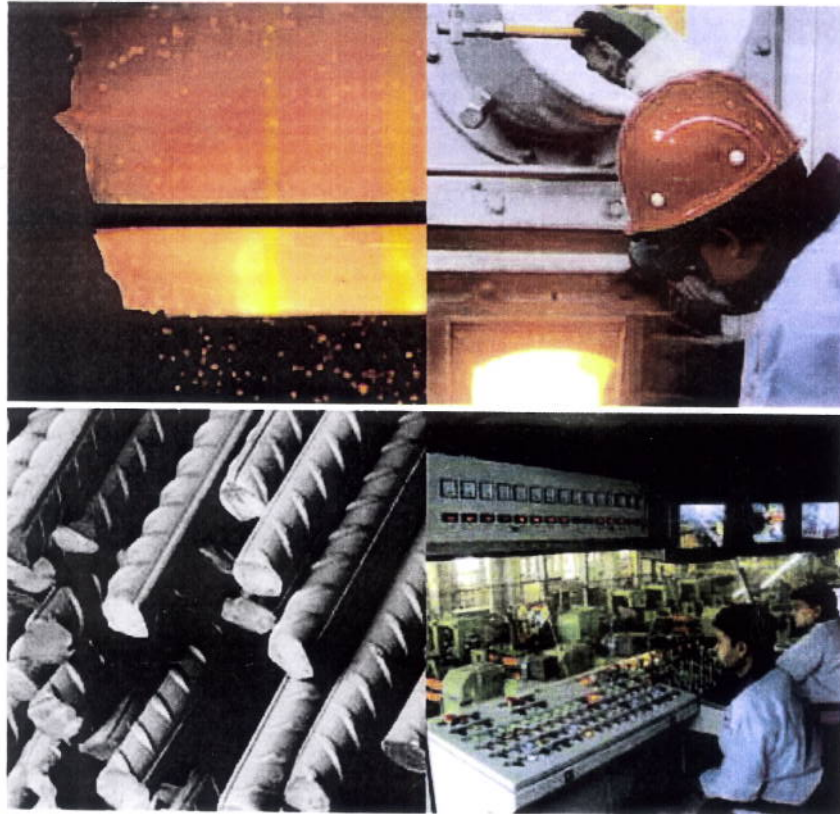


# AMRELI STEELS LIMITED



## Annual Report 2015

Building The Nation Since Decades



**AMRELI STEELS**  
Building for Life

# Company Information

## Directors

Mr. Abbas Akberali

Chairman/ Chief Executive Officer

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Mr. Shayan Akberali

Managing Director

---

Mr. Badar Kazmi

Independent Director

---

Mr. Zafar Ahmed Taji

Independent Director

---

Mr. Mirza Qamar Beg

Independent Director

---

Ms. Kinza Shayan

Non-Executive Director

---

Ms. Mariam Akberali

Non-Executive Director

---

## Chief Financial Officer

Mr. Fazal Ahmed

---

## Company Secretary

Mr. Zueb Salemwala

---

## External Auditor

Ernst & Young Ford Rhodes Sidat Hyder & Co.

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## Legal Advisor

Mr. Shamim Javaid Shamsi

A-102, Samina Avenue, Shadman No.2

North Karachi, Karachi

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**Bankers**

Habib Bank Limited  
Meezan Bank Limited  
Askari Bank Limited  
Bank Islami Pakistan Limited  
Soneri Bank Limited  
Bank Al-Falah Limited  
Standard Chartered Bank Pakistan Limited  
The Bank of Khyber  
NIB Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Al-Baraka Bank (Pakistan) Limited  
MCB Bank Limited  
United Bank Ltd

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**Registered Office**

A-18, S.I.T.E, Karachi, Pakistan  
Tel: +92-21-32587232-9  
Fax: + 92-21-32587240, 38798328  
UAN: 111-267-354  
Email: [info@amrelisteels.com](mailto:info@amrelisteels.com)

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**Factories****Factory 1**

D-89, Shershah Road  
S.I.T.E., Karachi

**Factory 2**

Industrial Land  
Deh Gharo, Tapo Gharo  
Taluka Mirpur Sakro  
District Thatta, Sindh

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**Share Registrar**

THK Associates (Pvt.) Limited  
2<sup>nd</sup> Floor, State Life Building-3  
Dr. Ziauddin Ahmed Road Karachi

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## **DIRECTORS' PROFILE**

### **Mr. Abbas Akberali – Chairman & Chief Executive Officer**

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 – Managing Director**

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 – Independent Non-Executive Director**

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

Mr. Taji started his career in 1971 after completing an MBA from IBA Karachi. Since then, he has spent 35 years with multinationals like Exxon Corp, Union Carbide of USA, British American Tobacco/Pakistan Tobacco and Interloop. Mr. Taji is also a Certified Corporate Governance professional from IFC/PICG. Presently he is a Special Advisor to Directors of Sapphire Fibers. He has the honor of being 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 – Independent Non-Executive Director**

Mr. Qamar Beg is a retired civil servant who has served, interalia, as Secretary Commerce, Chief Secretary Baluchistan, and Chairman and CEO of Pakistan Steel. He also served for six years, until 25 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 – Non-Executive Director**

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 – Non-Executive Director**

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.

# Directors' Report

The Directors of Amreli Steels Limited are pleased to present Annual Report with audited financial statements of the Company for the year ended 30 June 2015.

## OVERVIEW

Alhamdulillah, in the financial year 2014-2015 your Company made record revenue of Rs.14.41 billion at a growth rate of 20.46% over the last corresponding year and highest ever profit after tax of Rs.1.01 billion witnessing a growth of 301% over and above last financial year. Increased capacity utilization, significant decrease in the raw material prices in the international market and favorable demand conditions domestically helped a great deal in increased net profit for the Company.

Both the Plants producing quality billets at Dhabeji and quality re-bars at SITE are running very smoothly and were operated at a capacity of 87% and 94% respectively and are expected to increase in the financial year 2015 - 2016.

## ECONOMIC SCENARIO

### GLOBAL

International steel prices continued to decline in 2014-2015 due to a struggling global economy and oversupply across the value chain. China, the largest steel manufacturing country, is expected to cut capacity further based on environmental and scale factors as its steel industry is in a recession. Although global demand will remain sluggish, developing economies demand for building infrastructure should remain strong.

### LOCAL

Pakistan's steel bar industry is doing well because of the construction boom the country is witnessing. The market for steel bars has grown over the past few years with rising steel requirement from the infrastructure, retail and corporate sectors. The Iron and Steel Large Scale Manufacturing (LSM) sector grew 36% in FY15.

The government's push for building infrastructure coupled with a better law and order situation has kick started many construction projects across Pakistan. The international commodity slump and a stabilized rupee has helped Pakistan since it is a net importer of many resources, leading to lower inflation and higher demand.

## FUTURE PROSPECTS

Pakistan's economy is the 27<sup>th</sup> largest economy in the world according to Purchasing Power Parity and is rapidly growing. Pakistan is in the Next Eleven countries that along with BRIC have a high potential to become one of the world largest economies in the 21st century. It is the 44<sup>th</sup> largest economy in terms of nominal GDP.

With a record Public Sector Development Program outlay of PKR 700 billion, FY16 will see a further push in infrastructure projects as the country needs to urgently bridge the infrastructure gap given its large and growing population.



## Directors' Report

The "China Pakistan Economic Corridor (CPEC)" is also expected to kick off this 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, which will be a challenge for our country's steel sector. Collectively, the CPEC projects will require millions of tons of steel and its completion is expected to generate much-needed economic stimulus.

As the 6<sup>th</sup> most populous nation, Pakistan is witnessing 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 and the country's construction sector seems ready to bridge this gap over the next 5-7 years. Housing schemes and commercial high rises will drive steel demand over the next decade.

### SAP INITIATIVE

During FY15, your company has successfully installed SAP, considered the best available ERP solution in the world. The management decided to embark on a company wide SAP implementation to integrate business functions such as finance & costing, procurement, sales, logistics, production and human resources in order to have access to key performance indicators at the click of a button. This allows for data-driven decision making and incorporation of best practices throughout the organization.

### FINANCIAL PERFORMANCE

A comparison of the key financial indicators of the Company for the year ended 30 June 2015 with corresponding year is as under;

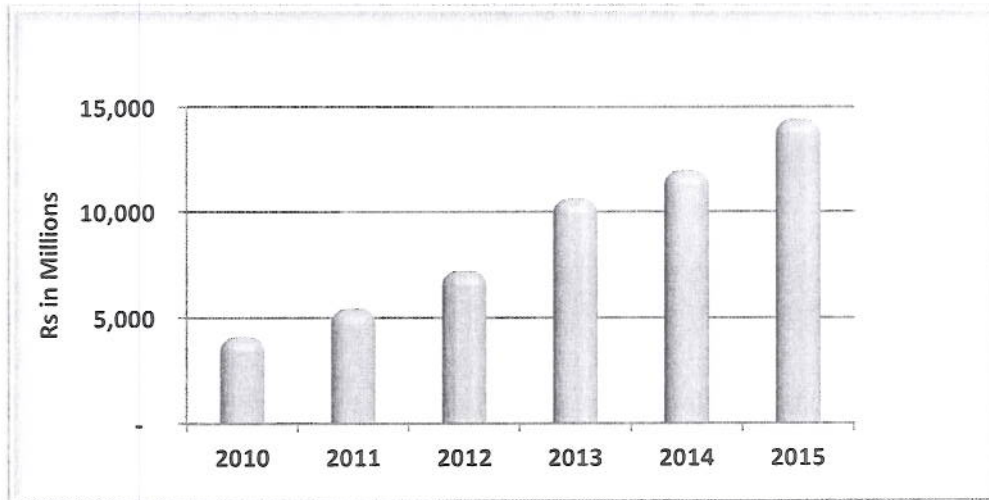
Particulars	30 June 2015	30 June 2014
	.....Rupees in thousands.....	
Sale revenue	14,413,661	11,965,308
Gross profit	2,514,204	1,375,650
Operating profit	1,939,568	1,011,336
Profit before tax	1,271,837	379,941
Profit After tax	1,011,184	252,401
Earnings per share (Rs.)	4.54	1.13

### REVENUE

During the year under review, the Company achieved an overall sales growth of 20.46% contributed by 17.49% increase in volume and 2.97% increase in price as compared to last financial year.



