



# A Focus for the Future

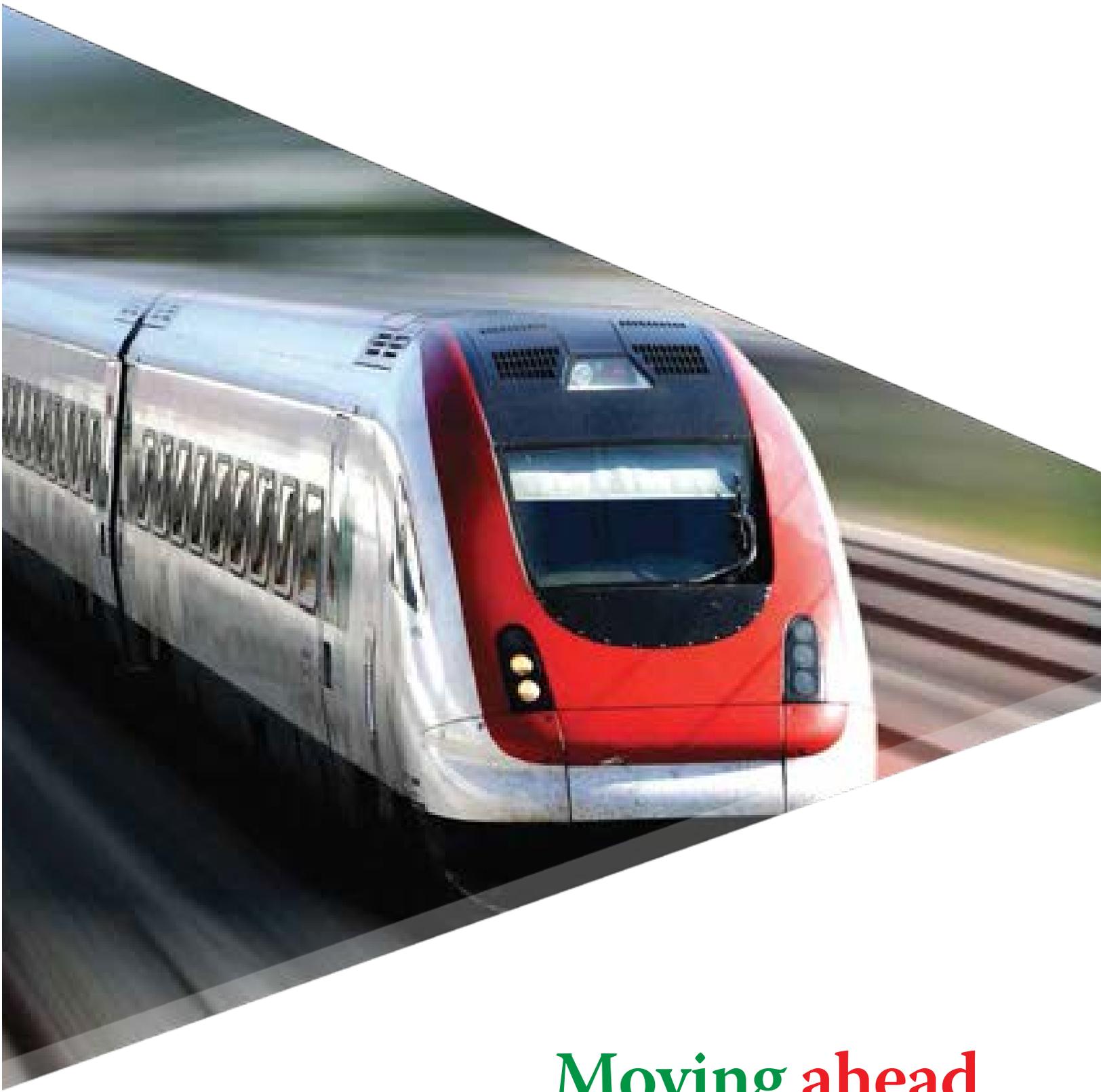
## **Aisha Steel**

### **Annual Report 2016**

A Group Company of



Arif Habib



**Moving ahead  
with passion**

# Contents

## Company Overview

- 3 Vision and Mission Statement
- 4 Production Process
- 5 Overall Corporate Strategy
- 6 Core values
- 7 Code of Conduct
- 8 Company Information
- 9 Company Profile
- 10 SWOT Analysis
- 11 Company Organogram
- 12 Directors' Profile
- 17 Board and Management Committees
- 21 Evaluation of Board's Performance & Criteria Used
- 22 CEO's Performance Review

