (Refer 5.33.2)   |                        |                  |             |                        |                  | (10,518)                    |
| <b>Net effect on Statement of profit or loss</b>  |                        |                  |             |                        |                  | 18,752                      |
| <b>Net effect to equity</b>   |                        |                  |             |                        |                  | (18,752)                    |
|   |                        |                  |             |                        |                  | <b>Rupees</b>               |
| Increase in loss per share  |                        |                  |             |                        |                  | (0.07)                      |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 6 SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

### **Impairment financial assets**

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in note 46.2 to these financial statements.

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

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

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

### **Estimating the incremental borrowing rate**

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

### **Defined Benefit Plan**

Certain actuarial assumptions have been adopted as disclosed in note 25 to the financial statements for the valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

### Taxation

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

### Contingencies

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

### Stock in trade and stores and spares

The Company reviews the Net Realizable Value (NRV) of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimate regarding their future usability.

## 7 PROPERTY, PLANT AND EQUIPMENT

|                          | Note | 2024<br>----- (Rupees in '000') ----- | 2023              |
|--------------------------|------|---------------------------------------|-------------------|
| Owned fixed assets       | 7.1  | <b>28,196,929</b>                     | 20,632,188        |
| Capital work-in progress | 7.2  | <b>1,758,441</b>                      | 1,631,309         |
|                          |      | <b>29,955,370</b>                     | <b>22,263,497</b> |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 7.1 Owned fixed assets

| 2024   | Note | 7.1.2     | 7.2.1     | 7.2.1   | 7.2.1  |         |         |               |            |  |
|--|------|-----------|-----------|---|--------|---------|---------|---------------|------------|--|
| Cost / revaluation as at June 30, 2023       |      | 2,936,680 | 3,498,894 | 19,089,163  | 84,948 | 150,079 | 264,636 | 152,513       | 26,176,913 |  |
| Additions                                    |      | -         | -         | 39  | 440    | 9,465   | 8,123   | 20,825        | 38,892     |  |
| Disposals                                    |      | (372,752) | -         | (29,200)  | -      | -       | (5,958) | (4,380)       | (412,290)  |  |
| Transfers from capital work-in-progress      |      | -         | 51,271    | 282,858   | 10,168 | 2,751   | 435     | -             | 347,483    |  |
| Transfer to held for sale                    |      | (300,000) | (60,670)  | (62,500)  | -      | -       | -       | -             | (423,170)  |  |
| Cost / revaluation as at June 30, 2024       |      | 2,263,928 | 3,489,495 | 19,280,360  | 95,556 | 162,295 | 267,236 | 168,958       | 25,727,828 |  |
| Revaluation                                  |      | 1,136,072 | 749,185   | 7,145,182   | -      | -       | -       | -             | 9,030,439  |  |
| Accumulated depreciation as at June 30, 2023 |      | -         | 1,035,892 | 4,269,280   | 27,539 | 47,407  | 79,728  | 84,877        | 5,544,724  |  |
| Depreciation charge for the year             |      | -         | 63,550    | 889,698   | 6,350  | 11,009  | 48,740  | 18,602        | 1,037,949  |  |
| Disposals                                    |      | -         | -         | (12,840)  | -      | -       | (4,746) | (3,748)       | (21,335)   |  |
| Accumulated depreciation as at June 30, 2024 |      | -         | 1,099,442 | 5,146,137   | 33,889 | 58,416  | 123,722 | 99,732        | 6,561,338  |  |
| Book value as at June 30, 2024               |      | 3,400,000 | 3,139,238 | 21,279,405  | 61,667 | 103,879 | 143,514 | 69,226        | 28,196,929 |  |
| Annual rate of depreciation                  |      | -         | 2.50%     | 2.5% to 50% & units of production (6,227,084 units) | 10%    | 10%     | 20%     | 10% to 26.67% |            |  |

\* Include assets costing Rs. 192.491 million under common ownership under diminishing musharaka arrangement.

|  | Leasehold Land | Buildings on leasehold land | Plant and machinery                                 | Furniture and fittings | Office Equipment | Vehicles* | Computers     | Total      |
|--|----------------|-----------------------------|---|------------------------|------------------|-----------|---------------|------------|
| 2023   | 7.1.2 & 7.1.7  | 7.2.1                       | 7.2.1   | (Rupees in '000)       |                  |           |               |            |
| Cost / revaluation as at June 30, 2022   | 2,936,680      | 2,532,764                   | 18,469,927  | 55,727                 | 118,857          | 198,541   | 135,052       | 24,447,548 |
| Additions  | -              | -                           | 1,841   | 1,198                  | 7,503            | 79,890    | 19,448        | 109,880    |
| Disposals  | -              | -                           | (24,743)  | (38)                   | (1,996)          | (13,795)  | (3,683)       | (44,255)   |
| Transfers from capital work-in-progress  | -              | 966,130                     | 642,138   | 28,061                 | 25,715           | -         | 1,696         | 1,663,740  |
| Cost / revaluation as at June 30, 2023   | 2,936,680      | 3,498,894                   | 19,089,163  | 84,948                 | 150,079          | 264,636   | 152,513       | 26,176,913 |
| Accumulated depreciation as at June 30, 2022   | -              | 993,307                     | 3,480,051   | 23,926                 | 39,815           | 47,019    | 72,259        | 4,656,377  |
| Depreciation charge for the year   | -              | 42,585                      | 806,962   | 3,621                  | 8,780            | 43,068    | 15,730        | 920,747    |
| Disposals  | -              | -                           | (17,733)  | (8)                    | (1,187)          | (10,359)  | (3,111)       | (32,399)   |
| Accumulated depreciation as at June 30, 2023   | -              | 1,035,892                   | 4,269,280   | 27,539                 | 47,408           | 79,728    | 84,878        | 5,544,725  |
| Book value as at June 30, 2023   | 2,936,680      | 2,463,002                   | 14,819,883  | 57,409                 | 102,671          | 184,908   | 67,635        | 20,632,188 |
| Annual rate of depreciation  | -              | 2.50%                       | 2.5% to 50% & units of production (8,184,521 units) | 10%                    | 10%              | 20%       | 10% to 26.67% |            |
| * Include assets costing Rs. 189.767 million under common ownership under diminishing musharaka arrangement. |                |                             |   |                        |                  |           |               |            |

\* Include assets costing Rs. 189.767 million under common ownership under diminishing musharaka arrangement.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 7.1.1** Operating fixed assets include items having an aggregate cost of Rs. 251.1 million (2023: 163.98 million) which have been fully depreciated and are still in use of the Company.
- 7.1.2** The Company's leasehold land, building on leasehold land and plant and machinery were revalued by an independent valuer - M/s KG Traders as on June 30, 2024 on the basis of present market values of similar sized plots in the vicinity for land and replacement values of similar type of buildings based on present cost of construction (level 2) (refer note 43.6) and valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence.
- 7.1.3** Had there been no revaluation, the book value of leasehold land, buildings on leasehold land and plant and machinery would have been Rs. 817.162 (2023: Rs. 1,012.127) million, Rs. 1,877.328 (2023: Rs. 1,936.534) million and Rs. 12,211.22 (2023: Rs. 12,732.102) million, respectively.
- 7.1.4** Forced sale value as per the latest revaluation report as of June 30, 2024 of leasehold land, buildings on leasehold land and plant and machinery is Rs. 2,960 million, Rs. 2,497 million and Rs. 14,889 million, respectively.
- 7.1.5** The details of operating assets disposed off during the year are as follows.

| Description   | Cost /<br>Revaluation | Book<br>value  | Sale<br>proceeds | Gain/<br>loss   | Mode of disposal       | Particulars of<br>buyers | Relationship |
|---|-----------------------|----------------|------------------|-----------------|------------------------|--------------------------|--------------|
| ----- (Rupees in '000') -----                           |                       |                |                  |                 |                        |                          |              |
| Items having net book value of Rs. 500,000 each or more |                       |                |                  |                 |                        |                          |              |
| Leasehold Land  | 372,752               | 372,752        | 287,915          | (84,837)        | Annulment of Agreement | Kinza Shayan             | Director     |
| Tmt Area  | 11,954                | 7,314          | 6,220            | (1,094)         | As per company policy  | Used internally/Majahir  | Self/Vendor  |
| Furnace Exit Roller Table (Fert)                        | 11,399                | 6,185          | 10,853           | 4,668           | As per company policy  | Used internally/Majahir  | Self/Vendor  |
| Dryer - Ultra Filter Model No. Ud 1650                  | 2,737                 | 1,331          | 1,642            | 311             | As per company policy  | Used internally/Majahir  | Self/Vendor  |
| Dryer Altas Capco Model Fd 450                          | 1,928                 | 937            | 586              | (351)           | As per company policy  | Used internally/Majahir  | Self/Vendor  |
| Honda Civic Oriel Fhm-Dm 3997#Bqs-550                   | 3,984                 | 797            | 797              | -               | As per company policy  | Mazhar Hussain           | Employee     |
| Other assets having book value less than Rs. 500,000    |                       |                |                  |                 |                        |                          |              |
|   | 7,536                 | 1,639          | 8,911            | 7,272           |                        |                          |              |
| <b>2024</b>   | <b>412,290</b>        | <b>390,955</b> | <b>316,924</b>   | <b>(74,031)</b> |                        |                          |              |
| <b>2023</b>   | <b>44,255</b>         | <b>11,857</b>  | <b>10,780</b>    | <b>(1,077)</b>  |                        |                          |              |

- 7.1.6** Depreciation charge for the year has been allocated as under:

| Note | 2024<br>----- (Rupees in '000') ----- | 2023    |
|------|---------------------------------------|---------|
| 33.1 | 522,532                               | 491,964 |
| 33.2 | 396,748                               | 346,465 |
| 34   | 60,867                                | 50,569  |
| 35   | 57,801                                | 31,748  |
|      | 1,037,948                             | 920,746 |

- 7.1.7** Leasehold land as at June 30, 2023 includes land purchased from a related party with the title in process of being transferred in the name of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 7.2 Capital work-in-progress

| 2024                               |             |                     |           |
|------------------------------------|-------------|---------------------|-----------|
| Leasehold land                     | Civil works | Plant and machinery | Total     |
| (Note 7.2.1)                       |             |                     |           |
| (Rupees in '000')                  |             |                     |           |
| Opening balance                    | 120,000     | 270,907             | 1,240,403 |
| Additions during the year          | -           | 46,733              | 427,881   |
| Transfer to operating fixed assets | -           | (51,271)            | (296,212) |
| Closing balance                    | 120,000     | 266,369             | 1,372,072 |

| 2023                               |             |                     |           |
|------------------------------------|-------------|---------------------|-----------|
| Leasehold land                     | Civil works | Plant and machinery | Total     |
| (Rupees in '000')                  |             |                     |           |
| Opening balance                    | 75,000      | 1,043,538           | 668,542   |
| Additions during the year          | 45,000      | 193,499             | 1,269,470 |
| Transfer to operating fixed assets | -           | (966,130)           | (697,610) |
| Closing balance                    | 120,000     | 270,907             | 1,240,402 |

**7.2.1** During the year, borrowing costs have been capitalized amounting to Rs. 22.109 million (2023: Rs. 20.189 million) by using capitalization rate of 3.25% to 24.01% (2023: 3.25% to 24.01%).