## Directors' Report



### DILUTED AND BASIC EARNINGS PER SHARE (EPS)

Diluted and basic EPS of Company was Rs.4.54 in the financial year 2014 – 2015 up from Rs.1.13 in the last financial year.

### STATEMENT OF VALUE ADDITION BY THE COMPANY

Particulars		FY 2015	FY 2014
<b>Source of funds</b>			
	Revenue from sales	14,413,661,405	11,965,308,669
	Revenue from other income	34,794,055	20,196,411
	Less: Bought in material and services	(11,874,618,148)	(10,398,103,436)
	<b>Value added by the Company</b>	<b>2,573,837,312</b>	<b>1,587,401,644</b>
<b>Applied to</b>			
<i>Salaries &amp; benefits</i>	The benefit of employees	341,587,710	280,753,541
<i>Taxes</i>	<b>The Government</b>		
	INCOME TAX		
	- Current tax	165,261,374	121,355,117
	- Deferred tax	95,392,469	6,184,880
		<b>260,653,843</b>	<b>127,539,997</b>
<i>Interest</i>	The providers of Capital	667,730,309	631,395,290
<i>Depreciation</i>	The replacement of assets and expansion of business	292,681,719	295,311,761
<i>Owner's profit</i>	Amount attributable to owners	1,011,183,731	252,401,055
		<b>2,573,837,312</b>	<b>1,587,401,644</b>

# Directors' Report

## FUTURE PROSPECTS & OUTLOOK

Pakistan is a steel deficit country and 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 one of the largest steel billets and re-bars production units in Pakistan. The Amreli family is blessed with a mix of experienced engineers, young trainees, expert consultants and top management with a strong track record helping the plants fire on all cylinders.

## NEW ROLLING MILL PROJECT AT DHABEJI

The Company has taken the decision to setup a new rolling mill at Dhabeji to expand its manufacturing facilities, which achieved close to 100% capacity utilization in the current financial year. As of today, this will be the largest capacity rebar plant in Pakistan and will introduce pioneering technology, including a SCADA controlled Direct Hot Charging Facility that will set new cost and efficiency benchmarks in the industry. The company is enhancing steel melting capacity from 200,000 tons per annum to 350,000 tons per annum and re-rolling mills capacity from 180,000 tons per annum to 480,000 tons per annum. Having accomplished the above expansion plan will benefit the Company in the following ways –

- The installation of the largest capacity rebar plant in Pakistan will give Company the benefits of competitive conversion costs and economies of scale
- Productions of high quality products which will be in line with international standards
- Optimum productivity and reduction of conversion costs through the following measures:
  - Using of long billets of higher weight will achieve high yields of up to 97%
  - Hot link with continuous billet Caster of Steel Melt Shop will reduce fuel consumption in reheating of billets
  - Reduction in scale loss
  - Efficiency and control to achieve high productivity and high level of automation according to international standards

The Company has already started working on the initial stages of the project. The Company has entered into an agreement with Primetals Technologies Italy S.r.l. for state of the art rolling mill with SCADA controlled direct hot charging facility and for supply of brand new rolling mill machinery, which includes mechanical, electrical and automation equipment. Land preparation and soil investigation has been completed and forwarded to consultants for initial design of the rolling mill.

The task of Project Design and Engineering for the new Rolling Mill has been assigned to the reputed Korus Engineering Solutions Pvt. Limited, engaged in the field of building steel plants around the world.

## INITIAL PUBLIC OFFERING VIA BOOK BUILDING

Since the Company is going for a major expansion at its land at Dhabeji, it has decided to finance it by raising fresh equity from the secondary market by offering 74,252,857 new shares which would



## Directors' Report

comprise of 25% of the post-IPO paid up capital of the Company. The shares of the Company will be quoted at the Karachi Stock Exchange Limited.

The issue is being made through the Book Building process at a Floor Price of PKR 24 per share (including a premium of PKR 14 per share) whereby 74.75% of the total issue size i.e. 55,502,857 ordinary shares will be 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 will be issued to the general public through the retail offer at or below the strike price determined through the Book Building process.

### NEW DIRECTORS ON BOARD

In order to implement the vision of the Company and be compliant in anticipation with the Companies Ordinance, 1984, the management has taken on board Mr. Badar Kazmi, Mr. Zafar Ahmad Taji, Mr. Mirza Qamar Beg, Mrs. Mariam Akberali and Ms. Kinza Shayan. As such, the Board consists of seven directors including the CEO.

### DIVIDEND

The Board did not declare any dividend for the financial year 2014-2015 and the amount of profit after tax for the year under discussion has been retained in un-appropriated profits account of the Company to further strengthen the financial position of the Company.

### AUDITORS

The present auditors, Messrs. Ernst & Young Ford Rhodes Sidat Hyder, 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. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as auditors of the Company for the year ending 30 June 2016.

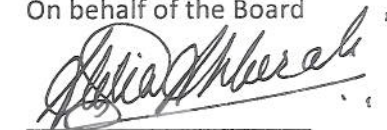
### PATTERN OF SHAREHOLDING

Pattern of shareholdings as at 30 June 2015 is enclosed with the directors' report.

### ACKNOWLEDGEMENT

The Board expresses its gratitude to all the shareholders for their confidence and support. We would like to thank all stakeholders, including but not limited to financial institutions, who have been associated with us, for their support and cooperation and assure them 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.

On behalf of the Board



Abbas Akberali  
Chief Executive Officer  
Karachi: October 05, 2015



**AMRELI STEELS LIMITED**  
**PATTERN OF SHAREHOLDINGS**  
**AS ON 30 JUNE 2015**

No. of shareholders	Shareholdings	Total shares held
Nil	shareholding from 1 to 100 shares	Nil
1	shareholding from 101 to 500 shares	500
3	shareholding from 501 to 1000 shares	3000
Nil	shareholding from 1001 to 5000	Nil
Nil	shareholding from 5001 to 10000	Nil
Nil	shareholding from 10001 to 100000	Nil
Nil	shareholding from 100001 to 500,000	Nil
1	shareholding from 500,001 to 1,000,000	866,982
1	shareholding from 1,000,001 to 5,000,000	1746383
Nil	shareholding from 5,000,001 to 10,000,000	Nil
3	shareholding from 10,000,001 to 50,000,000	73,114,052
1	shareholding from 50,000,001 to 100,000,000	147,027,653
	<b>Total</b>	<b><u>222,758,570</u></b>

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Amreli Steels Limited (the Company) as at 30 June 2015 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 change 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 2015 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: 05 October 2015  
Place: Karachi

**AMRELI STEELS LIMITED**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2015**

		30 June 2015	30 June 2014
<u>ASSETS</u>		----- (Rupees) -----	
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	6	7,504,204,035	7,566,310,105
Intangibles	7	24,345,354	402,472
		<u>7,528,549,389</u>	<u>7,566,712,577</u>
Long-term investments	8	15,289,370	15,289,370
Long-term deposits	9	129,836,820	132,957,872
		<u>7,673,675,579</u>	<u>7,714,959,819</u>
<b>CURRENT ASSETS</b>			
Stores and spares		505,225,542	444,865,195
Stock-in-trade	10	2,274,851,694	1,565,429,744
Trade debts	11	1,158,043,407	929,907,782
Loans and advances	12	87,459,799	27,033,820
Trade deposits and short-term prepayments	13	48,682,824	127,150,930
Other receivables	14	333,461,363	116,212,811
Taxation – net		101,179,328	137,387,752
Cash and bank balances	15	79,722,352	63,469,830
		<u>4,588,626,309</u>	<u>3,411,457,864</u>
<b>TOTAL ASSETS</b>		<u>12,262,301,888</u>	<u>11,126,417,683</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	16	2,227,585,700	2,227,585,700
Reserves		1,724,698,161	651,439,886
		<u>3,952,283,861</u>	<u>2,879,025,586</u>
Surplus on revaluation of property, plant and equipment	17	1,918,871,901	1,959,532,694
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	18	1,150,186,280	2,048,624,564
Liabilities against assets subject to finance lease		-	58,408,020
Deferred taxation	19	929,901,180	823,961,640
Deferred liability	20	67,160,595	46,421,041
Other financial liabilities	21	7,909,428	2,839,687
		<u>2,155,157,483</u>	<u>2,980,254,952</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	22	989,389,837	874,497,376
Interest / markup accrued	23	82,714,774	99,126,957
Short-term borrowings	24	2,211,793,603	1,733,089,666
Current portion of long-term financing	18	952,090,429	550,116,276
Current portion of liabilities against assets subject to finance lease		-	50,774,176
		<u>4,235,988,643</u>	<u>3,307,604,451</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	25		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>12,262,301,888</u>	<u>11,126,417,683</u>

The annexed notes 1 to 41 form an integral part of these financial statements

  
**Chief Executive**

  
**Director**



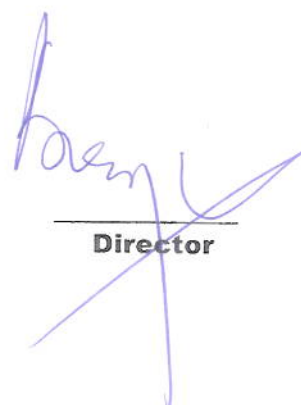
**AMRELI STEELS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

		30 June 2015	30 June 2014
	Note	----- (Rupees) -----	
Sales	26	14,413,661,405	11,965,308,669
Cost of sales	27	(11,899,456,593)	(10,589,658,509)
<b>Gross profit</b>		<u>2,514,204,812</u>	<u>1,375,650,160</u>
Distribution costs	28	(281,000,981)	(194,303,667)
Administrative expenses	29	(228,864,863)	(160,071,266)
Other expenses	30	(99,565,140)	(30,135,296)
Other income	31	34,794,055	20,196,411
<b>Operating profit</b>		<u>1,939,567,883</u>	<u>1,011,336,342</u>
Finance costs	32	(667,730,309)	(631,395,290)
<b>Profit before taxation</b>		<u>1,271,837,574</u>	<u>379,941,052</u>
Taxation	33	(260,653,843)	(127,539,997)
<b>Net profit for the year</b>		<u>1,011,183,731</u>	<u>252,401,055</u>
<b>Earnings per share – basic and diluted</b>	34	<u>4.54</u>	<u>1.13</u>

The annexed notes 1 to 41 form an integral part of these financial statements.