## Messages for Stakeholders

- 23 Directors' Report
- 31 Statement Showing Attendance at Board Meeting
- 32 Statement Showing Bought and Sold
- 33 Pattern of Shareholding
- 44 Notice of Twelfth Annual General Meeting

## Financial Highlights

- 48 Aisha Steel at a Glance
- 49 Financial & Business Highlights
- 50 DuPont Analysis
- 51 Graphical Representation
- 53 Horizontal Analysis of Financial Statements
- 55 Vertical Analysis of Financial Statements
- 57 Summary of Cash Flow Statement
- 58 Statement of Value Addition & Distribution
- 59 Share Price/Volume Analysis
- 60 Shareholders Information

## Financial Statements

- 62 Auditors' Review Report to the Members on Statement of Compliance with the Code of Corporate Governance
- 63 Statement of Compliance with the Code of Corporate Governance
- 65 Report of the Board Audit Committee
- 68 Auditors' Report to the Members
- 69 Balance Sheet
- 70 Profit and Loss Account
- 71 Cash Flow Statement
- 72 Statements of Changes in Equity
- 73 Notes to the Financial Statements

## Other Information

- 109 Corporate Calendar of Major Events
- 110 List of Abbreviations
- 111 JamaPunji
- 112 Form of Proxy

# A Focus for the Future



## Vision

To be a world class manufacturer  
of Cold Rolled Steel

## Mission

To become an efficient producer  
of Cold Rolled Steel while serving  
interests of all stakeholders



## Pickling

HRC is imported as raw material for conversion into the final product, CRC. Before processing into Cold rolled steel, it is necessary to pickle the steel to eliminate the black oxide scale on the surface, subsequent to which, the Hot Rolled flat steel is cold rolled to the required final thickness at room temperature.

## Cold Rolling

In cold rolling, the hot rolled coil is rolled into thinner gauges of the required size through further passage in rolling stands. Cold rolled steel possesses a better surface, enhanced strength and better dimensional characteristics than hot rolled steel.

## Cleaning & Batch Annealing

The product passes through an electrolytic cleaning line for removal of oil, iron powder and other foreign materials. The steel is then annealed, which involves slow heating and cooling to improve workability.

## Skin Passing & Recoiling

Skin passing is done to improve and normalize the mechanical properties and to get the specified surface finish, hardness and flatness, after which the finished product is passed through a recoiling line to adjust the width by edge trimming, coil weight by dividing a large coil into small coils.

## Overall Corporate Strategy

Our corporate strategy entails producing the highest quality of products benefitting all stakeholders. The company emphasizes on transparency, building greater standards for ethical values. ASML focuses on its team and believes in regular training and development of its human resource given the technologically advanced nature of ASML's plant and machinery.

There is a strong commitment for continuous improvement of each process in order to optimize efficiency.

We strongly adhere to the following to be in line with the global best practices:

- Value creation for all stakeholders while maintaining a strong competitive position;
- Keep a strong focus on the long run sustainable advantages;
- Develop and strengthen a transparent and inventive culture while encouraging ethical values;
- Ensuring that corporate strategy passes throughout the organization and is inculcated across the Company;





## Core Values

### Our People

We are an equal opportunity employer. Discrimination on any grounds is fundamentally unacceptable.

### Health, Safety & Environment

The Company strongly endorses and emphasizes on managing resources ensuring safety within and beyond its own facilities.

ASML stands committed to carry out its business in a sustainable manner to promote preservation of the environment.

### Regulatory Compliance & Corporate Governance

The Company remains committed to high standards of corporate governance, while adhering to the applicable laws and regulations.

### Integrity

Key success for any business fosters in a transparent environment based on ethical values.

Our values are based on highest integrity, which determines the way we work, leading to our well-founded reputation.

### Excellence & Efficiency

Efficiencies, appropriate risk management measures and pricing strategies should enable profitable operations and good shareholder returns in all market scenarios.

At ASML, our conviction for excellence emerges with a passion to provide our customers with CRC comparable with international standards.