## 8. RIGHT-OF-USE-ASSETS

|                              | Note | 2024           | 2023     |
|------------------------------|------|----------------|----------|
| (Rupees in '000')            |      |                |          |
| <b>Balance as at July 01</b> |      | <b>135,731</b> | 76,410   |
| Additions                    |      | 4,654          | 102,284  |
| Depreciation charge          | 8.1  | (40,147)       | (42,963) |
| Balance as at June 30        |      | <b>100,238</b> | 135,731  |
| <b>Balance as at June 30</b> |      |                |          |
| Cost                         |      | 240,042        | 235,388  |
| Accumulated depreciation     |      | (139,804)      | (99,657) |
| Net book value               |      | <b>100,238</b> | 135,731  |
| Depreciation rate (%)        |      | 7 to 34        | 7 to 34  |

**8.1** Depreciation charge for the year has been allocated as follows:

|                         |    |               |        |
|-------------------------|----|---------------|--------|
| Distribution costs      | 34 | 17,198        | 17,618 |
| Administrative expenses | 35 | 22,949        | 25,345 |
|                         |    | <b>40,147</b> | 42,963 |

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

## 9. INTANGIBLE ASSETS

|                                   |     | 2024         | 2023     |
|-----------------------------------|-----|--------------|----------|
| (Rupees in '000')                 |     |              |          |
| <b>Net carrying value basis</b>   |     |              |          |
| Balance as at July 01             |     | 6,600        | 11,872   |
| Additions (at cost)               |     | -            | 2,347    |
| Amortization charge               | 9.1 | (3,413)      | (7,619)  |
| Balance as at June 30             |     | <b>3,187</b> | 6,600    |
| <b>Gross carrying value basis</b> |     |              |          |
| Cost                              | 9.2 | 74,703       | 74,703   |
| Accumulated amortization          |     | (71,516)     | (68,103) |
| Net book value                    |     | <b>3,187</b> | 6,600    |
| Useful life (in years)            |     | 3 to 5       | 3 to 5   |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**9.1** The entire amount of amortization charge for the year has been allocated to administrative expenses.

**9.2** This include items having an aggregate cost of Rs. 63.755 million (2023: Rs. 48.015 million) which have been fully amortized and are still in use of the Company.

### 10 LONG TERM DEPOSITS AND LOANS

#### DEPOSITS

Margin against guarantees  
Utilities  
Ijarah / Diminishing Musharaka  
Container deposits  
Rent

#### LOANS - unsecured

Due from:

- Executives
- Employees

Less: Current portion

- Executives
- Employees

10.1

10.2

13

2024

2023

---- (Rupees in '000') ----

|         |         |
|---------|---------|
| 43,217  | 38,280  |
| 77,305  | 77,305  |
| 17,174  | 34,546  |
| 6,000   | 6,000   |
| 18,437  | 17,870  |
| 162,133 | 174,001 |
| 29,221  | 34,770  |
| 20,603  | 18,931  |
| 49,824  | 53,701  |
| 17,321  | 10,193  |
| 19,062  | 23,792  |
| 36,383  | 33,985  |
| 13,441  | 19,716  |
| 175,574 | 193,717 |

**10.1** The maximum aggregate amount due from executives at the end of any month during the year was Rs. 30.871 million (2023: Rs.45.898 million). The reconciliation of the carrying amount of loans to executives is as follows:

Balance at beginning of the year  
Disbursements during the year  
Received during the year  
Balance at end of the year

2024

2023

---- (Rupees in '000') ----

|          |          |
|----------|----------|
| 34,770   | 45,898   |
| 13,110   | 12,379   |
| (18,659) | (23,507) |
| 29,221   | 34,770   |

**10.2** This represents interest free loans to employees in accordance with the Company policy. These are recoverable in twelve to forty two equal monthly installments. However, these advances are not amortised as the impact of discounting is immaterial.

### 11 STOCK-IN-TRADE

#### Raw materials

- In hand
- In transit

#### Work-in-process

#### Finished goods

- Manufactured

2024

2023

---- (Rupees in '000') ----

|           |           |
|-----------|-----------|
| 4,196,151 | 1,911,763 |
| 644,404   | 1,485,233 |
| 4,840,555 | 3,396,996 |
| 253,890   | 967,718   |
| 2,067,571 | 2,727,425 |
| 7,162,016 | 7,092,139 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 12. TRADE DEBTS

|                                    | Note | 2024             | 2023             |
|------------------------------------|------|------------------|------------------|
| ---- (Rupees in '000') ----        |      |                  |                  |
| <b>Unsecured</b>                   |      |                  |                  |
| Considered good                    |      | 2,349,962        | 4,973,402        |
| Considered doubtful                |      | 672,922          | 297,714          |
|                                    | 12.2 | 3,022,884        | 5,271,116        |
| Allowance for expected credit loss | 12.1 | (672,922)        | (297,714)        |
|                                    |      | <u>2,349,962</u> | <u>4,973,402</u> |

### 12.1 Movement of allowance for expected credit loss

|                           |                |                |
|---------------------------|----------------|----------------|
| Opening balance           | 297,714        | 187,011        |
| Charge during the year    | 379,205        | 119,602        |
| Write-off during the year | (3,997)        | (8,899)        |
| Closing balance           | <u>672,922</u> | <u>297,714</u> |

The ageing of trade debts and expected credit loss thereon is as follows:

|  | Total          | Current      | Days past due |               |                |
|--|----------------|--------------|---------------|---------------|----------------|
|  |                |              | 1-90 Days     | 91-180 Days   | Over 180 Days  |
| ----- (Rupees in '000') -----                    |                |              |               |               |                |
| <b>2024</b>                                      | <b>22.26%</b>  | <b>0.19%</b> | <b>1.46%</b>  | <b>17.90%</b> | <b>72.29%</b>  |
| Expected credit loss rate                        |                |              |               |               |                |
| Estimated total gross carrying amount at default | 3,022,884      | 1,112,577    | 737,866       | 344,869       | 827,572        |
| Expected credit loss                             | <u>672,922</u> | <u>2,122</u> | <u>10,807</u> | <u>61,723</u> | <u>598,270</u> |
| <b>2023</b>                                      |                |              |               |               |                |
| Expected credit loss rate                        | 5.65%          | 0.12%        | 1.12%         | 7.16%         | 56.88%         |
| Estimated total gross carrying amount at default | 5,271,116      | 3,379,014    | 1,222,372     | 202,865       | 466,865        |
| Expected credit loss                             | <u>297,714</u> | <u>3,978</u> | <u>13,645</u> | <u>14,525</u> | <u>265,566</u> |

### 12.2 This includes balance receivable from related parties as follows:

|                             | 2024     | 2023         |
|-----------------------------|----------|--------------|
| ---- (Rupees in '000') ---- |          |              |
| Hadi Akber Ali              | -        | 824          |
| Abbas Akber Ali             | -        | 4,093        |
|                             | <u>-</u> | <u>4,917</u> |

### 12.3 The maximum amount due from related parties at the end of any month during the year was Rs. 7.952 million (2023: Rs. 11.153 million). The Company has recognized an allowance for expected credit loss amounting to Nil (2023: Rs. 0.0145 million) as of June 30, 2024.

## 13. LOANS AND ADVANCES

|  | 2024          | 2023          |
|--|---------------|---------------|
| ---- (Rupees in '000') ----                |               |               |
| Unsecured - Considered good                |               |               |
| Current portion of long term loans         | 36,383        | 33,985        |
| Advances                                   |               |               |
| -to suppliers                              | 20,760        | 10,805        |
| -to employees                              | 2,979         | 704           |
|  | 60,121        | 45,494        |
| Considered doubtful                        | 1,376         | 1,376         |
| Less: allowance for expected credit losses | (1,376)       | (1,376)       |
|  | <u>-</u>      | <u>-</u>      |
|  | <u>60,121</u> | <u>45,494</u> |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

|                               | Note | 2024<br>---- (Rupees in '000') ---- | 2023<br>---- (Rupees in '000') ---- |
|-------------------------------|------|-------------------------------------|-------------------------------------|
| <b>Trade deposits</b>         |      |                                     |                                     |
| Container deposits            |      | -                                   | 3,400                               |
| Ijarah                        |      | 16,480                              | -                                   |
|                               |      | <b>16,480</b>                       | <b>3,400</b>                        |
| <b>Short term prepayments</b> |      |                                     |                                     |
| Insurance                     |      | 7,856                               | 6,524                               |
| Software maintenance          |      | 4,241                               | 9,247                               |
| Others                        |      | 1,458                               | 1,596                               |
|                               |      | <b>13,555</b>                       | <b>17,367</b>                       |
|                               |      | <b>30,035</b>                       | <b>20,767</b>                       |

## 15 SHORT TERM INVESTMENTS

This represents term deposits receipts held with Islamic Bank as a lien for guarantee issued by the bank on behalf of the Company and carries profit at the rate ranging from 9.74% to 13.63% (2023: 7.4% to 10.9%) per annum having maturity in March 2025 (2023: June 2023).

## 16 OTHER RECEIVABLES

|  | 2024<br>---- (Rupees in '000') ---- | 2023<br>---- (Rupees in '000') ---- |
|--|-------------------------------------|-------------------------------------|
| Sales tax refundable   | 980,559                             | 210,435                             |
| Receivable from sale of property, plant and equipment        | 6,873                               | -                                   |
| Accrued profit on term deposits receipts and savings account | 1,201                               | 801                                 |
|  | <b>988,633</b>                      | <b>211,236</b>                      |

## 17 CASH AND BANK BALANCES

|                  |      |                |                |
|------------------|------|----------------|----------------|
| Cash in hand     |      | 60,607         | 9,307          |
| Bank balances    |      |                |                |
| Current accounts |      | 134,195        | 261,278        |
| Saving accounts  | 17.1 | 642            | 1,328          |
|                  |      | <b>134,837</b> | <b>262,606</b> |
|                  |      | <b>195,444</b> | <b>271,913</b> |

17.1 These carry markup at rates ranging from 6.75% to 18% (2023: 6.75% to 20.5%) per annum.

## 18 NON CURRENT ASSET HELD FOR SALE

|                      | 2024<br>---- (Rupees in '000') ---- | 2023<br>---- (Rupees in '000') ---- |
|----------------------|-------------------------------------|-------------------------------------|
| Warehouse- Islamabad |                                     |                                     |
| Leasehold land       | 300,000                             | -                                   |
| Building             | 60,670                              | -                                   |
| Plant and machinery  | 62,500                              | -                                   |
|                      | <b>423,170</b>                      | <b>-</b>                            |

18.1 In order to meet the working capital requirements and to settle the liabilities, the Company has decided to sell its Islamabad warehouse which comprise of leasehold land, building and machinery installed therein, having carrying amount of Rs. 300 million, Rs. 60.670 million and Rs. 62.50 million respectively and has recieved token money amounting to Rs. 10 million in this regard. The Company has classified these assets, in accordance with the requirement of IFRS-5 " Non-current assets held for sale and discontinued operations".

As per valuation carried out by M/S KG Traders, the market value of leasehold land, building and plant and machinery was Rs. 300 million, Rs. 60.670 million and Rs. 62.50 million, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 19 SHARE CAPITAL

### 19.1 Authorized capital

| Number of shares |             | Note   | 2024                        | 2023      |
|------------------|-------------|--|-----------------------------|-----------|
| 2024             | 2023        |  | ---- (Rupees in '000') ---- |           |
| 420,000,000      | 420,000,000 | Ordinary shares of Rs. 10/- each             | 4,200,000                   | 4,200,000 |
| 80,000,000       | 80,000,000  | Cumulative preference shares of Rs. 10/-each | 800,000                     | 800,000   |
| 500,000,000      | 500,000,000 |  | 5,000,000                   | 5,000,000 |

### 19.2 Issued, subscribed and paid-up capital

|             |             | Ordinary shares of Rs. 10/- each         |      |           |           |
|-------------|-------------|--|------|-----------|-----------|
| 263,883,930 | 263,883,930 | Issued for cash                          |      | 2,638,839 | 2,638,839 |
| 33,127,497  | 33,127,497  | Issued for consideration other than cash | 19.4 | 331,275   | 331,275   |
| 297,011,427 | 297,011,427 |  |      | 2,970,114 | 2,970,114 |

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

|                         |  | 2024                      | 2023        |
|-------------------------|--|---------------------------|-------------|
|                         |  | ---- (No. of shares) ---- |             |
| Mr. Abbas Akberali      |  | 91,294,723                | 91,294,723  |
| Ms. Mahvash Akberali    |  | 55,732,930                | 55,732,930  |
| Mr. Hadi Abbas Akberali |  | 37,732,212                | 37,732,212  |
| Mr. Shayan Akberali     |  | 37,441,123                | 35,694,840  |
| Ms. Kinza Shayan        |  | 100                       | 1,746,383   |
| Ms. Salsabil Akberali   |  | 1,254,759                 | 1,254,759   |
| Mr. Badar Kazmi         |  | 1,000                     | 1,000       |
| Ms. Mariam Akberali     |  | 1,000                     | 1,000       |
| Mr. Teizoon Kisat       |  | 500                       | 500         |
| Mr. Zafar Ahmed Taji    |  | 12,000                    | 12,000      |
|                         |  | 223,470,347               | 223,470,347 |

19.4 This includes 952,497 ordinary shares issued to various shareholders of the Company against plant and machinery and 32,175,000 ordinary shares of the Company against purchase of other fixed assets.

