

Committed for Life



ANNUAL REPORT 2016



AMRELI STEELS
Building for Life

A year ago, Amreli Steels made a promise to the public - a promise of prosperity and progress. Today, we are on the way to realizing this promise as we aim for the skies and take your dreams with us.





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Vision

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

Mission

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





Loyal to the nation

Loyalty is not a flower that blooms only when the sun shines. Loyalty is like a dependable shade of an aged tree. For over five decades, our loyalty to the nation has remained undeterred despite economic instability and volatility in the global steel trade.





Entwined for success

Last year, you joined us in our journey of growth and expansion. The toil continues day and night to ensure that your dreams and our new state-of-the-art plant see the light of day as planned.





The lock of dreams

While numbers matter, it is the trust of our shareholders and employees that matter the most. Our continued market leadership is a testimony to our commitment of never letting the nation down.

COMPANY INFORMATION

Board of Directors

Mr. Abbas Akberali

Chairman and Chief Executive Officer

Mr. Shayan Akberali

Managing Director

Mr. Zafar Ahmed Taji

Independent Director

Mr. Badar Kazmi

Independent Director

Mr Mirza Qamar Beg*

Independent Director

Ms. Kinza Shayan

Non-Executive Director

Ms. Mariam Akberali

Non-Executive Director

Audit Committee

Mr. Badar Kazmi

Chairman

Mr. Mirza Qamar Beg

Member

Ms. Kinza Shayan

Member

Human Resource & Remuneration Committee

Mr. Zafar Ahmed Taji

Chairman

Mr. Badar Kazmi

Member

Mr. Shayan Akberali

Member

Ms. Mariam Akberali

Member

Chief Financial Officer

Mr. Fazal Ahmed

Company Secretary

Mr. Adnan Abdul Ghaffar

Head of Internal Audit

Mr. Fraz Ahmed

Registered Office

A-18, S.I.T.E, Karachi, Pakistan

UAN: 92-21-111-267-354

Tel: 92-21-32587232-9

Fax: 92-21-32587240, 38798328

E-mail: info@amrelisteels.com

Rolling Mill & Melt Shop

Rolling Mill

D-89, Shershah Road,

Karachi, Pakistan

Tel: 92-68-5786420-9

Fax: 92-21-32587240

Steel Melt Shop

Industrial Land, Deh Ghara, Tapo Ghara

Taluka Mirpur Sakro

(Distt: Thatta), Sindh, Pakistan

Tel: 92-723-661500-09

Fax: 92-723-661462

Auditors

EY Ford Rhodes

Chartered Accountants

Progressive Plaza, Beaumont Road,

Karachi, Pakistan

Shares Registrar

THK Associates (Pvt) Limited

2nd Floor, State Life Building - 03

Dr Ziauddin Ahmed Road

Karachi - 75530

UAN: 92-21-111-000-322

Tel: 92-21-35693094-95

Fax: 92-21-35655595

Internal Auditors

BDO Ebrahim & Co.

Chartered Accountants

2nd Floor, Block-C,

Lakson Square, Building No. 1,

Sarwar Shaheed Road,

Karachi – 74200, Pakistan

Tel: 92-21-35683030

Fax: 92-21-35684239

Bankers

Al Baraka Bank (Pakistan) Limited

Askari Bank Limited

Bank Al Habib Limited

Bank Alfalah Limited

Bank Islami Pakistan Limited

Dubai Islamic Bank Pakistan Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

JS Bank Limited

MCB Bank Limited

Meezan Bank Limited

NIB Bank Limited

Silk Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

Summit Bank Limited

The Bank of Khyber

The Bank of Punjab

United Bank Limited

Legal Advisor

Mr. Shamim Javaid Shamsi

A-102, Samina Avenue, Shadman

No.2

North Karachi, Karachi

Website Information

www.amrelisteels.com

Karachi Stock Exchange

ASTL

* Mr. Mirza Qamar Beg has resigned from the Board of Directors.

Board Of Directors

BOARD OF DIRECTORS

Mr. Abbas Akberali founded Amreli Steels in 1972 and since then has led the company to become the largest and most well-known steel bar manufacturer in Pakistan. Mr. Abbas Akberali brings unparalleled experience with a metallurgical engineering background combined with an MBA from Columbia University, NY. He has also held leadership roles in the cement, ship breaking and metal recycling industries. Mr. Abbas has played an influential role in driving reforms and policy aimed towards making Pakistan's steel industry more competitive and sustainable. With a passion for educating Pakistan, Mr. Abbas Akberali is also a founding member of The Hunar Foundation and serves on the board of other notable non-profit organizations.

Mr. Shayan Akberali joined Amreli Steels in 2002 after completing a Bachelor's Degree in Electrical Engineering from Northwestern University, USA and working for Lehman Brothers, NY. Over the past decade, Mr. Shayan has played an integral role in expanding and professionalizing the company in his various roles overseeing production, technical development and planning. Mr. Shayan was instrumental in expanding production capacity from 60,000 tons/year to 180,000 tons/year and is leading the current expansion project to double capacity. Responsible for various company functions in his role as MD, Mr. Shayan has built a strong team of professionals that bring functional expertise as well as leadership to steer the company to higher growth.

Mr. Badar Kazmi brings with him a wealth of experience spanning over 33 years including almost all facets of the banking industry in Pakistan, Middle East, South Asia and Africa. Mr. Kazmi started his career with BCCI in 1980 and worked for 11 years in Pakistan and the Middle Eastern Region. Mr. Kazmi joined Standard Chartered Group (SCB) in 1991 and held various positions including Regional Head of Global Markets for MESA (Middle East and South Asia) and Africa. In 2003, he was appointed as CEO of SCB Pakistan, a position he held till late 2010. In recognition for his services to banking in Pakistan, Mr. Kazmi was also distinguished with the civil award 'Sitara-e-Imtiaz' by the President of Pakistan.



Mr. Abbas Akberali

Chairman &
Chief Executive Officer



Mr. Shayan Akberali

Managing Director



Mr. Badar Kazmi

Independent Director

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

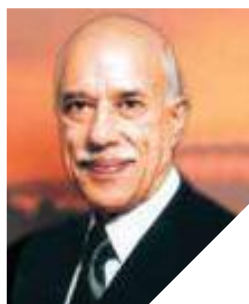
Mr. Mirza Qamar Beg is a retired civil servant who has served, inter alia, as Secretary Commerce, Chief Secretary Baluchistan, and Chairman and CEO of Pakistan Steel. He also served for six years, until 25th May 2015, on the Board of State Bank of Pakistan. He has also served on the Board of National School of Public Policy, and is a member of Tax Reforms Commission and Broadening of Tax Base Committee. He is recipient of one of the highest civil awards of Italy.

Ms. Kinza Shayan is a graduate in Management Sciences from SZABIST and is currently pursuing a diploma in sports nutrition. She also writes for various publications on fitness and nutrition while gearing up to start her own business in the health sciences field.

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



Mr. Zafar Ahmed Taji
Independent Director



Mr. Mirza Qamar Beg
Independent Director



Ms. Kinza Shayan
Non-Executive Director



Ms. Mariam Akberali
Non-Executive Director

Notice of 32nd Annual General Meeting

NOTICE OF THE 32ND ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of Amreli Steels Limited will be held on Tuesday, **October 25, 2016 at 9:00 am** at Auditorium Hall of the Institute of Chartered Accountants of Pakistan (ICAP), G-13, Block-8, Chartered Accountants Avenue, Clifton, Karachi, Pakistan, to transact the following businesses:

Ordinary Business:

1. To confirm the minutes of last (31st) Annual General Meeting of the Company held on October 27, 2015.
2. To receive, consider and adopt annual audited financial statements of the Company for the year ended June 30, 2016 together with the Directors' and the Auditors' Reports thereon.
3. To consider and if thought fit, declare final cash dividend of 20% i.e. PKR 2.00 per share, as recommended by the Board of Directors of the Company for the year ended June 30, 2016.
4. To appoint auditors of the Company for the financial year ending June 30, 2017 and to fix their remuneration. The Board of Directors of the Company has recommended the name of retiring auditors M/s. EY Ford Rhodes, Chartered Accountants, for their appointment as external auditors for the year ending June 30, 2017. The retiring auditors, being eligible, have offered themselves for re-appointment for the year ending June 30, 2017.

Special Business:

5. To authorize the Company to transmit quarterly accounts by placing the same on the Company's website instead of circulating by post to the members, through passing the following ordinary resolutions:

"RESOLVED THAT pursuant to the Securities and Exchange Commission of Pakistan's (SECP) Circular 19 of 2004 dated April 14, 2004 (the Circular), the Company be and is hereby authorized to transmit the Quarterly and Half-Yearly Financial Statements of the Company by placing the same on the website of Amreli Steels Limited, instead of sending the same by post to the members, subject to approval of the SECP and fulfillment of the conditions contained in the said Circular.

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

6. To consider and, if deem fit, to pass with or without any amendment/ modification following resolution as ordinary resolution, to obtain consent from the members for the transmission of annual audited accounts in electronic form.

"RESOLVED that the company be and is hereby authorized to circulate Annual audited accounts to the Members either through CD/DVD/USB at their registered address, subject to compliance with notification (SRO No. 470(I)/2016 dated May 31, 2016) issued by the Securities and Exchange Commission of Pakistan.

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

7. To consider and, if thought fit, to adopt alteration in Articles of Association of the Company to give effect to the Companies E-Voting Regulations, 2016, by passing the following resolutions as Special Resolutions with or without amendment/modification.

“RESOLVED THAT the Articles of Association of the Company be and is hereby altered by inserting three new Articles 61A, 61B and 61C and the inserted articles will appear in Articles of Association of the Company as under -

61A. The Notice of every general meeting shall clearly specify that member can also exercise their right to vote through e-voting by giving his consent in writing in accordance with the Companies (E-Voting) Regulations, 2016 [E-Voting Regulations].

61B. If the Company receives requests for electronic voting, in such manner as prescribed in sub-regulation (4) of regulation (6) of the E-Voting Regulations, the Company shall follow the procedures laid down in the E-Voting Regulations.

61C. For the purpose of electronic voting, the members are allowed to appoint member as well as non-member as proxy, only in pursuant to Article 61C of the Articles of Association of the Company.

FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution.”

Any Other Business:

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

Annexed to this Notice of the meeting being sent to members is a statement under Section 160(1)(b) of the Companies Ordinance, 1984 setting forth all material facts concerning the special business to be considered in the meeting.

Date: October 03, 2016
Place: Karachi

By Order of the Board

Adnan Abdul Ghaffar
Company Secretary

Notes:

1. Book Closure:

The Share Transfer Books of the Company will remain closed from October 15, 2016 to October 25, 2016 (both days inclusive). Transfers received in order by our Share Registrar, THK Associates (Pvt.) Limited, 2nd Floor, State Building No. 3, Dr. Ziauddin Ahmed Road, Karachi by the close of business on October 14, 2016 will be considered in time for the determination of any entitlement, as recommended by the Board of Directors and attending the meeting.

2. Appointment of Proxies and Attending AGM:

- I. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
- II. A blank instrument of proxy applicable for the meeting is being provided with the notice sent to members. Further copies of the instrument of proxy may be obtained from the registered office of the Company during normal office hours.
- III. A duly completed instrument of proxy and the power of attorney or other authority (if any), under which it is signed or a notarized certified copy of such power or authority must, to be valid, be deposited at the registered office not less than 48 hours before the time of the meeting. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.

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

For Attending the Annual General Meeting:

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

For Appointment of Proxies:

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

3. Change in Members Addresses:

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

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

SECP vide SRO No. 831(1)/2012 dated July 05, 2012 directed the companies to issue dividend warrant crossed as "A/c Payee only" which should also bear the Computerized National Identity Card (CNIC) of the registered member. Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number are requested to send the same, at the earliest, directly to the Company's Share Registrar. In case of non-availability of valid copy of CNIC of any member, in the Company's records, the Company may withhold the Dividend Payment, which will be released only upon providing the copy.

5. Dividend Mandate Option / E-Dividend Facility:

In pursuance to the directions given by SECP vide Circular No. 8(4)SM/CDC 2008 dated April 5, 2013 the members may authorize the Company to directly credit in their bank account the dividend declared in the annual general meeting of the Company.

Dividend Mandate Forms are available at the Registered Office of the Company. Members are encouraged to provide, duly filled in dividend mandate form, to receive the cash dividend declared by the Company, if any, directly into their bank account through e-Dividend payment mechanism, as advised by the Securities and Exchange Commission of Pakistan vide its aforesaid communication dated April 05, 2013.

The members who wish to avail e-Dividend payment facility shall not receive the dividend warrant.

Members not providing dividend mandate shall continue to be paid through the dividend warrants.

The members who hold shares in physical form are requested to submit the dividend mandate form duly filled to the Share Registrar.

The members who hold shares in dematerialized form are requested to submit the dividend mandate form duly filled to their participant/investor account services in the CDC.

6. Updating NTN with respective participants/ Share Registrar:

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

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

- a) Pursuant to the Finance Act, 2016, effective July 01, 2016, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON-FILER of income tax return is prescribed as 20% and for FILER of Tax Returns as 12.5%. List of Filers is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>. Members are therefore advised to update their tax FILER status latest by October 14, 2016.
- b) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

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

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

- c) The required information must reach our Share Registrar by the close of business on October 14, 2016; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).
- d) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.
- e) The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend if announced by the Company on October 25, 2016.

- f) Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by October 14, 2016.

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

The Annual Report of the Company for the year ended June 30, 2016 has been placed on the Company's website.

9. Electronic Transmission of Financial Statements and Notice of Meeting:

Members are hereby informed that in pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 regarding electronic transmission of Annual Report and notice which falls in the ambit of sections 50, 158 and 233 of the Companies Ordinance 1984, we have uploaded the request form for the purpose on Company's website. Members who desire to receive annual financial statements and notice of meeting for the financial year ending June 30, 2017 or onward through e-mail, instead of registered post/courier, are requested to submit their consent on the form duly filled to the Share Registrar of the Company.

10. Consent for Video Conference Facility:

Pursuant to SECP Circular No 10 of 2014 dated May 21, 2014, if company receives consent from members holding aggregate 10% or more shareholding residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of the general meeting. The Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to the Shares Registrar Office:

Consent for Video Conferencing Facility at the AGM

I/We, of being a member of Amreli Steels Limited holder of Ordinary Share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____ to attend the Annual General Meeting to be held on October 25, 2016

Signature of member

The Company will intimate members regarding venue of video conferencing facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

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

THK Associates (Pvt) Ltd
2nd Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road
Karachi 75530
UAN No: (021) 111-000-322
Direct No: 021-35693094-95

STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984 REGARDING SPECIAL BUSINESS

Item 5: Placement of Quarterly Financial Statements on the Company's Website

The Securities and Exchange Commission of Pakistan vide Circular 19 of 2004 has allowed listed companies to place the quarterly /half yearly accounts on the website of the Company instead of sending the same to the members by post subject to fulfillment of certain conditions. The Board has recommended the placement of quarterly / half yearly accounts on the website of the Company, www.amrelisteels.com. Now the consent of the shareholders in this context is solicited to move for obtaining approval of the SECP.

The directors have no direct or indirect interest in this agenda.

Item 6: Circulation of Annual Audited Accounts through CD/DVD/USB

The Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(I)/2016 dated May 31, 2016, has allowed listed companies to circulate their Annual Audited Accounts (i.e. the annual balance sheet and profit and loss account, auditor's report and director's report) to its members through CD/DVD/USB at their registered addresses instead of sending them in hard copies, subject to approval obtained from shareholders in General Meeting. Accordingly, approval is hereby sought from members of the Company to comply with the requirements of said SRO vide an ordinary resolution.

Subject to the approval of resolution in the AGM, the company will circulate its annual accounts in future through CD/DVD/USB. However, members will have the right to request hard copies free of cost at their registered addresses after submitting the Standard Request Form which shall be made available on Company website. While members who wish to receive hard copies for all future annual audited accounts shall also require to give their preference in writing.

Furthermore, in terms of SRO 787(I)/2014 dated September 08, 2014, the company will continue to provide Annual Audited Accounts through email to those members who shall opt this mode. Any changes to such arrangements should be communicated to the company on standard request form.

The directors have no direct or indirect interest in this agenda.

Item 7: Provisions and requirements of E-Voting as per Companies (E-Voting) Regulations, 2016

Shareholders have the right to be part of the decision making-process of their company to the extent provided by the law. Electronic voting facility will help shareholders in different locations to take part in the decision-making process of the company.

The SECP has allowed e-voting as per the Companies (E-Voting) Regulations, 2016 whereby certain amendments are necessitated in the Articles of Association of the Companies. The Board shall appoint eligible intermediary for e-voting and the intermediary will provide the details of execution officer to the company before issuance of notice of General Meeting. Members will be informed through a notice of General Meeting and can exercise their right to vote through e-voting by giving their consent in writing.

The amendments to the Articles of Association of the Company are being sought by way of passing Special Resolutions, in order to give effect to the Companies (E-Voting) Regulations, 2016.

The existing and amended Articles of Association have been placed at the Registered Office of the Company for inspection by the members during business hours.

No Director has any direct or indirect interest in the aforesaid special business.

Directors' Report

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting their report together with the Company's 32 audited annual financial statements for the year ended June 30, 2016.

GLOBAL AND LOCAL ECONOMIC SCENARIO

Global economy

The financial year 2015-2016 was a year of improbability and high volatility both for the global and domestic markets alike. The global economy registered a modest growth of 3% during the financial year 2015-16. Middle-East, Brazil, Japan and sub-Saharan Africa all fell short of expectations due to sharp fall in oil prices, decline in commodity prices, weak exports, lower domestic demand, sharp drop in private consumption and decline in foreign investments. The continued geopolitical and domestic conflicts also did not help many countries around the globe to sustain or grow.

Global steel

Like other commodities, international steel prices continued to decline in 2015-2016 due to a struggling global economy and oversupply across the value chain. Although global demand remained sluggish, developing economies demand for building infrastructure remained strong. The crisis hit steel industry in Britain is confident of recovery after the voters have decided for BREXIT from European Union. The results of various reforms China has taken for its steel industry are yet to be seen.

Pakistan economy

Pakistan's economy grew by 4.7% in FY 16 according to the third quarter report of State Bank of Pakistan as compared to 4% last year. The major internal factors that helped economy grew were low inflation, better fiscal management, low interest rates, stable exchange rates, consistent inflow of foreign remittances, improved security situation especially that of Karachi, and increased spending in Public Sector Development Program. The major external factor has been the continued low prices of key oil and raw material in global markets.

Pakistan Steel Sector

The private sector of steel industry grew by 6% in FY16. Within the steel sector, long- products performed specially well because of the booming construction activities driven by the infrastructure development including mega projects like dams requiring high consumption of steel rebars to roads and bridges. The retail and corporate sectors of the country also showed a growing demand of steel rebars. Some of the major companies in the cement sector have announced cumulative capacity expansion of around 10 million tons over the next few years keeping in view the growing needs of the country. The overall performance of the local steel manufacturing sector is commendable despite stiff competition it faced from cheap imported steel.

PERFORMANCE OF AMRELI STEELS LIMITED

Operational

In the financial year 2015-2016, your Company made revenue of Rs.12.40 billion as compared to Rs. 14.41 billion in the last financial year. The drop in revenue was attributable 57% and 43% drop in quantity and price respectively of Amreli rebars. The decline in sales quantity was due to the dumping of cheap imported bars which created confusion in the minds of buyers who shied away from taking exposure on rebars. On the other hand drop in sales price was a function of complementing drop in raw material price. Despite the overall revenue drop your company registered the highest ever after tax profit of Rs.1.27 billion witnessing a growth in after tax profit of 26.46% over and above last financial year. The prime reasons for increase in profits during the year under review compared to last year were significant decrease in raw material import prices and a substantial reduction of Rs. 332 million in financial costs. A major portion of sale quantity loss (Amreli rebars) was made up by providing imported goods to the customers that your company purchased from local traders.

Both the plants producing quality billets at Dhabeji and quality re-bars at SITE are running smoothly and operated at a capacity of 84.43% and 82.77% respectively and are expected to increase in the financial year 2016 - 2017.

Financial performance

A comparison of the key financial indicators of the Company for the year ended 30 June 2016 with corresponding year is as under;

Particulars	30 June 2016	30 June 2015
	Rupees in thousands.....	
Sales revenue	12,400,191	14,413,661
Gross profit	2,791,955	2,493,485
Operating profit	2,084,729	1,939,568
Profit before tax	1,749,195	1,271,837
Profit after tax	1,278,749	1,011,183

DILUTED AND BASIC EARNINGS PER SHARE (EPS)

Diluted and basic EPS of the Company stands at Rs.4.81 in the financial year 2015-2016 up from Rs.4.54 in the last financial year.