# Code of Conduct

Being a highly responsible corporate, Aisha Steel Mills Ltd. expects its employees to uphold and enhance the reputation of the company by:

- Maintaining an unimpeachable standard of integrity in all their business relationships both inside and outside the company.
- Fostering the highest standard of conduct and competence amongst those for whom they are responsible.
- Ensuring transparency in business transaction and rejecting any business practice which might be deemed to be improper.
- Promoting fair business practices and ensuring compliance with legal and regulatory requirements.

**In applying these rules, employees should use the following guidelines:**

## 1. Conflict of Interest

- Any personal interest, which may affect or might reasonably be deemed by others to affect an employee's impartiality, should be declared up front in writing.
- The company property must not be used for personal work unless specific permission is obtained.
- Each staff member is employed in the company on a full time basis and therefore, they should not be involved, directly or indirectly, in any vacation, business or commercial activity. Any departure from this can only be made with the written permission of the Chief Executive Officer.

## 2. Confidentiality and Accuracy of Information

The confidentiality of information received in the course of business must be respected and never be used for personal gain; information given in the course of business must be honest and never designed to mislead.

Further, all company affairs are to be treated as confidential and should not be discussed with third parties not only during service with the company, but even after departing from service. Interaction with competitors beyond the approved level will be regarded as gross misconduct.

## 3. Gifts

All members are forbidden to accept gifts or borrow money from another member of the company or from Showroom Dealers, Vendors or a customer of ASML.

## 4. Proper Recording of Funds, Assets, Receipts and Disbursements

- I. All funds, assets, receipts and disbursements should be properly recorded in the books of the company. In particular, no funds or accounts should be established or maintained for purposes that are not fully and accurately reflected in the books and records of the company.
- II. In principle, all resources and supplies - telephone, printing, internet, office van, stationary, other supplies and most importantly your office time etc. are for official use.

## 5. Health & Safety

Every staff member should take reasonable care to ensure the health and safety of him/her and others who may be affected by his/her acts at work.

## 6. Environment

To preserve and protect the environment, all staff members should:

- Design and operate the company's facilities and processes so as to ensure the trust of adjoining communities.
- Promote conservation of resources and waste minimization.
- Strive continuously to improve environment awareness and protection.
- Help assist in ensuring minimum wastage of resources.

## 7. Work Place Harassment

The staff will maintain an environment that is free from harassment and in which all employees are equally respected.

## 8. Legal Proceedings

It is essential that a staff member, who becomes involved in legal proceedings, whether civil or criminal, should immediately inform his superior with a copy to the CEO in writing.

## Company Information

### Board of Directors

Mr. Arif Habib,	Chairman
Dr. Munir Ahmed,	C.E.O
Mr. Hasib Rehman	
Mr. Nasim Beg	
Mr. Javed Iqbal	
Mr. Bilal Asghar	
Mr. Ahsan Ashraf	
Mr. Kashif A.Habib	
Mr. Muhammad Ejaz	

### Audit Committee

Mr. Kashif A.Habib	Chairman
Mr. Hasib Rehman	Member
Mr. Nasim Beg	Member
Mr. Bilal Asghar	Member

### Human Resource & Remuneration Committee

Mr. Arif Habib	Chairman
Mr. Hasib Rehman	Member
Mr. Muhammad Ejaz	Member
Mr. Javed Iqbal	Member

### CFO & Company Secretary

Mr. Tahir Iqbal

### Registered Office

Arif Habib Centre, 23 - M.T. Khan Road,  
Karachi - Pakistan.

### Plant Address

DSU - 45, Pakistan Steel Down Stream Industrial  
Estate, Bin Qasim, Karachi - Pakistan.

### Auditors

A.F. Ferguson & Co., Chartered Accountants, State Life  
Building No.1-C, I.I Chundrigar Road, Karachi.

### Share Registrar Department

Central Depository Company of Pakistan, CDC  
House, 99-B, SMCHS, Shabrae Faisal, Karachi.  
Phone: 92-21-111-111-500

### Legal Advisor

- Mr. Ajmal Awan (Sattar & Sattar Advocates)
- Bawaney & Partners.