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

## 20 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

|  |  | 2024                        | 2023<br>(Restated) |
|--|--|-----------------------------|--------------------|
|  |  | ---- (Rupees in '000') ---- |                    |
| Balance as at July 01  |  | 4,538,802                   | 4,641,868          |
| Surplus on revaluation during the year   |  | 9,030,438                   | -                  |
| Less: Land sold during the year  |  | (177,785)                   | -                  |
| Transfer to unappropriated profit in respect of incremental depreciation charged during the year |  | (127,291)                   | (103,066)          |
| Balance as at June 30  |  | 13,264,164                  | 4,538,802          |
| <b>Related deferred tax liability</b>  |  |                             |                    |
| Balance as at July 01  |  | (1,016,841)                 | (936,209)          |
| Charge on surplus for the year   |  | (3,078,803)                 | -                  |
| Change of deferred tax rates   |  | -                           | (120,828)          |
| Incremental depreciation charged during the year   |  | 49,643                      | 40,196             |
| Balance as at June 30  |  | (4,046,001)                 | (1,016,841)        |
|  |  | 9,218,163                   | 3,521,961          |

### 20.1 Breakup of revaluation surplus net of deferred tax is as follows:

|                             |           |           |
|-----------------------------|-----------|-----------|
| Leasehold land              | 2,882,839 | 1,924,554 |
| Buildings on leasehold land | 765,609   | 317,587   |
| Plant and machinery         | 5,569,715 | 1,279,820 |
|                             | 9,218,163 | 3,521,961 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

|   |      | 2024                        | 2023        |
|---|------|-----------------------------|-------------|
|   | Note | ---- (Rupees in '000') ---- |             |
| <b>21 LONG-TERM FINANCING - secured</b>               |      |                             |             |
| Conventional  |      |                             |             |
| Term Finance Facility                                 | 21.1 | 2,284,532                   | 3,668,355   |
| Temporary Economic Refinance Facility (TERF)          | 21.4 | 59,814                      | 49,156      |
|   |      | 2,344,346                   | 3,717,511   |
| Islamic   |      |                             |             |
| Islamic Temporary Economic Refinance Facility (ITERF) | 21.2 | 883,359                     | 852,307     |
| SBP Financing for Renewable Energy                    | 21.3 | 375,447                     | 419,713     |
| Diminishing Musharaka                                 | 21.5 | 399,331                     | 515,048     |
|   |      | 1,658,138                   | 1,787,068   |
|   |      | 4,002,484                   | 5,504,579   |
| Current portion shown under current liabilities       |      |                             |             |
| Conventional  |      | (1,658,138)                 | (345,571)   |
| Islamic   |      | (2,344,346)                 | (1,454,108) |
|   |      | (4,002,484)                 | (1,799,679) |
|   |      | -                           | 3,704,899   |

- 21.1** This represents term finance facilities obtained from commercial banks and development finance institution (DFI) to refinance capital expenditure incurred by the company repayable in 16 and 20 quarterly installments starting from December 2021 and ending by June 2027. These carry markup rate ranging from 3 month KIBOR plus 1.15% to 1.50% (2023: 6 months KIBOR plus 0.4% to 1.5%). These facilities are secured against first pari passu charge over present and future fixed assets of the Company (including land, building and plant and machinery) with 25% margin. As at June 30, 2024, unutilized portion of the facilities is Nil (2023 Rs. 563.5 million).
- 21.2** This represents financing facility obtained from an Islamic Bank for import of machinery under Islamic TERF Scheme by SBP repayable in ten years through 32 equal quarterly installments starting from July 2023 and ending latest by April 2031 and has been recognised at present value discounted at the effective rate of interest. This carries mark-up at the SBP rate plus 2.25% (2023: 2.25%) per annum. The differential mark-up has been recognised as government grant income (as mentioned in note 27) which will be amortised over the useful life of the assets. This facility is secured by way of first pari passu charge over plant and machinery and mortgage charge over land and building of the Company with 25% margin over the facility amount.
- 21.3** This represents financing facility obtained from an Islamic Bank to setup a 7 MW Solar Power Project under SBP Financing Facility for Renewable Energy repayable in ten years through 34 equal quarterly installments starting from October 2021 and ending by December 2029 and has been recognised at present value discounted at the effective rate of interest. This carries mark-up at the SBP rate plus 0.95% per annum. The differential mark-up has been recognised as government grant income (as mentioned in note 27) which will be amortised over the useful life of the assets. The facility is secured by way of first pari passu charge over fixed assets of the Company with 25% margin over the facility amount. As at June 30, 2024, unutilized portion of the facility is Nil. (2023: Rs. 15.88 million).
- 21.4** This represents financing facility obtained from development finance institution (DFI) for import of machinery under TERF Scheme by SBP repayable in eight years through 24 equal quarterly installments starting from March 2025 and ending by December 2030 and has been recognised at present value discounted at the effective rate of interest. This carries mark-up at the SBP rate plus 2.25% per annum. The differential mark-up has been recognised as government grant income (as mentioned in note 27) which will be amortised over the useful life of the assets. The facility is secured by way of first pari passu charge over fixed assets of the Company with 25% margin over the facility amount.
- 21.5** This represents Diminishing Musharaka facilities obtained from Islamic financial institutions. The facility of Faysal Bank is repayable in 8 equal monthly installments starting from December 2022 and ending by June 2027. These carry markup rates of 6 months KIBOR plus 1.65% per annum (2023: 6 months KIBOR plus 1.65% per annum). The facility of First Habib Modaraba is repayable in 48 equal monthly installments starting from November 2020 and ending by November 2027. These carry markup rates 3 months KIBOR plus 0.75%-0.9% per annum (2023: 3 months KIBOR plus 0.75% per annum). Diminishing Musharaka facility of Faysal Bank is secured by pari passu charge over plant and machinery and mortgage charge over land and building of the company. As at June 30, 2024, unutilized portion of the First Habib Modaraba is Rs. 68.918 million. (2023: Rs. 83.952 million).
- 21.6** As at June 30, 2024, the Company's current liabilities exceeded current assets by Rs. 10,742.58 million and as a result of this the current ratio of the Company falls below 1:1 which is required to be maintained as per existing loan agreements. As result of breach of condition of these long term loans, the long term loans become payable on demand. Consequently, these loans along with related deferred grant pertaining to subsidized loan have been classified as current in accordance with the requirements of IAS-1 "Presentation of Financial Statements". The Company is in negotiations with the financial institutions for the restructuring of loans and expects that the same will be finalised in near future and the term of the loans is expected to be reschedule for a period of 8 to 10 years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 22 LONG TERM PROVISION

This represents non-current portion of provision for Gas Infrastructure Development Cess (GIDC). During the year ended 2021, the Honorable Supreme Court of Pakistan (SCP) has upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intravires allowing settlement of GIDC over a period of forty-eight monthly installments. However, the Company has filed an appeal before the Honorable High Court of Sindh (the Court) on the grounds that no burden of GIDC had been passed to its customers and thus, the Company is not liable to pay GIDC under GIDC Act 2015. The Court vide its order dated September 22, 2020 has granted stay to the Company.

The Company without prejudice to the suit filed, has made a provision amounting to Rs. 282.189 million under the relevant accounting standards and ICAP guidelines in this regard.

|                       | 2024                        | 2023<br>(Restated) |
|-----------------------|-----------------------------|--------------------|
|                       | ---- (Rupees in '000') ---- |                    |
| Balance as at July 01 | 277,958                     | 267,441            |
| Interest expense      | 4,231                       | 10,518             |
|                       | 282,189                     | 277,958            |
| Less: Current Portion | (282,189)                   | (272,127)          |
| Balance as at June 30 | -                           | 5,831              |

## 23 LOAN FROM A RELATED PARTY

This represents loan obtained from a related party at a rate of 3 month KIBOR, repayable on December 31, 2027. The loan was obtained to meet the financial needs of the Company.

## 24 DEFERRED TAXATION

### Deductible temporary differences arising in respect of:

|                              | 2024                        | 2023        |
|------------------------------|-----------------------------|-------------|
|                              | ---- (Rupees in '000') ---- |             |
| Deferred liability- Gratuity | (199,660)                   | (176,664)   |
| Trade debts                  | (262,440)                   | (116,108)   |
| GIDC Provision               | (110,054)                   | (82,965)    |
| Right of use asset - lease   | (54,650)                    | (60,967)    |
| Others                       | (391)                       | (7,382)     |
| Unused tax credits           | (1,796,118)                 | (2,821,262) |
|                              | (2,423,313)                 | (3,265,348) |

### Taxable temporary differences arising in respect of:

|   |           |           |
|---|-----------|-----------|
| Accelerated tax depreciation / amortization             | 3,284,485 | 3,344,573 |
| Right-of-use-assets                                     | 39,093    | 52,935    |
| Surplus on revaluation of property, plant and equipment | 4,046,000 | 1,016,840 |
|   | 7,369,578 | 4,414,348 |
|   | 4,946,265 | 1,149,000 |

### 24.1 Movement in temporary differences during the year

|  | Balance as at<br>July 01, 2022 | Recognised<br>in statement<br>of profit<br>or loss | Recognised<br>in OCI | Balance as at<br>June 30,<br>2023 | Recognised<br>in statement<br>of profit<br>or loss | Recognised<br>in OCI | Balance as at<br>June 30,<br>2024 |
|--|--------------------------------|--|----------------------|-----------------------------------|--|----------------------|-----------------------------------|
| (Rupees in '000')  |                                |  |                      |                                   |  |                      |                                   |
| Deferred tax credits:                                      |                                |  |                      |                                   |  |                      |                                   |
| Accelerated tax depreciation                               | 2,535,812                      | 808,761  | -                    | 3,344,573                         | (60,088)   | -                    | 3,284,485                         |
| Surplus on revaluation of<br>property, plant and equipment | 936,209                        | -  | 80,631               | 1,016,840                         | (49,644)   | 3,078,803            | 4,046,000                         |
| Right of use asset   | 25,215                         | 27,720   | -                    | 52,935                            | (13,842)   | -                    | 39,093                            |
|  | 3,497,236                      | 836,481  | 80,631               | 4,414,348                         | (123,574)  | 3,078,803            | 7,369,578                         |
| Deferred tax debits:                                       |                                |  |                      |                                   |  |                      |                                   |
| Unused tax credit and losses                               | (2,485,273)                    | (335,989)  | -                    | (2,821,262)                       | 1,025,144  | -                    | (1,796,118)                       |
| Deferred liability- Gratuity                               | (122,072)                      | (45,627)   | (8,965)              | (176,664)                         | (26,132)   | 3,136                | (199,660)                         |
| Trade debts  | (61,714)                       | (54,395)   | -                    | (116,108)                         | (146,332)  | -                    | (262,440)                         |
| GIDC Provision   | (88,256)                       | 5,291  | -                    | (82,965)                          | (27,089)   | -                    | (110,054)                         |
| Right of use asset - lease                                 | (28,633)                       | (32,334)   | -                    | (60,967)                          | 6,317  | -                    | (54,650)                          |
| Others   | (29,965)                       | 22,583   | -                    | (7,382)                           | 6,991  | -                    | (391)                             |
|  | (2,815,913)                    | (440,471)  | (8,965)              | (3,265,348)                       | 838,901  | 3,136                | (2,423,313)                       |
|  | 681,323                        | 396,010  | 71,666               | 1,149,000                         | 715,327  | 3,081,939            | 4,946,265                         |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 25 DEFERRED LIABILITY- DEFINED BENEFIT OBLIGATION

|  |      | 2024                        | 2023    |
|--|------|-----------------------------|---------|
|  | Note | ---- (Rupees in '000') ---- |         |
| Defined benefit obligation – gratuity scheme | 25.1 | <b>511,949</b>              | 452,985 |

### 25.1 Amount recognised in statement of financial position

|  |      |                 |          |
|--|------|-----------------|----------|
| Balance as at July 01                    |      | <b>452,985</b>  | 369,916  |
| Charge for the year                      | 25.2 | <b>121,382</b>  | 92,915   |
| Recognised in other comprehensive income |      | <b>(8,039)</b>  | 22,987   |
| Benefits paid                            |      | <b>(54,379)</b> | (32,833) |
| Balance as at July 30                    |      | <b>511,949</b>  | 452,985  |