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**Chief Executive**

  
**Director**

**AMRELI STEELS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2015**

30 June 2015    30 June 2014  
 ----- (Rupees) -----

<b>Net profit for the year</b>	1,011,183,731	252,401,055
<b>Other comprehensive (loss) / income</b>		
<b>Other comprehensive income to be reclassified to profit or loss in subsequent years</b>		
Unrealised (loss) / gain on cash flow hedge – net of tax	(3,396,745)	8,189,109
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent years</b>		
Actuarial (loss) / gain on gratuity fund – net of tax	(5,034,960)	2,071,544
<b>Total comprehensive income for the year</b>	<b>1,002,752,026</b>	<b>262,661,708</b>

The annexed notes 1 to 41 form an integral part of these financial statements.

  
 \_\_\_\_\_  
**Chief Executive**

  
 \_\_\_\_\_  
**Director**

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**AMRELI STEELS LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Note	30 June 2015 ----- (Rupees) -----	30 June 2014 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,271,837,574	379,941,052
<b>Adjustments for:</b>			
Depreciation		292,681,719	295,311,761
Amortization		738,064	325,431
Intangibles written off		77,044	-
Loan and advances written off		-	2,463,219
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)	(14,202,133)
Reversal of provision for doubtful trade debts		(14,660,612)	(1,382,001)
Provision for gratuity		14,497,734	11,776,765
Gain on disposal of operating assets		(3,359,111)	(3,250,894)
Finance costs		667,730,309	631,395,290
Finance income		(1,665,376)	(847,107)
		970,049,588	921,590,331
Operating profit before working capital changes		2,241,887,162	1,301,531,383
<b>(Increase) / decrease in current assets:</b>			
Stores and spare parts		(60,360,347)	(49,205,458)
Stock-in-trade		(711,440,626)	488,140,544
Trade debts		(213,475,013)	(356,943,374)
Loans and advances		(60,425,979)	29,943,833
Trade deposits and short-term prepayments		78,468,106	(51,596,971)
Other receivables		(238,930,366)	282,589,666
		(1,206,164,225)	342,928,240
<b>Increase in current liability:</b>			
Trade and other payables		180,736,302	119,417,211
<b>Cash generated from operations</b>		1,216,459,239	1,763,876,834
Income taxes paid		(129,052,950)	(118,358,072)
Gratuity paid		(1,273,047)	(2,846,938)
Long-term deposits – net		3,121,053	84,562,640
<b>Net cash generated from operating activities</b>		1,089,254,295	1,727,234,464
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(191,659,645)	(122,958,345)
Acquisition of intangible assets		(24,757,990)	-
Proceeds from disposal of operating assets		8,988,536	10,165,938
Investments made during the year		-	(15,289,370)
Proceeds from sale of short-term investments		-	31,000,000
Finance income received		1,665,376	847,107
<b>Net cash used in investing activities</b>		(205,763,723)	(96,234,670)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Liabilities against assets subject to finance lease – net		(109,182,196)	(180,060,422)
Short-term borrowings – net		422,550,769	(1,360,553,074)
Long-term financings – net		(496,464,131)	521,291,777
Finance costs paid		(684,142,492)	(625,673,362)
<b>Net cash outflow from financing activities</b>		(867,238,050)	(1,644,995,081)
<b>Net decrease in cash and cash equivalents</b>		16,252,522	(13,995,287)
<b>Cash and cash equivalents at the beginning of the year</b>		63,469,830	77,465,117
<b>Cash and cash equivalents at the end of the year</b>	15	79,722,352	63,469,830

The annexed notes 1 to 41 form an integral part of these financial statements.

  
**Chief Executive**

  
**Director**



**AMRELI STEELS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Issued, subscribed and paid-up Capital	Reserves			Total reserves	Total equity
		Cash flow hedge	Actuarial gain / (loss) on gratuity fund	Unappropriated profit		
Balance as at 30 June 2013	2,227,585,700	(9,910,811)	(7,286,903)	333,376,190	316,178,476	2,543,764,176
Net profit for the year	-	-	-	252,401,055	252,401,055	252,401,055
Other comprehensive income	-	8,189,109	2,071,544	-	10,260,653	10,260,653
Total comprehensive income	-	8,189,109	2,071,544	252,401,055	262,661,708	262,661,708
Transfer from surplus on revaluation of property, plant and equipment – net of tax	-	-	-	72,599,702	72,599,702	72,599,702
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
Transfer from surplus on revaluation of property, plant and equipment – net of tax	-	-	-	70,506,249	70,506,249	70,506,249
Balance as at 30 June 2015	<u>2,227,585,700</u>	<u>(5,118,447)</u>	<u>(10,250,319)</u>	<u>1,740,066,927</u>	<u>1,724,698,161</u>	<u>3,952,283,861</u>

The annexed notes 1 to 41 form an integral part of these financial statements.

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**Chief Executive**

  
**Director**

**AMRELI STEELS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**1. THE COMPANY AND ITS OPERATIONS**

- 1.1** Amreli Steels Limited (the Company) was incorporated in 1975 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a private limited company and converted into a public unquoted company in 2009. The Company is mainly engaged in manufacture and sale of steel bars and billets. During the year the registered office of the Company has been changed to Plot No. A-18, S.I.T.E., Karachi.
- 1.2** Subsequent to the balance sheet date, Karachi Stock Exchange Limited (KSE) and Securities and Exchange Commission of Pakistan (SECP) have approved the prospectus of the Company for publication. KSE, on an application by the Company has allocated 07 and 08 October 2015 for book building and 27, 28 and 29 October 2015 for public subscription. The principal purpose for the issue of shares of the Company is to raise funds for financing its enhancement of existing steel melting capacity from 200,000 tons per year to 350,000 tons per year and the existing Re-Rolling mills capacity from 180,000 tons per year to 480,000 tons per year.

**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 and derivative financial instruments that have been measured at fair value.
- 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, amendments and interpretations 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 as describe below:

**New and amended standards and interpretations**

The Company has adopted the following standards, amendments and interpretation of IFRSs which became effective for the current year:

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments : Presentation – (Amendment)  
-Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)  
-Recoverable Amount Disclosures for Non-Financial Assets





IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)  
- Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

### Improvements to Accounting Standards Issued by the IASB

IFRS 2 - Share-based Payment - Definitions of vesting conditions

IFRS 3 - Business Combinations – Accounting for contingent consideration in a business combination

IFRS 3 - Business Combinations - Scope exceptions for joint ventures

IFRS 8 - Operating Segments – Aggregation of operating segments

IFRS 8 - Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS16 - Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortization.

IAS 24 - Related Party Disclosures - Key management personnel

IAS 40 - Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above amendments, improvements to accounting standards and interpretations 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 or interpretation:

	<b>Effective date (annual periods Beginning on or after)</b>
IFRS 10 – Consolidated Financial Statements	01 January 2015
IFRS 10 - Consolidated Financial Statements, IFRS - 12 Disclosure of Interests in Other Entities and IAS 27 - Separate Financial Statements – Investment Entities (Amendment)	01 January 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities and IAS 27 - Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	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)	01 January 2016
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016

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	<b>Effective date (annual periods Beginning on or after)</b>
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. 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.

	<b>IASB Effective date (annual periods Beginning on or after)</b>
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 2017

#### **4.3 Property, plant and equipment**

##### **(i) Owned**

##### **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 are charged on a 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**

Capital work-in-progress is stated at cost less impairment, if any, and represents 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.

**Stores held for capital expenditure**

These are stated at cost less impairment, if any.

**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.

**(ii) Leased**

Finance lease, which transfers to the Company substantially all the risks and benefits incidental to ownership of leased items are capitalized at the inception of lease. Assets subject to finance lease are stated at the lower of the present value of the minimum lease payments under the lease agreements and their fair value. Depreciation is charged using the same basis and rates used for similar owned assets whereby the cost of assets less residual value is written off over their estimated useful lives. Lease payments are apportioned between the financial charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Financial charges are charged directly to profit and loss account.

**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 spare parts**

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)

**4.8 Trade debts and other receivables**

These 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 / receivable and are written-off when there is no realistic prospect of recovery.

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## 4.9 Investments

### Held-to-maturity investments

These represent financial assets with fixed or determinable payments and fixed maturities in respect of which 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 are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in other comprehensive income are reclassified to the profit and loss account in the years in which the hedged item will affect profit and loss account.

## 4.11 Cash and cash equivalents

These are stated at cost.

## 4.12 Interest-bearing financings

All financings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing financings are subsequently measured at amortized cost using effective interest rate method.

## 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 if, and if only, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle liabilities simultaneously. Corresponding income and expenditure is also netted off and recorded on net basis in the profit and loss account.