### Bankers / Lenders

Allied Bank Ltd.  
Askari Bank Ltd.  
Bank Alfalah Ltd.  
Bank Al Habib Limited.  
Bank Islami Pakistan Ltd.  
Faysal Bank Ltd.  
JS Bank Ltd.  
Habib Bank Limited.  
Habib Metropolitan Bank Ltd.  
KASB Bank Ltd.  
MCB Bank Ltd.  
National Bank of Pakistan.  
NIB Bank Ltd.  
Pak China Investment Company Ltd.  
Saudi Pak Ind. & Agr. Inv. Co. Ltd.  
Silk Bank Ltd.  
Summit Bank Ltd.  
Sindh Bank Ltd.  
Standard Chartered Bank (Pakistan) Ltd.  
The Bank of Khyber.  
The Bank of Punjab.

### Website

[www.aishasteel.com](http://www.aishasteel.com)

## Company profile

Aisha Steel Mills Limited (ASML) is a state-of-the-art cold rolling complex with a nameplate capacity of 220,000 metric tons per year. ASML is one of the largest private sector investments in the value added flat-rolled steel industry in Pakistan.

It is the only Cold Rolled Coil (CRC) manufacturer in the country which is using brand new Japanese and Austrian machinery for all of its main process, ensuring best quality production of CRC in the country.

ASML was incorporated in 2005, and is set to become the largest supplier of cold rolled steel coils in the country. ASML has also entered into a strategic tie-up with Mitsubishi Corporation to assist in and ensure seamless marketing, sales, and distribution of its products.