### 25.2 Movement in the present value of defined benefit obligation

|                      |  | 2024                        | 2023<br>(Restated) |
|----------------------|--|-----------------------------|--------------------|
|                      |  | ---- (Rupees in '000') ---- |                    |
| Current service cost |  | <b>54,082</b>               | 46,116             |
| Past service cost    |  | <b>1,321</b>                | 1,339              |
| Interest cost        |  | <b>65,979</b>               | 45,460             |
|                      |  | <b>121,382</b>              | 92,915             |

### 25.3 Historical information for defined benefit plans

|  | 2024                          | 2023    | 2022    | 2021    | 2020    |
|--|-------------------------------|---------|---------|---------|---------|
|  | ----- (Rupees in '000') ----- |         |         |         |         |
| Present value of defined benefit obligations | <b>511,949</b>                | 452,985 | 369,916 | 309,193 | 254,748 |
| Experience adjustment on plan liabilities    | <b>(8,039)</b>                | 22,987  | 17,073  | 5,608   | 5,325   |

### 25.4 Principal actuarial assumptions

|  | 2024  | 2023   |
|--|---|--|
| Expected rate of increase in salary level            | <b>13.75%</b>   | 14.75%   |
| Valuation discount rate                              | <b>14.75%</b>   | 15.75%   |
| Average expected remaining working life of employees | <b>9.4 years</b>  | 10 years                                       |
| Expected mortality rate                              | <b>SLIC 2001- 2005<br/>Setback 1 Year<br/>Age-Based</b> | SLIC 2001- 2005<br>Setback 1 Year<br>Age-Based |

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

#### Final salary risk

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

#### Discount rate fluctuation

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

#### Withdrawal risk

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

#### Mortality risk

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

|   | Note   | 2024           | 2023          |
|---|--------|----------------|---------------|
| ---- (Rupees in '000') ----                             |        |                |               |
| 25.6 Charge for the year has been allocated as follows: |        |                |               |
| Cost of sales – production of bars                      | 33.1.1 | 33,701         | 24,178        |
| Cost of sales – production of billets                   | 33.2.2 | 26,725         | 18,202        |
| Distribution costs                                      | 34.1   | 23,626         | 17,244        |
| Administrative expenses                                 | 35.1   | 37,331         | 33,291        |
|   |        | <b>121,383</b> | <b>92,915</b> |

## 25.7 Sensitivity analysis

|  | 2024                         |           |                 |           |
|--|------------------------------|-----------|-----------------|-----------|
|  | Discount rate                |           | Salary increase |           |
|  | + 100 bps                    | - 100 bps | + 100 bps       | - 100 bps |
|  | ----- (Rupees in '000) ----- |           |                 |           |
| Present value of defined benefit obligations | (467,551)                    | 563,504   | 564,275         | (466,130) |
|  | 2023                         |           |                 |           |
|  | Discount rate                |           | Salary increase |           |
|  | + 100 bps                    | - 100 bps | + 100 bps       | - 100 bps |
|  | ----- (Rupees in '000) ----- |           |                 |           |
| Present value of defined benefit obligations | (400,189)                    | 484,638   | 485,344         | (398,919) |

25.8 As of June 30, 2024, a total of 571 employees (2023: 623) have been covered under the above scheme.

25.9 As per the recommendation of the actuary, the charge for the year ending June 30, 2025 amounts to Rs. 121.383 million.

## 26 LEASE LIABILITIES

|                               | 2024           | 2023           |
|-------------------------------|----------------|----------------|
| ---- (Rupees in '000') ----   |                |                |
| Balance as at July 01         | 156,326        | 86,767         |
| Additions during the year     | 4,654          | 102,284        |
| Accretion of interest         | 17,196         | 20,005         |
| Payments made during the year | (38,048)       | (52,730)       |
| Balance as at June 30         | <b>140,128</b> | <b>156,326</b> |
| Current portion               | (34,310)       | (34,529)       |
|                               | <b>105,818</b> | <b>121,797</b> |

### 26.1 Maturity analysis

|   |                |                |
|---|----------------|----------------|
| Gross lease liabilities - minimum lease payments: |                |                |
| Not later than 1 year                             | 59,720         | 48,785         |
| Later than 1 year but not later than 5 years      | 91,330         | 116,596        |
| Later than 5 years                                | 35,789         | 50,999         |
|   | <b>186,839</b> | <b>216,380</b> |
| Future finance charge                             | (46,710)       | (60,054)       |
| Present value of finance lease liabilities        | <b>140,128</b> | <b>156,326</b> |

## 27 GOVERNMENT GRANT

|                           |                |                |
|---------------------------|----------------|----------------|
| Balance as at July 01     | 408,725        | 213,284        |
| Addition during the year  | -              | 217,354        |
| Amortised during the year | (39,564)       | (21,913)       |
| Balance as at June 30     | <b>369,161</b> | <b>408,725</b> |
| Current portion           | (369,161)      | (27,161)       |
|                           | -              | 381,564        |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**27.1** As aforementioned in notes 21.2 to 21.4, the Government grant has been recorded as per the provisions of IAS-20 due to the difference between coupon and effective interest rates of the aforementioned financial liabilities.

|                             | Note | 2024             | 2023<br>(Restated) |
|-----------------------------|------|------------------|--------------------|
| ---- (Rupees in '000') ---- |      |                  |                    |
| Creditors                   |      | 1,325,929        | 3,989,893          |
| Accrued liabilities         |      | 511,625          | 318,269            |
| Workers' Welfare Fund       | 28.1 | 128,025          | 202,477            |
| Levy                        | 5.33 | 488,193          | 256,558            |
| Withholding tax payable     |      | 20,781           | 35,929             |
|                             |      | <b>2,474,553</b> | <b>4,803,126</b>   |

**28.1** This represents liability pertaining to financial years ended June 30, 2015 to June 30, 2018. The amount is still outstanding as the matter is pending adjudication at the Honorable High Court of Sindh (the Court) due to the 18th amendment in the Constitution of Pakistan.

|                             | 2024             | 2023           |
|-----------------------------|------------------|----------------|
| ---- (Rupees in '000') ---- |                  |                |
| Long term financing         | 174,025          | 95,826         |
| Short term borrowings       | 1,251,924        | 584,723        |
| Murabaha                    | 31,708           | 28,393         |
|                             | <b>1,457,657</b> | <b>708,942</b> |
| Related parties             | 61               | 91,342         |
|                             | <b>1,457,718</b> | <b>800,284</b> |

|                                | Note | 2024              | 2023<br>(Restated) |
|--------------------------------|------|-------------------|--------------------|
| ---- (Rupees in '000') ----    |      |                   |                    |
| <b>Secured</b>                 |      |                   |                    |
| Conventional mode              |      |                   |                    |
| Cash finance                   | 30.1 | 891,487           | 766,716            |
| Finance against trust receipts | 30.4 | 7,903,905         | 3,580,724          |
| Running finance                | 30.2 | 2,435,960         | 1,786,948          |
| Short term loan                | 30.6 | 151,632           | 1,404,000          |
|                                |      | <b>11,382,984</b> | <b>7,538,388</b>   |
| Islamic mode                   |      |                   |                    |
| Running finance                | 30.2 | 812,008           | 185,849            |
| Murabaha                       | 30.5 | 544,644           | 366,968            |
| Istisna                        | 30.3 | 5,122,321         | 3,606,900          |
|                                |      | <b>6,478,973</b>  | <b>4,159,717</b>   |
|                                |      | <b>17,861,957</b> | <b>11,698,105</b>  |

**30.1** This represents working capital facilities availed from various conventional banks carrying markup / profit of 1 month KIBOR plus 1% per annum (2023: 1 month KIBOR + 1% per annum).

**30.2** This represents working capital facilities availed from various Islamic banks carrying markup / profit ranging from 1 month KIBOR plus 0.85% to 3 month KIBOR plus 1.50% per annum (2023: 3 month KIBOR plus 0.65% to 3 month KIBOR plus 1.50% per annum).

**30.3** This represents working capital facilities availed from various Islamic banks carrying profit ranging from 6 month KIBOR plus 0.75% to 1.15% per annum (2023: 6 month KIBOR plus 0.75% to 1.15% per annum).

**30.4** This represents working capital facilities availed from various conventional banks carrying markup/profit ranging from 1 month KIBOR plus 0.75% to 6 month KIBOR plus 1% per annum (2023: 3 month KIBOR plus 0.65% to 6 month KIBOR plus 1% per annum).

**30.5** This represents Murabaha facilities amounting to Rs. 4,021 million (2023: Rs. 8,300 million) obtained from Islamic banks for purchase of raw material. These carry profit at the rates ranging from relevant 6 month KIBOR plus 0.75% to 3 month KIBOR plus 1% per annum (2023: 3 month KIBOR plus 0.75% to 3 month KIBOR plus 1.5% per annum). These facilities are secured by joint hypothecation charge over present and future current assets of the Company with 25% margin.

**30.6** This represents working capital facilities availed from various conventional banks carrying markup/profit ranging from 3 month KIBOR plus 1.25% per annum (2023: 1 year KIBOR plus 1.00% to 3 month KIBOR plus 1.25% per annum).

**30.7** As at June 30, 2024, the Company has unutilized facilities for short term borrowings from Islamic and conventional banks amounting to Rs. 853 million and Rs. 2,753 million (2023: Rs. 3,521 million and Rs. 4,702 million) respectively. These facilities are secured by way of joint hypothecation charge over present and future current assets of the Company with 25% margin.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 31 CONTINGENCIES AND COMMITMENTS

### 31.1 Contingencies

**31.1.1** During the year ended June 30, 2016, the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers' Unit (LTU), Karachi passed an order on the contention that the Company had violated the provisions of Rule 58H of Chapter XI of the Sales Tax Special Procedure Rules, 2007 (the Rules) and raised an alleged demand of Rs. 2,013.620 million for the tax periods July 2013 to December 2014. The Company filed an appeal against the order before the Appellate Tribunal Inland Revenue (ATIR) and had secured interim stay from the Honorable Sindh High Court (the Court).

During the year ended June 30, 2018, the ATIR has decided the case in favour of the Company. During the year ended June 30, 2020, the Federal Board of Revenue filed reference application before the Court against ATIR's Order. Although the case is still pending adjudication, the Company based on the merit of the case and as per the advice of the legal advisor expects a favourable outcome on this matter and accordingly, no provision has been made in these financial statements.

**31.1.2** The Federal Board of Revenue issued Sales Tax General Order (STGO) No.18 of 2016 on March 14, 2017 and STGO No.119/2017 on August 18, 2017, whereby the procedure for payments and claiming adjustments of advance sales tax was amended. Before the STGOs, sales tax was being paid by the Company on the basis of Rules 58(H) of the Rules. The Company has challenged both the STGOs before the Sindh High Court restraining the tax department to calculate the sales tax liability on the basis of the said STGOs and requesting continuation of the procedure of payment and adjustment of advance tax on the basis of the Rules. The Court granted stay against both the said STGOs with the direction that impugned STGOs shall remain suspended and the Company shall be entitled for claiming adjustment of advance sales tax on the basis of the Rules. The financial exposure of the Company up to June 30, 2024 is Rs. 1,166.03 million (2023: Rs. 1,166.03 million). The management based on a legal advice is confident that the outcome will be in favour of the Company. Accordingly, no provision has been made in these financial statements.

**31.1.3** During the year ended June 30, 2020, the DTIR, LTU, Karachi issued show-cause notice under Section 11(2) of the Sales Tax Act, 1990 for alleged non-charging of further tax on the supplies made to unregistered persons and raised an alleged demand of Rs. 305 million for the tax periods July 2015 to June 2017. The Company had filed a Constitutional Petition before the Court which issued an interim order, restraining any coercive action against the Company. The stay will remain in field until further directions from the Court. The management, based on legal advice, is confident that the eventual outcome will be in favour of the Company. Accordingly, no provision has been made in this respect in these financial statements.