STATEMENT OF VALUE ADDITION BY THE COMPANY

Particulars		FY 2016	FY 2015
		Rupees.....	Rupees.....
Source of funds			
	Revenue from sales	12,400,191,349	14,413,661,405
	Revenue from other income	15,398,750	34,794,055
	Less: Bought in material and services	(8,064,296,950)	(10,746,152,899)
	Value added by the Company	4,351,293,149	3,702,302,561
Applied to			
Employees	Salaries and benefits	395,820,353	341,587,710
Government	Income tax, sales tax, excise duty, custom duty and others	1,994,369,138	1,389,119,092
Providers of Capital	Mark-up	335,534,389	667,730,309
Replacement of assets	Depreciation	346,820,241	292,681,719
Shareholders	Dividend	594,022,854	-
Company	Retained profits	684,726,174	1,011,183,731
		4,351,293,149	3,702,302,561

SAP INITIATIVE

The management took the initiative of implementing SAP across the company to integrate business functions such as Finance, Costing, Procurement, Sales and distribution, Logistics, Production and Human Resource Management. This was the first financial year where all the transactions were recorded in SAP and the legacy system was abandoned completely. As the data is being populated and learning curve is increasing with each passing day the management will have access to key performance indicators at the click of a button. This will allow data-driven decision making and incorporation of best practices throughout the organization.

HR INITIATIVES

During the year under review your Company conducted an 'Employee Engagement Survey' through a professional consulting firm to further improve its strategy for Human Capital Management. The survey revolved around eight key drivers which keep employees engaged 1.) Organizational pride 2.) Leadership effectiveness 3.) Work satisfaction 4.) Performance & rewards 5.) Learning & growth 6.) Communication & transparency 7.) Team work & collaboration and 8.) Work environment. The overall results of the Survey were very encouraging and demonstrated that a great majority of employees at all level are generally happy and extremely loyal to Amreli Steels & its management. However, some gaps in employees engagement and expectations were identified which are being addressed on priority.

A "Salary Survey" of comparator companies was also conducted with the objective of aligning total rewards with the business strategy by attracting, motivating, and retaining employees and in the process creating a rewards program that reflects the culture and goals of the organization, and the costs of providing benefits to employees with appropriate return on investment for rewards expenditure.

The Human Resources Steering Committee of management and the Human Resource & Remuneration Committee of the Board in conjunction with senior management made a detailed evaluation of the findings of the two reports and using market intelligence, raised the compensation packages of all management employees based on merit, internal equity and bring the overall compensation package close to the market. The effects of this raise in payroll will be seen in the financial year 2016-2017, and beyond.

The Management of your Company is keen to ensure that HR-force remain fully engaged and satisfied in their jobs and perform to the best of their abilities to enable the company to achieve the benchmark target in most efficient manner, a win-win situation for all stake holders.

INTERNAL AUDIT INITIATIVE

The Board of Directors of Amreli Steels Limited is committed to the principles of good Corporate Governance. In order to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes, the Board has outsourced the internal audit function to M/s. BDO Ebrahim & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

The Board expects that this act will ensure 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. This in turn will check safeguarding of assets, compliance with laws and regulations and proper financial reporting in accordance with International Financial Reporting Standards.

INITIAL PUBLIC OFFERING - BOOK BUILDING AND RETAIL OFFER TO GENERAL PUBLIC

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

STATUS OF CAPACITY ENHANCMENT AT DHABEJI

The rolling mill and steel melt shop expansion initiative your Company took last year is progressing well in time. Detailed designing of equipment with general arrangement drawings and loading for civil foundation and utility requirements have been completed. The Company is well on track to accomplish these tasks as per plan. Status of the activities being carried on the Dhabeji Project (as charted in the prospectus) is given as under –

Task	Expected Date of Activity Completion (As per Prospectus)	Status as on 30 June 2016
Acquisition of land	Already acquired	Completed and reported to the Pakistan Stock Exchange and the Securities and Exchange Commission of Pakistan.
Contract finalization with equipment supplier	July 2015	
Layout finalization of equipment with auxiliaries	September 2015	
Opening of LCs for the import of machineries	September 2015	
Basic calculations of mill operating parameters and equipment design	December 2015	
Detail designing of equipment with general arrangement of drawing and loading for civil foundation and utility requirements	April 2016	

FUTURE PROSPECTS

The global economy is expected to grow at approximately 3.2% in 2016 whereas economy of Pakistan is expected to grow at 5% according to the estimates of International Monetary Fund. Due to weak demand commodity, crude steel, oil and iron ore are likely to remain under pressure including meltable scrap required by the steel sector. The World Steel association forecasts a decline of 0.8% in the global steel demand.

Pakistan's economy is the 25th largest economy in the world according to Purchasing Power Parity and is rapidly growing. Pakistan is in the next eleven countries that have a high potential to become one of the world's largest economies in the 21st century. In 2016, Business Monitor International (BMI) Research report named Pakistan as one of the ten emerging economies with a particular focus on its manufacturing hub.

The "China Pakistan Economic Corridor (CPEC)" which has kicked off last year with power plants, dams, airports and highway projects in the pipeline. These projects will require steel that is of the highest quality and steel manufacturers to deliver in bulk. Collectively, the CPEC projects estimated at US \$ 46 billion will require millions of tons of steel and its completion is expected to generate much-needed economic stimulus. CPEC being significant per cent of Pakistan's GDP and promises to help policymakers shift gears from stabilization to growth.

With increasing urbanization that is leading to an increased need of housing and other amenities, the World Bank has reported a shortage of 9 million housing units in Pakistan. The construction sector is gearing up to bridge this gap over the next 8-10 years. Housing schemes and commercial high rises will drive steel demand over the next decade.

Pakistan is likely to witness increased demand mainly due to the focus of the Government on infrastructural projects, which will in-turn increase demand for steel. Furthermore, an improved business environment will lead to increased steel consumption, which will be beneficial for the Company.

With production Capacity of 200,000 metric tons and 180,000 metric tons per year, the Company's Steel Melt Shop and Rolling Mill respectively, are already one of the largest steel billets and re-bars producing facilities

in Pakistan. And with expansion of at least 300,000 metric tons of rebars and 150,000 tons of billets your company will certainly be the largest producer of steel rebars and billets ready to narrow the gap between supply and demand of quality steel in the country and take maximum benefit of the opportunity.

VOTE OF THANKS TO MR. MIRZA QAMAR BEG

The Board put on record words of special thanks for Mr. Mirza Qamar Beg for his commitment in building a strong Board and a prosperous Company. It was under his stewardship as a member of the Audit Committee and as a member of the Board that Amreli Steels as an organization has been characterized by innovative ideas, strategic thinking and, most valuable, the shift in focus of management on efforts to further increase the credibility and visibility of the organization to all stakeholders, specially in the fraternity of listed companies. The energy and devotion of Mr. Beg to the role will be impossible to match, but he leaves Amreli a better organization and on a strong footing for those who follow him.

CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK

The strategic direction is reviewed by the Board regularly and it sets overall objectives. In light of those objectives, the Chief Executive sets annual plans and performance targets for business which are reviewed in total by the Board. The Board is dedicated to maintain high standard of good corporate governance. The Company confirms compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly amended Listing Regulations of the Pakistan Stock Exchange.

Following are the Statements on Corporate and Financial Reporting Framework:

- (a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- (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 judgment.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (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 Listing Regulations.

MEETINGS OF THE DIRECTORS

During the year, six (6) Board of Directors' meetings, ten (10) Audit Committee meetings and six (6) Human Resource & Remuneration (HR&R) Committee meetings were held.

Attendance by each director was as follows:

Name Of Director	Board Of Directors Attendance	Audit Committee Attendance	HR & R Committee Attendance
Mr. Badar Kazmi	2/6	3/10	1/6
Mr. Abbas Akberali	5/6	Not applicable	Not applicable
Mr. Shayan Akberali	5/6	Not applicable	4/6
Mr. Zafar Ahmed Taji	5/6	Not applicable	6/6
Mr. Mirza Qamar Beg	6/6	9/10	Not applicable
Ms. Kinza Shayan	6/6	10/10	Not applicable
Ms. Mariam Akberali	4/6	Not applicable	4/6

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

DIRECTORS' TRAINING PROGRAM

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

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

EMPLOYEES' RETIREMENT BENEFITS

The Company has an un-approved and unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying year 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 2016 using Projected Unit Credit method.

THE CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company is committed to the principles of good Corporate Governance. The stakeholders expect that the Company is managed and supervised responsibly and proper internal controls and risk management policy and procedures are in place for efficient and effective operations of the Company, safeguarding of assets, compliance with laws and regulations and proper financial reporting in accordance with International Financial Reporting Standards.

DIVIDEND AND APPROPRIATIONS

Based on these results, the Board announced a final cash dividend of Rs.2.00 per share (i.e. 20%) for the year ended 30 June 2016.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed Rs.1.733 billion towards the National Exchequer on account of various government levies, taxes and import duties in the year under review. Payment of these taxes is 1.355 times more than the net profit after tax of the Company and up by 41% as against last year which shows Company's positive attitude towards economic development as a good responsible corporate citizen.

AUDITORS

The present auditors, Messrs. EY Ford Rhodes, Chartered Accountants are retiring at the conclusion of the forthcoming annual general meeting and offer themselves for reappointment. The Board has endorsed the re-appointment of Messrs. EY Ford Rhodes, Chartered Accountants as auditors of the Company for the year ending 30 June 2017.

PATTERN OF SHAREHOLDING

The Pattern of shareholdings as at 30 June 2016 is enclosed with the directors' report.

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

Executives mean Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary and other executives (as defined by the Board).

CODE OF CONDUCT

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

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

OPERATING & FINANCIAL DATA

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

COMMUNICATION

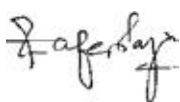
Communication with the shareholders is given a high priority. Annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company also has a web site, www.amrelisteels.com, which contains up to date information on Company's activities,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

ACKNOWLEDGEMENT

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

Since the Chairman and Chief Executive is for the time being not in Pakistan, therefore, the Directors' Report has been signed by two Directors of the Company as authorized by the Board.

For & on behalf of Board of Directors



Zafar Ahmed Taji
Director



Shayan Akberali
Director

Date: September 09, 2016
Place: Karachi

آپریٹنگ اور مالیاتی اعداد و شمار کا تجزیہ

کمپنی کے گزشتہ 6 سالوں کے آپریٹنگ اور فنانشل ڈیٹا اس رپورٹ کے ساتھ منسلک ہے۔

کمیونیکیشن

شیئر ہولڈرز کو مہیا کی جانے والے تمام طرح کی معلومات ہماری اولین ترجیح ہوتی ہیں۔ جس میں سالانہ، سہ ماہی اور ششماہی رپورٹس کو مقررہ وقت میں کمپنیز آرڈیننس، 1984 کی تعمیل کے مطابق ارسال کیا جاتا ہے۔ کمپنی کی ویب سائٹ www.amrelisteels.com بھی موجود ہے جس میں کمپنی کی تمام سرگرمیوں، فنانشل رپورٹس / مالیاتی رپورٹس اور نوٹس کو شائع کیا جاتا ہے۔

اظہار تشکر

بورڈ اپنے تمام شیئر ہولڈرز کو بھرپور بھروسہ اور اعتماد کرنے پر دل سے خوشی کا اظہار کرتا ہے۔ ہم اپنے تمام اسٹیک ہولڈرز، بشمول مالیاتی ادارے، جو ہم سے منسلک ہیں اور اپنی بھرپور لگن کے ساتھ ہمیں سپورٹ کرتے ہیں، ہم ان تمام افراد کا تہہ دل سے شکریہ ادا کرتے ہیں۔ ہم اپنی مینجمنٹ اور اپنے ملازمین کا بھی شکریہ ادا کرنا چاہتے ہیں جنہوں نے دن رات محنت کر کے کمپنی کو اس اعلیٰ مقام پر پہنچایا۔

چونکہ چیئرمین اور چیف ایگزیکٹو وقت کی طور پر ملک سے باہر ہیں لہذا بورڈ کی منظوری سے یہ رپورٹ کمپنی کے دو ڈائریکٹروں نے دستخط کیے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

شایان اکبر علی

ظفر احمد تاجی



ڈائریکٹر



ڈائریکٹر

09 ستمبر 2016

کراچی

جو ممبران بورڈ کی میٹنگ میں شرکت نہ کر سکے انھیں حاضری سے مستثنیٰ قرار دیا گیا۔

ڈائریکٹرز تربیتی پروگرام

بورڈ کی جانب سے ڈائریکٹرز کے لئے واقفیت / جانکاری کورسز کا انعقاد کیا جاتا ہے تاکہ ان کی ذمہ داریوں اور ان کی صلاحیتوں کو مزید اجاگر کیا جاسکے۔ کمپنی کی جانب سے آنے والے نئے ڈائریکٹرز کو تفصیلی بریفنگ دی جاتی ہے تاکہ وہ کمپنی کا بہترین اثاثہ ثابت ہو سکیں۔ کمپنی کے 5 ڈائریکٹرز نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کی جانب سے منعقد کردہ تربیتی پروگرام میں حصہ لیا جبکہ بقیہ 2 ڈائریکٹرز CCG کی جانب سے مہیا کردہ ٹائم فریم میں تربیت حاصل کریں گے۔

ملازمین کو ملنے والے ریٹائرمنٹ کے فوائد:

کمپنی کی جانب سے تمام مستقل ملازمین جنہوں نے کم از کم مدت ملازمت مکمل کر لی ہے ان کے لئے Un-Approved اور Un-funded گریجویٹ اسکیم موجود ہے۔ گریجویٹ کی تعمیل Independent Actuarial Valuation پر کی جاتی ہے۔ اس کا حالیہ اقدام 30 جون 2016 کو Project Unit Credit Method سے ہوا۔

کارپوریٹ گورننس پریکٹس

کمپنی کے بورڈ آف ڈائریکٹرز پر اس بات کو لازم کیا گیا ہے کہ معیاری کارپوریٹ گورننس کے اصولوں کو قائم رکھیں۔ اسٹیک ہولڈرز کو اس بات کی امید ہوتی ہے کہ کمپنی اچھے، ذمہ دارانہ اور معیاری نظام کے تحت چلائی جا رہی ہو جس میں ملازمین سے لے کر تمام اثاثہ جات کی قانونی انداز میں دیکھ بھال کی جا رہی ہو اور تمام مراحل اور مالیاتی رپورٹس کو انٹرنیشنل فنانشل رپورٹنگ اصولوں کے مطابق کیا جا رہا ہے۔

ڈیویڈنڈ اور اس کی تفصیص

30 جون 2016 کو ختم ہونے والے سال کے نتائج پر، بورڈ نے فائنل کیش ڈیویڈنڈ / فائنل منافع منقسمہ 2.00 روپے فی شیئر جو کہ 20 فیصد ہے کا اعلان کیا ہے۔

نیشنل ایکس چیکر میں کردار

کمپنی نے نیشنل ایکس چیکر کے تحت مختلف حکومتی لیویز، ٹیکسز اور درآمدات کی ڈیویڈنڈ کی مد میں 1.733 بلین روپے ادا کیئے۔ یہ ادا کیگیاں 1.355 گنا، بعد ازیں ٹیکس منافع سے زیادہ ہے جو کہ گذشتہ سال کے مقابلے میں 4.1 فیصد کا اضافہ ہے۔ اس امر میں کمپنی ایک اچھے شہری کی ذمہ داریوں کو سمجھتے ہوئے اپنی یہ ذمہ داری پوری کر رہی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس اپنے عہدے سے ریٹائر ہو رہے ہیں جن کو کمپنی کے سالانہ اجلاس عام میں دوبارہ تقرر کیا جائے گا۔ بورڈ نے میسرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2017 تک کی تقرری کی منظوری دے دی ہے۔

شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈنگ کا پیٹرن 30 جون 2016 کی ڈائریکٹرز رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹرز، ایگزیکٹوز اور ان کی بیگمات اور چھوٹے بچے وغیرہ نے موجودہ سال میں کمپنی کے شیئرز میں کوئی ٹرانزیکشن نہیں کی۔

ایگزیکٹوز میں چیف ایگزیکٹو، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ، کمپنی سیکریٹری اور دیگر ایگزیکٹوز (کمپنی کی جانب سے تعین کردہ) شامل ہیں۔

کوڈ آف کنڈکٹ / نظم و ضبط

کمپنی کا نظم و ضبط اس بات پر یقین رکھتا ہے کہ یہاں ہر ایک چیز کی مکمل طور پر دستاویزی بنیادوں پر ریکارڈ کیا جائے گا۔ ہمارے ملازمین، صارفین، سپلائرز یہاں تک کے ہمارے تمام وہ لوگ جو ہم سے منسلک ہیں ہمارے ساتھ کاروبار میں شریک ہیں ان سے پرویشنل تعلقات قائم رکھے جائیں گے۔ کمپنی نے اپنے نظم و ضبط اعلیٰ معیار اور قانونی اصولوں کے عین مطابق بنائے ہیں۔ یہ نظم و ضبط بورڈ کی جانب سے سالانہ بنیادوں پر دیکھا جاتا ہے۔ اس نظم و ضبط کو کمپنی میں موجود تمام افراد تک پہنچایا جاتا ہے جو کہ ہماری کمپنی کی ویب سائٹ پر بھی دیکھا جاسکتا ہے۔ کوڈ کی مانیٹرنگ اور عمل درآمد کی ذمہ داری کمپنی کی سینئر مینجمنٹ کو سونپی گئی ہے۔

ہوگی مگلی طور پر اس منصوبے کا تخمینہ 46 ملین ڈالر لگایا گیا ہے جس میں کثیر تعداد میں اسٹیل درکار ہوگا۔ یہ منصوبہ پاکستان کی معیشت کے لئے شرگ ثابت ہوگا۔ پاکستان میں بڑھتی ہوئی شہری آبادی کو مد نظر رکھتے ہوئے یہاں کے رہائشی پراجیکٹس کی تعمیر میں تیزی سے اضافہ ہو رہا ہے۔ ورلڈ بینک نے اپنی رپورٹ میں 9 ملین ہاؤسنگ یونٹس کی کمی کا اظہار کیا ہے۔ پاکستان میں کنسٹرکشن سیکٹر میں تیزی سے ترقی آرہی ہے اور آنے والے 8 سے 10 سالوں میں اس کے وافر نتائج دیکھنے میں آئیں گے۔ پاکستان میں اسٹیل کی طلب میں کافی حد تک اضافہ ہوا ہے جس کی سب سے بڑی وجہ حکومت کا انفراسٹرکچر منصوبوں پر توجہ دینا ہے۔ اس کی ایک اور وجہ ملک میں کاروباری ماحول کی مثبت صورتحال بھی ہے جو کہ کمپنی کے لئے مفید ہے۔

کمپنی کے اسٹیل میلٹ شاپ اور رولنگ ملز کے ساتھ تقریباً 200,000 اور 180,000 میٹرک ٹن کی سالانہ پیداواری صلاحیت رکھنے والی پاکستان کی صف اول کی کمپنیوں میں سے ایک ہیں جو اسٹیل Billets اور ری بارز بناتے ہیں۔ جس میں 300,000 میٹرک ٹن ری بارز اور 150,000 ٹن مزید Billets بنانے کی صلاحیت کے ساتھ یقینی طور پر پاکستان کی سب سے بڑی اسٹیل بارز بنانے والی کمپنی بن جائے گی۔ امریلی اس پیداواری صلاحیت کے اضافے کے بعد ملک میں اسٹیل کی طلب اور رسد کے فاصلے میں کمی کرنے کے قابل ہو جائے گی۔

جناب مرزا قمر بیگ کی خدمات کا شکریہ

مومن بورڈ اور ترقی یافتہ کمپنی کی طرف پُر عزم رہنے کے باعث جناب مرزا قمر بیگ کا شکریہ ادا کیا گیا۔ یہ انہی کی قیادت کا نتیجہ ہے کہ مرزا صاحب نے بحیثیت رکن آڈٹ کمیٹی اور رکن بورڈ امریلی اسٹیلز کو جدید خیالات، بہترین سوچ اور انتہائی قیمتی، Stake Holders کی نظروں میں ادارے کی سادھ کو مزید بہتر بنانے کے لئے مینجمنٹ کی توجہ کو شفٹ کیا۔ بحیثیت رکن بورڈ قمر صاحب کا کوئی غائی نہیں مل سکتا۔ مگر انہوں نے امریلی کو ایک بہتر ادارہ بنا دیا اور وہ باقی لوگوں کے لئے ایک مضبوط نمونہ عمل ہیں۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