## 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.

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**4.17 Borrowing costs**

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

**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 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 2015 using Projected Unit Credit method. Actuarial gains/losses are recognised directly to other comprehensive income and are not reclassified to profit or loss in subsequent years.

**4.20 Ijarah contracts**

Leases under Shariah compliant Ijarah contracts, where a significant portion of the risks and rewards of ownership are 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:

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### 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 receivable balances at each year end for the purpose of evaluating doubtful trade debts and other receivable balances 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 plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rate, expected rate of return on assets and future salary increases. Due to long-term nature of these plans, such estimates are subject to significant uncertainty.

### 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.

6. PROPERTY, PLANT AND EQUIPMENT	Note	30 June	30 June
		2015	2014
		----- (Rupees) -----	
Operating assets	6.1	7,459,828,865	7,521,027,875
Capital work-in-progress	6.2	6,483,544	5,670,416
Stores held for capital expenditure	6.3	37,891,626	39,611,814
		<u>7,504,204,035</u>	<u>7,566,310,105</u>

## 6.1 Operating assets

6.1.1 Following is a statement of operating assets:

	Note	Owned							Leased		Total	
		Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Office equipment	Vehicles	Crane	Computers	Total		Plant and machinery
(Rupees)												
<b>30 June 2015</b>												
Cost / revaluation as at 01 July 2014	6.1.2	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	180,000,000	8,164,251,573
Additions	6.1.2	-	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
Revaluation surplus		30,216,160	3,240,678	11,088,618	-	-	-	-	-	44,545,456	-	44,545,456
Transfers from leased assets		-	-	180,000,000	-	-	-	-	-	180,000,000	(180,000,000)	-
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	-	8,384,136,090
Accumulated depreciation as at 01 July 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	643,223,698
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	-	292,681,719
Disposals		-	-	-	(155,770)	(24,213)	(3,472,090)	(2,891,192)	(5,054,927)	(11,598,192)	-	(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	-	924,307,225
Net 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	-	7,459,828,865
Annual rate of depreciation (%)		-	10	2 & 3	10	10	20	15	30		28.3	

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

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30 June 2014

	Owned							Leased		Total	
	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fittings	Office equipment	Vehicles	Crane	Computers	Total		Plant and machinery
Cost / revaluation as at 01 July 2013	751,236,600	1,356,273,880	5,364,869,896	15,282,761	14,035,161	13,191,565	5,595,855	17,787,873	7,538,273,591	417,403,925	7,955,677,516
Additions	-	5,468,049	71,509,461	2,249,699	962,841	3,919,693	-	2,676,230	86,785,973	-	86,785,973
Disposals	(39,000,000)	-	-	-	-	(1,605,193)	-	-	(40,605,193)	-	(40,605,193)
Transfers from CWIP	-	79,763,025	33,691,762	-	-	-	-	-	113,454,787	-	113,454,787
Transfers from capital stores	-	-	48,938,490	-	-	-	-	-	48,938,490	-	48,938,490
Transfers from leased assets	-	-	237,403,925	-	-	-	-	-	237,403,925	(237,403,925)	-
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	180,000,000	8,164,251,573
Accumulated depreciation as at 01 July 2013	-	135,627,388	152,898,792	4,706,271	7,035,310	7,128,025	2,238,342	11,293,378	320,927,506	27,604,780	348,532,286
Depreciation charge for the year	-	122,807,983	154,236,459	1,140,792	735,914	1,580,188	373,057	2,289,289	283,163,682	12,148,079	295,311,761
Disposals	-	-	-	-	-	(620,349)	-	-	(620,349)	-	(620,349)
Transfer from leased assets	-	-	23,894,859	-	-	-	-	-	23,894,859	(23,894,859)	-
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	643,223,698
Net book value as at 30 June 2014	712,236,600	1,183,069,583	5,425,383,424	11,685,397	7,226,778	7,418,201	2,984,456	6,881,436	7,356,885,875	164,142,000	7,521,027,875
Annual rate of depreciation (%)	-	10	2 & 3	10	10	20	6.67	30	-	3	-

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**6.1.2** 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. The revaluation resulted in surplus on leasehold land of Rs. 30.216 million over the net book value of Rs. 712.236 million, surplus on buildings on leasehold land of Rs. 3.241 million over the net book value of Rs. 1,069.503 million, and surplus on plant and machinery of Rs. 11.089 million over the net book value of Rs. 5,592.838 million.

Had there been no revaluation, the net book value of leasehold land, buildings on leasehold land and plant and machinery would have been Rs. 403.207 (2014: Rs. 403.207) million, Rs. 707.236 (2014: Rs. 779.761) million and Rs. 3,519.410 (2014: Rs. 3,287.764) million, respectively, in the balance sheet and surplus on revaluation of fixed assets would have been lower by Rs. 2,789.270 (2014: Rs. 2,849.957) million.

	Note	30 June 2015	30 June 2014
		----- (Rupees) -----	
<b>6.1.3 Depreciation charge for the year has been allocated as under:</b>			
Cost of sales – production of bars	27.1	82,685,152	78,811,449
Cost of sales – production of billets	27.1.1	191,781,445	205,211,821
Distribution costs	28	5,715,288	2,877,798
Administrative expenses	29	12,499,834	8,410,693
		<u>292,681,719</u>	<u>295,311,761</u>
<b>6.2 Capital work-in-progress</b>			
Opening balance		5,670,417	114,479,499
Additions during the year		4,083,544	13,963,380
		<u>9,753,961</u>	<u>128,442,879</u>
Transfers to operating assets		(2,770,709)	(113,454,787)
Written off		(499,708)	(9,317,676)
Closing balance		<u>6,483,544</u>	<u>5,670,416</u>
<b>6.3 Stores held for capital expenditure</b>			
Opening balance		39,611,814	57,023,635
Additions during the year		19,844,921	40,851,202
Transfers to operating assets		(21,565,109)	(48,938,490)
Written off		-	(9,324,533)
Closing balance		<u>37,891,626</u>	<u>39,611,814</u>
<b>7. INTANGIBLES</b>			
<b>Computer software</b>			
<b>Net carrying value</b>			
Balance at the beginning of the year		402,472	727,903
Additions during the year		24,757,990	-
Amortisation for the year		(738,064)	(325,431)
Written off		(77,044)	-
Balance at the end of the year		<u>24,345,354</u>	<u>402,472</u>
<b>Gross carrying value</b>			
Cost		25,485,893	727,903
Accumulated amortization		(1,063,495)	(325,431)
Written off		(77,044)	-
Balance at the end of the year		<u>24,345,354</u>	<u>402,472</u>
<b>8. LONG-TERM INVESTMENTS – held to maturity</b>			
Term Deposit Receipts	8.1	<u>15,289,370</u>	<u>15,289,370</u>

- 8.1 These carry profit rates ranging from 4% to 8% (2014: 4% to 8.85%) per annum having maturity up to 5 years. These investments are held with commercial bank as a lien for guarantee issued on behalf of the Company.

	Note	30 June 2015 ----- (Rupees) -----	30 June 2014 -----
<b>9. LONG-TERM DEPOSITS</b>			
Margin against guarantees	9.1	30,413,336	30,413,336
<b>Security deposits</b>			
Utilities		74,124,666	74,124,666
Ijarah / Diminishing Musharika		24,028,723	26,878,931
Others		1,270,095	1,540,939
		99,423,484	102,544,536
		<u>129,836,820</u>	<u>132,957,872</u>
9.1 Represents margin against guarantees given to Sui Southern Gas Company Limited (SSGCL) for gas connections.			
<b>10. STOCK-IN-TRADE</b>			
<b>Raw materials</b>			
- In hand		1,125,101,250	318,275,969
- In transit		107,277,278	117,897,136
		1,232,378,528	436,173,105
<b>Work-in-process</b>		231,780,314	180,706,149
<b>Finished goods</b>			
- Manufactured		810,692,852	946,531,814
- Trading	10.1	-	2,018,676
		810,692,852	948,550,490
		<u>2,274,851,694</u>	<u>1,565,429,744</u>
10.1 During the year, the Company has written off the trading stock of Rs. 2.019 million.			
<b>11. TRADE DEBTS</b>			
Considered good		1,158,043,407	929,907,782
Considered doubtful		30,123,071	46,138,435
		1,188,166,478	976,046,217
Provision for doubtful debts	11.1	(30,123,071)	(46,138,435)
		<u>1,158,043,407</u>	<u>929,907,782</u>
<b>11.1 Movement of provision for doubtful debts</b>			
Opening balance		46,138,435	50,087,864
Reversals during the year	31	(14,660,612)	(1,382,002)
		31,477,823	48,705,862
Written-off during the year		(1,354,752)	(2,567,427)
Closing balance		<u>30,123,071</u>	<u>46,138,435</u>



11.2 The ageing of trade debts is as follows:

	Past due but not impaired				
	Total	Neither past due nor impaired	1-3 Months	3-9 Months	9 months and above
	(Rupees)				
30 June, 2015	<u>1,158,043,407</u>	<u>779,727,959</u>	<u>306,215,697</u>	<u>58,722,307</u>	<u>13,377,443</u>
30 June, 2014	<u>929,907,782</u>	<u>536,608,325</u>	<u>326,206,401</u>	<u>61,685,176</u>	<u>5,407,880</u>
				30 June 2015	30 June 2014
				----- (Rupees) -----	
				Note	

## 12. LOANS AND ADVANCES – considered good

### Loans

Executives  
Employees

	751,503	1,096,379
	2,399,025	1,868,130
	<b>3,150,528</b>	<b>2,964,509</b>

12.1

### Advances

Suppliers  
Employees

	82,032,351	24,594,947
	2,276,920	1,937,583
	<b>84,309,271</b>	<b>26,532,530</b>

Doubtful advances written off

- (2,463,219)

**87,459,799** **27,033,820**

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

	30 June 2015	30 June 2014
	----- (Rupees) -----	
	Note	

## 13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

### Deposits

Security deposits  
Surety deposit  
Margins against letters of credit  
Margins against letters of guarantee

	23,025,000	65,900,000
	12,750,000	12,750,000
	9,326,177	46,937,690
	1,516,250	215,000
	<b>46,617,427</b>	<b>125,802,690</b>

13.1

### Prepayments

**2,065,397** **1,348,240**  
**48,682,824** **127,150,930**

13.1 Represents amount given to Pakistan Steels Mills Corporation (Private) Limited (PASMIC) in connection with case filed by the Federal Investigation Agency (FIA) against the Company alleging undue advantage taken by the Company under a scheme of PASMIC. The Honorable High Court of Sindh 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 the legal advice, is confident for a favorable outcome in this respect.