**31.1.4** During the year ended June 30, 2021, the DCIR, LTU Karachi issued show-cause notice under Section 11(2) of the Act, for alleged non-charging of further tax on the supplies made to unregistered and raised an alleged demand of Rs. 1.723 billion by disallowing various expenses for the tax periods July 2014 to June 2020. The Company filed a constitutional petition before the Sindh High Court which issued an interim order dated December 22, 2020, restraining any coercive action against the Company. The order will remain in force until further directions from the Sindh High Court. The management based on the legal advice, is confident that the eventual outcome will be in favour of the Company. Accordingly, no provision has been made in this respect in these financial statements.

**31.1.5** During the year ended June 30, 2021, the Additional Commissioner Inland Revenue (ACIR), Large Taxpayer Unit (LTU), Karachi passed an Order under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) and raised an alleged demand of Rs. 72.24 million by disallowing various expenses for the tax year 2015. The Company is currently contesting the said order at the Appellate Tribunal Inland Revenue (ATIR). Although the case is still pending adjudication, the Company, based on the merits of the case and as per the opinion of its tax advisor, expects a favorable outcome. Accordingly, no provision has been made in these financial statements.

**31.1.6** During the year ended June 30, 2022, the Additional Commissioner Inland Revenue (ACIR), Large Taxpayer Unit (LTU), Karachi passed an Order under section 122(5A) of the Income Tax Ordinance, 2001 and raised an alleged demand of Rs. 150.207 million for the tax year 2017. The Company led an appeal against the Order at the Commissioner Inland Revenue (Appeals) – (CIR-(Appeals)) and had secured an interim stay from the CIR (Appeals) under Section 140 of the Income Tax Ordinance, 2001. Although the case is still pending adjudication, the Company based on the merits of the case and as per the advice of the tax advisor expects a favorable outcome on this matter and accordingly, no provision has been made in these financial statements.

**31.1.7** During the year ended June 30, 2022, the Additional Commissioner Inland Revenue (ACIR) issued show-cause notice dated April 05, 2022 under Section 122(5A) of the Income Tax Ordinance, 2001 whereby he had raised certain queries relating to apportionment of common expenses, tax credit under Section 65E and admissibility of provisions relating to return filed for tax year 2021. In response, the Company filed explanation along-with documentary evidence. Subsequent to the year end, ACIR issued an order under Section 122(5A) of the Ordinance whereby tax demand of Rs.196.061 million has been raised. The Company is currently contesting the said order at the ATIR. Although the case is still pending adjudication, the Company, based on the merits of the case and as per the opinion of its tax advisor, expects a favorable outcome. Accordingly, no provision has been made in these financial statements.

### 31.2 Commitments

#### 31.2.1 Outstanding letters of credit

- Material
- Capital expenditure

Outstanding letters of guarantee

2024

2023

---- (Rupees in '000') ----

|           |           |
|-----------|-----------|
| 2,883,937 | 5,564,811 |
| 34,860    | 356,567   |
| 2,918,797 | 5,921,378 |
| 487,856   | 486,356   |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**31.2.2** Commitments for rentals payable under ljarah contracts in respect of vehicles with Islamic banks are as follows:

|   | 2024                        | 2023   |
|---|-----------------------------|--------|
|   | ---- (Rupees in '000') ---- |        |
| Not later than one year                           | 25,243                      | 40,043 |
| Later than one year but not later than five years | -                           | 24,461 |

## 32 SALES – NET

|                       |             |             |
|-----------------------|-------------|-------------|
| <b>Local</b>          |             |             |
| Gross sales           | 45,667,530  | 53,438,364  |
| Less: sales tax       | (7,112,742) | (7,917,618) |
| Less: trade discounts | (49,481)    | (99,216)    |
|                       | 38,505,307  | 45,421,530  |
| <b>Export sales</b>   | 270,430     | 71,194      |
|                       | 38,775,737  | 45,492,724  |

**32.1** Revenue recognized during the year from contract liabilities as at the beginning of the year amounted to Rs. 411.313 million (2023: Rs. 773.573 million).

|                              | Note   | 2024                        | 2023       |
|------------------------------|--------|-----------------------------|------------|
|                              |        | ---- (Rupees in '000') ---- |            |
| Manufactured stock - bars    | 33.1   | 36,185,692                  | 38,552,914 |
| Manufactured stock - billets |        | 1,198                       | 985,880    |
| Manufactured stock - export  | 33.2.1 | 187,422                     | -          |
|                              |        | 36,374,311                  | 39,538,794 |

## 33.1 Cost of sales – manufactured goods

|  |      |            |            |
|--|------|------------|------------|
| Balance as at July 01 – work in progress | 11   | 967,718    | 1,245,729  |
| Cost of billets manufactured internally  | 33.2 | 31,416,680 | 34,931,421 |
| Billets sold                             |      | (1,198)    | (985,880)  |
| Purchases                                |      | -          | 35,282     |
| Balance as at June 30 – work in progress | 11   | (253,890)  | (967,718)  |
|  |      | 32,129,310 | 34,258,834 |

### Manufacturing overheads

|                                    |            |             |             |
|------------------------------------|------------|-------------|-------------|
| Stores and spares consumed         |            | 204,322     | 281,865     |
| Salaries, wages and other benefits | 33.1.1     | 494,008     | 422,984     |
| Cartage and transport              |            | 330,013     | 438,769     |
| Fuel, power and water              |            | 1,715,947   | 1,316,563   |
| Depreciation                       | 7.1.6 & 27 | 505,876     | 491,964     |
| ljarah rentals                     |            | 254         | 517         |
| Repairs and maintenance            |            | 27,628      | 43,652      |
| Insurance                          |            | 3,642       | 3,628       |
| Rent, rates and taxes              |            | 454         | 114         |
| Consultancy charges                |            | 289         | 65          |
| Vehicle running expense            |            | 24,751      | 23,702      |
| Conveyance and travelling          |            | 37,258      | 30,487      |
| Canteen expenses                   |            | 27,525      | 27,165      |
| Others                             |            | 36,583      | 33,217      |
|                                    |            | 3,408,549   | 3,114,692   |
| Cost of goods manufactured         |            | 35,537,859  | 37,373,526  |
| Cost of bars used for own use      |            | (12,021)    | (11,612)    |
|                                    |            | 35,525,838  | 37,361,914  |
| Finished goods                     |            |             |             |
| Opening stock                      | 11         | 2,727,425   | 3,918,425   |
| Closing stock                      | 11         | (2,067,571) | (2,727,425) |
|                                    |            | 659,854     | 1,191,000   |
|                                    |            | 36,185,692  | 38,552,914  |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

**33.1.1** This includes Rs. 33.701 million (2023: Rs. 24.178 million) in respect of staff retirement benefits.

|   | Note       | 2024                        | 2023       |
|---|------------|-----------------------------|------------|
| <b>33.2 Cost of billets manufactured internally</b> |            | ---- (Rupees in '000') ---- |            |
| Raw material consumed                               | 33.2.1     | <b>23,399,734</b>           | 27,620,233 |
| Stores and spares consumed                          |            | <b>1,913,375</b>            | 2,376,412  |
| Salaries, wages and other benefits                  | 33.2.2     | <b>591,341</b>              | 532,631    |
| Depreciation  | 7.1.6 & 27 | <b>373,840</b>              | 324,552    |
| Store and spare written off                         |            | <b>2,806</b>                | -          |
| Physical inventory adjustment                       |            | <b>9,281</b>                | -          |
| Fuel and power                                      |            | <b>4,944,124</b>            | 3,872,612  |
| Ijarah rentals                                      |            | -                           | 3,003      |
| Consultancy charges                                 |            | <b>260</b>                  | -          |
| Cartage   |            | <b>40,419</b>               | 60,652     |
| Repairs and maintenance                             |            | <b>30,928</b>               | 29,754     |
| Rent, rates and taxes                               |            | <b>719</b>                  | 1,894      |
| Insurance   |            | <b>6,000</b>                | 7,023      |
| Conveyance and travelling                           |            | <b>38,635</b>               | 43,214     |
| Canteen expenses                                    |            | <b>34,990</b>               | 28,773     |
| Vehicle running expense                             |            | <b>23,020</b>               | 21,111     |
| Others  |            | <b>7,206</b>                | 9,557      |
|   |            | <b>31,416,680</b>           | 34,931,421 |

### 33.2.1 Raw Material Consumed

|                              |    |                    |             |
|------------------------------|----|--------------------|-------------|
| Balance as at July 01,       | 11 | <b>1,911,763</b>   | 5,085,067   |
| Purchases                    |    | <b>25,871,544</b>  | 24,446,929  |
|                              |    | <b>27,783,307</b>  | 29,531,996  |
| Less: cost of export         |    | <b>(187,422)</b>   | -           |
| Less: Balance as at June 30, | 11 | <b>(4,196,151)</b> | (1,911,763) |
|                              |    | <b>23,399,734</b>  | 27,620,233  |

**33.2.2** This includes Rs. 26.725 million (2023: Rs.18.202 million) in respect of staff retirement benefits.

## 34 DISTRIBUTION COSTS

|   |       |                  |           |
|---|-------|------------------|-----------|
| Salaries, allowances and other benefits | 34.1  | <b>271,787</b>   | 238,018   |
| Carriage and transport                  |       | <b>468,191</b>   | 392,022   |
| Advertisement and sales promotion       |       | <b>72,837</b>    | 108,893   |
| Depreciation                            | 7.1.6 | <b>60,867</b>    | 50,569    |
| Right of use asset depreciation         | 8.1   | <b>17,198</b>    | 17,618    |
| Utilities                               |       | <b>18,218</b>    | 16,021    |
| Bundling and special order charges      |       | <b>76,110</b>    | 73,754    |
| Rent, rates and taxes                   |       | <b>2,089</b>     | 1,222     |
| Vehicle running expense                 |       | <b>21,999</b>    | 21,386    |
| Travelling and conveyance               |       | <b>25,240</b>    | 9,430     |
| Packing material                        |       | <b>31,605</b>    | 35,824    |
| Repair and maintenance                  |       | <b>35,767</b>    | 29,635    |
| Entertainment                           |       | <b>7,032</b>     | 8,284     |
| Others                                  |       | <b>5,612</b>     | 6,102     |
|   |       | <b>1,114,552</b> | 1,008,778 |

**34.1** This includes Rs. 23.626 million (2023: Rs. 17.244 million) in respect of staff retirement benefits.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

|   | Note  | 2024                        | 2023           |
|---|-------|-----------------------------|----------------|
|   |       | ---- (Rupees in '000') ---- |                |
| <b>35. ADMINISTRATIVE EXPENSES</b>      |       |                             |                |
| Salaries, allowances and other benefits | 35.1  | 521,227                     | 462,139        |
| Depreciation                            | 7.1.6 | 57,801                      | 31,748         |
| Right of use asset depreciation         | 8.1   | 22,949                      | 25,345         |
| Amortisation                            | 9     | 3,413                       | 7,619          |
| Travelling and conveyance               |       | 11,253                      | 5,906          |
| Legal and professional charges          |       | 28,463                      | 47,379         |
| Research expenses                       |       | 3,391                       | 3,304          |
| Vehicles running expenses               |       | 46,442                      | 37,609         |
| Security guard expenses                 |       | 3,822                       | 6,432          |
| Insurance                               |       | 3,406                       | 2,793          |
| Computer consumables                    |       | 35,577                      | 27,736         |
| Rent, rates and taxes                   |       | 1,570                       | 2,812          |
| Communication charges                   |       | 9,885                       | 8,969          |
| Printing and stationery                 |       | 2,757                       | 3,032          |
| Utilities                               |       | 21,485                      | 19,395         |
| Auditors' remuneration                  | 35.2  | 5,023                       | 4,164          |
| Repairs and maintenance                 |       | 43,959                      | 38,707         |
| Ijarah rentals                          |       | 1,864                       | 2,870          |
| Others                                  |       | 18,111                      | 13,155         |
|   |       | <b>842,398</b>              | <b>751,114</b> |

**35.1** This includes Rs. 37.331 million (2023: Rs. 33.291 million) in respect of staff retirement benefits.

## 35.2 Auditors' remuneration

|   |              |              |
|---|--------------|--------------|
| Annual audit fee  | 2,415        | 2,415        |
| Review of half yearly financial statements and other certifications | 1,155        | 1,155        |
| Out of pocket expenses  | 1,453        | 594          |
|   | <b>5,023</b> | <b>4,164</b> |