بورڈ کی جانب سے تمام مراحل میں کمپنی کی اسٹریٹیجک ڈائریکشن کو بغور دیکھا جاتا ہے۔ خاص طور پر چیف ایگزیکٹو کی جانب سے سالانہ بزنس اہداف اور کارکردگی کو جو کہ بعد میں بورڈ کی نگرانی میں عمل میں آتے ہیں۔ بورڈ اچھی کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے سرشار ہے۔ کمپنی اس بات کا خاص خیال رکھتی ہے کہ تمام مراحل سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے احکامات اور پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے مطابق ہوں۔

کمپنی کے مندرجہ ذیل کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک کے نکات:

- الف۔ مالیاتی رپورٹ کمپنی کی مینجمنٹ کی جانب سے مرتب کی جاتی ہے جس میں کیش فلو سے لے کر ایکویٹی تک تمام چیزوں کا خیال رکھا جاتا ہے۔
- ب۔ کمپنی کی جانب سے مکمل طور پر بک آف اکاؤنٹس مرتب کی جاتی ہیں۔
- ج۔ مالیاتی اسٹیٹمنٹ / رپورٹ بنانے کے دوران بنا کسی دباؤ کے اکاؤنٹنگ پالیسیز کو لاگو کیا جاتا ہے۔
- د۔ پاکستان میں جو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز لاگو ہوتے ہیں ان کے مطابق فنانشل رپورٹس / مالیاتی رپورٹس بنائی جاتی ہیں۔
- ڈ۔ انٹرنل کنٹرول کے لئے مخصوص ڈیزائن کردہ سافٹ ویئر کے ذریعے تمام مراحل کو مانیٹر اور لاگو کیا جاتا ہے۔
- ر۔ کمپنی کی سادھ کو ہمیشہ قائم و دائم رکھنے کے لئے بہترین اقدامات لیئے جاتے ہیں۔
- ز۔ کمپنی لسٹنگ ریگولیشنز کے کوڈ آف کارپوریٹ گورننس کی تکمیل کر رہی ہے۔

ڈائریکٹرز کی میٹنگ

مالی سال کے دوران 6 بورڈ آف ڈائریکٹرز میٹنگ ہوئیں، 10 آڈٹ کمیٹی میٹنگز اور 6 ہیومن ریسورس اینڈ ریویژن (HR&R) کمیٹی میٹنگز کا انعقاد ہوا۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے:

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کی حاضری	آڈٹ کمیٹی کی حاضری	HR&R کمیٹی کی حاضری
جناب بدر کاظمی	2/6	3/10	1/6
عباس اکبر علی	5/6	غیر متعلقہ	غیر متعلقہ
شایان اکبر علی	5/6	غیر متعلقہ	4/6
ظفر احمد تاجی	5/6	غیر متعلقہ	6/6
مرزا قمر بیگ	6/6	9/10	غیر متعلقہ
کنز اشیا یان	6/6	10/10	غیر متعلقہ
مریم اکبر علی	4/6	غیر متعلقہ	4/6

Internal Audit کے اقدامات

امریلی اسٹیلز لمیٹڈ کے بورڈ آف ڈائریکٹرز بہترین کارپوریٹ گورننس کے حصول کے لئے پرعزم ہیں۔ کمپنی کے رسک مینجمنٹ، کنٹرول اور گورننس پر اس کو پرکھنے کے لئے Internal Audit Function کو M/S BDO Ebrahim & Co، چارٹرڈ اکاؤنٹنٹس کے سپر دیکیا گیا، جو کہ قدرے تعلیم یافتہ اور تجربہ کار اسٹاف پر مشتمل ہے۔ تاکہ ایک منظم نقطہ نظر کی تکمیل ہو سکے۔

بورڈ توقع رکھتا ہے کہ یہ عمل اس بات کی یقین دہانی کرتا ہے کہ کمپنی کو ذمہ دارانہ طور پر چلایا جا رہا ہے اور کمپنی کی اچھی کارکردگی کے لئے کمپنی میں مناسب انٹرنل کنٹرول اور رسک مینجمنٹ پالیسی اور طریقہ کار موجود ہیں۔ جس سے کمپنی کے اثاثہ جات کا تحفظ، قانون اور قواعد کی پابندی اور International Financial Reporting Standards کے تحت فنانشل رپورٹنگ کی یقین دہانی کی جاتی ہے۔

عام عوام کے لئے بک بلڈنگ ریٹیل آفر کا اقدام

IPO کے فنڈز کے ذریعے کمپنی کے بڑھتے ہوئے اثاثے کمپنی کی کامیابی کا ثبوت ہیں۔ سیکنڈری مارکیٹ سے سرمایہ کاروں کا بڑھتا ہوا اعتماد ہماری کمپنی کے لئے ایک مثبت اقدام ہے جس میں ان کے ذریعے 74,252,857 روپے فی شیئر 51 روپے فی شیئر کے حساب سے شامل کیے گئے ہیں۔ بک بلڈنگ کے ذریعے 3,786,895,70 شیئر 51 روپے فی شیئر (بشمول 41 روپے پریمیم فی شیئر) جاری کیے گئے ہیں جو کہ 74.75 فیصد کل 55,502,857 عمومی شیئرز بک بلڈنگ کے عمل کے ذریعے اہل سرمایہ کاروں کو جاری کیے گئے ہیں۔ بقیہ 25.25 فیصد کل جاری کردہ 18,750,000 عمومی شیئرز عام عوام کو اسٹرانک پرائس پر ریٹیل آفر کے ذریعے جاری کیے گئے۔

دھابجی پر مجموعی پیدوار بڑھانے کی تفصیل

گزشتہ سال آپ کی کمپنی نے رولنگ مل اور اسٹیل میلٹ شاپ کو بڑھانے کا قدم اٹھایا جو کامیابی سے جاری ہے۔ اس کا تفصیلی ڈیزائن اور آلات کو اپڈیٹ کرنے کا کام بھی اختتام پذیر ہے۔ کمپنی اپنے بنائے جانے والے اہداف پر اچھے طریقے سے کام کر رہی ہے۔ مندرجہ ذیل چارٹ میں دھابجی پراجیکٹ کی ایکٹیویٹی دیکھی جاسکتی ہیں۔

ٹاسک	مکمل ہونے کی متوقع تاریخ	30 جون 2016 کا اسٹیٹس
زمین کو حاصل کرنے کا عمل	حاصل کر لی گئی	
آلات کے لئے سپلائر سے کنٹریکٹ	جولائی 2015	مکمل اور پاکستان اسٹاک ایکسچینج اور SECP کو شائع کیا گیا
آلات کو اس کے دیگر کے ساتھ فائل کرنا	ستمبر 2015	
مشینری کی درآمد کے لئے LC کا کھلنا	ستمبر 2015	
آلات اور مل کی افتتاح کا تہنیت	دسمبر 2015	
یوٹیلٹی، سول فاؤنڈیشن اور دیگر انتظامات کے لئے تفصیلی ڈیزائننگ رپورٹ	اپریل 2016	

مستقبل کے روشن امکانات

اس وقت عالمی معیشت ممکنہ طور پر 3.2 فیصد کے حساب سے بڑھ رہی ہے جبکہ 2016 میں پاکستانی معیشت انٹرنیشنل مانیٹری فنڈ کے اعداد و شمار کے حساب سے 5 فیصد کے حساب سے بڑھ رہی ہے۔ اشیاء، کروڈ اسٹیل، آئل اور لوہے کی طلب میں کمی کی وجہ سے اس کا اثر سب سے زیادہ اسٹیل سیکٹر پر پڑ رہا ہے۔ عالمی اسٹیل ایسوسی ایشن نے دنیا بھر میں سٹیل کی طلب میں 0.8 فیصد کی کا اشارہ دیا ہے۔ پاکستان معیشت Purchasing Power Parity کے اعتبار سے تیزی سے بڑھنے والی دنیا کی 25 ویں بڑی معیشت ہے۔ آنے والے وقت میں معیشت کے اعتبار سے پاکستان دنیا کے 11 بڑے ملکوں میں شامل ہو جائے گا۔ 2016 میں بزنس مانیٹر انٹرنیشنل (BMI) نے اپنی ریسرچ رپورٹ میں پاکستان کو دنیا کی 10 ابھرتی ہوئی معیشت کے ملکوں میں نامزد کیا ہے۔ پاک چائنہ اقتصادی راہداری منصوبہ (CPEC) جس کا آغاز گزشتہ سال ہوا جس میں پاور پلانٹس، ڈیمز، ایئر پورٹس اور ہائی وے پراجیکٹس شامل ہیں۔ اس پراجیکٹ میں ہائی کوالٹی اسٹیل کی ضرورت درپیش

آمدنی فی حصص (EPS)

اس سال بعد از ٹیکس بنیادی اورڈائیکٹیوڈ آمدنی فی شیئر 4.81 روپے رہی جبکہ مالی سال 2015 میں 4.54 روپے تھی۔

کمپنی کی جانب سے اسٹیٹمنٹ آف ویلیو ایڈیشن

مجموعی طور پر فہرذ کی تفصیل	سال 2016	سال 2015
سیلز سے ریونیو	12,400,191,349	14,413,661,405
دیگر ذرائع سے ریونیو	15,398,750	34,794,055
خریداری کیا مال اور خدمات	(8,064,296,950)	(10,746,152,899)
کمپنی کی جانب سے شامل کی جانے والی ویلیو	4,351,293,149	3,702,302,561
اپلائیڈ ٹو		
ملازمین	395,820,353	341,587,710
حکومت	1,994,369,138	1,389,119,092
انٹاؤں کی دستیابی	335,534,389	667,730,309
انٹاؤں کی تبدیلی	346,820,241	292,681,719
حصص مالکان	594,022,854	—
کمپنی	684,726,174	1,011,183,731
	4,351,293,149	3,702,302,561

SAP کا نفاذ

مینجمنٹ کی جانب سے کمپنی میں بزنس کے نظام جن میں فنانس، لاگت، حوصلیات، سیلز اینڈ ڈسٹری بیوٹن، لاجسٹکس، پراڈکشن اینڈ ہیومن ریسورس مینجمنٹ میں SAP کو شامل کرنے کا فیصلہ کیا گیا۔ یہ پہلا مالی سال تھا جس میں تمام ٹرانزیکشن SAP میں ریکارڈ کی گئیں اور پرانے نظام کو مکمل طور پر ترک کر دیا گیا۔ روزانہ کی بنیاد پر بڑھتے ہوئے ڈیٹا کو ایک جگہ مختص رکھنے کے لئے کمپنی نے یہ اقدام لیا تاکہ صرف ایک کلک پر کسی بھی قسم کی معلومات حاصل کی جاسکیں۔

HR کے اقدامات

دوران سال آپ کی کمپنی نے پیشہ ورانہ مشاورتی ادارے سے Employee Engagement Survey کروایا تاکہ ہیومن کیپیٹل مینجمنٹ کی حکمت عملی کو مزید بہتر بنایا جاسکے۔ سروے کا دارومدار 8 نکات پر مشتمل تھا جس میں مندرجہ ذیل چیزیں شامل ہیں۔ تنظیمی فخر، متاثر کن قیادت، کام میں اطمینان، کارکردگی اور تعریف، سیکھنا اور ترقی کرنا، آپسی روابط اور شفافیت، ٹیم ورک اور کام کا ماحول۔

مجموعی طور پر سروے کے نتائج کافی حوصلہ افزاء تھے اور ہر طبقے کے ملازمین خوش نظر آئے اور ان کی امریلی اسٹیلز اور ان کی مینجمنٹ کی جانب سے انتہائی وفاداری دیکھنے میں آئی۔ Engagement Survey کے نتیجے میں جن خامیوں کی نشاندہی کی گئی ہے ان پر کمپنی کی مینجمنٹ گہری نظر رکھے ہوئے ہے۔ کاروباری حکمت عملی کو معاوضہ سے وابستہ رکھنے کے لئے متقابل کمپنیوں سے Salary Survey بھی کروایا گیا جس کے تحت ملازمین کی حوصلہ افزائی اور ایسے نظام کا عمل درآمد مقصود ہے جو کہ ادارتی ثقافت اور مقاصد کی نشاندہی کرے۔

مینجمنٹ کی ہیومن ریسورس اسٹریٹجک کمیٹی اور بورڈ کی ہیومن ریسورس اور ریمو بیوریشن کمیٹی نے سینئر مینجمنٹ کے ساتھ ملکر دونوں رپورٹس کو جانچا اور ملازمین کی قابلیت اور مارکیٹ ریش کے حساب سے ملازمین کی تنخواہوں میں اضافہ کیا گیا۔ اس اضافے کا مثبت اثر مالیاتی سال 2016-2017 اور اس کے بعد کمپنی کی کارکردگی میں نظر آئے گا۔ آپ کی کمپنی کی مینجمنٹ اس بات پر فخر کرتی ہے کہ کمپنی کی افرادی قوت اپنی کارکردگی سے مطمئن ہیں اور بھرپور لگن سے کام کرتے ہیں تاکہ کمپنی کے مقاصد کو پایہ تکمیل تک پہنچایا جاسکے۔

ڈائریکٹرز رپورٹ

30 جون 2016 کو ختم ہونے والے سال کے لئے آپ کی کمپنی کے ڈائریکٹرز کمپنی کے 32 ویں سالانہ آڈیٹڈ مالیاتی اسٹیٹمنٹ انتہائی مسرت کے ساتھ پیش کر رہے ہیں۔

عالمی اور ملکی معاشی پس منظر

عالمی معیشت

مالیاتی سال 2015-2016 عالمی اور مقامی منڈی دونوں کے لئے یکساں طور پر ایک غیر یقینی اور غیر مستحکم سال رہا۔ مالی سال 2015-2016 کے دوران بین الاقوامی طور پر 3 فیصد کا اضافہ ہوا۔ عرب امارات، برازیل، جاپان اور افریقہ میں تیل اور اشیاء کی قیمتوں میں نمایاں کمی کی وجہ سے بین الاقوامی سرمایہ کاری میں بھی وافر کمی واقع ہوئی۔ تیزی سے بڑھتے دیگر مسائل کی وجہ سے کافی ملکوں میں ان کی معیشت میں بہت حد تک منفی رد عمل دیکھنے میں آیا۔

عالمی اسٹیل پس منظر

دیگر چیزوں کی طرح، عالمی مارکیٹ میں بھی سال 2015-2016 میں اسٹیل کی قیمتوں میں تیزی سے کمی واقع ہوئی۔ جبکہ اس کے برعکس ترقی پذیر ملکوں میں تیزی سے بڑھتی ترقیاتی سرگرمیوں کی وجہ سے اسٹیل کی طلب میں اضافہ ہوا۔ عالمی معیشت کا برا اثر برطانیہ کے یورپی یونین کے انخلاء سے ہوا جس کے نتیجے میں چائنہ سمیت کئی ملکوں نے اپنی اسٹیل انڈسٹری میں کافی تبدیلیاں کیں۔

پاکستانی معیشت

سال 2016 میں پاکستانی معیشت میں 4.7 فیصد کا اضافہ ہوا جو کہ اسٹیل بینک کے مطابق گزشتہ سال 4 فیصد تھی۔ معیشت کی بہتری میں مہنگائی پر قابو، بہتر مالیاتی انتظام، کم شرح سود، ذمہ دارانہ قابو میں ہونا، غیر ملکی ترسیلات میں تسلسل، بہتر سیکورٹی نظام، خصوصاً کراچی کے حالات پر قابو پانا اور پبلک سیکٹر میں بڑھتے ہوئے ترقیاتی کام اس کی بڑی وجہ ہیں۔ جب کہ بیرونی معاملات میں اس کی سب سے بڑی وجہ عالمی مارکیٹ میں تیل اور خام مال کی قیمتوں میں کمی ہے۔

پاکستان اسٹیل سیکٹر

سال 2016 میں نجی اسٹیل انڈسٹری میں 6 فیصد کا اضافہ ہوا۔ اس کی بڑی وجہ ملک میں بڑھتی ہوئی سرمایہ کاری اور ترقیاتی سرگرمیاں ہیں جیسے میگا پراجیکٹس جن میں ڈیمز، پل اور سڑکوں کا وسیع جال شامل ہے۔ ملک کے ریٹیل اور کارپوریٹ سیکٹر میں اسٹیل باریکی کی طلب بڑھی ہے۔ ملک کی بڑھتی طلب کو مد نظر رکھتے ہوئے سیمنٹ سیکٹر میں ملک کی معروف کمپنیز نے اگلے چند سالوں میں ملک کے ترقیاتی نظام کو دیکھتے ہوئے پیداوار میں 10 ملین ٹن اضافے کا اعلان کیا ہے۔ مقامی اسٹیل صنعتکاروں کی مجموعی کارکردگی قابل ستائش رہی۔ باوجود یہ کہ سستے ترین درآمد شدہ اسٹیل سے سخت مقابلہ درپیش رہا۔

امریکی اسٹیلز لمیٹڈ کی کارکردگی

آپریشنل

مالی سال 2015-2016 میں، آپ کی کمپنی نے گُل 12.40 بلین روپے کا ریونیو بنایا جو کہ گزشتہ سال 14.4 بلین روپے تھا۔ ریونیو میں 57 فیصد مقدار میں اور 43 فیصد قیمت میں کمی کے باعث ہوئی۔ سیکلر میں کمی سستے درآمدی بارز کی وجہ سے واقع ہوئی جس کی وجہ سے صارفین اچھے اور معیاری اسٹیل باریک نہیں پہنچ پائے۔ جب کہ دوسری طرف کمی کی بڑی وجہ خام مال اور تیل کی قیمتوں میں کمی تھی۔ مجموعی طور پر آپ کی کمپنی کا ریونیو بعد از ٹیکس منافع جو کہ 1.27 بلین روپے تھا جب کہ گزشتہ سال کے مقابل بعد از ٹیکس منافع میں 26.46 فیصد کا اضافہ ہوا ہے۔

گزشتہ سال کے مقابلے میں منافع میں اضافے کی بنیادی وجہ خام مال کی قیمتوں میں نمایاں کمی اور مارک اپ کی مد میں ہونے والے اخراجات میں 332 ملین روپے کی کمی رہی اور امریلی کے خود کے بنائے ہوئے اسٹیل ری بارز کی فروخت کی مقدار کافی حد تک مقامی منڈی سے خرید و فروخت کے ذریعے پوری کی گئی۔

امریلی کے دونوں پلانٹس معیاری Billets دھاتی اور کوالٹی ری بارز سائنٹ ایریا میں بنائے جا رہے ہیں جس کی پیداواری صلاحیت 84.43 فیصد اور 82.77 ہے جس میں مالی سال 2016-2017 میں اضافہ کیا جائے گا۔

مالیاتی کارکردگی

کمپنی کے Key Financial Indicator اختتام پذیر سال 30 جون 2016 کا موازنہ مندرجہ ذیل ہے۔

مجموعی طور پر	30 جون 2016	30 جون 2015
	(Rs. in '000)	(Rs. in '000)
سیکلر ریونیو	12,400,191	14,413,661
گُل منافع	2,791,955	2,493,485
آپریٹنگ منافع	2,084,729	1,939,568
قبل از ٹیکس منافع	1,749,195	1,271,837
بعد از ٹیکس منافع	1,278,749	1,011,183

Code of Conduct

CODE OF CONDUCT

Introduction

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

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

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

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

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

Compliance with laws, rules and regulations

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

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.

Company Policies

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

Work Environment

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

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

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

Communications and involvement

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

Conduct And Behavior Standards

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

Confidentiality

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

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

Inside Information

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

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

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

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

Political Activities

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

Health And Safety

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

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

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

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.

Competition and Trade Practice Standards

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

Under no circumstances shall any company personnel be a party to any collusion or concerted effort of any type involving any competitor vendor, supplier, customer or other party, which is in restraint of trade or violation of laws

and regulations designed to foster competition. Because laws relating to competition are complex, company personnel should refer matters about what they are in doubt to their superior or should seek the advice of the company's counsel or the Board, if so dictated by the significance of the uncertainty.

Company Personnel

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

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

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.

Personal Conduct

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

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

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

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

Accounting Records, Controls & Statements

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

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

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

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.