	30 June 2015	30 June 2014
	----- (Rupees) -----	

## 14. OTHER RECEIVABLES

Sales tax refundable  
Provision for doubtful sales tax refundable

	333,202,992	117,627,554
	-	(2,316,197)
	<b>333,202,992</b>	<b>115,311,357</b>
	258,371	901,454
	<u><b>333,461,363</b></u>	<u><b>116,212,811</b></u>

Others

*Er...*

	Note	30 June 2015 ----- (Rupees) -----	30 June 2014 -----
<b>15. CASH AND BANK BALANCES</b>			
Cash in hand		12,001,423	8,298,932
<b>Cash at bank in:</b>			
Current accounts	15.1	<u>63,339,393</u>	<u>55,165,805</u>
Saving accounts		<u>4,381,536</u>	<u>5,093</u>
		<u>67,720,929</u>	<u>55,170,898</u>
		<u>79,722,352</u>	<u>63,469,830</u>

15.1 These carry profit rate of 8% (2014: 8%) per annum.

	Note	30 June 2015 ----- (Rupees) -----	30 June 2014 -----
<b>16. SHARE CAPITAL</b>			
<b>16.1 Authorized capital</b>			

Number of shares					
2015	2014				
<u>420,000,000</u>	270,000,000	Ordinary shares of Rs. 10/- each	<u>4,200,000,000</u>	2,700,000,000	
<u>80,000,000</u>	80,000,000	Cumulative preference shares of Rs. 10/-each	<u>800,000,000</u>	800,000,000	
<u>500,000,000</u>	<u>350,000,000</u>		<u>5,000,000,000</u>	<u>3,500,000,000</u>	

**16.2 Issued, subscribed and paid-up capital**

Ordinary of shares of Rs. 10/- each					
<u>189,631,073</u>	189,631,073	Issued for cash	<u>1,896,310,730</u>	1,896,310,730	
<u>33,127,497</u>	33,127,497	Issued for consideration other than cash	<u>331,274,970</u>	331,274,970	
<u>222,758,570</u>	<u>222,758,570</u>		<u>2,227,585,700</u>	<u>2,227,585,700</u>	

	Note	30 June 2015 ----- (Rupees) -----	30 June 2014 -----
<b>4 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT – net of deferred tax</b>			
Opening balance		2,849,957,563	2,993,026,911
Surplus for the year	6.1.2	44,545,456	-
Adjustment on disposal of property, plant and equipment		-	(33,069,800)
Transfer to unappropriated profit in respect of incremental depreciation charged during the year		<u>(105,233,209)</u>	<u>(109,999,548)</u>
		<u>2,789,269,810</u>	<u>2,849,957,563</u>
<b>Related deferred tax liability</b>			
Opening balance		<u>(890,424,869)</u>	<u>(927,824,715)</u>
Surplus for the year		<u>(14,700,000)</u>	-
Incremental depreciation charged during the year		<u>34,726,960</u>	<u>37,399,846</u>
		<u>(870,397,909)</u>	<u>(890,424,869)</u>
		<u>1,918,871,901</u>	<u>1,959,532,694</u>

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30 June 2015                      30 June 2014

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

Breakup of revaluation surplus net of deferred tax as at 30 June 2015 is as follows:

Leasehold land	329,274,183	309,029,356
Buildings on leasehold land	236,852,269	261,702,716
Plant and machinery	1,352,745,449	1,388,800,622
	<u>1,918,871,901</u>	<u>1,959,532,694</u>

## 18. LONG-TERM FINANCING

### Loans from banking companies and other financial institutions

	Note	30 June 2015			30 June 2014		
		Total	Current Portion	Long-Term	Total	Current Portion	Long-Term
		----- (Rupees) -----			----- (Rupees) -----		
Term finance facilities	18.1	835,307,567	303,122,156	532,185,411	816,781,791	163,788,822	652,992,969
Diminishing Musharika	18.2	601,039,144	150,238,275	450,800,869	600,000,000	-	600,000,000
Sukuk	18.3	501,600,000	334,400,000	167,200,000	704,000,000	202,400,000	501,600,000
Foreign currency loan	18.4	164,329,998	164,329,998	-	477,959,049	183,927,454	294,031,595
<b>Total</b>		<u>2,102,276,709</u>	<u>952,090,429</u>	<u>1,150,186,280</u>	<u>2,598,740,840</u>	<u>550,116,276</u>	<u>2,048,624,564</u>

- 18.1** 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 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.
- 18.2** 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. These facilities are secured by first pari passu hypothecation charge on present and future fixed assets of the Company.
- 18.3** 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. 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.
- 18.4** Represents foreign currency loan of US\$ 1.616 million from a foreign bank. The loan is repayable in 12 equal quarterly installments commencing from February 2013 and carries interest at the rate of 3 months' USD LIBOR + 1.50% per annum payable on quarterly basis.

## 19. DEFERRED TAXATION

Represents tax effects of temporary differences relating to:

	Note	30 June 2015	30 June 2014
		----- (Rupees) -----	
Accelerated tax depreciation / amortization		918,372,091	876,651,047
Assets subject to finance lease		-	24,078,053
Surplus on revaluation of property, plant and equipment		870,397,909	890,424,869
Provisions		(32,103,607)	(31,470,921)
Unused tax losses		(327,399,403)	(621,503,160)
Unused tax credits	19.1	(488,330,329)	(292,320,119)
Unrealized exchange loss		(11,035,481)	(21,898,127)
		<u>929,901,180</u>	<u>823,961,640</u>



19.1 Represents deferred tax recognised on minimum tax and alternative corporative tax, paid / payable under section 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.

	Note	30 June 2015	30 June 2014			
		----- (Rupees) -----				
<b>20. DEFERRED LIABILITY</b>						
Staff gratuity	20.1	<u>67,160,595</u>	<u>46,421,041</u>			
<b>20.1 Amount recognised in balance sheet</b>						
Opening balance		46,421,041	40,629,917			
Charge for the year		14,497,734	11,776,765			
Recognised in other comprehensive income		7,514,867	(3,138,703)			
Benefits paid		<u>(1,273,047)</u>	<u>(2,846,938)</u>			
Closing balance		<u>67,160,595</u>	<u>46,421,041</u>			
<b>20.2 Expense recognised in profit and loss</b>						
Current service cost		8,431,285	7,052,020			
Interest cost		6,066,449	4,724,745			
		<u>14,497,734</u>	<u>11,776,765</u>			
<b>20.3 Historical information for defined benefit plans</b>						
		30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
		----- (Rupees) -----				
Present value of defined benefit obligation		<u>67,160,595</u>	<u>46,421,041</u>	<u>40,629,917</u>	<u>25,224,226</u>	<u>20,998,307</u>
Experience adjustment on plan liabilities		<u>7,514,867</u>	<u>(3,138,703)</u>	<u>9,286,508</u>	<u>(1,191,406)</u>	<u>3,157,494</u>
<b>20.4 Principal actuarial assumptions:</b>						
		30 June 2015	30 June 2014			
Expected rate of increase in salary level		8.75%	12.25%			
Valuation discount rate		9.75%	13.25%			
Average expected remaining working life of employees		8 years	8 years			
		30 June 2015	30 June 2014			
	Note	----- (Rupees) -----				
<b>20.5 Charge for the year has been allocated as follows:</b>						
Cost of sales	27	9,406,968	7,504,860			
Distribution costs	28	1,802,225	1,376,192			
Administrative expenses	29	3,288,541	2,895,713			
		<u>14,497,734</u>	<u>11,776,765</u>			

## 21. OTHER FINANCIAL LIABILITIES

Unrealised loss on derivative financial instruments	21.1	<u>7,909,428</u>	<u>2,839,687</u>
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21.1 The Company has entered into interest swap arrangements with commercial banks against the cash flow risk of interest rate fluctuations with respect to future financial cost on long term financing as referred to in note 18. These swaps are considered to be hedging instruments for the same items and are considered to be an effective hedge.

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	Note	30 June 2015	30 June 2014
		----- (Rupees) -----	
<b>22. TRADE AND OTHER PAYABLES</b>			
Creditors		76,155,915	83,418,581
Murabaha	22.1	442,058,024	498,211,192
Accrued liabilities		113,230,506	203,267,064
Advances from customers		260,476,372	54,001,485
Ijarah rentals payable		1,124,728	4,541,293
Workers' Profits Participation Fund	22.2	68,174,227	20,406,229
Workers' welfare fund		25,906,206	7,754,367
Withholding tax payable		2,263,859	2,156,986
Others		-	740,179
		<b>989,389,837</b>	<b>874,497,376</b>

**22.1** Represent Murabaha facilities amounting to Rs. 1,300 (2014: Rs. 1,250) million obtained from Islamic banks for purchase of raw material. These carry profit at the rates ranging from 6 month KIBOR + 1.5% to 6 months KIBOR + 1.75% (2014: 6 months' KIBOR + 1.5% to 6 months KIBOR + 2%) per annum. These are secured by way of pledge of raw materials.