## 36 OTHER EXPENSES

|   |             |                |               |
|---|-------------|----------------|---------------|
| Loss on sale of property, plant and equipment | 7.1.5       | 74,031         | 1,077         |
| Exchange loss                                 |             | 55,386         | 24,101        |
| Detention charges                             |             | 51,073         | 36,500        |
| Donations                                     | 36.1 & 36.2 | 18,724         | 22,419        |
|   |             | <b>199,214</b> | <b>84,097</b> |

**36.1** Donations include the following donees to whom donations exceed Rs. 0.5 million.

|   |               |               |
|---|---------------|---------------|
| Dawat e Hadiya  | -             | 2,500         |
| Hunar Foundation  | 1,524         | 3,000         |
| JDC Foundation  | -             | 2,000         |
| Muhammad Anwar  | -             | 1,511         |
| Pakistan National Society for Soil Mechanics & Foundation Engineering | -             | 1,000         |
| Namal University  | 4,000         | -             |
| The Citizen Foundation  | 4,200         | -             |
| Khana Ghar  | 2,035         | 1,996         |
| Misbah Quddoos  | 1,071         | -             |
|   | <b>12,830</b> | <b>12,007</b> |

**36.2** Recipients of donations do not include any donee in which any director or his spouse had any interest except for donation paid to Hunar Foundation amounting to Rs. 1.52 million. Further, Mr. Abbas Akberali is also a director in Hunar Foundation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

|   | Note | 2024                        | 2023         |
|---|------|-----------------------------|--------------|
|   |      | ---- (Rupees in '000') ---- |              |
| <b>37 OTHER INCOME</b>                  |      |                             |              |
| <b>Income from financial assets</b>     |      |                             |              |
| Profit on saving accounts               |      | 105                         | 554          |
| Profit on term deposit receipts         |      | 1,720                       | 6,313        |
|   |      | <b>1,825</b>                | <b>6,867</b> |
| <b>Income from non-financial assets</b> |      |                             |              |
| Scrap sales                             |      | 1,330                       | 1,445        |
|   |      | <b>3,156</b>                | <b>8,312</b> |

## 38 FINANCE COSTS

### Markup / interest

|                                     |    |                  |                  |
|-------------------------------------|----|------------------|------------------|
| Long term financing                 |    | 973,087          | 991,903          |
| Short term borrowings               |    | 3,432,739        | 2,556,908        |
| Murabaha                            |    | 252,941          | 355,821          |
| Loan from related parties           |    | 51,626           | 61,410           |
| Lease liabilities                   | 26 | 17,196           | 20,005           |
| Gas infrastructure development cess |    | 4,231            | 10,518           |
| Workers' profit participation fund  |    | -                | 14,708           |
|                                     |    | <b>4,731,820</b> | <b>4,011,273</b> |
| Bank charges                        |    | 40,596           | 32,006           |
|                                     |    | <b>4,772,416</b> | <b>4,043,279</b> |

## 39 LEVY

|                |      |                |                |
|----------------|------|----------------|----------------|
| Minimum tax    | 39.1 | 485,058        | 255,293        |
| Final tax levy |      | 3,135          | 1,265          |
|                |      | <b>488,193</b> | <b>256,558</b> |

**39.1** This represents portion of minimum tax paid under section 113 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37. (Refer note 5.32).

**39.2** As at June 30, 2024, the Company has levy amounting to Rs. 2,678 million. Tax levies are allowed to be adjusted against future tax liabilities in three years' time. The Company based on the principle of conservatism and being prudent has provided for these levy as an expense in the financial year due to anticipating low profitability in the near term. However, in the future, if possibility arises, the same will be adjusted accordingly with tax liability.

|                    | Note | 2024                        | 2023           |
|--------------------|------|-----------------------------|----------------|
|                    |      | ---- (Rupees in '000') ---- |                |
| <b>40 TAXATION</b> |      |                             |                |
| Current tax        | 40.1 | -                           | -              |
| Deferred tax       |      | 715,327                     | 396,010        |
|                    |      | <b>715,327</b>              | <b>396,010</b> |

**40.1** The return of income for the tax year 2023 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. Provision for current year is based on minimum tax and final tax which are treated as levy (Note 39). Accordingly, tax reconciliation has not been presented in these financial statements.

**40.2** Reconciliation of current tax charge as per tax laws for the year, with current tax recognised in the statement of profit or loss account, is as follows:

|   |  |                |                |
|---|--|----------------|----------------|
| Income tax under IAS 12                           |  | -              | -              |
| Income tax levy under IFRIC 21/IAS 37             |  | 488,193        | 256,558        |
| Current tax liability as per Income Tax Ordinance |  | <b>488,193</b> | <b>256,558</b> |

The provision of tax liability for the year contains minimum tax at 1.25% of the net turnover for the year and final tax regime at 1% of export proceeds.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 41 BASIC AND DILUTED EARNINGS PER SHARE

|   | 2024                        | 2023                 |
|---|-----------------------------|----------------------|
|   | ---- (Rupees in '000') ---- |                      |
| Net loss for the year                                       | (6,106,723)                 | (697,196)            |
|   | Number of shares            |                      |
| Weighted average number of ordinary shares of Rs. 10/- each | 297,011,427                 | 297,011,427          |
|   | ----- (Rupees) -----        |                      |
| Basic and diluted loss per share                            | (20.56)                     | (Restated)<br>(2.35) |

## 42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

|                         |      | 2024                         |          |            |         |
|-------------------------|------|------------------------------|----------|------------|---------|
|                         |      | Chief Executive              | Director | Executives | Total   |
| Note                    |      | ----- (Rupees in '000) ----- |          |            |         |
| Managerial remuneration |      | 17,100                       | 6,900    | 186,920    | 210,920 |
| Housing allowance       |      | 7,695                        | 3,105    | 80,083     | 90,883  |
| Utilities & conveyance  |      | 7,695                        | 3,105    | 75,628     | 86,428  |
| Medical                 |      | 1,710                        | 690      | 18,298     | 20,698  |
| Gratuity                |      | 2,066                        | 834      | 22,250     | 25,150  |
| Bonus                   |      | -                            | -        | 1,736      | 1,736   |
| Others                  | 42.3 | -                            | -        | 97,306     | 97,306  |
|                         |      | 36,266                       | 14,634   | 482,221    | 533,121 |
| Number                  |      | 1                            | 1        | 59         | 61      |
|                         |      | 2023                         |          |            |         |
|                         |      | Chief Executive              | Director | Executives | Total   |
| Note                    |      | ----- (Rupees in '000) ----- |          |            |         |
| Managerial remuneration |      | 17,100                       | 1,035    | 157,923    | 176,058 |
| Housing allowance       |      | 7,695                        | 1,035    | 65,030     | 73,760  |
| Utilities & conveyance  |      | 7,695                        | 230      | 50,286     | 58,211  |
| Medical                 |      | 1,710                        | -        | 15,728     | 17,438  |
| Gratuity                |      | 2,066                        | 834      | 18,579     | 21,479  |
| Bonus                   |      | -                            | -        | -          | -       |
| Others                  | 42.3 | -                            | 2,300    | 113,868    | 116,168 |
|                         |      | 36,266                       | 5,434    | 421,414    | 463,114 |
| Number                  |      | 1                            | 1        | 59         | 61      |

- 42.1** The Chief Executive and the Chairman are provided with free use of Company maintained cars and club memberships with certain reimbursements pertaining to business purposes in accordance with their entitlements. Certain executives are also provided with the Company maintained cars as per entitlement.
- 42.2** The aggregate amount paid to the six Non-Executive Directors (2023: six Non-Executive Directors) as a fee for attending the meetings is Rs. 4 million (2023: Rs. 3.575 million).
- 42.3** Other includes payment against car benefit allowance, drivers' salaries, mobile allowance, achievement of KPI, career merit points and gratuity contribution etc.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 43 CASH GENERATED FROM OPERATIONS

|  |             | 2024                          | 2023       |
|--|-------------|-------------------------------|------------|
|  |             | ----- (Rupees in '000') ----- |            |
| <b>Cash flows from operating activities</b>          | <b>Note</b> |                               |            |
| Loss before taxation                                 |             | (5,391,396)                   | (301,186)  |
| Adjustments for:                                     |             |                               |            |
| Depreciation – operating fixed assets                | 7.1.6       | 1,037,949                     | 920,746    |
| Depreciation – right-of-use-asset                    | 8.1         | 40,147                        | 42,963     |
| Amortization   | 9           | 3,413                         | 7,619      |
| Allowance for expected credit loss                   | 12.1        | 379,205                       | 119,602    |
| Bad debts written off                                | 12.1        | (3,997)                       | (8,899)    |
| Unrealized exchange (gain) / loss                    | 7.1.5       | (19,109)                      | 17,311     |
| Provision for gratuity                               | 25.2        | 121,382                       | 92,915     |
| Loss on disposal of operating fixed assets           |             | 74,031                        | 1,077      |
| Amortization of government grant                     | 27          | (39,564)                      | (21,913)   |
| Finance costs  | 38          | 4,755,220                     | 4,023,274  |
| Finance cost on leases                               | 38          | 17,196                        | 20,005     |
| Operating profit before working capital changes      |             | 974,477                       | 4,913,514  |
| <b>(Increase) / decrease in current assets:</b>      |             |                               |            |
| Stores and spares                                    |             | 155,736                       | 152,491    |
| Stock-in-trade                                       |             | (69,877)                      | 3,920,439  |
| Trade debts  |             | 2,248,232                     | 393,900    |
| Loans and advances                                   |             | (14,627)                      | 7,953      |
| Trade deposits and short term prepayments            |             | (9,268)                       | 10,493     |
| Other receivables                                    |             | (777,397)                     | (210,970)  |
|  |             | 1,532,799                     | 4,274,306  |
| <b>(Decrease) / increase in current liabilities:</b> |             |                               |            |
| Trade and other payables                             |             | (2,309,026)                   | 2,671,619  |
| Contract liabilities                                 |             | (41,922)                      | (294,347)  |
|  |             | (2,350,948)                   | 2,377,272  |
| Cash generated from operations                       |             | 156,329                       | 11,565,092 |

## 44 CASH AND CASH EQUIVALENTS

|                        |    |             |             |
|------------------------|----|-------------|-------------|
| Cash and bank balances | 17 | 195,444     | 271,913     |
| Running finance        | 30 | (3,247,969) | (1,972,797) |
|                        |    | (3,052,524) | (1,700,884) |

## 45 RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

| Description                        | Long term Financing | Lease Liabilities | *Short term borrowing | Loan from related parties | Unclaimed dividend | Total       |
|------------------------------------|---------------------|-------------------|-----------------------|---------------------------|--------------------|-------------|
|                                    | (Rupees in '000')   |                   |                       |                           |                    |             |
| <b>Balance as at July 1, 2023</b>  | 5,504,579           | 156,326           | 9,725,308             | 316,333                   | 5,456              | 15,708,002  |
| Received during the year           | -                   | -                 | 4,888,680             | -                         | -                  | 4,888,680   |
| Addition of lease liabilities      | -                   | 21,831            | -                     | -                         | -                  | 21,831      |
| Paid during the year               | (1,502,095)         | (38,029)          | -                     | (3,411)                   | (182)              | (1,543,717) |
| Reversal of long term loan         | -                   | -                 | -                     | (188,000)                 | -                  | (188,000)   |
| <b>Balance as at June 30, 2024</b> | 4,002,484           | 140,128           | 14,613,988            | 124,922                   | 5,274              | 18,886,796  |

\*The balance of short term borrowing in the statement of financial position includes the balance of running finance which is the part of cash and cash equivalents.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk, liquidity risk and operational risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's risk management function continues to monitor the developing situation and proactively manage any risk arising thereof.

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

### 46.1 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the price risk due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to interest rate risk, currency risk and price risk.

#### 46.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company mitigates its risk against exposure by maintaining adequate bank balances. The Company's interest rate risk arises from long-term financing, short-term borrowings, murabaha, saving accounts and term deposit receipts having floating rates. Change in benchmark interest rate by 1% may have a positive or negative impact of approximately Rs. 220 million (2023: Rs. 177 million) in statement of profit or loss. The analysis is made based on the assumption that all other variables remain constant.