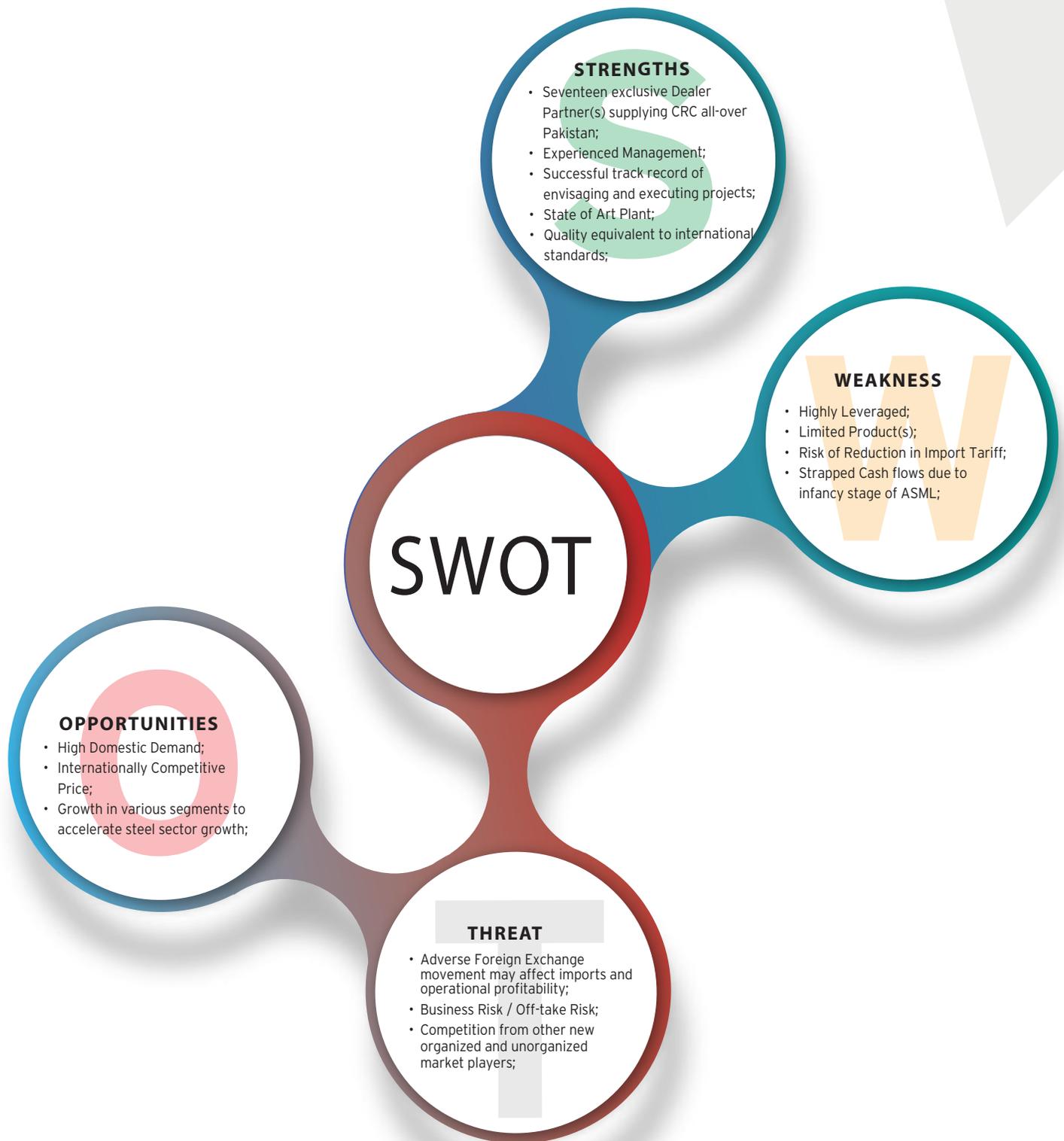
## Product

ASML produces Cold Rolled Coils (CRC) of international standards from imported Hot Rolled Coils (HRC).

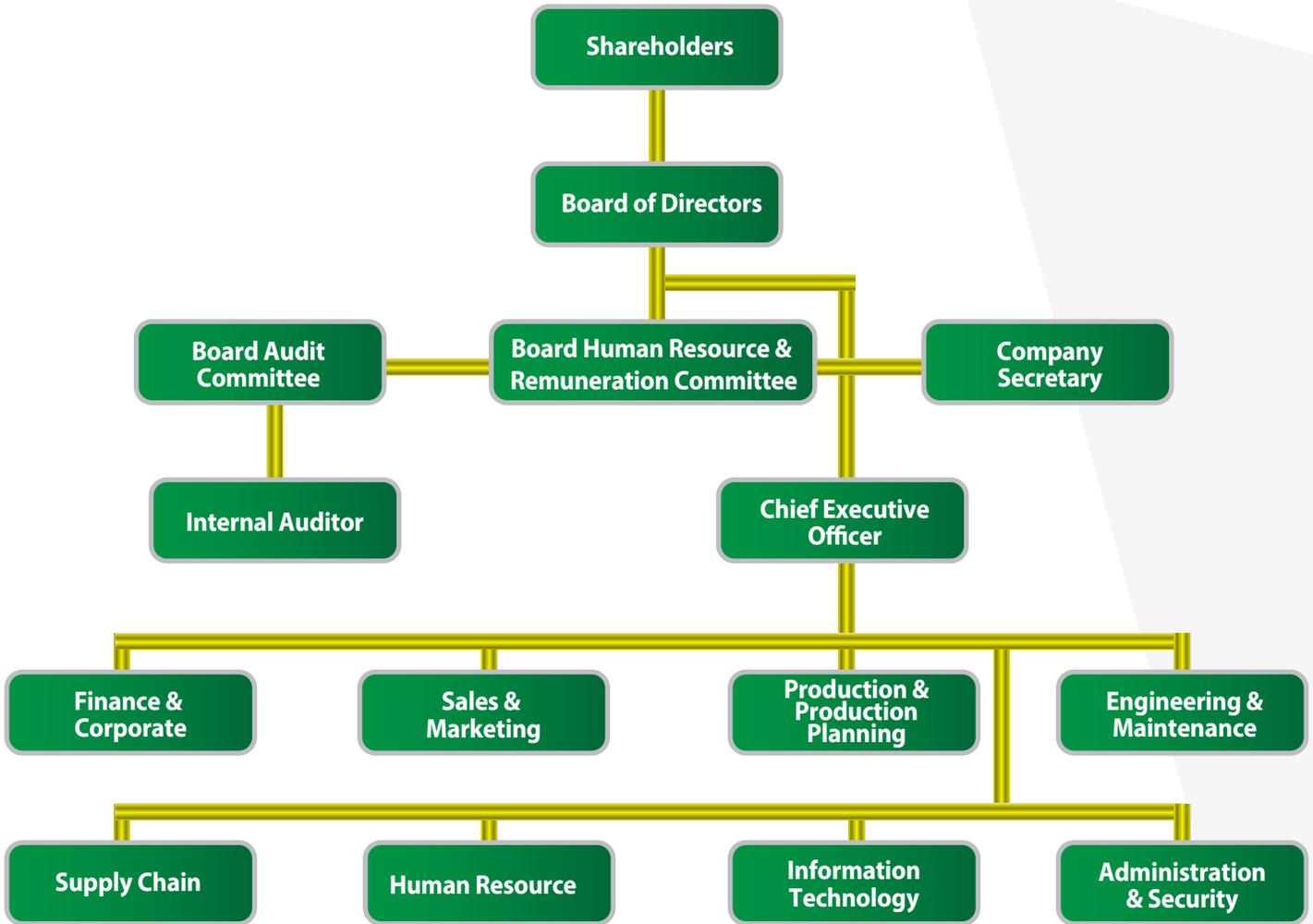
The CRC products are being offered to the industrial, engineering and manufacturing industry as a premier raw material for transformation into any number of value added products for the domestic and export markets.