	Note	30 June 2015	30 June 2014
		----- (Rupees) -----	
<b>22.2 Workers' Profits Participation Fund</b>			
Balance at the beginning of the year		20,406,229	9,363,848
Mark-up on funds utilized in the Company's business	32	1,582,327	872,331
		<b>21,988,556</b>	10,236,179
Allocation for the year	30	68,174,227	20,406,229
		<b>90,162,783</b>	30,642,408
Paid during the year		(21,988,556)	(10,236,179)
		<b>68,174,227</b>	<b>20,406,229</b>

## 23. INTEREST / MARK-UP ACCRUED

Long-term financing		25,680,279	27,064,722
Short-term borrowings		57,034,495	72,062,235
		<b>82,714,774</b>	<b>99,126,957</b>

## 24. SHORT-TERM BORROWINGS – secured

### From banks/financial institutions

Running finance	24.1	253,529,569	52,129,099
Demand finance	24.2	199,909,676	176,409,676
Cash finance	24.3	280,316,235	313,093,380
Finance against import merchandise	24.4	742,674,093	217,850,688
Finance against trust receipts	24.5	735,364,030	973,606,823
		<b>2,211,793,603</b>	<b>1,733,089,666</b>



30 June 2015      30 June 2014  
 ----- (Rupees) -----

## 24.1 Running finance

Habib Bank Limited	Represents a facility of Rs. 100 million (2014:Rs. 100 million) secured by hypothecation over present and future current/fixed assets. This facility carry markup at the rate of 1 month KIBOR + 1.50% (2014:1 month KIBOR + 1.75%) per annum payable on quarterly basis.	95,795,301	5,294,166
Soneri Bank Limited	Represents a facility of Rs. 200 million (2014:Rs. 400 million) secured by hypothecation charge over specific fixed assets, stock and trade debts and mortgage charge over Company's property. This facility carry markup at the rate of 3 months' KIBOR + 1.75% (2014: 3 months' KIBOR + 1.75%) per annum payable on quarterly basis.	37,493,822	608,635
Habib Metropolitan Bank Limited	Represents unutilized facility of Rs. 50 million secured by hypothecation charge over fixed assets. This facility carries markup at the rate of 3 months' KIBOR + 2% (2014: 3 months' KIBOR + 2%) per annum payable on quarterly basis. The facility has been surrendered in current year.	-	14,991,440
Bank of Khyber Limited	Represents facility of Rs. 300 million (2014:Rs. 200 million) secured by hypothecation charge over present and future current/fixed assets. This facility carries markup at the rate of 3 months' KIBOR + 1.75% (2014: 3 months' KIBOR + 1.75%) per annum payable on a quarterly basis.	120,240,446	-
NIB Bank Limited	Represents facility of Rs. 300 million (2014:Rs. 200 million) secured by hypothecation charge over present and future fixed assets. This facility carries markup at the rate of 3 months' KIBOR + 1.50% (2014: 3 months' KIBOR + 1.75%) per annum payable on quarterly basis.	-	31,234,858
		253,529,569	52,129,099

## 24.2 Demand finance

Habib Bank Limited	Represents facility of Rs. 200 million (2014: Rs. 200 million) secured by charge of over present and future trade debts, mortgage charge over Company's property and lien on TDR. This facility carries markup at the rate of 1 month KIBOR + 1.50% (2014: 1 month KIBOR + 1.75%) per annum payable at the time of settlement.	199,909,676	176,409,676
--------------------	--	-------------	-------------

		30 June 2015	30 June 2014
		----- (Rupees) -----	
<b>24.3 Cash finance</b>			
Bank Islami Limited	Represents facility of Rs. 150 million secured by pledge of finished goods. This facility carries markup at the rate of 3 months' KIBOR + 1.75% per annum payable at the time of settlement.	150,112,125	-
Habib Bank Limited	Represents facility of Rs. 400 million (2014: Rs. 400 million) secured by pledge over raw material. This facility carries markup at the rate of 1 month KIBOR + 1.75% (2014: 1 month KIBOR + 1.75%) per annum payable on quarterly basis.	112,347,971	218,088,057
Bank Al-Falah Limited	Represents a facility of Rs. 200 million (2014:Rs. 200 million) secured by First pari passu charge on present and future current/fixed assets of the company. This facility carry markup at the rate of 3 months' KIBOR + 1.25% (2014: 3 months' KIBOR + 1.75%) per annum payable on quarterly basis.	17,856,139	95,005,323
		<b>280,316,235</b>	<b>313,093,380</b>
<b>24.4 Finance against imported merchandise</b>			
Bank of Punjab Limited	Represents facility of Rs. 350 million secured by pledge merchandise under bank muccaddam and personal guarantees of all directors. This facility carries markup at the rate of 3 months' KIBOR + 1.25% per annum payable at the time of settlement.	240,570,704	-
MCB Bank Limited	Represents facility of Rs.200 million secured by pledge merchandise under bank muccaddam. This facility carries markup at the rate of 3 months' KIBOR + 1.25% per annum payable on quarterly and settlement basis. .	80,463,000	-
Habib Bank Limited	Represents facility of Rs. 400 million (2014: Rs. 400 million) secured by pledge over raw imported mild steel bars / billets / scrap with 10% margin over CFR value. This facility carries markup at the rate of matching tenor KIBOR + 1.50% (2014: KIBOR+1.75%) per annum payable at the time of settlement.	197,764,828	14,482,154
Askari Bank Limited	Represents facility of Rs. 200 million secured by pledge of consignment purchased through LCs under bank's approved mucaddum with 10% margin. This facility carries markup at the rate of 3 months KIBOR + 1.50% per annum payable at the time of settlement.	150,224,881	-
Summit Bank Limited	Represents facility of Rs. 450 million (2014: Rs. 450 million) secured by pledge over imported merchandise under bank's appointed muccadum at customer's premises. This facility carries markup at the rate of 3 months' KIBOR + 2.50% (2014: 3 months' KIBOR +2.70%) per annum payable on quarterly and settlement basis.	-	140,827,770

30 June 2015  
----- (Rupees) -----

30 June 2014  
-----

Silk Bank Limited Represents facility of Rs. 300 million (2014:Rs. 300 million) secured by pledge of imported raw materials. This facility carries markup at the rate of 3 months' KIBOR + 1.75% (2014: 3 months' KIBOR + 1.75%) per annum payable at the time of settlement.

73,650,680      62,540,764  
742,674,093      217,850,688

#### 24.5 Finance against trust receipt

Bank Al-Falah Limited Represents facility of Rs. 500 million (2014:Rs. 500 million) secured by hypothecation charge on all fixed and current assets of the Company. This facility carries markup at the rate of 3 months' KIBOR + 1.25% (2014: 3 months' KIBOR + 1.75%) per annum payable at the time of settlement.

**193,084,080**      180,481,831

Habib Metropolitan Bank Limited Represents unutilized facility of Rs. 250 million secured by hypothecation charge over current assets and mortgage charge over fixed assets.. This facility carries markup at the rate of 3 months' KIBOR + 1.75% (2014: 3 months' KIBOR + 1.75%) per annum payable on quarterly basis. The facility has been surrendered in the current year.

-      76,383,964

Dubai Islamic Bank Limited Represents facility of Rs. 400 million (2014:Rs. 400 million) secured by hypothecation charge on the assets of the Company. This facility carries markup at the rate of 3 months KIBOR + 1.70% (2014: 3 months' KIBOR + 1.75%) per annum payable at the time of settlement.

**49,999,949**      168,480,000

NIB Bank Limited Represents facility of Rs. 500 million (2014:Rs. 500 million) secured by charge on fixed asset. This facility carries markup at the rate of 3 months' KIBOR + 1.50% (2014 : 3 months' KIBOR + 1.75%) per annum payable at the time of settlement.

**275,093,600**      108,111,000

Askari Bank Limited Represents facility of Rs. 400 million (2014:Rs. 200 million) secured by hypothecation charge on fixed assets of the Company. This facility carries markup at the rate of relevant KIBOR + 1.50% (2014: relevant KIBOR + 1.75%) per annum payable at the time of settlement.

**112,111,972**      68,965,409

Standard Chartered Bank (Pakistan) Limited Represents facility of Rs. 500 million (2014:Rs. 500 million) secured by hypothecation charge on fixed assets of the Company. This facility carries markup at the rate of relevant KIBOR + 1.75% (2014: relevant KIBOR + 1.75%) per annum payable at the time of settlement.

**105,074,429**      371,184,619

735,364,030      973,606,823



**25. CONTINGENCIES AND COMMITMENTS****Contingencies**

**25.1** The Company is subject to cess imposed under Gas Infrastructure Development Cess Act 2011. The rate of such cess was revised from Rs.13/MMBTU to Rs. 150/MMBTU through the Finance Act 2011. The Company in association with other companies of the same sector filed a case against Federation of Pakistan challenging such increase and continued to pay the cess at Rs.13/MMBTU till July 2014. The Company, based on the opinion of its legal advisor, is confident that the outcome of the case will be in its favor. Accordingly, additional liability of Rs. 92.198 million has not been recorded in these financial statements.