#### 46.1.2 Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It mainly arises where receivables and payables exist due to transactions in foreign currency. The Company's exposure to the risk of changes in foreign exchange rates relate primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

|                          | 2024            |      | 2023      |      |
|--------------------------|-----------------|------|-----------|------|
|                          | US Dollar       | Euro | US Dollar | Euro |
|                          | Amount in '000' |      |           |      |
| Trade and other payables | 3,896           | -    | 13,894    | 20   |

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

|  | (Rupees) |   | (Rupees) |
|--|----------|---|----------|
|  | 278.8    | - | 287.1    |
|  |          |   | 314.27   |

### Sensitivity Analysis

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

|              | Change in US Dollar rate (%) | Effect on loss before tax | Change in Euro rate (%) | Effect on loss before tax |
|--------------|------------------------------|---------------------------|-------------------------|---------------------------|
|              | Rupees in '000'              |                           |                         |                           |
| 30 June 2024 | +10                          | 109                       | -                       | -                         |
|              | -10                          | (109)                     | -                       | -                         |
| 30 June 2023 | -                            | 389,905                   | +10                     | 616                       |
|              | -                            | (389,905)                 | -10                     | (616)                     |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 46.1.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk.

## 46.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

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

|                   | Note | 2024<br>----- (Rupees in '000') ----- | 2023<br>----- (Rupees in '000') ----- |
|-------------------|------|---------------------------------------|---------------------------------------|
| Investments       | 15   | 14,289                                | 14,289                                |
| Trade debts       | 12   | 2,349,962                             | 4,973,402                             |
| Security deposits | 14   | 178,613                               | 177,401                               |
| Other receivables | 16   | 8,074                                 | 801                                   |
| Bank balances     | 17   | 134,837                               | 262,606                               |
|                   |      | <b>2,685,775</b>                      | <b>5,428,499</b>                      |

## 46.2.1 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:

The ageing of trade debts and expected credit loss thereon is as follows:

|  | Days past due     |           |             |             |               |
|--|-------------------|-----------|-------------|-------------|---------------|
|  | Total             | Current   | 1 - 90 Days | 91-180 Days | Over 180 Days |
| 2024   | (Rupees in '000') |           |             |             |               |
| Expected credit loss rate                        | 22.26%            | 0.19%     | 1.46%       | 17.90%      | 72.29%        |
| Estimated total gross carrying amount at default | 3,022,884         | 1,112,577 | 737,866     | 344,869     | 827,572       |
| Expected credit loss                             | 672,922           | 2,122     | 10,807      | 61,723      | 598,270       |
| 2023   | (Rupees in '000') |           |             |             |               |
| Expected credit loss rate                        | 5.65%             | 0.12%     | 1.12%       | 7.16%       | 56.88%        |
| Estimated total gross carrying amount at default | 5,271,116         | 3,379,014 | 1,222,372   | 202,865     | 466,865       |
| Expected credit loss                             | 297,714           | 3,978     | 13,645      | 14,525      | 265,566       |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

| Bank balances      | Note | 2024                        | 2023    |
|--------------------|------|-----------------------------|---------|
|                    |      | ---- (Rupees in '000') ---- |         |
| Ratings            |      |                             |         |
| A1+                |      | 126,632                     | 177,962 |
| A-1                |      | 3,450                       | 78,570  |
| A-2                |      | 946                         | 1,809   |
| A-3                |      | 3,808                       | -       |
| Unrated            |      | -                           | 4,265   |
|                    | 17   | 134,837                     | 262,606 |
| <b>Investments</b> |      |                             |         |
| Ratings            |      |                             |         |
| AA-                |      | -                           | 14,289  |
| A-1                |      | 14,289                      | -       |
|                    | 15   | 14,289                      | 14,289  |

## 46.3 Liquidity risk

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

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

| 2024  | Less than<br>3 months | 3 to 12<br>Months | 1 to 5<br>Years | More than<br>5 years | Total      |
|---|-----------------------|-------------------|-----------------|----------------------|------------|
|   | (Rupees in '000')     |                   |                 |                      |            |
| <b>Interest bearing<br/>financial liabilities</b>     |                       |                   |                 |                      |            |
| Current portion of long term financing                | 4,002,484             | -                 | -               | -                    | 4,002,484  |
| Loan from related parties                             | -                     | -                 | 124,922         | -                    | 124,922    |
| Long-term lease liabilities                           | 7,506                 | 26,804            | 105,818         | -                    | 140,128    |
| Short-term borrowings                                 | 13,181,019            | 4,680,938         | -               | -                    | 17,861,957 |
| <b>Non-Interest bearing<br/>financial liabilities</b> |                       |                   |                 |                      |            |
| Trade and other payables                              | 1,965,579             | -                 | -               | -                    | 1,965,579  |
| Unclaimed dividend                                    | 5,274                 | -                 | -               | -                    | 5,274      |
| Accrued mark-up                                       | 1,457,718             | -                 | -               | -                    | 1,457,718  |
|   | 20,619,579            | 4,707,742         | 230,741         | -                    | 25,558,062 |
| 2023  | Less than<br>3 months | 3 to 12<br>Months | 1 to 5<br>Years | More than<br>5 years | Total      |
|   | (Rupees in '000')     |                   |                 |                      |            |
| <b>Interest bearing<br/>financial liabilities</b>     |                       |                   |                 |                      |            |
| Long term financing                                   | 387,814               | 1,411,866         | 3,127,222       | 577,677              | 5,504,579  |
| Loan from related parties                             | 316,333               | -                 | -               | -                    | 316,333    |
| Long-term lease liabilities                           | 34,529                | 23,119            | 52,447          | 46,231               | 156,326    |
| Short-term borrowings                                 | 4,477,960             | 7,220,145         | -               | -                    | 11,698,105 |
| <b>Non-Interest bearing<br/>financial liabilities</b> |                       |                   |                 |                      |            |
| Trade and other payables                              | 4,510,639             | -                 | -               | -                    | 4,510,639  |
| Unclaimed dividend                                    | 5,456                 | -                 | -               | -                    | 5,456      |
| Accrued mark-up                                       | 800,284               | -                 | -               | -                    | 800,284    |
|   | 10,533,015            | 8,655,130         | 3,179,669       | 623,908              | 22,991,722 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 46.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide adequate returns to shareholders and to benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements. The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Company consist of net debt consistent with other companies in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances with lenders. Total capital is calculated as sum of equity shown in statement of financial position and net debt. During the year, the Company's strategy was to minimize leveraged gearing. The Company finances its expansion projects through borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. As of the date of statement of financial position, the Company was financed through equity and debt.

|   | Note | 2024              | 2023       |
|---|------|-------------------|------------|
| ---- (Rupees in '000') ----                             |      |                   |            |
| <b>Gearing ratio</b>                                    |      |                   |            |
| Long-term financing                                     | 21   | -                 | 3,704,899  |
| Current portion of long term financing                  |      | <b>4,002,484</b>  | 1,799,680  |
| Trade and other payables                                | 28   | <b>2,474,553</b>  | 4,803,126  |
| Contract liabilities                                    |      | <b>437,305</b>    | 479,227    |
| Lease Liabilities                                       | 26   | <b>140,128</b>    | 156,326    |
| Accrued mark-up   | 29   | <b>1,457,718</b>  | 800,284    |
| Short-term borrowings                                   | 30   | <b>17,861,957</b> | 11,698,105 |
| Cash and bank balances                                  | 17   | <b>(195,444)</b>  | (271,913)  |
| <b>Net debt</b>   |      | <b>26,178,700</b> | 23,169,734 |
| Share capital   | 19   | <b>2,970,114</b>  | 2,970,114  |
| Reserves  |      | <b>2,037,724</b>  | 7,884,110  |
| Surplus on revaluation of property, plant and equipment | 20   | <b>9,218,163</b>  | 3,521,961  |
| <b>Total Equity</b>                                     |      | <b>14,226,001</b> | 14,376,185 |
| <b>Equity and net debt</b>                              |      | <b>40,404,701</b> | 37,545,919 |
|   |      | <b>65%</b>        | 62%        |

## 46.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

## 46.6 Valuation techniques used in determination of fair values

- Currently, no assets are classified in level 1.
- Assets included in level 2 comprise of property, plant and equipment.
- Currently, no assets are classified in level 3.

### 46.6.1 There were no transfers amongst the levels during the year.

|                               | 2024    |            |         |            | 2023       |
|-------------------------------|---------|------------|---------|------------|------------|
|                               | Level 1 | Level 2    | Level 3 | Total      | Total      |
| (Rupees in '000')             |         |            |         |            |            |
| Property, plant and equipment | -       | 27,818,643 | -       | 27,818,643 | 20,219,565 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

## 47 FINANCIAL INSTRUMENTS BY CATEGORY

| 47.1 Financial assets                  | Note | 2024       | 2023       |
|--|------|------------|------------|
| ---- (Rupees in '000') ----            |      |            |            |
| <b>At amortised cost</b>               |      |            |            |
| Investment                             | 15   | 14,289     | 14,289     |
| Trade debts                            | 12   | 2,349,962  | 4,973,402  |
| Security deposits                      | 14   | 178,613    | 177,401    |
| Other receivables                      | 16   | 8,074      | 801        |
| Cash and bank balances                 | 17   | 195,444    | 271,913    |
| <b>47.2 Financial liabilities</b>      |      |            |            |
| Long term financing                    | 21   | -          | 3,704,899  |
| Current portion of long term financing | 21   | 4,002,484  | 1,799,680  |
| Loan from related parties              | 23   | 124,922    | 316,333    |
| Lease liabilities                      | 26   | 140,128    | 156,326    |
| Trade payable                          | 28   | 1,965,579  | 4,510,639  |
| Interest / mark up accrued             | 29   | 1,457,718  | 800,284    |
| Short term borrowing                   | 30   | 17,861,957 | 11,698,105 |
| Unclaimed dividend                     |      | 5,274      | 5,456      |

## 48 TRANSACTIONS WITH RELATED PARTIES

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

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

| Name of related party                | Relationship | Transactions during the year                          | 2024                        | 2023   |
|--------------------------------------|--------------|---|-----------------------------|--------|
|                                      |              |   | ---- (Rupees in '000') ---- |        |
| <b>Transaction with directors</b>    |              |   |                             |        |
| Mr. Abbas Akberali                   | Director     | Payment of interest to related parties                | 17,485                      | 6,853  |
| Mr. Hadi Akberali                    | Director     | Payment of interest to related parties                | 25,506                      | 4,113  |
| Mr. Abbas Akberali                   | Director     | Principal repayment to related parties                | 83,333                      | 10,000 |
| Mr. Hadi Akberali                    | Director     | Principal repayment to related parties                | 62,196                      | 15,000 |
| Mr. Hadi Akberali                    | Director     | Loan received related parties                         | 142,118                     | -      |
| Mr. Abbas Akberali                   | Director     | Sale of vehicle to Director                           | -                           | 881    |
| Mr. Shayan Akberali                  | Director     | Sale of vehicle to Director                           | -                           | 881    |
| Mr. Abbas Akberali                   | Director     | Purchase of vehicle from Director                     | -                           | 5,500  |
| Mr. Shayan Akberali                  | Director     | Purchase of vehicle from Director                     | -                           | 5,500  |
| Ms. Kinza Shayan                     | Director     | Annulment of land                                     | 188,000                     | -      |
| Mr. Abbas Akberali                   | Director     | Sale of bars  | 3,036                       | 4,093  |
| Mr. Hadi Akberali                    | Director     | Sale of bars  | -                           | 7,985  |
| <b>Transactions with associates</b>  |              |   |                             |        |
| Hobnob Bakeries                      | Associate    | Entertainment expense                                 | 975                         | 267    |
| Hunar Foundation                     | Associate    | Donation  | 1,524                       | 3,000  |
| Amreli Foundation                    | Associate    | Donation  | -                           | 310    |
| <b>Transactions with shareholder</b> |              |   |                             |        |
| Ms. Salsabil Akberali                | Shareholder  | Payment of rent and security deposit of rented office | 9,447                       | 22,292 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

| S.No | Company Name   | Basis of association            | Aggregate % of shareholding |
|------|--|---------------------------------|-----------------------------|
| 1    | Paramount Steel Company                                | Associate (common directorship) | -                           |
| 2    | Shershah Industries (Private) Limited                  | Associate (common directorship) | -                           |
| 3    | Hobnob Bakeries  | Associate (common directorship) | -                           |
| 4    | Amreli Holding (Private) Limited                       | Associate (common directorship) | -                           |
| 5    | Hi-Tech Metals Special Economic Zone (Private) Limited | Associate (common directorship) | -                           |
| 6    | The Hunar Foundation                                   | Associate (common directorship) | -                           |
| 7    | Amreli Global Enterprises (Private) Limited            | Associate (common directorship) | -                           |
| 8    | Amreli Foundation                                      | Associate (common directorship) | -                           |
| 9    | Ms. Salsabil Akberali                                  | Shareholder                     | 0.42%                       |
| 10   | Mr. Hadi Akberali                                      | Director                        | 12.70%                      |
| 11   | Ms. Kinza Shayan                                       | Director                        | -                           |
| 12   | Mr. Abbas Akberali                                     | Director                        | 30.74%                      |

|                              | 2024                        | 2023    |
|------------------------------|-----------------------------|---------|
| <b>Year end balances</b>     |                             |         |
|                              | ---- (Rupees in '000') ---- |         |
| Loan from Mr. Hadi Akberali  | 124,922                     | 45,000  |
| Loan from Mr. Abbas Akberali | -                           | 83,333  |
| Loan form Ms. Kinza Shayan   | -                           | 188,000 |