Miscellaneous

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

Endorsement

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

Six Years at a Glance

SIX YEARS AT A GLANCE

FINANCIAL POSITION

	2011	2012	(Re-Stated) 2013	2014	2015	2016
Assets Employed	Rs. in Million					
Property, plant and equipment	5,403	7,926	7,779	7,566	7,504	8,442
Intangible Assets	1	1	1	0	24	27
Long term investments	1	1	-	15	15	15
Long-term loan to related party	-	-	-	-	-	-
Long term deposit	110	210	218	133	130	131
Current assets	1,728	2,734	3,803	3,411	4,589	8,150
Total Assets	7,243	10,873	11,800	11,126	12,262	16,765
Financed By						
Shareholders' Equity	2,265	2,363	2,544	2,879	3,952	8,861
Surplus on Revaluation of Fixed Assets	975	2,141	2,065	1,960	1,919	1,830
Long-term liabilities						
Long term finance	1,942	2,020	1,584	2,049	1,150	525
Current portion of long term finance	147	334	493	550	952	484
	2,089	2,354	2,077	2,599	2,102	1,008
Non-current and deferred liabilities	209	1,134	1,050	932	1,005	1,212
Current liabilities	1,851	3,215	4,557	3,308	4,236	4,339
Current portion of long term finance	(147)	(334)	(493)	(550)	(952)	(484)
	1,704	2,881	4,063	2,757	3,284	3,856
Total Funds Invested	7,243	10,873	11,800	11,126	12,262	16,765
OPERATION AT GLANCE						
Turnover	5,432	7,209	10,622	11,965	14,414	12,400
Gross Profit	473	981	1,161	1,376	2,493	2,792
Operating Profit	326	732	841	1,041	2,039	2,250
EBITDA	393	949	1,133	1,307	2,233	2,437
Profit before tax	62	130	174	380	1,272	1,749
Profit after tax	2	90	121	252	1,011	1,279
Total Comprehensive Income	2	90	105	263	1,003	1,288
Capital Expenditures (addition during the year)	1,475	771	167	123	192	1,292
EPS	0.01	0.40	0.54	1.13	4.54	4.81
Cash Flow Summary						
Net Cash from / (used in) Operating Activities	173	(297)	(76)	1,727	1,089	(1,001)
Net Cash from / (used in) Investing Activities	(1,424)	(736)	(189)	(96)	(206)	(1,279)
Net Cash from / (used in) Financing Activities	1,153	1,053	306	(1,645)	(867)	2,582
Increase / (Decrease) in Cash and Cash Equivalents	(98)	19	41	(14)	16	301
Cash and Cash Equivalents at end of the Year	18	36	77	63	80	381

SIX YEARS AT A GLANCE

BALANCE SHEET

Vertical Analysis- %

	2011	2012	2013	2014	2015	2016
	(Re-Stated)					
	Audited	Audited	Audited	Audited	Audited	Audited
EQUITY AND LIABILITIES						
Share Capital And Reserves						
Issued, Subscribed & Paid up Share Capital	30.76%	20.49%	18.88%	20.02%	18.17%	17.72%
Un-appropriate profit	0.52%	1.24%	2.68%	5.85%	14.07%	35.13%
	31.27%	21.73%	21.56%	25.88%	32.23%	52.85%
Surplus on revaluation of PPE	13.46%	19.69%	17.50%	17.61%	15.65%	10.91%
	44.74%	41.42%	39.06%	43.49%	47.88%	63.76%
Non-Current Liabilities						
Long term borrowings	26.81%	18.58%	13.42%	18.41%	9.38%	3.13%
Finance lease	0.56%	2.66%	1.55%	0.52%	0.00%	0.00%
Deferred Liabilities	0.25%	0.23%	0.34%	0.42%	0.55%	0.43%
Deferred Taxation	2.09%	7.54%	6.88%	7.41%	7.58%	6.80%
Other financial liability	0.00%	0.00%	0.13%	0.03%	0.06%	0.00%
	29.70%	29.01%	22.33%	26.79%	17.58%	10.36%
Current Liabilities						
Trade & other payables	8.98%	7.43%	6.52%	7.86%	8.07%	6.45%
Mark-up accrued	0.82%	0.79%	0.79%	0.89%	0.67%	0.29%
Short term borrowings	13.56%	17.42%	26.22%	15.58%	18.04%	16.26%
Current Portion of long term borrowings	2.03%	3.07%	4.18%	4.94%	7.76%	2.88%
Current Portion of finance lease	0.17%	0.86%	0.91%	0.46%	0.00%	0.00%
	25.56%	29.57%	38.62%	29.73%	34.54%	25.88%
TOTAL EQUITY AND LIABILITIES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
ASSETS						
Non-Current Assets						
Property, plant, equipment & other assets	74.60%	72.90%	65.92%	68.00%	61.20%	50.35%
Intangibles	0.01%	0.01%	0.01%	0.00%	0.20%	0.16%
Long term investment	0.01%	0.01%	0.00%	0.14%	0.12%	0.09%
Long term deposits	1.52%	1.93%	1.84%	1.19%	1.06%	0.78%
	76.15%	74.85%	67.77%	69.34%	62.58%	51.39%
Current Assets						
Stores & Spares	2.70%	3.11%	3.35%	4.00%	4.12%	3.58%
Stock in trade	12.30%	15.19%	17.40%	14.07%	18.55%	26.30%
Trade debts	4.95%	3.49%	4.84%	8.36%	9.44%	12.35%
Loan, Advances, deposits and prepayments	1.98%	1.05%	1.14%	1.39%	1.11%	1.04%
Other receivables	0.30%	1.33%	3.38%	1.04%	2.72%	2.55%
Short-term investment	0.00%	0.00%	0.26%	0.00%	0.00%	1.79%
Tax refund due from government	1.38%	0.66%	1.19%	1.23%	0.83%	0.51%
Cash and bank balances	0.24%	0.33%	0.66%	0.57%	0.65%	0.48%
	23.85%	25.15%	32.23%	30.66%	37.42%	48.61%
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

SIX YEARS AT A GLANCE

BALANCE SHEET

Horizontal Analysis- %

	2011 Vs 2010	2012 Vs 2011	2013 Vs 2012	2014 Vs 2013	2015 Vs 2014	2016 Vs 2015
EQUITY AND LIABILITIES						
<i>Share Capital And Reserves</i>						
Issued, Subscribed & Paid up Share Capital	55.31%	0.00%	0.00%	0.00%	0.00%	33.33%
Un-appropriate profit	115.50%	259.79%	133.81%	106.04%	164.75%	241.54%
	56.04%	4.31%	7.66%	13.18%	37.28%	124.19%
Surplus on revaluation of PPE	-1.82%	119.57%	-3.54%	-5.12%	-2.08%	-4.65%
	32.53%	39.00%	2.34%	4.98%	21.34%	82.08%
<i>Non-Current Liabilities</i>						
Long term borrowings	76.43%	4.02%	-21.58%	29.33%	-43.86%	-54.40%
Finance lease	-23.05%	615.31%	-36.87%	-67.97%	-100.00%	-
Deferred Liabilities	22.48%	41.90%	60.95%	14.26%	44.68%	7.47%
Deferred Taxation	0.68%	442.57%	-0.92%	1.45%	12.86%	22.53%
Other financial liability	0.00%	0.00%	100.00%	-81.38%	178.58%	-100.00%
	63.24%	46.61%	-16.47%	13.13%	-27.69%	-19.44%
<i>Current Liabilities</i>						
Trade & other payables	540.21%	24.11%	-4.72%	13.68%	13.14%	9.25%
Mark-up accrued	27.65%	43.44%	9.01%	6.12%	-16.56%	-41.70%
Short term borrowings	-29.09%	92.89%	63.31%	-43.98%	27.62%	23.27%
Current Portion of long term borrowings	22.30%	127.05%	47.77%	11.50%	73.07%	-49.21%
Current Portion of finance lease	10.79%	683.64%	13.78%	-52.51%	-100.00%	-
	3.45%	73.66%	41.72%	-27.41%	28.07%	2.43%
TOTAL EQUITY AND LIABILITIES	30.45%	50.12%	8.53%	-5.71%	10.21%	36.72%
ASSETS						
<i>Non-Current Assets</i>						
Property, plant, equipment & other assets	39.92%	46.70%	-1.86%	-2.73%	-0.82%	12.49%
Intangibles	0.00%	6.04%	-30.96%	-44.70%	5955.97%	9.85%
Long term investment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Long term deposits	1161.23%	90.45%	3.55%	-38.88%	-2.35%	1.21%
	42.47%	47.56%	-1.74%	-3.53%	-0.54%	12.27%
<i>Current Assets</i>						
Stores & Spares	98.99%	72.63%	17.15%	12.44%	13.57%	18.74%
Stock in trade	17.33%	85.36%	24.37%	-23.77%	45.32%	93.86%
Trade debts	9.92%	5.70%	50.72%	62.69%	24.53%	78.79%
Loan, Advances, deposits and prepayments	-28.42%	-20.75%	18.72%	14.22%	-11.70%	28.19%
Other receivables	-71.15%	568.96%	175.23%	-70.84%	186.94%	28.35%
Short-term investment	0.00%	0.00%	100.00%	-100.00%	-	-
Tax refund due from government	29.67%	-28.26%	96.20%	-2.13%	-26.35%	-14.76%
Cash and bank balances	-84.77%	106.77%	113.63%	-18.07%	25.61%	1.76%
	2.76%	58.28%	39.08%	-10.30%	34.51%	77.62%
TOTAL ASSETS	30.45%	50.12%	8.53%	-5.71%	10.21%	36.72%

SIX YEARS AT A GLANCE

PROFIT AND LOSS

Vertical Analysis- %

	Jun -11	Jun -12	Jun -13 (Re-stated)	Jun -14	Jun -15	Jun -16
	Audited	Audited	Audited	Audited	Audited	Audited
Turnover – net	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	-91.30%	-86.39%	-89.07%	-88.50%	-82.70%	-77.48%
Gross Profit	8.70%	13.61%	10.93%	11.50%	17.30%	22.52%
Trading income	0.03%	0.01%	0.01%	0.00%	0.00%	0.00%
Distribution cost	-0.99%	-1.52%	-1.60%	-1.62%	-1.95%	-2.75%
Administrative cost	-2.08%	-2.14%	-1.45%	-1.34%	-1.44%	-1.74%
Other operating income	0.34%	0.19%	0.02%	0.17%	0.24%	0.12%
Operating Profit	6.01%	10.16%	7.92%	8.70%	14.15%	18.14%
Finance cost	-4.72%	-8.17%	-6.14%	-5.28%	-4.63%	-2.71%
Other charges	-0.15%	-0.18%	-0.15%	-0.25%	-0.69%	-1.33%
Profit/(loss) before taxation	1.14%	1.81%	1.63%	3.18%	8.82%	14.11%
Taxation	-1.10%	-0.56%	-0.49%	-1.07%	-1.81%	-3.79%
Profit/(loss) after taxation	0.04%	1.25%	1.14%	2.11%	7.02%	10.31%
Other Comprehensive income	0.00%	0.00%	-0.15%	0.09%	-0.06%	0.07%
Total Comprehensive Income	0.04%	1.25%	0.99%	2.20%	6.96%	10.39%

Horizontal Analysis- %

	2011 Vs 2010	2012 Vs 2011	2013 Vs 2012	2014 Vs 2013	2015 Vs 2014	2016 Vs 2015
	Audited	Audited	Audited	Audited	Audited	Audited
Turnover – net	32.38%	32.72%	47.34%	12.65%	20.46%	-13.97%
Cost of sales	33.90%	25.59%	51.90%	11.94%	12.56%	-19.40%
Gross Profit	18.23%	107.58%	18.39%	18.44%	81.26%	11.97%
Trading income	-8.34%	-39.04%	25.68%	-100.00%	-	-
Distribution cost	24.71%	103.26%	55.17%	14.55%	44.62%	21.47%
Administrative cost	15.51%	36.82%	-0.34%	4.05%	30.03%	3.91%
Other operating income	-55.56%	-25.23%	-84.70%	845.95%	72.28%	-55.75%
Operating Profit	7.78%	124.40%	14.90%	23.78%	95.79%	10.33%
Finance cost	-15.61%	129.71%	10.73%	-3.20%	5.75%	-49.75%
Other charges	-64.88%	58.64%	20.78%	93.42%	230.40%	65.73%
Profit/(loss) before taxation	-354.48%	111.02%	33.18%	118.90%	234.75%	37.53%
Taxation	-146.60%	-32.56%	30.16%	143.30%	104.37%	80.49%
Profit/(loss) after taxation	-98.03%	4305.72%	34.53%	108.34%	300.62%	26.46%
Other Comprehensive income	0.00%	0.00%	0.00%	-164.34%	-182.16%	-207.07%
Total Comprehensive Income	-98.03%	4305.72%	16.82%	149.68%	281.77%	28.42%

SIX YEARS AT A GLANCE**CASH FLOW****Vertical Analysis-%**

	2011	2012	2013	2014	2015	2016
	Audited	Audited	(Re-Stated) Audited	Audited	Audited	Audited
Net Cash generated from / (used in) Operating Activities	-178%	-1588%	-185%	-12342%	6702%	-332%
Net Cash generated from / (used in) Investing Activities	1458%	-3933%	-459%	688%	-1266%	-424%
Net Cash generated from / (used in) Financing Activities	-1181%	5621%	743%	11754%	-5336%	857%
Increase / (Decrease) in Cash and Cash Equivalents	100%	100%	100%	100%	100%	100%

Horizontal Analysis-%

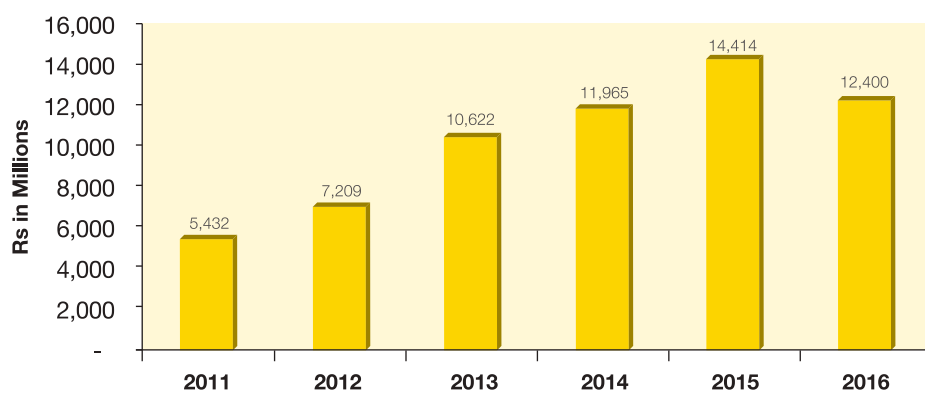
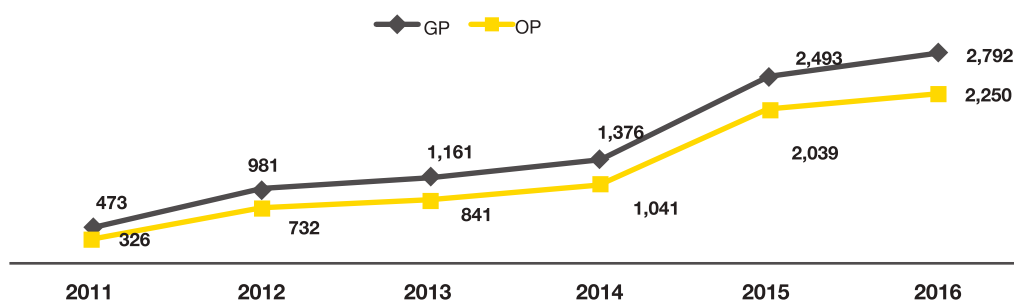
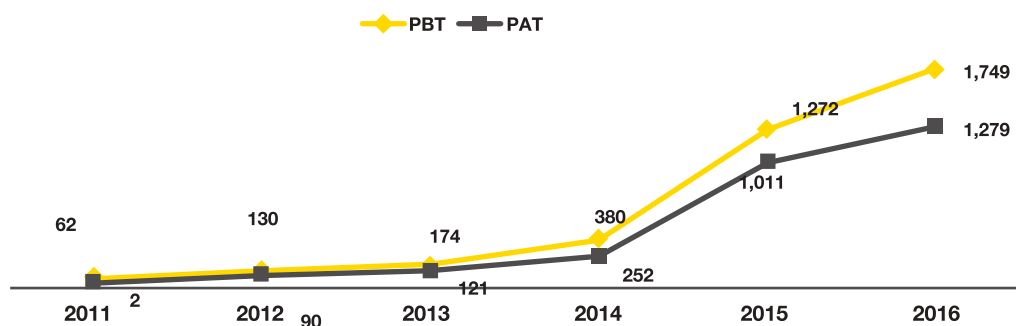
	2011 Vs 2010	2012 Vs 2011	2013 Vs 2012	2014 Vs 2013	2015 Vs 2014	2016 Vs 2015
Net Cash generated from / (used in) Operating Activities	-133%	-272%	-74%	-2371%	-37%	-192%
Net Cash generated from / (used in) Investing Activities	524%	-48%	-74%	-49%	114%	522%
Net Cash generated from / (used in) Financing Activities	-21%	-9%	-71%	-637%	-47%	-398%
Increase / (Decrease) in Cash and Cash Equivalents	-114%	-119%	120%	-134%	-216%	1755%

SIX YEARS AT A GLANCE

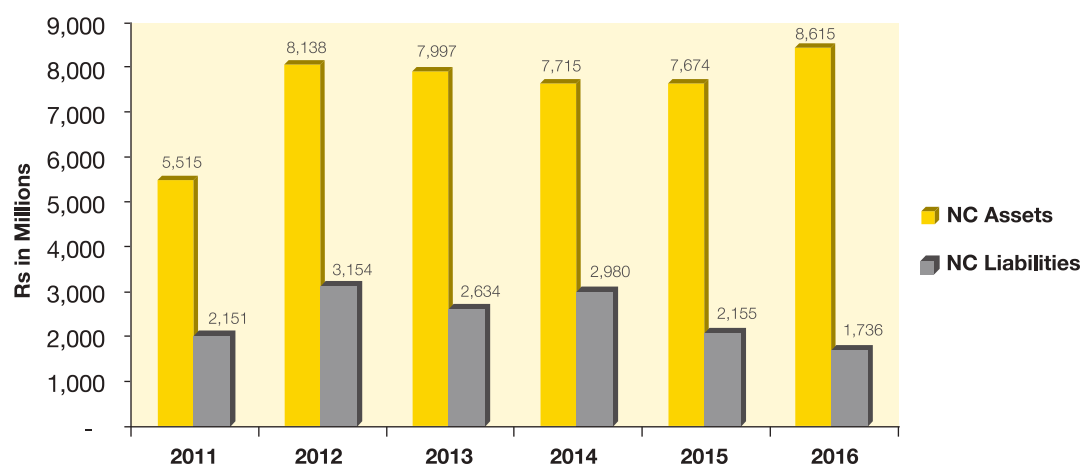
FINANCIAL RATIOS

	UoM	2011	2012	2013	2014	2015	2016
Profitability Ratios							
Gross Profit ratio	Percentage	8.70	13.61	10.93	11.50	17.30	22.52
Net profit to sales ratio	Percentage	0.04	1.25	0.99	2.20	6.96	10.39
Return on Equity	Percentage	0.09	4	4	9	25	15
Return on Capital employed	Percentage	0.06	2	2	6	20	18
Operating Leverage	Percentage	43	385	31	178	449	-54
EBITDA margin to sales	Percentage	7.2	13.2	10.7	11	15	20
Liquidity Ratios							
Current Ratio	Times	0.93 : 1	0.85 : 1	0.83 : 1	1.03 : 1	1.08 : 1	1.88 : 1
Quick / Acid test Ratio	Times	0.45 : 1	0.34 : 1	0.38 : 1	0.56 : 1	0.55 : 1	0.86 : 1
Cash to current liability	Times	0.01 : 1	0.01 : 1	0.02 : 1	0.02 : 1	0.02 : 1	0.09 : 1
Cash flow from Operations to Sales	Times	0.03 : 1	-0.04 : 1	-0.01 : 1	0.14 : 1	0.08 : 1	-0.08 : 1
Activity / Turnover Ratios							
Inventory turnover	Times	6	5	5	6	6	3
No. of days in Inventory	Days	61	74	71	62	59	127
Debtor turnover	Times	16	20	22	16	14	8
No. of days in Receivables	Days	23	19	16	23	26	48
Creditor turnover	Times	121	61	81	128	149	92
No. of days in Payables	Days	3	6	4	3	2	4
Operating Cycle	Days	81	87	83	82	83	171
Total Asset Turnover	Times	1	1	1	1	1	1
Fixed Asset Turnover	Times	1	1	1	2	2	1
Investment / Market Ratios							
Earning per Share	Rupees	0.01	0.40	0.54	1.13	4.54	4.81
Break value per share with SOR	Rupees	14.55	20.22	20.69	21.72	26.36	35.99
Break value per share without SOR	Rupees	10.17	10.61	11.42	12.92	17.74	29.83
Capital Structure Ratios							
Debt / Equity Ratio	Times	0.86 : 1	0.85 : 1	0.62 : 1	0.71 : 1	0.29 : 1	0.06 : 1
Weighted Average Cost of Debt	Percentage	8	12	11	11	13	7
Financial Leverage Ratio	Times	0.92 : 1	1.00 : 1	0.82 : 1	0.90 : 1	0.53 : 1	0.11 : 1
Debt Service Ratio	Times	1.01 : 1	1.27 : 1	1.05 : 1	1.06 : 1	1.76 : 1	1.89 : 1
Interest Cover	Times	1.24	1.22	1.27	1.60	2.90	6.21