**25.2** Refer note 13.1 for litigation in respect of surety deposit.

	30 June 2015	30 June 2014
	----- (Rupees) -----	
<b>25.3</b> Outstanding letters of credit	<u>534,543,056</u>	<u>1,691,844,229</u>
<b>25.4</b> Outstanding letters of guarantee	<u>48,640,456</u>	<u>47,140,456</u>

**25.5** Commitments for rentals payable under Ijarah contracts in respect of vehicles, and plant and machinery are as follows:

	30 June 2015	30 June 2014
	----- (Rupees) -----	
Not later than one year	<u>43,438,743</u>	<u>51,420,775</u>
Later than one year but not later than five years	<u>101,886,678</u>	<u>52,741,139</u>

**26. SALES**

Sales – local	14,415,774,877	12,248,837,649
Less: Sales return	<u>(27,122,918)</u>	<u>(299,562,365)</u>
Sales discount	<u>(1,340,549)</u>	<u>(968,905)</u>
	<u>(28,463,467)</u>	<u>(300,531,270)</u>
	<u>14,387,311,410</u>	<u>11,948,306,379</u>
Sales – export	<u>26,349,995</u>	<u>17,002,290</u>
	<u>14,413,661,405</u>	<u>11,965,308,669</u>

	Note	30 June 2015 ----- (Rupees) -----	30 June 2014 -----
<b>27. COST OF SALES</b>			
Billets consumed for bars production	27.1	11,899,456,593	10,242,666,417
Billets sold to external customers		-	346,992,092
		<u>11,899,456,593</u>	<u>10,589,658,509</u>
<b>27.1 Billets consumed for bars production</b>			
Opening stock – work in progress	10	180,706,149	468,264,736
Cost of billets manufactured internally	27.1.1	10,536,557,963	9,866,099,299
Purchases		420,021,238	-
Sold to external customers		-	(346,992,092)
Closing stock – work in progress	10	(231,780,314)	(180,706,149)
		<u>10,905,505,036</u>	<u>9,806,665,794</u>
<b>Manufacturing overheads</b>			
Stores and spare parts consumed		45,143,087	57,100,853
Salaries, wages and other benefits		80,136,623	65,203,690
Fuel, power and water		555,965,859	512,233,707
Depreciation	6.1.3	82,685,152	78,811,449
Ijarah rentals		20,214,269	43,527,168
Repairs and maintenance		56,295,694	44,020,439
Cartage		1,225,006	1,142,644
Oil and lubricants		10,780,799	9,530,761
Insurance		3,047,827	2,967,822
Rent, rates and taxes		599,603	694,150
Others		2,018,676	2,463,219
		<u>858,112,595</u>	<u>817,695,902</u>
Cost of goods manufactured		<u>11,763,617,631</u>	<u>10,624,361,696</u>
<b>Finished goods</b>			
Opening stock	10	946,531,814	564,836,535
Closing stock	10	(810,692,852)	(946,531,814)
		<u>135,838,962</u>	<u>(381,695,279)</u>
		<u>11,899,456,593</u>	<u>10,242,666,417</u>
<b>27.1.1 Cost of billets manufactured internally</b>			
<b>Raw material consumed</b>			
Opening stock	10	318,275,969	676,091,894
Purchases		8,072,572,679	6,676,934,614
		<u>8,390,848,648</u>	<u>7,353,026,508</u>
Closing stock	10	(1,125,101,250)	(318,275,969)
		<u>7,265,747,398</u>	<u>7,034,750,539</u>
<b>Manufacturing overheads</b>			
Stores and spare parts consumed		522,141,781	520,314,858
Salaries, wages and other benefits		138,003,604	119,993,620
Depreciation	6.1.3	191,781,445	205,211,821
Fuel and power		2,360,973,735	1,906,069,763
Ijarah rentals		4,287,093	25,601,650
Cartage		23,221,375	17,580,115
Repairs and maintenance		22,129,149	29,196,376
Rent, rates and taxes		585,309	445,737
Insurance		2,982,643	2,735,578
Oil and lubricants		3,406,022	2,636,617
Others		1,298,409	1,562,625
		<u>3,270,810,565</u>	<u>2,831,348,760</u>
		<u>10,536,557,963</u>	<u>9,866,099,299</u>

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	Note	30 June 2015 ----- (Rupees) -----	30 June 2014 -----
<b>28. DISTRIBUTION COSTS</b>			
Salaries, allowances and other benefits		34,149,027	24,810,377
Carriage and transport		170,599,596	112,512,238
Advertisement and sales promotion		23,079,947	16,174,288
Packing material		9,331,885	6,685,235
Depreciation	6.1.3	5,715,288	2,877,798
Shop expenses		3,884,288	4,572,502
Utilities		2,757,762	2,574,785
Bundling and special order charges		27,880,079	22,648,458
Rent, rates and taxes		1,119,700	522,450
Testing charges		2,483,409	925,536
		<u>281,000,981</u>	<u>194,303,667</u>
<b>29. ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits		89,298,456	70,745,854
Depreciation	6.1.3	12,499,834	8,410,693
Amortisation		738,064	325,428
Intangibles written off		77,044	-
Travelling and conveyance		20,304,655	18,431,988
Legal and professional charges		18,697,488	6,619,215
Sales tax refundable – written off		21,681,814	-
Vehicles running expenses		10,457,666	11,411,508
Entertainment		9,342,868	8,145,708
Security guard expenses		12,247,398	9,619,766
Insurance		2,087,033	2,307,543
Computer consumables		6,810,775	2,879,692
Rent, rates and taxes		1,764,286	1,125,109
Communication charges		1,718,413	2,020,168
Printing and stationery		1,808,496	2,388,524
Utilities		2,256,351	2,042,315
Auditors' remuneration		2,500,000	1,100,000
Repairs and maintenance		205,138	443,495
Ijarah rentals		6,929,606	7,204,968
Membership and subscription		108,680	96,760
Others		7,330,798	4,752,532
		<u>228,864,863</u>	<u>160,071,266</u>
<b>30. OTHER EXPENSES</b>			
Workers' Profits Participation Fund		68,174,227	20,406,229
Workers' Welfare Fund		25,906,206	7,754,367
Donations	30.1	5,484,707	1,974,700
		<u>99,565,140</u>	<u>30,135,296</u>
<b>30.1</b> Recipients of donations do not include any donee in which any director or his spouse had any interest.			
<b>31. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on deposit accounts / term deposit receipts		1,665,376	847,107
<b>Income from non-financial assets</b>			
Gain on disposal of property, plant and equipment		3,359,111	3,250,894
Reversal of provision of doubtful debts		14,660,612	1,382,002
Scrap sales		418,283	514,275
Liability no longer payable-written back		9,690,673	14,202,133
Recovery of bad debts		5,000,000	-
		<u>33,128,679</u>	<u>19,349,304</u>
		<u>34,794,055</u>	<u>20,196,411</u>



32. FINANCE COSTS	Note	30 June 2015 ----- (Rupees) -----	30 June 2014 ----- (Rupees) -----
<b>Markup / profit/ interest on:</b>			
Long-term financing		263,151,891	166,408,960
Short-term borrowings		306,590,354	300,048,965
Cash flow hedges		836,092	936,142
Murabaha		59,248,914	123,798,881
Finance leases		1,339,631	20,837,097
Workers' Profits Participation Fund		1,582,327	872,331
		<u>632,749,209</u>	<u>612,902,376</u>
Bank charges		16,949,763	12,243,600
Exchange loss		18,031,337	6,249,314
		<u>667,730,309</u>	<u>631,395,290</u>

### 33. TAXATION

Current tax			
- for the year	33.1	188,195,308	120,165,498
- for prior years		<u>(22,933,934)</u>	<u>1,189,619</u>
		165,261,374	121,355,117
Deferred tax		95,392,469	6,184,880
		<u>260,653,843</u>	<u>127,539,997</u>

**33.1** The return of income for the tax year 2014 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.

**33.2** As the Company is subject to Alternative Corporate Tax (ACT) for the current tax year, therefore, no numerical tax reconciliation is given.

34. BASIC AND DILUTED EARNINGS PER SHARE	30 June 2015	30 June 2014
Net profit for the year (Rupees)	1,011,183,731	252,401,055
Weighted average number of ordinary shares of Rs. 10/- each	222,758,570	222,758,570
	<u>4.54</u>	<u>1.13</u>

### 35. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	30 June 2015		30 June 2014	
	Chief Executive	Directors	Chief Executive	Directors
	----- (Rupees) -----			
Managerial remuneration	4,026,000	3,401,024	4,026,000	2,946,214
Housing allowance	1,811,700	1,527,234	1,811,700	1,323,652
Utilities & conveyance	402,600	339,691	402,600	294,364
Medical	402,600	515,878	402,600	422,500
Others	785,100	1,127,423	785,100	765,020
	<u>7,428,000</u>	<u>6,911,250</u>	<u>7,428,000</u>	<u>5,751,750</u>
Number	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>

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

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The Company's overall risk management 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:

### 36.1 Market risk

#### 36.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company interest rate risk arises from long-term financing and short-term borrowings obtained with floating rates. Change in benchmark interest rate by 2% may have a positive or negative impact of approximately Rs.11.395 (2014: Rs. 9.329) million in profit and loss account before taxation. The analysis is made based on the assumption that all other variables remain constant.

#### 36.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency) and financing activities which includes finance obtained in foreign currency. Change in exchange rate by 10% may have a positive or negative impact of approximately Rs. 16.433 (2014: Rs. 47.796) million in profit and loss account before taxation. The analysis is made based on the assumption that all other variables remain constant.