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

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

## 49 PLANT CAPACITY AND ACTUAL PRODUCTION

|                             | 2024                   | 2023    |
|-----------------------------|------------------------|---------|
| <b>49.1 Billets</b>         |                        |         |
|                             | ---- (Metric Ton) ---- |         |
| Plant - name plate capacity | 600,000                | 600,000 |
| Available capacity          | 492,000                | 492,000 |
| Actual production           | 167,043                | 380,817 |
| <b>49.2 Bars</b>            |                        |         |
| Plant - name plate capacity | 605,000                | 605,000 |
| Available capacity          | 605,000                | 605,000 |
| Actual production           | 168,538                | 370,566 |

## 50 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment. Total sales of the Company relating to customers in Pakistan were 99.30% during the year ended June 30, 2024 (June 30, 2023: 99.84%).

All non-current assets of the Company as at June 30, 2024 and 2023 are located in Pakistan.

Revenue from export sales represents 0.7% (June 30, 2023: 0.16% ) of the total net revenue of the Company.

Sales to twenty major customers of the Company are around 15% during the year ended June 30, 2024 (June 30, 2023: 25%).

### 50.1 Geographical information

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

|                | 2024                        | 2023              |
|----------------|-----------------------------|-------------------|
|                | ---- (Rupees in '000') ---- |                   |
| Domestic sales | 45,667,530                  | 53,438,364        |
| Export sales   | 270,430                     | 71,194            |
|                | <u>45,937,960</u>           | <u>53,509,558</u> |

## 50.1.1 Region wise export sales are as under:

|           |                |               |
|-----------|----------------|---------------|
| Indonesia | 132,584        | -             |
| China     | 137,847        | 71,194        |
|           | <u>270,431</u> | <u>71,194</u> |

## 51 NUMBER OF EMPLOYEES

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

|  | ----- (Number) ----- |            |
|--|----------------------|------------|
| Total number of employees' as at June 30     | 662                  | 749        |
| Average number of employees' during the year | <u>727</u>           | <u>757</u> |

## 52 SUBSEQUENT EVENT

The Board of directors in its meeting held on September 23, 2024 has decided to temporarily suspend operations at its oldest Karachi-based manufacturing facility, SITE Rolling Mill (SRM), which represents 30% of the Company's total production capacity. The situation will be reviewed in six months, and the facility may reopen if conditions improve.

## 53 GENERAL

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

## 54 CORRESPONDING FIGURES

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

## 55 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 23 September 2024 by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer

The background is a dark, abstract composition. It features a network of glowing red and blue lines that intersect and branch out, resembling a complex structure or a data flow. These lines are set against a dark, textured background. In the lower right corner, there are several dark, rectangular shapes that appear to be floating or stacked, adding a sense of depth and dimension to the overall image.

OTHER INFORMATION

# BEYOND THE BELL



[www.jamapunji.pk](http://www.jamapunji.pk)



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

**Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)**

**Key features:**

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

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



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

[jamapunji.pk](http://jamapunji.pk)

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

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

# E-DIVIDEND MANDATE FORM

Mandatory Credit of Dividend into Bank Account

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

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

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

| (i) Shareholder's Details   |  |
|---|--|
| Name of the shareholder   |  |
| Folio No. / CDC Participants ID & Sub Acc. No./CDC IAS Account    |  |
| CNIC/NICOP No. (Please attach copy)                               |  |
| Passport No.[in case of Foreign Shareholder] (Please attach copy) |  |
| Landline Phone No.  |  |
| Cellphone No.   |  |
| Email Address.  |  |
| (ii) Shareholder's Bank Details                                   |  |
| Title of Bank Account   |  |
| Bank Account Number   |  |
| Bank's Name   |  |
| Branch Name and Address   |  |
| International Bank Account Number (IBAN) (24 digit)               |  |

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

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

## NOTE:

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

**AFFIX  
CORRECT  
POSTAGE**

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

## Proxy Form

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

I/We \_\_\_\_\_ S/o, W/o \_\_\_\_\_, Resident of \_\_\_\_\_ being member(s) of Amreli Steels Limited (the Company), holding \_\_\_\_\_ ordinary shares as per Registered Folio No. / CDC Participant I.D No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ S/o, W/o \_\_\_\_\_ as my / our proxy to attend, act and vote on my / our behalf at the 40th Annual General Meeting of the Company to be held on 26th day of October 2024 at 3:00 pm and at any adjournment thereof.  
Signed this \_\_\_\_ day of \_\_\_\_\_ 2024.

Affix  
Revenue  
Stamp

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

### WITNESS:

-1)

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

-2)

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

### NOTE:

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

**AFFIX  
CORRECT  
POSTAGE**

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

# پراکسی فارم

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

میں / ہم \_\_\_\_\_ ولد / زوجہ \_\_\_\_\_ سکنتہ / ساکنان \_\_\_\_\_ بطور ممبر  
(ممبران) امریلی اسٹیلو لمیٹڈ حامل / حاملین \_\_\_\_\_ عام حصص بحوالہ فلیو نمبر / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_  
اور ذیلی اکاؤنٹ نمبر \_\_\_\_\_ بذریعہ ہذا جناب / محترمہ \_\_\_\_\_ سکنتہ / ساکنان \_\_\_\_\_  
کو اپنا / ہمارا پراکسی مقرر کرتا / کرتی ہوں / کرتے ہیں تاکہ وہ میری / ہماری جانب سے کمپنی کے چالیسویں (40th) سالانہ اجلاس عام میں شرکت کرے اور حق رائے دہی کا استعمال کرے، یا مزکورہ اجلاس منسوخ ہونے کی صورت میں اس کی جگہ ہونے والے دیگر اجلاس میں شریک ہو۔

دستخط شدہ بروز \_\_\_\_\_ مورخہ \_\_\_\_\_ 2024۔

ریونیومر یہاں چسپاں کریں

دستخط حامل / حاملین حصص

گواہ نمبر 1

دستخط:

نام:

قومی شناختی کارڈ / پاسپورٹ نمبر:

پتہ:

گواہ نمبر 2

دستخط:

نام:

قومی شناختی کارڈ / پاسپورٹ نمبر:

پتہ:

اہم نکات:

- 1۔ باقاعدہ پر شدہ اور دستخط شدہ پراکسی فارم کمپنی کے رجسٹرڈ دفتر A-18 سائٹ کراچی میں اجلاس منعقد ہونے سے کم از کم 48 گھنٹے قبل موصول ہو جانے چاہئیں۔
- 2۔ تمام ممبران اجلاس میں شرکت کرنے اور ووٹ ڈالنے کا استحقاق رکھتے ہیں۔
- 3۔ اگر کسی ممبر کی جانب سے سالانہ اجلاس عام میں شرکت کیلئے ایک سے زائد پراکسی کا انتخاب کیا جاتا ہے اور اس سلسلے میں ایک سے زائد پراکسی فارم کمپنی کے پاس جمع کروائے جاتے ہیں تو ایسے تمام فارم مسترد کر دیے جائیں گے۔
- 4۔ اگر ممبران کے پتے میں کسی بھی قسم کی کوئی تبدیلی واقع ہوئی ہے تو اس سے فوری طور پر مطلع کریں۔

ریونیو مہر یہاں  
چسپاں کریں

کمپنی سیکریٹری  
امرلی اسٹیلز لمیٹڈ  
A-18، سائٹ کراچی

UAN: 111-(AMRELI)267354  
www.amrelisteels.com

# DIVIDEND CLAIM FORM

Mandatory Credit of Dividend into Bank Account

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

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

I/We hereby claim below mentioned dividend, which are appearing as outstanding in the books of the Company belong to me/us. I/we confirm that no payment for the said dividend as mentioned below have been received from the Company in the past:

| Personal information           |                                     |               |  |
|--------------------------------|-------------------------------------|---------------|--|
| i.                             | Folio or CDC Account No             |               |  |
| ii.                            | Name as per CNIC                    |               |  |
| iii.                           | Father's/Husband's Name             |               |  |
| iv.                            | CNIC Number                         |               |  |
| v.                             | Mailing Address                     |               |  |
| vi.                            | Contact Details                     | Phone No.     |  |
|                                |                                     | Mobile No.    |  |
|                                |                                     | Email Address |  |
| Unclaimed Dividend information |                                     |               |  |
| vii.                           | Amount of Unclaimed Dividend        |               |  |
| viii.                          | Signatures as per Company's records |               |  |

I/We attach the following documents in support of my/our claim: (Please mark (√) on appropriate box)

- i. ☐ Copy of CNIC of the shareholder(s)
- ii. ☐ Unclaimed Dividend warrant, if available and not encashed earlier by the shareholders(s)
- iii. ☐ Attested copy of electricity /gas/telephone bill showing the current address, if it differs with company's record, alongwith request to record the new address
- iv. ☐ Attested copy of Death and succession Certificates, if the shareholder has expired. The dividend will be paid after transfer of shares in the name of legal heirs

**AFFIX  
CORRECT  
POSTAGE**

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

# STANDARD REQUEST LETTER FOR HARD COPY OF AMRELI STEELS LIMITED ANNUAL REPORT

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

The Share Registrar  
Amreli Steels Limited  
THK Associates (Pvt.) Limited  
Plot No.32-C, Jami Commercial Street-2  
D.H.A, Phase-VII, Karachi.  
Email: sfc@thk.com.pk

**Subject: Request for Hard Copy of Annual Report of Amreli Steels Limited (the “Company”)**

Dear Sir,

As notified by the Securities and Exchange Commission of Pakistan [“SECP”] vide its S.R.O. 389(I)/2023 dated 21 March 2023 allowed the Companies to transmit annual audited financial statements/ notice of general meeting(s)/ annual report to the members for future years commencing from the financial year 2023 through QR enabled code and weblink instead of transmitting the same through CD/DVD/USB, at their registered addresses, except for those who opt for a hardcopy of the Annual Audited Accounts by filling out the details below and sending it to the Company’s share registrar and Company Secretary.

I, being a registered member of Amreli Steels Limited, with my particulars as mentioned below, hereby request that my name be added to the list of members of the Company who opt for delivery of a hardcopy of the Annual Audited Accounts of the Company at their registered addresses instead of providing the same through QR enabled code and weblink on registered email.



|   |  |
|---|--|
| Name of Member(s)                               |  |
| CDC Participant ID & Sub-Account No.            |  |
| CNIC/NICOP/Passport/NTN No.(please attach copy) |  |
| Address of Shareholder                          |  |
| Land Line Telephone No. (if any)                |  |
| Cell No. (if any)                               |  |
| Email Address                                   |  |

Yours truly,

\_\_\_\_\_  
Member’s Signature (Please affix company stamp in case of corporate entity)

Copy to:  
The Company Secretary  
Amreli Steels Limited  
A-18, S.I.T.E.,  
Karachi  
Email: investor-relations@amrelisteels.com



 [sales@amrelisteels.com](mailto:sales@amrelisteels.com)  [www.amrelisteels.com](http://www.amrelisteels.com)  021-111-267354 (AMRELI)