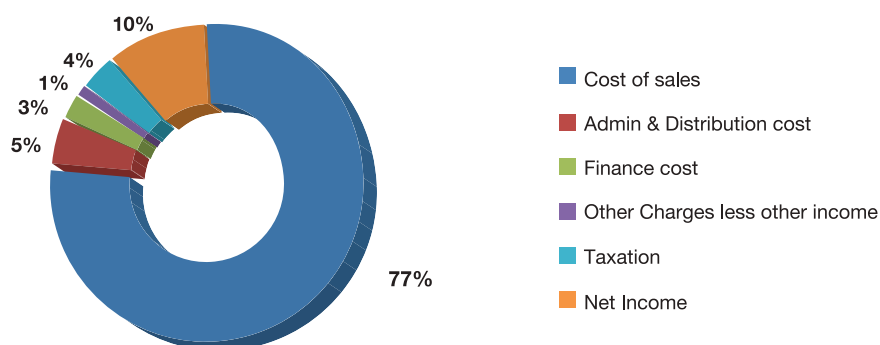
Graphical Presentation

SALES**OPERATING & GROSS PROFIT****PROFIT BEFORE & AFTER TAX**

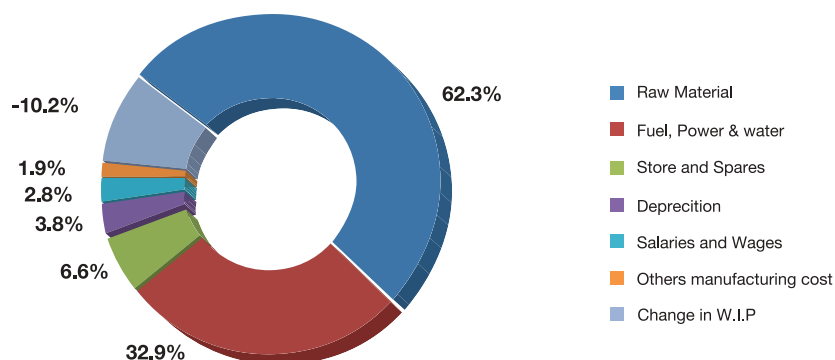
NON CURRENT ASSETS & NON CURRENT LIABILITIES

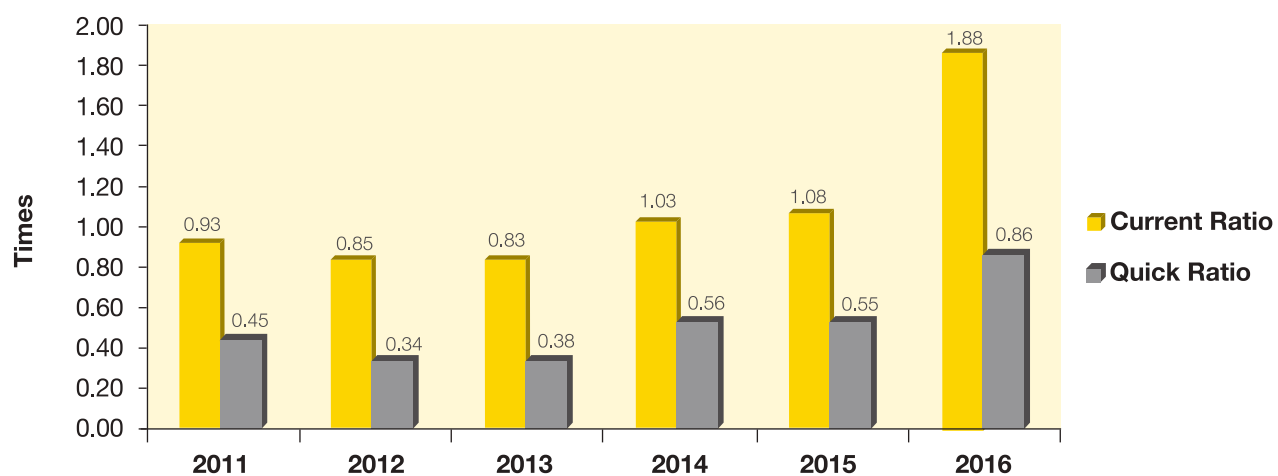
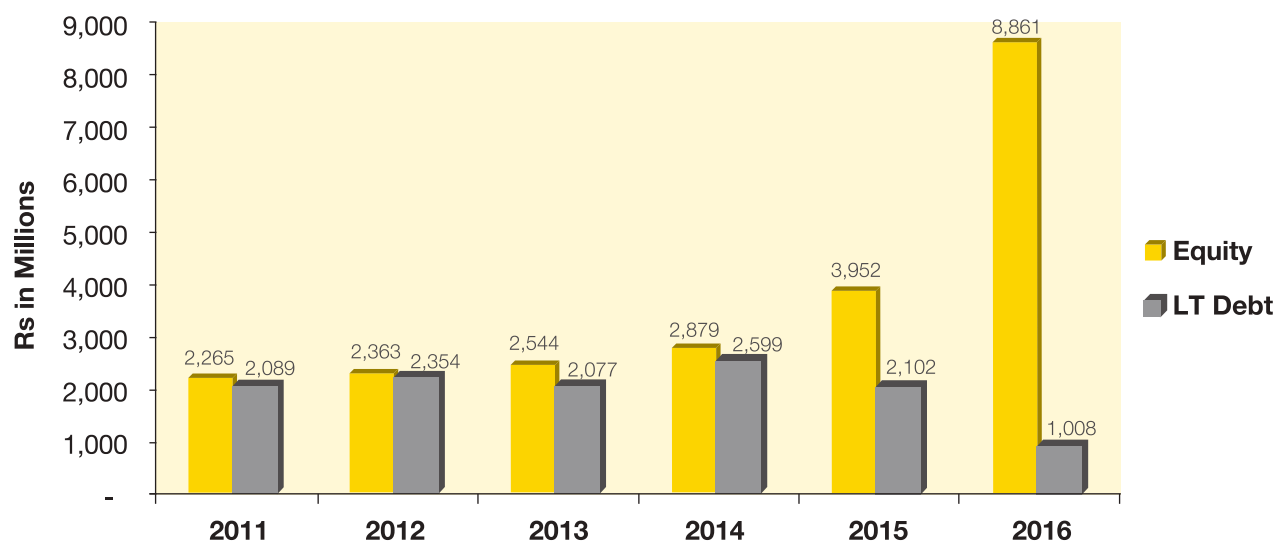


APPLICATION OF REVENUE FY 2015-16



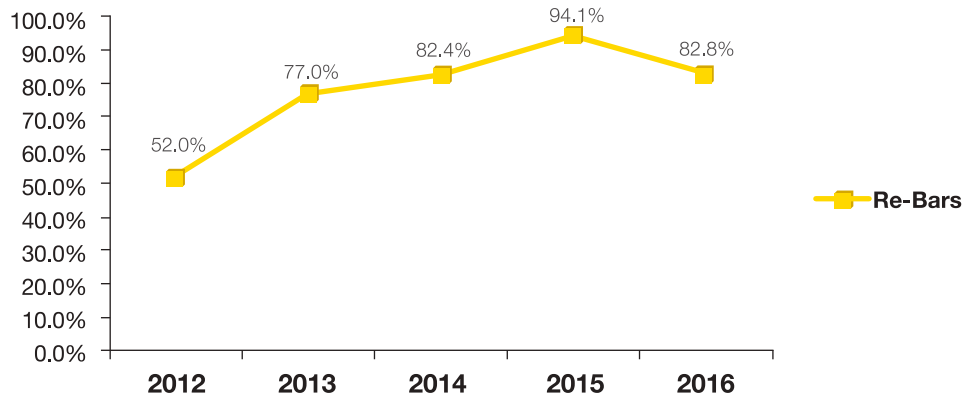
DISTRIBUTION OF MANUFACTURING COST



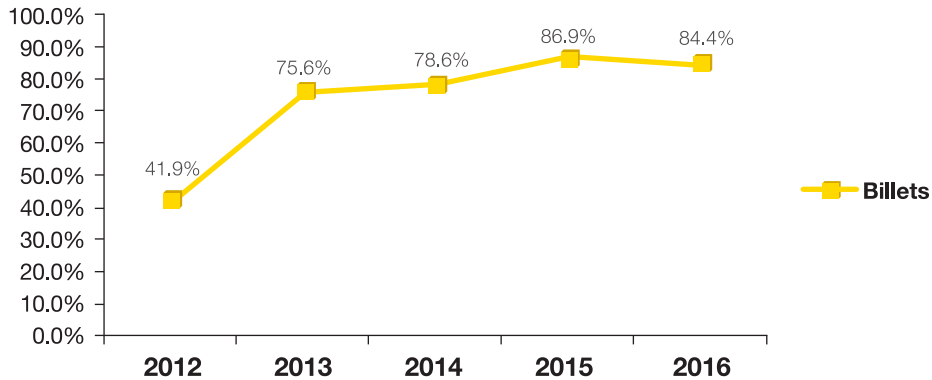
CURRENT RATIO & QUICK RATIO**LONG TERM DEBT VS EQUITY**

CAPACITY UTILIZATION

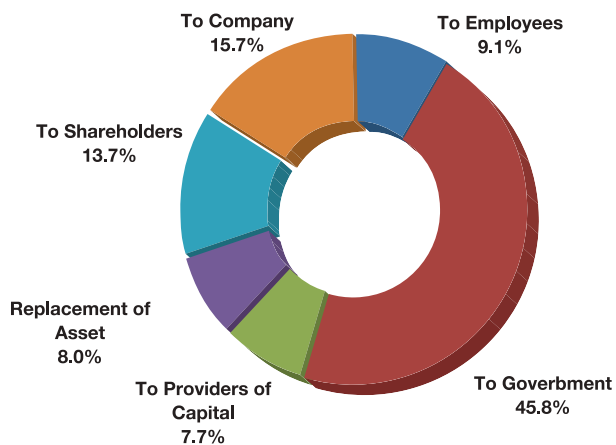
RE-BARS



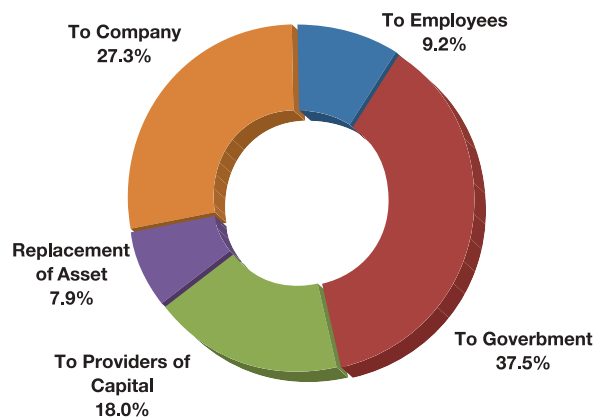
BILLETS



WEALTH DISTRIBUTION 2016



WEALTH DISTRIBUTION 2015



Pattern of Shareholding

PATTERN OF SHAREHOLDING

NO. OF SHAREHOLDERS	← Having Shares →		SHARES HELD	PERCENTAGE
	From	To		
220	1	100	7,694	0.0026
11,379	101	500	5,659,901	1.9056
3,059	501	1,000	3,042,248	1.0243
2,397	1,001	5,000	5,741,332	1.933
354	5,001	10,000	2,763,164	0.9303
97	10,001	15,000	1,253,381	0.422
95	15,001	20,000	1,760,639	0.5928
59	20,001	25,000	1,372,651	0.4622
24	25,001	30,000	682,170	0.2297
7	30,001	35,000	242,500	0.0816
15	35,001	40,000	567,967	0.1912
5	40,001	45,000	215,523	0.0726
18	45,001	50,000	892,000	0.3003
11	50,001	55,000	584,560	0.1968
4	55,001	60,000	235,000	0.0791
3	60,001	65,000	195,000	0.0657
12	65,001	70,000	818,274	0.2755
4	70,001	75,000	300,000	0.101
4	75,001	80,000	313,400	0.1055
2	80,001	85,000	170,000	0.0572
2	85,001	90,000	180,000	0.0606
3	90,001	95,000	280,600	0.0945
7	95,001	100,000	697,000	0.2347
1	100,001	105,000	101,002	0.034
3	105,001	110,000	327,500	0.1103
3	110,001	115,000	336,350	0.1132
1	115,001	120,000	116,000	0.0391
1	120,001	125,000	123,000	0.0414
2	125,001	130,000	257,000	0.0865
2	150,001	155,000	305,900	0.103
3	160,001	165,000	486,500	0.1638
1	165,001	170,000	166,333	0.056
1	170,001	175,000	175,000	0.0589
1	180,001	185,000	181,500	0.0611
2	185,001	190,000	374,679	0.1262
1	190,001	195,000	191,620	0.0645
1	195,001	200,000	200,000	0.0673
1	200,001	205,000	203,500	0.0685
1	240,001	245,000	244,000	0.0822
3	245,001	250,000	750,000	0.2525
1	250,001	255,000	250,500	0.0843
1	260,001	265,000	260,500	0.0877
2	265,001	270,000	533,000	0.1795
2	280,001	285,000	567,000	0.1909
1	290,001	295,000	291,000	0.098
1	300,001	305,000	301,000	0.1013
1	330,001	335,000	335,000	0.1128
1	360,001	365,000	362,976	0.1222
1	380,001	385,000	384,500	0.1295
1	390,001	395,000	394,166	0.1327
1	430,001	435,000	435,000	0.1465
2	445,001	450,000	896,000	0.3017
1	495,001	500,000	500,000	0.1683
3	515,001	520,000	1,555,500	0.5237
1	570,001	575,000	572,500	0.1928
1	575,001	580,000	580,000	0.1953
1	590,001	595,000	594,050	0.2

PATTERN OF SHAREHOLDING

NO. OF SHAREHOLDERS	←Having Shares→		SHARES HELD	PERCENTAGE
	From	To		
1	610,001	615,000	611,000	0.2057
1	615,001	620,000	619,500	0.2086
1	620,001	625,000	625,000	0.2104
1	625,001	630,000	625,500	0.2106
1	695,001	700,000	700,000	0.2357
1	740,001	745,000	744,500	0.2507
1	820,001	825,000	825,000	0.2778
1	885,001	890,000	890,000	0.2997
1	930,001	935,000	932,000	0.3138
1	1,120,001	1,125,000	1,122,500	0.3779
1	1,140,001	1,145,000	1,144,759	0.3854
1	1,270,001	1,275,000	1,275,000	0.4293
1	1,370,001	1,375,000	1,375,000	0.4629
1	1,445,001	1,450,000	1,450,000	0.4882
1	1,630,001	1,635,000	1,634,000	0.5501
1	1,745,001	1,750,000	1,746,383	0.588
1	1,875,001	1,880,000	1,878,500	0.6325
1	1,925,001	1,930,000	1,929,000	0.6495
1	1,995,001	2,000,000	1,999,500	0.6732
1	2,195,001	2,200,000	2,199,974	0.7407
1	2,620,001	2,625,000	2,622,000	0.8828
1	2,850,001	2,855,000	2,853,526	0.9607
1	5,735,001	5,740,000	5,739,500	1.9324
1	35,690,001	35,695,000	35,694,840	12.018
1	37,415,001	37,420,000	37,419,212	12.5986
1	55,730,001	55,735,000	55,732,930	18.7646
1	91,290,001	91,295,000	91,294,723	30.7378
17,858		Total	297,011,427	100

Additional Information
As on June 30, 2016

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

Directors and their spouse(s) and minor children

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

Associated Companies, undertakings and related parties

Mahvash Akberali	1	55,732,930	18.76
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Executives	8	11,000	0.00
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NIT & ICP	1	164,500	0.05
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Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds

Banks	14	15,541,500	5.24
Insurance Companies	3	313,272	0.10

Mutual Funds	43	22,863,650	7.70
---------------------	----	------------	------

General Public

Local	17,516	31,130,336	10.48
Foreign	218	909,654	0.31

Modaraba	1	13,500	0.01
Others	44	3,027,668	1.02
Totals	17,858	297,011,427	100.00

Shareholders holding 5% or more	Shares Held	Percentage
Abbas Akberali	91,294,723	30.74
Mahvash Akbberali	55,732,930	18.76
Hadi Abbas Akberali	37,419,212	12.60
Shayan Akberali	35,694,840	12.02

Review Report to the members on Statement of Compliance with the Code of Corporate Governance



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

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Amreli Steels Limited** (the Company) for the year ended **30 June 2016** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended **30 June 2016**.

Chartered Accountants

Audit Engagement Partner: Khurram Jameel

Date: 09 September 2016

Place: Karachi

Statement of Compliance with the Code of Corporate Governance

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED 30 JUNE 2016

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Regulation No. 5.19 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

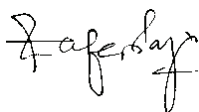
Category	Name of Directors
Independent Directors	Mr. Zafar Ahmed Taji Mr. Mirza Qamar Beg Mr. Badar Kazmi
Executive Directors	Mr. Abbas Akberali Mr. Shayan Akberali
Non-Executive Directors	Ms. Kinza Shayan Ms. Mariam Akberali

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a Development Financial Institution, or a Non-Banking Financial Institution or, being a broker of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year under review.
5. 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.
6. The Board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and Non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and after the listing of the Company the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Company arranges orientations courses for its directors as and when needed to appraise them of their duties and responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them first hand knowledge on the working of the Company. Five directors of the Company have attended the directors' training program conducted by the Pakistan Institute of Corporate Governance and the remaining two directors will acquire the required directors' training within the time specified in the CCG.

10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment.
11. The Directors' Report for the year under review has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors. The Chairman of the Committee is an independent director who is not the Chairman of the Board.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of the interim and final results of the Company as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource & Remuneration Committee. It comprises of four members, of whom three are non-executive directors and one is an executive director. The Chairman of the Committee is an independent director.
18. The Board has outsourced the internal audit function to M/s. BDO Ebrahim & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and Stock Exchange.
22. Material/price sensitive information has been disseminated amongst all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

Since the Chairman and Chief Executive is for the time being not in Pakistan, therefore the statement of compliance with the code of corporate governance has been signed by two Directors of the Company as authorized by the Board.



Zafar Ahmed Taji
Director

For & on behalf of Board of Directors



Shayan Akberali
Director

Date: September 09, 2016
Place: Karachi

Auditors' Report to the members



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

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Amreli Steels Limited (the Company) as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in note 4.1 to the accompanying financial statements, with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants
Audit Engagement Partner: Khurram Jameel
Date: 09 September 2016
Place: Karachi

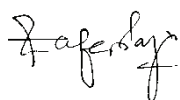
Financial Statements

**BALANCE SHEET
AS AT 30 JUNE 2016**

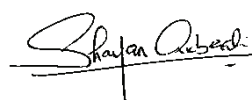
ASSETS	Note	2016 ----- (Rupees) -----	2015 -----
NON-CURRENT ASSETS			
Property, plant and equipment	6	8,441,597,274	7,504,204,035
Intangible assets	7	26,742,912	24,345,354
Long-term investments	8	15,289,370	15,289,370
Long-term deposits	9	131,404,376	129,836,820
		8,615,033,932	7,673,675,579
CURRENT ASSETS			
Stores and spares		599,892,883	505,225,542
Stock-in-trade	10	4,410,123,514	2,274,851,694
Trade debts	11	2,070,501,848	1,158,043,407
Loans and advances	12	125,635,829	87,459,799
Trade deposits and short-term prepayments	13	48,886,841	48,682,824
Other receivables	14	427,987,469	333,461,363
Short-term investments	15	300,000,000	-
Taxation – net		86,246,015	101,179,328
Cash and bank balances	16	81,124,343	79,722,352
		8,150,398,742	4,588,626,309
TOTAL ASSETS		16,765,432,674	12,262,301,888
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	2,970,114,270	2,227,585,700
Reserves		5,890,507,263	1,724,698,161
		8,860,621,533	3,952,283,861
Surplus on revaluation of property, plant and equipment	18	1,829,580,914	1,918,871,901
NON-CURRENT LIABILITIES			
Long-term financing	19	524,524,754	1,150,186,280
Deferred taxation	20	1,139,415,427	929,901,180
Deferred liability	21	72,176,237	67,160,595
Other financial liabilities		-	7,909,428
		1,736,116,418	2,155,157,483
CURRENT LIABILITIES			
Trade and other payables	22	1,080,934,801	989,389,837
Interest / markup accrued	23	48,221,865	82,714,774
Short-term borrowings	24	2,726,371,085	2,211,793,603
Current portion of long-term financing	19	483,586,058	952,090,429
		4,339,113,809	4,235,988,643
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		16,765,432,674	12,262,301,888

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

Since the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.