#### 36.1.3 Commodity risk

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

### 36.2 Credit risk

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

	30 June 2015	30 June 2014
	----- (Rupees) -----	
Investments	15,289,370	15,289,370
Trade debts	1,158,043,407	929,907,782
Loans and advances	87,459,799	27,033,820
Deposits	9,326,177	46,937,690
Other receivables	333,202,992	115,890,487
Bank balances	67,720,929	55,170,898
	<u>1,671,042,674</u>	<u>1,190,230,047</u>





### 36.2.1 Credit quality of financial assets

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

	30 June 2015	30 June 2014
	----- (Rupees) -----	
<b>Trade debts</b>		
Customers with no defaults in the past one year	536,608,325	495,509,662
Customers with some defaults in past one year which have been fully recovered	14,660,612	1,675,709
	<u>551,268,937</u>	<u>497,185,371</u>
<b>Bank balances</b>		
Ratings		
A1+	39,875,192	27,739,760
A-1+	18,094,274	-
A1	4,642,680	4,559,929
A-1	2,509,789	-
A-2	2,598,994	10,431
A3	-	22,860,779
	<u>67,720,929</u>	<u>55,170,899</u>

### 36.3 Liquidity risk

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

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

	Interest / Markup / Profit bearing				Non- interest Bearing	Total
	Less than one year	One to five year	More than five year	Total		
30 June 2015	----- (Rupees) -----					
Long-term financing	952,090,429	1,150,186,280	-	2,102,276,709	-	2,102,276,709
Deferred liability	-	-	-	-	67,160,595	67,160,595
Trade and other payables	511,356,980	-	-	511,356,980	478,032,857	989,389,837
Accrued mark-up	-	-	-	-	82,714,774	82,714,774
Short-term borrowings	2,211,793,603	-	-	2,211,793,603	-	2,211,793,603
Other financial liabilities	7,909,428	-	-	7,909,428	-	7,909,428
	<u>3,683,150,440</u>	<u>1,150,186,280</u>	<u>-</u>	<u>4,833,336,720</u>	<u>627,908,226</u>	<u>5,461,244,946</u>
30 June 2014	Interest / Markup / Profit bearing				Non- interest Bearing	Total
	Less than one year	One to five year	More than five year	Total		
	----- (Rupees) -----					
Long-term financing	550,116,276	2,048,624,564	-	2,598,740,840	-	2,598,740,840
Liabilities against assets subject to finance lease	50,774,176	58,408,020	-	109,182,196	-	109,182,196
Deferred liability	-	-	-	-	46,421,041	46,421,041
Trade and other payables	523,158,714	-	-	523,158,714	351,338,662	874,497,376
Accrued mark-up	-	-	-	-	99,126,957	99,126,957
Short-term borrowings	1,733,089,666	-	-	1,733,089,666	-	1,733,089,666
Other financial liabilities	-	-	-	-	2,839,687	2,839,687
	<u>2,857,138,832</u>	<u>2,107,032,584</u>	<u>-</u>	<u>4,964,171,416</u>	<u>499,726,347</u>	<u>5,463,897,763</u>

Etc



### 36.4 Capital risk management

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

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

#### Gearing ratio

	30 June 2015	30 June 2014
	----- (Rupees) -----	
Long-term financing	2,102,276,709	2,598,740,840
Liabilities against asset subject to finance lease	-	109,182,196
Other financial liabilities	7,909,428	2,839,687
Trade and other payables	989,389,838	874,497,376
Accrued mark-up	82,714,774	99,126,957
Short-term borrowings	2,211,793,603	1,733,089,666
Total debt	<u>5,394,084,352</u>	<u>5,417,476,722</u>
Cash and cash equivalents	<u>(79,722,352)</u>	<u>(63,469,830)</u>
<b>Net debt</b>	<b>5,314,362,000</b>	<b>5,354,006,892</b>
Share capital	<u>2,227,585,700</u>	<u>2,227,585,700</u>
Reserves	<u>1,724,698,161</u>	<u>651,439,886</u>
Surplus on revaluation of property, plant and equipment	<u>1,918,871,901</u>	<u>1,959,532,695</u>
<b>Total equity</b>	<b>5,871,155,762</b>	<b>4,838,558,281</b>
<b>Equity and net debt</b>	<b><u>11,185,517,762</u></b>	<b><u>10,192,565,173</u></b>
<b>Gearing ratio</b>		
Including surplus on revaluation of property, plant and equipment	<u>48%</u>	<u>53%</u>
Excluding surplus on revaluation of property, plant and equipment	<u>57%</u>	<u>65%</u>

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.

### 36.5 Fair value of financial instruments

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

## 37. TRANSACTIONS WITH RELATED PARTIES

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

## 38. PLANT CAPACITY AND ACTUAL PRODUCTION

### 38.1 Billets

	30 June 2015	30 June 2014
	----- (M.T.) -----	
Plant capacity – estimated	<u>200,000</u>	<u>200,000</u>
Actual production	<u>173,738</u>	<u>157,214</u>

### 38.2 Bars

Plant capacity – estimated	<u>180,000</u>	<u>180,000</u>
Actual production	<u>169,411</u>	<u>148,275</u>

38.3 The capacity utilization at the two plants of the Company namely "Rolling Mill" and the "Steel Melt Shop" recorded a healthy increase from 82% to 94% and from 79% to 87%, during the current year. However, despite the increase, due to market conditions, the Company produced only that much billets and re-bars which it could sell in the market without taking too much credit risk.

#### 39. NUMBER OF EMPLOYEES

Total number of employees at year end are 327 (2014: 311) and average number of employees during the year were 317 (2014: 300).

#### 40. DATE OF AUTHORIZATION

05 OCT 2015

These financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

#### 41. GENERAL

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

  
\_\_\_\_\_  
Chief Executive

  
\_\_\_\_\_  
Director



## NOTICE OF MEETING

Notice is hereby given that 31<sup>th</sup> Annual General Meeting of Amreli Steels Limited will be held on Tuesday 27<sup>th</sup> October 2015 at 11:00 am at the Registered Office of the Company at A-18, S.I.T.E, Karachi to transact following business:

1. To confirm the minutes of the last Annual General Meeting.
2. To receive and adopt the Audited Accounts together with the Auditor's report thereon for the year ended 30 June 2015.
3. To appoint Auditors and fix their remuneration. The present Auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder - Chartered Accountants retire and being eligible offer themselves for re-appointment.
4. To transact any other business of the company with the permission of the Chairman.

Karachi  
Dated 06 October 2015

BY ORDER OF THE BOARD



COMPANY SECRETARY

### Notes:

1. Share transfer books of the Company will remain close from 21 October 2015 to 27 October 2015 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of holding the meeting
3. Shareholders are requested to notify to the Company of any change in their addresses immediately.
4. Submission of copy of CNIC (Mandatory):

In order to comply with the directives of the Securities and Exchange Commission of Pakistan (SECP) issued from time to time, the shareholders are requested to kindly send photocopy of their CNICs to us immediately at our address "A-18, S.I.T.E. Karachi or our Share Registrar M/s. THK Associates (Pvt) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi – 75530". The shareholders who have already provided CNIC number to us need not re-submit it unless the CNIC is expired. In case of non-submission of copy of CNIC, all future dividend warrants may be withheld.

5. Circulation of Audited Financial Statements through email

Members are hereby informed that the Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 787(I)/2014 dated 8 September 2014 has allowed companies to circulate annual balance sheet and profit and loss account, auditor's report and directors report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) to their members through e-mail subject to compliance with the conditions outlined in the said Notification. In this regard a written notice may please be sent to us as soon as possible at our following email addresses and for convenience of the members, a standard request form is being enclosed herewith.

Company Secretary: [zoeb.salemwala@amrelisteels.com](mailto:zoeb.salemwala@amrelisteels.com)

### AMRELI STEELS LIMITED

A/18, S.I.T.E., Karachi, Pakistan.  
Tel: +92 21-32587232-9  
Fax: +92 21-32587240, 38798328  
UAN: 111 AMRELI (267 354)  
E-mail: [sales@amrelisteels.com](mailto:sales@amrelisteels.com)



Dear Shareholder(s),

**Re: Circulation of Annual Financial Statements and Notice of General Meetings through email**

The Securities & Exchange Commission of Pakistan [SECP], through its notification SRO 787(1)/2014 dated 8 September 2014, has allowed the companies to circulate their annual (audited) financial statements and notice of general meetings to the members through email.

Therefore, if you wish to receive the financial statements and notice of general meetings of the Company via email, please **FILL IN** the attached **REQUEST FORM** mentioning your valid email addresses and send us the same as your consent for the purpose of receiving the annual reports and notice of meetings electronically in future. **The REQUEST FORM / CONSENT FORM** is attached.

Please note that the Company shall continue to dispatch annual (audited) financial statements by post to the shareholders who do not opt for transmission through email and to email-opting shareholders on demand.

An early consent from your side for electronic transmission of financial statements and AGM notice will be highly appreciated.

Yours truly,



Zoeb Saleemwala  
Company Secretary

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

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

**REQUEST / CONSENT FORM for obtaining Annual Report and Notice of General Meetings via E-mail**

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

In term of SECP's notification no.SRO 787(1)/2014 dated 08 September 2014, I/we, \_\_\_\_\_, Folio Number / CDC Account Number \_\_\_\_\_ holding \_\_\_\_\_ number of shares of Amreli Steels Limited, do hereby give my/our consent to receive all future annual reports and notice of meetings etc. through emails, at my/our email address mentioned below:

Folio / CDC Account Number: \_\_\_\_\_

Name of Shareholder: \_\_\_\_\_

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

Contact Number: \_\_\_\_\_

CNIC Number: \_\_\_\_\_

Signature: \_\_\_\_\_



**Proxy Form  
Amreli Steels Limited  
31st Annual General Meeting**

I, \_\_\_\_\_ S/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 31<sup>st</sup> Annual General Meeting (AGM) of the Company to be held on **Tuesday, October 27, 2015** at  
**11:00 am PST at A-18, S.I.T.E. Karachi** and any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

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. A member eligible to attend and vote at the Meeting may appoint another member as his/her proxy to attend, and vote instead of him/her.
4. An 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.
5. An instrument of proxy and the power of attorney or other authority (if any), under which it is signed or a notarily 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.
6. 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.
7. Members are requested to notify any changes in their addresses immediately.
8. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

**For CDC Account Holders/Corporate Entities:**

In addition to above, the following requirements have to be met:

- i) The proxy form shall be witnessed by two (2) persons whose names, addresses and CNIC or Passport numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
- iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

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