Zafar Ahmed Taji
Director



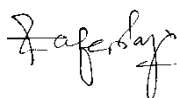
Shayan Akberali
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2016**

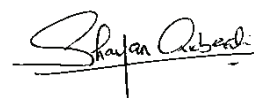
	Note	2016 ----- (Rupees) -----	2015 -----
Sales	26	12,400,191,349	14,413,661,405
Cost of sales	27	(9,608,236,222)	(11,920,176,143)
Gross profit		2,791,955,127	2,493,485,262
Distribution costs	28	(341,325,913)	(281,000,981)
Administrative expenses	29	(216,283,236)	(208,145,312)
Other expenses	30	(165,014,968)	(99,565,140)
Other income	31	15,398,750	34,794,055
Operating profit		2,084,729,760	1,939,567,884
Finance costs	32	(335,534,389)	(667,730,310)
Profit before taxation		1,749,195,371	1,271,837,574
Taxation	33	(470,446,343)	(260,653,843)
Net profit for the year		1,278,749,028	1,011,183,731
Earnings per share – basic and diluted	34	4.81	4.54

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

Since the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.



Zafar Ahmed Taji
Director



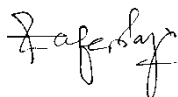
Shayan Akberali
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

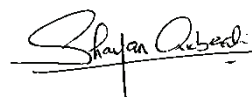
	2016 ----- (Rupees) -----	2015 -----
Net profit for the year	1,278,749,028	1,011,183,731
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Gain / (loss) on cash flow hedge – net of tax	5,118,447	(3,396,745)
Items that may not be reclassified subsequently to profit and loss account		
Actuarial gain / (loss) on gratuity fund – net of tax	3,908,718	(5,034,960)
Total comprehensive income for the year	<u>1,287,776,193</u>	<u>1,002,752,026</u>

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

Since the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.



Zafar Ahmed Taji
Director

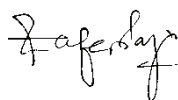


Shayan Akberali
Director

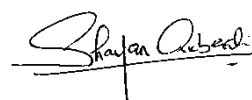
**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 ----- (Rupees) -----	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,749,195,371	1,271,837,574
Adjustments for:			
Depreciation		346,820,241	292,681,719
Amortization		5,338,396	738,064
Intangibles written off		-	77,044
Stock in trade written off		-	2,018,676
Sales tax refundable written off		-	21,681,814
Liability no longer payable written back		-	(9,690,673)
Provision / (reversal) of provision for doubtful trade debts		7,914,839	(14,660,612)
Provision for gratuity		17,755,345	14,497,734
Loss / (gain) on disposal of operating assets		1,264,747	(3,359,111)
Finance costs		335,534,389	667,730,309
Finance income		(14,291,983)	(1,665,376)
		700,335,974	970,049,588
Operating profit before working capital changes		2,449,531,345	2,241,887,162
(Increase) / decrease in current assets:			
Stores and spares		(94,667,340)	(60,360,347)
Stock-in-trade		(2,135,271,820)	(711,440,626)
Trade debts		(920,373,280)	(213,475,013)
Loans and advances		(38,176,030)	(60,425,979)
Trade deposits and short-term prepayments		(204,018)	78,468,106
Other receivables		(94,526,106)	(238,930,366)
		(3,283,218,594)	(1,206,164,225)
Increase in current liability:			
Trade and other payables		88,700,238	180,736,302
Cash (used in) / generated from operations		(744,987,011)	1,216,459,239
Income taxes paid		(247,754,874)	(129,052,950)
Gratuity paid		(7,074,895)	(1,273,047)
Long-term deposits – net		(1,567,556)	3,121,053
Net cash (used in) / generated from operating activities		(1,001,384,336)	1,089,254,295
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,292,096,693)	(191,659,645)
Acquisition of intangible assets		(7,735,954)	(24,757,990)
Proceeds from disposal of operating fixed assets		6,618,465	8,988,536
Finance income received		14,291,983	1,665,376
Net cash used in investing activities		(1,278,922,199)	(205,763,723)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of capital		3,531,270,492	-
Liabilities against assets subject to finance lease		-	(109,182,196)
Short-term borrowings – net		517,422,207	422,550,769
Long-term financing – net		(1,094,165,896)	(496,464,131)
Other financial liabilities		(5,666,585)	-
Finance costs paid		(367,151,692)	(684,142,492)
Net cash inflow / (outflow) from financing activities		2,581,708,526	(867,238,050)
Net increase in cash and cash equivalents		301,401,991	16,252,522
Cash and cash equivalents at the beginning of the year		79,722,352	63,469,830
Cash and cash equivalents at the end of the year	35	381,124,343	79,722,352

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



Zafar Ahmed Taji
Director



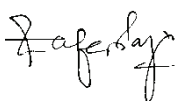
Shayan Akberali
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

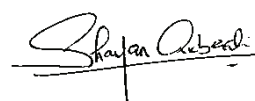
	Issued, Subscribed and paid-up capital	Reserves					Total equity
		Capital Reserve	Revenue Reserves				
			Share premium	Cash flow hedge	Actuarial gain / (loss) on gratuity fund	Unappropriated profit	
Rupees							
Balance as at 30 June 2014	2,227,585,700	-	(1,721,702)	(5,215,359)	658,376,947	651,439,886	2,879,025,586
Net profit for the year	-	-	-	-	1,011,183,731	1,011,183,731	1,011,183,731
Other comprehensive loss	-	-	(3,396,745)	(5,034,960)	-	(8,431,705)	(8,431,705)
Total comprehensive income	-	-	(3,396,745)	(5,034,960)	1,011,183,731	1,002,752,026	1,002,752,026
Transferred to unappropriated profit in respect of incremental depreciation during the year – net of tax	-	-	-	-	70,506,249	70,506,249	70,506,249
Balance as at 30 June 2015	2,227,585,700	-	(5,118,447)	(10,250,319)	1,740,066,927	1,724,698,161	3,952,283,861
Net profit for the year	-	-	-	-	1,278,749,028	1,278,749,028	1,278,749,028
Other comprehensive income	-	-	5,118,447	3,908,718	-	9,027,165	9,027,165
Total comprehensive income	-	-	5,118,447	3,908,718	1,278,749,028	1,287,776,193	1,287,776,193
Issuance of shares	742,528,570	3,044,367,138	-	-	-	3,044,367,138	3,786,895,708
Share issue cost	-	(255,625,216)	-	-	-	(255,625,216)	(255,625,216)
	742,528,570	2,788,741,922	-	-	-	2,788,741,922	3,531,270,492
Transferred to unappropriated profit in respect of							
- incremental depreciation	-	-	-	-	85,687,186	85,687,186	85,687,186
during the year – net of tax							
- disposal of fixed assets	-	-	-	-	3,603,801	3,603,801	3,603,801
during the year – net of tax							
	-	-	-	-	89,290,987	89,290,987	89,290,987
Balance as at 30 June 2016	2,970,114,270	2,788,741,922	-	(6,341,601)	3,108,106,942	5,890,507,263	8,860,621,533

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

Since the Chief Executive is for the time being not in Pakistan, therefore, these financial statements have been signed by two Directors of the Company as required under section 241(2) of the Companies Ordinance, 1984.



Zafar Ahmed Taji
Director



Shayan Akberali
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Amreli Steels Limited (the Company) was incorporated in 1984 under the Companies Ordinance, 1984 as a private limited company and converted into a public unquoted company in 2009. The Company is engaged in manufacture and sale of steel bars and billets. The registered office of the Company is situated at Plot No. A-18, S.I.T.E., Karachi.
- 1.2** During the year, the Company has made an Initial Public Offering (IPO) of Rs. 3,786,895,708/- through issuance of 74,252,857 ordinary shares of Rs. 10 each at a price of Rs. 51/- per share including share premium of Rs. 41/- per share amounting to Rs. 3,044,367,138/-. On 01 December 2015, the Pakistan Stock Exchange approved the Company's application for formal listing and quotation of shares.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Standards adopted during the year

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

IFRS 10 – Consolidated Financial Statements
 IFRS 11 – Joint Arrangements
 IFRS 12 – Disclosure of Interest in Other Entities
 IFRS 13 – Fair Value Measurement
 IAS 27 – Equity Method in Separate Financial Statements
 IAS 28 – Investments in Associates and Joint Ventures

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

4.2 Standards and amendments to approved accounting standards that are not yet effective

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

	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 – Joint Arrangements – Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 – Presentation of Financial Statements – Disclosure Initiative (Amendment)	01 January 2016
IAS 7 – Financial Instruments: Disclosures – Disclosure Initiative – (Amendment)	01 January 2017
IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

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

4.3 Property, plant and equipment

Operating assets

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

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

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

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

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

Capital work in process

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

Impairment

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

4.4 Surplus on revaluation of property, plant and equipment

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

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

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

4.5 Intangibles

These are stated at cost less accumulated amortisation and impairment.

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

4.6 Stores and spares

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

4.7 Stock-in-trade

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

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

4.8 Trade debts and other receivables

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

4.9 Investments

Held-to-maturity

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

4.10 Derivative financial instruments and hedge accounting

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

Cash flow hedge

Cash flow hedge represents hedges of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amount accumulated in other comprehensive income is reclassified to the profit and loss account in the year in which the hedged item will affect profit and loss account.

4.11 Cash and cash equivalents

These are stated at cost and include bank balances and short term highly liquid investments with original maturities of three months or less and short-term finances.

4.12 Borrowings

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

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

4.13 Trade and other payables

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

4.14 Financial instruments

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

4.15 Offsetting of financial instruments

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

4.16 Provisions

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

4.17 Borrowing costs

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

4.18 Foreign currency transactions and translations

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

4.19 Staff retirement benefits

The Company operates an un-approved and unfunded defined gratuity scheme for all permanent employees who have completed the minimum qualifying year of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of 30 June 2016 using Projected Unit Credit method.

4.20 Ijarah contracts

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

4.21 Taxation

Current

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

Deferred

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

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

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

4.22 Revenue recognition

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

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

Other revenues are accounted for on accrual basis.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Residual values and useful life of property, plant and equipment

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

Surplus on revaluation of property, plant and equipment

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

Capitalisation of borrowings costs

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

Provision for impairment of trade debts and other receivables

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

Staff retirement benefits

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

Fair value of financial instruments

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

Deferred taxation

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

		2016	2015
6. PROPERTY, PLANT AND EQUIPMENT	Note	----- (Rupees) -----	
Operating fixed assets	6.1	7,334,605,686	7,459,828,865
Capital work-in-progress	6.2	1,106,991,588	6,483,544
Stores held for capital expenditure	6.3	-	37,891,626
		<u>8,441,597,274</u>	<u>7,504,204,035</u>

6.1 Operating fixed assets

	2016									
	Leasehold Land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Office Equipment	Vehicles	Computers	Total		
Note	6.1.1	6.1.1	6.1.1							
Cost / revaluation as at 30 June 2015	742,452,760	1,449,841,341	6,118,459,513	17,644,236	15,466,222	12,579,495	27,692,523	8,384,136,090		
Additions	-	29,685,899	135,275,839	281,479	3,355,605	17,376,546*	5,613,280	191,588,648		
Disposals	(6,000,000)	-	-	-	-	(3,479,246)	-	(9,479,246)		
Transfers from capital stores	-	-	37,891,626	-	-	-	-	37,891,626		
Transfers between class of assets	-	(15,422,382)	-	3,688,337	8,853,946	3,076,089	(195,990)	-		
Cost / revaluation as at 30 June 2016	736,452,760	1,464,104,858	6,291,626,978	21,614,052	27,675,773	29,552,884	33,109,813	8,604,137,118		
Accumulated depreciation as at 30 June 2015	-	377,097,704	514,532,982	6,880,793	8,512,739	5,005,914	12,277,093	924,307,225		
Depreciation charge for the year	-	106,313,477	227,531,173	1,635,721	1,788,121	4,139,783	5,411,966	346,820,241		
Disposals	-	-	-	-	-	(1,596,034)	-	(1,596,034)		
Transfers between class of assets	-	(1,542,238)	-	368,834	885,395	307,608	(19,599)	-		
Accumulated depreciation as at 30 June 2016	-	481,868,943	742,064,155	8,885,348	11,186,255	7,857,271	17,669,460	1,269,531,432		
Book value as at 30 June 2016	736,452,760	982,235,915	5,549,562,823	12,728,704	16,489,518	21,695,613	15,440,353	7,334,605,686		
Annual rate of depreciation (%)	-	10	2 to 50 / units of production	10	10	20	30			

* Include assets costing Rs. 15.832 million under common ownership under Diminishing Musharaka arrangement.

	2015									
	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Office equipment	Vehicles	Crane	Computers	Total	Leased Plant and machinery
Note	6.1.1	6.1.1	6.1.1							
Cost / revaluation as at 30 June 2014	712,236,600	1,441,504,954	5,756,413,534	17,532,460	14,998,002	15,506,065	5,595,855	20,464,103	7,984,251,573	8,164,251,573
Additions	-	2,325,000	149,392,252	356,378	507,500	3,470,282*	-	13,120,149	169,171,561	169,171,561
Disposals	-	-	-	(244,602)	(39,280)	(6,396,852)	(5,595,855)	(5,891,729)	(18,168,318)	(18,168,318)
Transfers from CWIP	-	2,770,709	-	-	-	-	-	-	2,770,709	2,770,709
Transfers from capital stores	-	-	21,565,109	-	-	-	-	-	21,565,109	21,565,109
Transfers from leased assets	-	-	180,000,000	-	-	-	-	-	180,000,000	(180,000,000)
Revaluation surplus	30,216,160	3,240,678	11,088,618	-	-	-	-	-	44,545,456	-
Cost / revaluation as at 30 June 2015	742,452,760	1,449,841,341	6,118,459,513	17,644,236	15,466,222	12,579,495	-	27,692,523	8,384,136,090	-
Accumulated depreciation as at 30 June 2014	-	258,435,371	331,030,110	5,847,063	7,771,224	8,087,864	2,611,399	13,582,667	627,365,698	15,858,000
Depreciation charge for the year	-	118,662,333	167,644,872	1,189,500	765,728	390,140	279,793	3,749,353	292,681,719	-
Disposals	-	-	-	(155,770)	(24,213)	(3,472,090)	(2,891,192)	(5,054,927)	(11,598,192)	-
Transfer from leased assets	-	-	15,858,000	-	-	-	-	-	15,858,000	(15,858,000)
Accumulated depreciation as at 30 June 2015	-	377,097,704	514,532,982	6,880,793	8,512,739	5,005,914	-	12,277,093	924,307,225	-
Book value as at 30 June 2015	742,452,760	1,072,743,637	5,603,926,531	10,763,443	6,953,483	7,573,581	-	15,415,430	7,459,828,865	-
Annual rate of depreciation (%)	-	10	2 & 3	10	10	20	15	30	2 & 3	

* Include assets costing Rs. 1.059 million under common ownership under Diminishing Musharaka arrangement.

- 6.1.1** The Company carries its leasehold land, buildings on leasehold land, and plant and machinery on revalued amount. The latest revaluation was conducted on 30 June 2015. Had there been no revaluation, the book value of leasehold land, buildings on leasehold land and plant and machinery would have been Rs. 402.430 (2015: Rs. 403.207) million, Rs. 665.654 (2015: Rs. 707.236) million and Rs. 3,540.394 (2015: Rs. 3,519.410) million respectively and surplus on revaluation of fixed assets would have been lower by Rs. 2,659.863 (2015: Rs. 2,789.270) million.
- 6.1.2** During the year, a detailed physical verification exercise of fixed assets was carried out by an independent firm of Chartered Accountants. Based on this exercise, the accounting records were adjusted to bring it in line with this exercise. This has been accounted for through internal transfers of certain fixed assets at book value.
- 6.1.3** During the year, the Company has reviewed the useful economic life of plant and machinery and as a result, the rate of depreciation of plant and machinery (rolls at rolling mills) has been changed from 33 years (straight line method) to units of production method with effect from 01 July 2015. The revision has accounted for prospectively as a change in accounting estimate. Had the change in estimate not been made, the depreciation charge for the year would have been lower by Rs. 24,755,269/- and the book value of fixed assets and profit before tax would have been higher by the same amount.

	Note	2016 ----- (Rupees) -----	2015 -----
6.1.4 Depreciation charge for the year has been allocated as under:			
Cost of sales – production of bars	27.1	108,628,706	82,685,152
Cost of sales – production of billets	27.1.1	223,205,222	191,781,445
Distribution costs	28	4,781,636	5,715,288
Administrative expenses	29	10,204,677	12,499,834
		<u>346,820,241</u>	<u>292,681,719</u>

- 6.1.5** The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees)						
Leasehold land	6,000,000	-	6,000,000	3,000,000	(3,000,000)	Negotiation	Mr. Chaudary Muhammad Tayyab
Vehicles							
Suzuki Cultus	896,000	631,759	264,241	264,241	-	Employee	Mr. Saghir Rashdi
Suzuki Cultus	375,000	-	375,000	375,000	-	Employee	Mr. Wasim Ahmed
Toyota Corrola	139,900	-	139,900	139,900	-	Employee	Mr. Darayus Charna
Suzuki Mehran	110,108	-	110,108	110,108	-	Employee	Mr. Asif Majeed
Toyota Corrola	217,738	3,629	214,109	217,738	3,629	Employee	Mr. Noman Sajjad
Suzuki Bolan	64,000	-	64,000	450,000	386,000	Negotiation	Naseer Autos
Toyota Corolla	188,900	12,593	176,307	176,307	-	Employee	Mr. Fazal Ahmed (related party)
Suzuki Liana	1,179,000	850,616	328,384	645,000	316,616	Negotiation	Mr. Amir Saeed
Toyota Corrola	144,400	-	144,400	1,144,400	1,000,000	Negotiation	Mr. Mukhtar Shah
Suzuki Mehran	61,200	-	61,200	76,771	15,571	Employee	Mr. Sohail Akhter
Items having book value up to Rs. 50,000	103,000	97,437	5,563	19,000	13,437	Employee	Various
	<u>3,479,246</u>	<u>1,596,034</u>	<u>1,883,212</u>	<u>3,618,465</u>	<u>1,735,253</u>		
2016	9,479,246	1,596,034	7,883,212	6,618,465	(1,264,747)		
2015	11,992,707	6,363,282	5,629,425	8,988,536	3,359,111		

	Opening balance	Additions	Closing balance 2016	2015
	(Rupees)			
6.2 Capital work-in-progress				
Civil works	6,483,544	344,655,023	351,138,567	6,483,544
Plant and machinery	-	755,853,021	755,853,021	-
	<u>6,483,544</u>	<u>1,100,508,044</u>	<u>1,106,991,588</u>	<u>6,483,544</u>

	Note	2016 ----- (Rupees)	2015 -----
6.3 Stores held for capital expenditure			
Opening balance		37,891,626	39,611,814
Additions during the year		-	19,844,921
Transferred to operating assets		<u>(37,891,626)</u>	<u>(21,565,109)</u>
Closing balance		<u>-</u>	<u>37,891,626</u>

7. INTANGIBLE ASSETS

Computer software

Net carrying value

Balance at the beginning of the year	24,345,354	402,472
Additions during the year	7,735,954	24,757,990
Amortisation for the year	(5,338,396)	(738,064)
Written off	-	(77,044)
Balance at the end of the year	<u>26,742,912</u>	<u>24,345,354</u>

Gross carrying value

Cost	32,493,941	25,160,462
Accumulated amortization	(5,751,029)	(738,064)
Written off	-	(77,044)
Balance at the end of the year	<u>26,742,912</u>	<u>24,345,354</u>

	Years	
Useful life	<u>5</u>	<u>5</u>

8. LONG-TERM INVESTMENTS – held to maturity

Term Deposit Receipts			
Islamic bank	8.1	14,289,370	14,289,370
Conventional bank	8.2	1,000,000	1,000,000
		<u>15,289,370</u>	<u>15,289,370</u>

8.1 These are held with a Islamic bank as a lien for guarantee issued on behalf of the Company and carry profit rates ranging from 6.20% to 7.10% (2015: 7.33% to 8.00%) per annum having maturity upto 5 years

8.2 These carry profit rate of 6.22% (2015: 4%) per annum having maturity upto 5 years.

	Note	2016 ----- (Rupees) -----	2015 -----
9. LONG-TERM DEPOSITS			
Margin against guarantees		31,313,336	30,413,336
Utilities		74,124,666	74,124,666
Ijarah / Diminishing Musharika		23,847,374	24,028,723
Others		2,119,000	1,270,095
	9.1	<u>131,404,376</u>	<u>129,836,820</u>

9.1 Represent interest free deposits.

10. STOCK-IN-TRADE

Raw materials

· In hand	995,409,479	1,125,101,250
· In transit	387,211,408	107,277,278
	<u>1,382,620,887</u>	<u>1,232,378,528</u>

Work-in-process

1,128,669,547	231,780,314
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Finished goods

· Manufactured	797,160,524	810,692,852
· Trading	1,101,672,556	-
	<u>1,898,833,080</u>	<u>810,692,852</u>

<u>4,410,123,514</u>	<u>2,274,851,694</u>
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11. TRADE DEBTS – unsecured

Considered good	2,070,501,848	1,158,043,407
Considered doubtful	38,037,910	30,123,071
	<u>2,108,539,758</u>	<u>1,188,166,478</u>

Provision for doubtful debts	11.1	(38,037,910)	(30,123,071)
		<u>2,070,501,848</u>	<u>1,158,043,407</u>

11.1 Movement of provision for doubtful debts

Opening balance	30,123,071	46,138,435
Provision / (reversals) during the year	29	7,914,839
		<u>38,037,910</u>
Written-off during the year		-
Closing balance		<u>38,037,910</u>

11.2 The ageing of trade debts is as follows:

Past due but not impaired

	Total	Neither past due nor impaired	31-90 Days	91-180 Days	Over 180 Days
	----- (Rupees) -----				
2016	<u>2,070,501,848</u>	<u>1,157,591,100</u>	<u>695,962,825</u>	<u>156,543,205</u>	<u>60,404,718</u>
2015	<u>1,158,043,407</u>	<u>779,727,959</u>	<u>306,215,697</u>	<u>58,722,307</u>	<u>13,377,444</u>

	Note	2016 ----- (Rupees) -----	2015 -----
12. LOANS AND ADVANCES – unsecured, considered good			
Loans			
Executives		1,186,668	751,503
Employees		12,717,909	2,399,025
	12.1	13,904,577	3,150,528
Advances			
Suppliers		105,820,003	82,032,351
Employees		5,911,249	2,276,920
	12.2	111,731,252	84,309,271
		<u>125,635,829</u>	<u>87,459,799</u>

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

12.2 Represent interest free advances.

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Deposits

Security deposits		28,437,208	23,025,000
Surety deposit	25.5	12,750,000	12,750,000
Margins against letters of credit		6,551,225	9,326,177
Margins against letters of guarantee		-	1,516,250

13.1 47,738,433 46,617,427

Prepayments

1,148,408 2,065,397

48,886,841 48,682,824

13.1 Represent interest free deposits.

14. OTHER RECEIVABLES

Sales tax refundable	426,893,472	333,202,992
Others	1,093,997	258,371
	<u>427,987,469</u>	<u>333,461,363</u>

15. SHORT-TERM INVESTMENTS – held to maturity

Term Deposit Receipts – Islamic bank	<u>300,000,000</u>	-
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15.1 These carry profit rate of 7.10% per annum having maturity in September 2016.

	Note	2016 ----- (Rupees) -----	2015 -----
16. CASH AND BANK BALANCES			
Bank balances			
Islamic banks			
Current accounts		8,709,040	5,370,269
Saving accounts	16.1	507,453	42,346
		<u>9,216,493</u>	<u>5,412,615</u>
Conventional banks			
Current accounts		41,557,360	57,969,123
Saving accounts	16.2	10,582,594	4,339,191
		<u>52,139,954</u>	<u>62,308,314</u>
		<u>61,356,447</u>	<u>67,720,929</u>
Cash in hand		19,767,896	12,001,423
		<u>81,124,343</u>	<u>79,722,352</u>

16.1 These carry profit rates ranging from 3% to 4% (2015: 3% to 4%) per annum.

16.2 These carry interest rates ranging from 4% to 6% (2015: 4% to 8%) per annum.

17. SHARE CAPITAL

17.1 Authorized capital

Number of shares		----- (In Rupees) -----	
2016	2015	2016	2015
420,000,000	420,000,000	Ordinary shares of Rs. 10/- each	4,200,000,000
		Cumulative preference shares of Rs. 10/- each	4,200,000,000
80,000,000	80,000,000		800,000,000
<u>500,000,000</u>	<u>500,000,000</u>	<u>5,000,000,000</u>	<u>5,000,000,000</u>

17.2 Issued, subscribed and paid-up capital

Ordinary shares of Rs. 10/- each

263,883,930	189,631,073	Issued for cash	17.2.1	2,638,839,300	1,896,310,730
		Issued for consideration			
33,127,497	33,127,497	other than cash		331,274,970	331,274,970
<u>297,011,427</u>	<u>222,758,570</u>			<u>2,970,114,270</u>	<u>2,227,585,700</u>

17.2.1

189,631,073	189,631,073	Opening balance	1,896,310,730	1,896,310,730
74,252,857	-	Shares issued during the year	742,528,570	-
<u>263,883,930</u>	<u>189,631,073</u>		<u>2,638,839,300</u>	<u>1,896,310,730</u>

	Note	2016 ----- (Rupees) -----	2015 -----
18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT – net of deferred tax			
Opening balance		2,789,269,810	2,849,957,563
Surplus for the year		-	44,545,456
Adjustment on disposal of property, plant and equipment		(5,222,900)	-
Transfer to unappropriated profit in respect of incremental depreciation charged during the year		(124,184,328)	(105,233,209)
		<u>2,659,862,582</u>	<u>2,789,269,810</u>
Related deferred tax liability			
Opening balance		(870,397,909)	(890,424,869)
Surplus for the year		-	(14,700,000)
Disposal		1,619,099	-
Incremental depreciation charged during the year		38,497,142	34,726,960
		<u>(830,281,668)</u>	<u>(870,397,909)</u>
		<u>1,829,580,914</u>	<u>1,918,871,901</u>
Breakup of revaluation surplus net of deferred tax as at 30 June 2016 is as follows:			
Leasehold land		325,670,383	329,274,183
Buildings on leasehold land		211,583,174	236,852,269
Plant and machinery		1,292,327,357	1,352,745,449
		<u>1,829,580,914</u>	<u>1,918,871,901</u>

19. LONG-TERM FINANCING – secured

		2016			2015		
	Note	Total	Current (Rupees)	Long-Term	Total	Current (Rupees)	Long-Term
Islamic banks							
Diminishing Musharika	19.1	313,369,137	104,052,725	209,316,412	601,039,144	150,238,275	450,800,869
Sukuk	19.2	167,200,000	167,200,000	-	501,600,000	334,400,000	167,200,000
		<u>480,569,137</u>	<u>271,252,725</u>	<u>209,316,412</u>	<u>1,102,639,144</u>	<u>484,638,275</u>	<u>618,000,869</u>
Conventional banks							
Term finance facilities	19.3	527,541,676	212,333,333	315,208,342	835,307,567	303,122,156	532,185,411
Foreign currency loan		-	-	-	164,329,998	164,329,998	-
		<u>527,541,676</u>	<u>212,333,333</u>	<u>315,208,342</u>	<u>999,637,565</u>	<u>467,452,154</u>	<u>532,185,411</u>
Total		<u>1,008,110,813</u>	<u>483,586,058</u>	<u>524,524,754</u>	<u>2,102,276,709</u>	<u>952,090,429</u>	<u>1,150,186,280</u>

19.1 Represent Diminishing Musharaka facilities obtained from Islamic banks. These facilities are repayable in equal monthly / quarterly / semi-annual installments over a period of 4 years. These carry markup rate of 6 months KIBOR + 1.75% to 6 months KIBOR + 2% per annum (2015: 6 months KIBOR + 1.75% to 6 months KIBOR + 2% per annum). These facilities are secured by first pari passu hypothecation charge on present and future fixed assets of the Company.

19.2 Represent Sukuk Bonds issued by Islamic Banks. The units are to be purchased during a period of 7 years' time including 2 years grace period which is allowed from the date of first drawn i.e. December 2009, 24% of the units will be purchased during the period of three years starting after the expiry of grace period and the remaining units will be purchased in sixth and seventh year in 8 equal quarterly installments. These carry profit rate of 3 months KIBOR + 2.5% per annum (2015: 3 months KIBOR + 2.5% per annum). These are secured by

proportionate and ownership through first pari passu charge on all the present and future assets of the Company with 25% margin.

- 19.3** Represent term finance facilities obtained from commercial banks. These facilities are repayable in 6 to 8 equal semi-annual installments latest by 2019. These carry mark-up rate ranging from 6 months KIBOR + 1.75% to 6 months KIBOR + 2.65% per annum (2015: 6 months KIBOR + 1.75% to 6 months KIBOR + 2.65% per annum) payable semi-annually. These facilities are secured by way of first equitable mortgage over land and building, first pari passu charge on all present and future fixed assets of Company with 25% margin over the facility amount and personal guarantees of all the directors of the Company.

20. DEFERRED TAXATION

	Note	2016 ----- (Rupees) -----	2015 -----
Represents tax effects of temporary differences relating to:			
Accelerated tax depreciation / amortization		804,280,952	918,372,091
Surplus on revaluation of property, plant and equipment		830,281,668	870,397,909
Provisions		(34,166,386)	(32,103,607)
Others		-	(11,035,481)
Unused tax losses		-	(327,399,403)
Unused tax credits	20.1	(460,980,807)	(488,330,329)
		<u>1,139,415,427</u>	<u>929,901,180</u>

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

21. DEFERRED LIABILITY

Staff gratuity	21.1	<u>72,176,237</u>	<u>67,160,595</u>
21.1 Amount recognised in balance sheet			
Opening balance		67,160,595	46,421,041
Charge for the year		17,755,345	14,497,734
Recognised in other comprehensive income		(5,664,808)	7,514,867
Benefits paid		(7,074,895)	(1,273,047)
Closing balance		<u>72,176,237</u>	<u>67,160,595</u>
21.2 Expense recognised in profit and loss			
Current service cost		10,693,809	8,431,285
Past service cost		858,279	-
Interest cost		6,203,257	6,066,449
		<u>17,755,345</u>	<u>14,497,734</u>

21.3 Historical information for defined benefit plans

	2016	2015	2014	2013	2012
	----- (Rupees) -----				
Present value of defined benefit obligation	<u>72,176,237</u>	<u>67,160,595</u>	<u>46,421,041</u>	<u>40,629,917</u>	<u>25,224,226</u>
Experience adjustment on plan liabilities	<u>(5,664,808)</u>	<u>7,514,867</u>	<u>(3,138,703)</u>	<u>9,286,508</u>	<u>(1,191,406)</u>

21.4 Principal actuarial assumptions

	2016	2015
Expected rate of increase in salary level	6.25%	8.75%
Valuation discount rate	7.25%	9.75%
Average expected remaining working life of employees	8 years	8 years

	Note	2016 ----- (Rupees) -----	2015 -----
21.5	Charge for the year has been allocated as follows:		
Cost of sales – production of bars	27.1.2	3,225,370	3,274,183
Cost of sales – production of billets	27.1.1.1	7,580,342	6,132,785
Distribution costs	28.1	2,133,572	1,802,225
Administrative expenses	29.1	4,816,061	3,288,541
		<u>17,755,345</u>	<u>14,497,734</u>

21.6 Balance sheet date sensitivity analysis (+/- 100 bps) on present value of defined benefit obligation

	2016			
	Discount rate		Salary increase	
	+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
	----- (Rupees) -----			
Present value of defined benefit obligation	66,681,758	78,635,371	78,744,300	66,488,065

	Note	2016 ----- (Rupees) -----	2015 -----
22. TRADE AND OTHER PAYABLES			
Creditors		132,023,646	76,155,915
Murabaha	22.1	444,902,750	442,058,024
Accrued liabilities		217,546,437	113,230,506
Advances from customers		120,310,463	260,476,372
Ijarah rentals payable		1,124,728	1,124,728
Workers' Profits Participation Fund	22.2	94,109,268	68,174,227
Workers' welfare fund		64,786,921	25,906,206
Withholding tax payable		6,130,588	2,263,859
		<u>1,080,934,801</u>	<u>989,389,837</u>

22.1 Represent Murabaha facilities amounting to Rs. 1,900 (2015: Rs. 1,300) million obtained from Islamic banks for purchase of raw material. These carry profit at the rates ranging from 6 months KIBOR + 1.0% to 6 months KIBOR + 1.5% (2015: 6 months KIBOR + 1.5% to 6 months KIBOR + 1.75%) per annum. These are secured by way of pledge of raw materials.

	Note	2016 ----- (Rupees) -----	2015 -----
22.2 Workers' Profits Participation Fund			
Balance at the beginning of the year		68,174,227	20,406,229
Mark-up on funds utilized in the Company's business	32	3,014,515	1,582,327
		71,188,742	21,988,556
Allocation for the year	30	94,109,268	68,174,227
		165,298,010	90,162,783
Paid during the year		(71,188,742)	(21,988,556)
		94,109,268	68,174,227

23. INTEREST / MARK-UP ACCRUED

Islamic banks

Long-term financing	1,268,390	4,495,484
Short-term borrowings	20,708,049	17,540,245
	21,976,439	22,035,729

Conventional banks

Long-term financing	11,737,912	21,184,795
Short-term borrowings	14,507,514	39,494,250
	26,245,426	60,679,045
	48,221,865	82,714,774

24. SHORT-TERM BORROWINGS – secured

Islamic banks

Cash finance	24.1	500,080,000	150,112,125
Finance against trust receipts	24.2	372,865,752	155,074,379
		872,945,752	305,186,504

Conventional banks

Cash finance	24.1	329,987,940	130,204,110
Finance against trust receipts	24.2	552,415,794	580,289,651
Running finance	24.3	771,021,599	253,529,569
Demand finance	24.4	200,000,000	199,909,676
Finance against import merchandise		-	742,674,093
		1,853,425,333	1,906,607,099

	24.5	2,726,371,085	2,211,793,603
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- 24.1** Represent working capital facilities availed from various banks carrying markup ranging from 1 month KIBOR + 0.75% to 6 month KIBOR + 1.00% per annum (2015: 1 month KIBOR + 1.75% to 6 month KIBOR + 1.75% per annum). These facilities are secured by hypothecation charge over fixed and current assets of the Company and by pledge over raw material.
- 24.2** Represent working capital facilities availed from various banks carrying markup ranging from 1 month KIBOR + 0.75% to 6 months KIBOR + 1.25% per annum (2015: 3 months KIBOR + 1.25% to 6 months KIBOR + 1.75% per annum). These facilities are secured by hypothecation charge over fixed and current assets of the Company.
- 24.3** Represent working capital facility availed from various banks carrying markup ranges from 1 month KIBOR + 0.75% to 3 month KIBOR + 1.50% per annum (2015: 1 month KIBOR + 1.50% to 3 months KIBOR + 1.75% per annum). These facilities are secured by hypothecation charge over fixed and current assets of the Company.

- 24.4** This carries markup at the rate of 1 month KIBOR + 1.25% per annum (2015: 1 month KIBOR + 1.50% per annum) payable on maturity. The facility is secured by charge over present and future trade debts, mortgage charge over Company's property and lien on TDR.
- 24.5** As of the balance sheet date, the Company has unutilized facilities for short term borrowings amounting to Rs. 1,439.699 million (2015: Rs. 494.813 million) obtained from Islamic banks and Rs. 2,866.804 million (2015: 1,897.961 million) obtained from Conventional banks.

25. CONTINGENCIES AND COMMITMENTS

Contingencies

- 25.1** During the year ended 30 June 2015, the Government of Pakistan promulgated Gas Infrastructure Development Cess (GIDC) Act, 2015 and levied GIDC on gas bills at the rate of Rs.100 / MMBTU on all industrial consumers. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. However, the Company filed a suit before the Honourable High Court of Sindh (the Court), challenging the vires of GIDC Act, 2015 and seeking refund of the entire amount paid under GIDC Act, 2011. The Court passed an order restraining the Sui Southern Gas Company Limited from demanding and collecting GIDC as levied by the GIDC Act, 2015. The financial exposure of the Company upto 30 June 2016 is Rs.119.176 million. In view of the advice of legal counsel, the Company is confident of a favourable outcome and accordingly, no provision has been made in these financial statements.
- 25.2** During the current year, the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers' Unit (LTU), Karachi passed an Order against the Company, concluding that the Company has violated the provisions of Rule 58H of Chapter XI of the Sales Tax Special Procedure Rules, 2007 and raised an alleged demand of Rs.2,013.620 million for the tax periods July 2013 to December 2014. The Company approached the Chief Automation and Sales Tax, Federal Board of Revenue (FBR), Islamabad, who directed the Chief Commissioner Inland Revenue, LTU Karachi that no recovery action shall be taken against the Company till the subject matter is decided by the Commissioner Inland Revenue (Appeals) or until any other directive is issued by the FBR. The Company is currently contesting the said Order at the Appellate Tribunal Inland Revenue. The management, based on a legal advice, is confident that the eventual outcome will be in favor of the Company. Accordingly, no provision has been made in this respect in these financial statements.
- 25.3** During the current year, the DCIR, LTU issued another notice for alleged non-charging of further tax on the supplies made to unregistered persons and raised an alleged demand of Rs.166.934 million for the tax periods July 2013 to June 2015. However, the Company filed a law suit in the Court which issued an interim order restraining any coercive action to be taken against the Company. The suit is currently pending adjudication. The management, based on a legal advice, is confident that the eventual outcome will be in favor of the Company. Accordingly, no provision has been made in this respect in these financial statements.
- 25.4** During the current year, the FBR issued Sales Tax General Order (STGO) No.18 of 2016, whereby the existing procedure for payment and claiming input adjustment of sales tax was amended. Before the said STGO, sales tax was being paid by the Company on the basis of Rule 58(H) of the Sales Tax Special Procedures Rules, 2007 of the Sales Tax Act, 1990 read with STGO No.01/2013. The Company has filed a suit before the Court challenging STGO No.18 of 2016 restraining the tax department to calculate the sales tax liability on the basis of the STGO and requesting continuation of the existing procedure of payment and adjustment of input sales tax. The Court granted stay against the said STGO with the direction that impugned STGO shall remain suspended and the Company shall be entitled for claiming input adjustment of the sales tax on the basis of existing STGO. The financial exposure of the Company upto 30 June 2016 is Rs.162.000 million. The management, based on a legal advice, is confident that the outcome will be in favor of the Company. Accordingly, no provision has been made in these financial statements.

- 25.5** As disclosed in note 13, the Company has paid surety deposit to Pakistan Steels Mills Corporation (Private) Limited (PASMIC) in connection with case filed by the Federal Investigation Agency against the Company alleging undue advantage taken by the Company under a scheme of PASMIC. The Court vide its order dated 19 April 2010 has directed PASMIC to invest the money in Government's profit bearing securities on behalf of the Company. The management, based on legal advice, is confident for a favorable outcome in this respect. Accordingly, no provision has been made in this respect in these financial statements.

	2016 ----- (Rupees)	2015 -----
Commitments		
25.6 Outstanding letters of credit – Islamic banks	<u>61,702,743</u>	<u>216,099,521</u>
Outstanding letters of credit – Conventional banks	<u>2,227,349,436</u>	<u>318,443,535</u>
Outstanding letters of guarantee – Islamic banks	<u>34,711,370</u>	<u>34,711,370</u>
Outstanding letters of guarantee – Conventional banks	<u>16,929,086</u>	<u>13,929,086</u>

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

	2016 ----- (Rupees)	2015 -----
Not later than one year	<u>36,459,186</u>	<u>43,438,743</u>
Later than one year but not later than five years	<u>66,772,067</u>	<u>101,886,678</u>

26. SALES – net

Local

Manufactured goods	11,484,044,433	14,388,651,959
Trading stock	<u>1,048,238,784</u>	<u>-</u>
	<u>12,532,283,217</u>	<u>14,388,651,959</u>

Less: sales tax

Trading stock	152,050,248	-
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Less: trade discounts

Manufactured goods	9,302,030	1,340,549
	<u>12,370,930,939</u>	<u>14,387,311,410</u>

Export sales	29,260,410	26,349,995
	<u>12,400,191,349</u>	<u>14,413,661,405</u>

			2016	2015
	Note		-----	-----
		(Rupees)		
27. COST OF SALES				
Manufactured goods	27.1	8,833,327,109	11,920,176,143	
Trading stock	27.2	774,909,113	-	
		<u>9,608,236,222</u>	<u>11,920,176,143</u>	
27.1 Cost of sales – manufactured goods				
Opening stock – work in progress	10	231,780,314	180,706,149	
Cost of billets manufactured internally	27.1.1	8,407,340,576	10,557,277,513	
Purchases		381,709,754	420,021,238	
Closing stock – work in progress	10	(1,128,669,547)	(231,780,314)	
		<u>7,892,161,097</u>	<u>10,926,224,586</u>	
Manufacturing overheads				
Stores and spares consumed		112,701,698	55,923,886	
Salaries, wages and other benefits	27.1.2	88,096,875	80,136,623	
Fuel, power and water		538,733,962	555,965,859	
Depreciation	6.1.4	108,628,706	82,685,152	
Ijarah rentals		23,955,943	20,214,269	
Repairs and maintenance		51,732,782	56,295,694	
Cartage		6,647,976	1,225,006	
Insurance		3,612,040	3,047,827	
Rent, rates and taxes		25,335	599,603	
Others		3,690,033	2,018,676	
		<u>937,825,350</u>	<u>858,112,595</u>	
Cost of goods manufactured		8,829,986,447	11,784,337,181	
Cost of bars used for own use		(10,191,666)	-	
		<u>8,819,794,781</u>	<u>11,784,337,181</u>	
Finished goods				
Opening stock	10	810,692,852	946,531,814	
Closing stock	10	(797,160,524)	(810,692,852)	
		<u>13,532,328</u>	<u>135,838,962</u>	
		<u>8,833,327,109</u>	<u>11,920,176,143</u>	
			2016	2015
	Note		-----	-----
		(Rupees)		
27.1.1 Cost of billets manufactured internally				
Raw material consumed				
Opening stock	10	1,125,101,250	318,275,969	
Purchases		4,987,973,175	8,072,572,679	
		<u>6,113,074,425</u>	<u>8,390,848,648</u>	
Closing stock	10	(995,409,479)	(1,125,101,250)	
		<u>5,117,664,946</u>	<u>7,265,747,398</u>	
Manufacturing overheads				
Stores and spares consumed		472,826,897	525,547,803	
Salaries, wages and other benefits	27.1.1.1	154,907,814	138,003,604	
Depreciation	6.1.4	223,205,222	191,781,445	
Fuel and power		2,363,456,790	2,360,973,735	
Ijarah rentals		9,792,132	4,287,093	
Cartage		31,496,693	23,221,375	
Repairs and maintenance		4,735,088	22,129,149	
Rent, rates and taxes		724,999	585,309	
Insurance		4,902,574	2,982,643	
Conveyance and travelling		12,134,685	11,588,909	
Entertainment expenses		5,266,372	6,568,694	
Vehicle running expense		3,714,974	2,561,948	
Others		2,511,390	1,298,408	
		<u>3,289,675,630</u>	<u>3,291,530,115</u>	
		<u>8,407,340,576</u>	<u>10,557,277,513</u>	

27.1.1.1 Includes Rs. 7.580 million (2015: Rs. 6.143 million) in respect of staff retirement benefits.

27.1.2 Includes Rs. 3.225 million (2015: Rs. 3.191 million) in respect of staff retirement benefits.

	Note	2016 ----- (Rupees) -----	2015 -----
27.2 Cost of sales – trading			
Purchases		1,890,198,053	-
Closing stock	10	(1,101,672,556)	-
		<u>788,525,497</u>	-
Cost of bars used for own use		(13,616,384)	-
		<u>774,909,113</u>	-

	Note	2016 ----- (Rupees) -----	2015 -----
28. DISTRIBUTION COSTS			
Salaries, allowances and other benefits	28.1	45,758,979	34,149,027
Carriage and transport		222,490,271	170,599,596
Advertisement and sales promotion		32,792,051	26,964,235
Depreciation	6.1.4	4,781,636	5,715,288
Utilities		4,253,880	2,757,762
Bundling and special order charges		15,496,178	27,880,079
Rent, rates and taxes		5,746,304	1,119,700
Testing charges and others		10,006,614	11,815,294
		<u>341,325,913</u>	<u>281,000,981</u>

28.1 Includes Rs. 2.134 million (2015: Rs. 1.802 million) in respect of staff retirement benefits.

29. ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	29.1	107,056,685	89,298,456
Depreciation	6.1.4	10,204,677	12,499,834
Amortisation		5,338,396	738,064
Intangibles written off		-	77,044
Travelling and conveyance		5,613,347	8,715,746
Legal and professional charges		27,697,136	18,697,488
Provision for doubtful debts	11.1	7,914,839	-
Sales tax refundable – written off		-	21,681,814
Vehicles running expenses		5,073,199	7,895,718
Entertainment		3,651,780	2,774,174
Security guard expenses		10,424,833	12,247,398
Insurance		2,221,094	2,087,033
Computer consumables		12,275,714	6,810,775
Rent, rates and taxes		1,060,861	1,764,286
Communication charges		3,597,077	1,718,413
Printing and stationery		732,325	1,808,496
Utilities		3,503,500	2,256,351
Auditors' remuneration	29.2	2,067,500	2,500,000
Repairs and maintenance		2,680,533	205,138
Ijarah rentals		2,342,949	6,929,606
Others		2,826,791	7,439,478
		<u>216,283,236</u>	<u>208,145,312</u>

29.1 Includes Rs. 4.816 million (2015: Rs. 3.288 million) in respect of staff retirement benefits.

	Note	2016 ----- (Rupees) -----	2015 -----
29.2 Auditors' remuneration			
Audit fee		1,350,000	1,250,000
Review of half yearly financial statements, compliance with code of corporate governance and other services		480,000	1,250,000
Out of pocket expenses		237,500	-
		<u>2,067,500</u>	<u>2,500,000</u>

30. OTHER EXPENSES

Workers' Profits Participation Fund		94,109,268	68,174,227
Workers' Welfare Fund		38,880,715	25,906,206
Loss on disposal of property, plant and equipment - net		1,264,747	-
Donations	30.1	<u>30,760,238</u>	<u>5,484,707</u>
		<u>165,014,968</u>	<u>99,565,140</u>

30.1

Includes donation amounting to Rs. 22.500 million (2015: Nil) to Hunar Foundation, Karachi – a related party. Mr. Abbas Akberali the Chief Executive of the Company is one of the founding members of the Foundation

31. OTHER INCOME

Income from financial assets

Islamic banks			
- Profit on saving accounts		7,055	9,802
- Profit on TDRs		11,367,179	1,227,848
		<u>11,374,234</u>	<u>1,237,650</u>

Conventional banks

- Profit on saving accounts	392,565	389,260
- Profit on TDRs	2,525,184	38,466
	<u>2,917,749</u>	<u>427,726</u>
	<u>14,291,983</u>	<u>1,665,376</u>

Income from non-financial assets

Gain on disposal of property, plant and equipment - net	-	3,359,111
Reversal of provision of doubtful debts	-	14,660,612
Scrap sales	1,106,767	418,283
Liability no longer payable-written back	-	9,690,673
Recovery of bad debts	-	5,000,000
	<u>1,106,767</u>	<u>33,128,679</u>
	<u>15,398,750</u>	<u>34,794,055</u>

	Note	2016 ----- (Rupees) -----	2015 -----
32. FINANCE COSTS			
Markup / interest			
Islamic banks			
Long-term financing		72,414,403	149,078,162
Short-term borrowings		12,261,630	55,784,645
Murabaha		36,476,111	59,248,914
		<u>121,152,144</u>	<u>264,111,721</u>
Conventional banks			
Long-term financing		67,807,150	114,073,729
Short-term borrowings		128,020,762	250,805,710
Finance lease		-	1,339,631
		<u>195,827,912</u>	<u>366,219,070</u>
		<u>316,980,056</u>	<u>630,330,791</u>
Interest on Worker's Profit Participation Fund		3,014,515	1,582,327
Loss on cash flow hedge		6,281,009	836,092
Bank charges		3,851,535	16,949,763
Exchange loss		5,407,274	18,031,337
		<u>335,534,389</u>	<u>667,730,310</u>

33. TAXATION

Current tax			
for the year	33.1	262,396,494	188,195,308
for prior years		291,694	(22,933,934)
		<u>262,688,188</u>	<u>165,261,374</u>
Deferred tax		207,758,155	95,392,469
		<u>470,446,343</u>	<u>260,653,843</u>

33.1 The return of income for the tax year 2015 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.

	2016 (Rupees)
33.2 Reconciliation between tax expense and accounting profit	
Accounting profit before taxation	<u>1,749,195,371</u>
Tax at applicable tax rate of 32%	<u>559,742,519</u>
Super tax	<u>54,358,805</u>
	<u>614,101,324</u>
Tax effects of:	
Prior year tax	291,694
Tax credits	(89,419,584)
Expenses that are admissible in determining taxable income – net	(29,603,825)
Applying lower tax rates to certain income	(7,770,241)
Tax rate adjustment	(17,153,025)
	<u>470,446,343</u>

As the Company was subject to Alternative Corporate Tax (ACT) for the previous year, therefore, no numerical tax reconciliation was prepared.

	2016 ----- (Rupees) -----	2015 ----- (Rupees) -----
34. BASIC AND DILUTED EARNINGS PER SHARE		
Net profit for the year	<u>1,278,749,028</u>	<u>1,011,183,731</u>
	Number of shares	
Weighted average number of ordinary shares of Rs. 10/- each	<u>266,072,737</u>	<u>222,758,570</u>
	----- (Rupees) -----	
Basic and diluted earnings per share	<u>4.81</u>	<u>4.54</u>

35. CASH AND CASH EQUIVALENTS

Short-term investments	15	300,000,000	-
Cash and bank balances	16	81,124,343	79,722,352
		<u>381,124,343</u>	<u>79,722,352</u>

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016			
	Chief Executive	Director	Executives	Total
	----- (Rupees) -----			
Managerial remuneration	4,626,000	2,865,000	41,221,268	48,712,268
Housing allowance	2,081,700	1,289,250	18,464,343	21,835,293
Utilities & conveyance	462,600	286,500	14,187,130	14,936,230
Medical	462,600	286,500	4,864,930	5,614,030
Bonus	-	-	3,037,579	3,037,579
Others	767,100	396,750	14,401,528	15,565,378
	<u>8,400,000</u>	<u>5,124,000</u>	<u>96,176,778</u>	<u>109,700,778</u>
Number	<u>1</u>	<u>1</u>	<u>41</u>	<u>43</u>
	2015			
	Chief Executive	Directors	Executives	Total
	----- (Rupees) -----			
Managerial remuneration	4,026,000	3,401,024	37,726,292	45,153,316
Housing allowance	1,811,700	1,527,234	16,945,362	20,284,296
Utilities & conveyance	402,600	339,691	12,704,716	13,447,007
Medical	402,600	515,878	4,611,026	5,529,504
Bonus	-	-	3,015,085	3,015,085
Others	785,100	1,127,423	10,951,951	12,864,474
	<u>7,428,000</u>	<u>6,911,250</u>	<u>85,954,432</u>	<u>100,293,682</u>
Number	<u>1</u>	<u>2</u>	<u>37</u>	<u>40</u>

36.1 In addition, the Chief Executive and Director are provided with free use of Company maintained cars and club memberships with certain reimbursements pertaining to business purposes.

36.2 The aggregate amount paid to the five Non-Executive Directors as a fee for attending the meetings is Rs.2,750,000 (2015: Nil).

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

37.1 Market risk

37.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company interest rate risk arises from long-term financing, short-term borrowings, murabaha and investments carrying floating rates. Change in benchmark interest rate by 1% may have a positive or negative impact of approximately Rs.38.539 (2015: Rs.11.395) million in profit and loss account before taxation. The analysis is made based on the assumption that all other variables remain constant.

37.1.2 Foreign currency risk

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

37.1.3 Commodity risk

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

37.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

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:

	2016 ----- (Rupees) -----	2015 -----
Investments	315,289,370	15,289,370
Trade debts	2,070,501,848	1,158,043,407
Loans and advances	125,635,829	87,459,799
Deposits	6,551,225	9,326,177
Other receivables	427,987,469	333,461,363
Bank balances	61,356,447	67,720,929
	<u>3,007,322,188</u>	<u>1,671,301,045</u>

37.2.1 Credit quality of financial assets

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

	2016 ----- (Rupees) -----	2015 -----
Trade debts		
Customers with no defaults in the past one year	1,157,591,100	765,067,347
Customers with some defaults in past one year which have been fully recovered	-	14,660,612
	<u>1,157,591,100</u>	<u>779,727,959</u>
Bank balances		
Ratings		
A1+	31,826,535	39,875,192
A-1+	6,597,163	18,094,274
A1	11,209,532	4,642,680
A-1	9,884,532	2,509,789
A-2	1,838,685	2,598,994
	<u>61,356,447</u>	<u>67,720,929</u>
Investments		
Ratings		
A-1+	1,000,000	1,000,000
A1	314,289,370	14,289,370
	<u>315,289,370</u>	<u>15,289,370</u>

37.3 Liquidity risk

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

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

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

2015	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	Total
	(Rupees)				
Long-term financing	-	213,626,494	738,463,935	1,150,186,280	2,102,276,709
Trade and other payables	-	893,045,545	-	-	893,045,545
Accrued mark-up	-	77,802,556	4,912,217	-	82,714,773
Short-term borrowings	-	1,821,654,714	390,138,889	-	2,211,793,603
Other financial liabilities	-	-	7,909,428	-	7,909,428
	-	3,006,129,309	1,141,424,469	1,150,186,280	5,297,740,058

37.4 Capital risk management

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

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

Gearing ratio

	2016 (Rupees)	2015
Long-term financing	1,008,110,813	2,102,276,709
Other financial liabilities	-	7,909,428
Trade and other payables	1,080,934,801	989,389,837
Accrued mark-up	48,221,865	82,714,774
Short-term borrowings	2,726,371,085	2,211,793,603
Total debt	4,863,638,564	5,394,084,351
Cash and cash equivalents	(381,124,342)	(79,722,352)
Net debt	4,482,514,222	5,314,361,999
Share capital	2,970,114,270	2,227,585,700
Reserves	5,890,507,263	1,724,698,161
Surplus on revaluation of property, plant and equipment	1,829,580,914	1,918,871,901
Total equity	10,690,202,447	5,871,155,762
Equity and net debt	15,172,716,669	11,185,517,761

Gearing ratio

Including surplus on revaluation of property, plant and equipment	30%	48%
Excluding surplus on revaluation of property, plant and equipment	34%	57%

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintaining an appropriated mix between various sources of finance to minimize risk.

37.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transactions. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

38. TRANSACTIONS WITH RELATED PARTIES

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

	2016 ----- (M.T.) -----	2015 ----- (M.T.) -----
39. PLANT CAPACITY AND ACTUAL PRODUCTION		
39.1 Billets		
Plant capacity – estimated	<u>200,000</u>	<u>200,000</u>
Actual production	<u>168,852</u>	<u>173,738</u>
39.2 Bars		
Plant capacity – estimated	<u>180,000</u>	<u>180,000</u>
Actual production	<u>148,988</u>	<u>169,411</u>
39.3	During the year, the capacity utilization at the two plants of the Company namely “Rolling Mill” and “Steel Melt Shop” recorded a decrease from 94% to 83% and from 87% to 84% respectively. The reason for lower capacity utilization is because of uncertainty in the market due to import of re-bars.	

40. NUMBER OF EMPLOYEES

Total number of employees at year end are 351 (2015: 317) and average number of employees during the year were 347 (2015: 308).

41. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 09, 2016 by the Board of Directors of the Company.

42. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

- 42.1** The Board of Directors in its meeting held on September 09, 2016 has recommended a final cash dividend Rs. 2.00 per share @ 20% amounting to Rs. 594,022,854 on the existing paid-up value of the ordinary share capital for approval of shareholders in the Annual General Meeting.

- 42.2** The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid up capital. However, this tax shall not be applied in case of a public company which distributes cash dividend equal to 40% of its after tax profits or 50% of its paid up capital, whichever is less, within the prescribed time after the end of the relevant tax year.

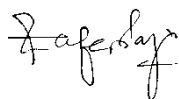
Based on the fact the Board of Directors of the Company has proposed 20% dividend for the financial and tax year 2016 which exceeds the prescribed minimum dividend requirement as aforesaid, the Company believes that it would not eventually be liable to pay tax on its undistributed reserves as of 30 June 2016.

43. CORRESPONDING FIGURES

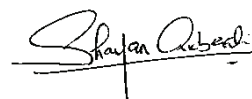
There were no reclassifications that could affect the financial statement materially.

44. GENERAL

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



Zafar Ahmed Taji
Director



Shayan Akberali
Director

Investors' Education

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

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Proxy Form

**Proxy Form
Amreli Steels Limit
32nd Annual General Meeting**

I, _____ S/O / D/O: _____,
holder of CNIC No. _____
Resident of _____, being member of Amreli Steels Limited,
holding _____ ordinary shares as per Registered Folio/ CDS Account No. _____
hereby appoint Mr. /Ms. _____, resident of _____
member of the Company Registered Folio / CDS Account No. _____ or failing him/her
Mr./Ms. _____ resident
of _____ who is also a member of the
Company Registered Folio / CDS Account No. _____, as my / our proxy to attend, act
and vote for me/ us and on my / our behalf at the 32nd Annual General Meeting (AGM) of the Company
to be held on Tuesday, October 25, 2016 at 09:00 am PST at Institute of Chartered Accountants of Pakistan
(ICAP), Chartered Accountants Avenue, Clifton, Karachi and any adjournment thereof.

As witness my / our hand / seal this _____ day of _____, 2016.

Signed by _____ in the presence
of;

Witness:

1. Name:

Signature _____

Address: _____

CNIC or Passport No.: _____

2. Name:

Signature _____

Address: _____

CNIC or Passport No.: _____

Note:

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

The Company Secretary

Amreli Steels Limited

A-18, S.I.T.E., Karachi, Pakistan

UAN: 021-111-267-354

Tel: 021-32587232-9

**AFFIX
POSTAGE**

پراکسی فارم

امریلی اسٹیلز لمیٹڈ

بتیسواں سالانہ اجلاس عام

میں _____ ولد _____
 شناختی کارڈ نمبر _____ رہائشی _____
 بطور / بحیثیت امریلی اسٹیلز لمیٹڈ، _____ عمومی شیئرز رجسٹرڈ فولیو / سی ڈی ایس اکاؤنٹ نمبر _____
 کے تحت رکھتا ہوں اور میں اس طرح سے محترم / محترمہ _____ رہائشی _____
 ممبر آف دی کمپنی رجسٹرڈ فولیو / سی ڈی ایس اکاؤنٹ نمبر _____ کو میں اپنا / ہمارا پراکسی مقرر کرتا ہوں جس کے لئے وہ میرے / ہمارے حق میں
 بتیسویں سالانہ اجلاس عام، جو کہ 25 اکتوبر 2016 بروز منگل صبح 09:00 بجے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) چارٹرڈ اکاؤنٹنٹس ایوینیو، کلکشن کراچی میں منعقد ہوگا، کے لئے
 ووٹ دینے کا اہل ہوگا۔

بطور گواہ میرا / ہمارا ہاتھ کا نشان / مہر _____ بروز _____ 2016۔

دستخط کنندہ _____ کی موجودگی میں _____

گواہ 1:

نام _____
 دستخط _____
 پتہ _____
 شناختی کارڈ یا پاسپورٹ نمبر _____

گواہ 2:

نام _____
 دستخط _____
 پتہ _____
 شناختی کارڈ یا پاسپورٹ نمبر _____

نوٹ:

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

A decorative border made of alternating dark and light gray parallelograms surrounds the central text area.

The Company Secretary

Amreli Steels Limited

A-18, S.I.T.E., Karachi, Pakistan

UAN: 021-111-267-354

Tel: 021-32587232-9

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Amreli Steels Limited
A-18, S.I.T.E, Karachi, Pakistan
UAN: 111-267-354
Tel: + 92-21-32587232-9
Fax: + 92-21-32587240, 38798328
E-mail: investor-relations@amrelisteels.com
Website: www.amrelisteels.com