ASML is the largest CRC plant in Pakistan with an Electrolytic Cleaning Line ("ECL") which substantially improves the product quality, removing all impurities making ASML one of the most valuable CRC producers meeting the highest quality standards.

# Swot Analysis



# Company Organogram



## Director's Profile



**Mr. Arif Habib**  
Chairman &  
Non - Executive Director

Mr. Arif Habib is the Chief Executive of Arif Habib Corporation Limited. He is also the Chairman of Pakarab Fertilizers Limited, Fatima Fertilizer Company Limited, Fatimafert Limited, Aisha Steel Mills Limited, Javedan Corporation Limited and Sachal Energy (Pvt.) Limited.

Mr. Arif Habib remained the elected President/Chairman of Karachi Stock Exchange for six times in the past and was a Founding Member and Chairman of the Central Depository Company of Pakistan Limited. He has served as a Member of the Privatization Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. Over the years he has been nominated on the Board of Directors of a number of companies by the Government of Pakistan. Presently, he is a Director on the Boards of Pakistan International Airlines, Sui Northern Gas Pipelines Limited and Pakistan Engineering Company Limited.

Mr. Habib participates significantly in welfare activities. He is one of the trustees of Fatimid Foundation and Memon Health & Education Foundation as well as a director of Pakistan Centre for Philanthropy and Karachi Education Initiative.

### **Corporate Responsibilities As Chairman**

Arif Habib Consultancy (Pvt.) Limited  
Arif Habib Foundation  
Fatimafert Limited  
Fatima Fertilizer Company Limited  
Javedan Corporation Limited  
Pakarab Fertilizers Limited  
Pakistan Business Council  
Sachal Energy Development (Pvt.) Limited

### **As Honorary Trustee/Director**

Fatimid Foundation  
Karachi Education Initiative  
Pakistan Veterans Cricket Association  
Memon Health and Education Foundation

### **As Director**

Arif Habib Real Estate Services (Pvt.) Limited  
Fatima Cement Limited  
International Builders and Developers (Pvt.) Limited  
International Complex Projects Limited  
NCEL Building Management Limited  
Pakistan Business Council  
Pakistan Centre for Philanthropy  
Pakarab Energy Limited  
Pakistan Engineering Company Limited  
Pakistan International Airlines Corporation  
Pakistan Opportunities Limited  
Sui Northern Gas Pipelines Limited



**Dr. Munir Ahmed**  
Director & CEO

Dr. Munir gained a B.E (Metallurgy) degree in 1978 from Dawood College of Engineering & Technology Karachi, MS (Metallurgy) in 1982 and a Ph.D. (Metallurgy) in 1985 from Institute of Material Science, University of Connecticut, USA.

He holds 36 years of rich experience in progressively senior positions. Prior to joining Aisha Steel Mills he was associated with People Steel Mills as Managing Director and also headed EPRF (ENAR Petroleum Refining Facilities). He was associated with Peoples Steel Mills Ltd. for the last 15 years in different roles including General Manager (Project/BMR), General Manager (Operations), Director Operations and lastly as Managing Director.

Dr. Munir was Member (Industrial Project) in Dr. A. Q. Khan Research Laboratories from June 2009 to June 2014, and also contributed as Chief Scientist from 2002 to 2009.

Dr. Munir Ahmed contributed significantly in the field of Metallurgy and Material Engineering through his researches & publications. Till date he has published 45 articles in Journals and proceedings of International repute. He was also invited by University of Connecticut, USA in June 1989 as a Visiting Scientist to carry out research in the field of thin film superconductors. He was honored with Special Creativity award by National Science Foundation, USA, on the basis of "exceptional creativity" shown in research work on surface modification. He was also awarded Sitara-e-Imtiaz by the Govt. of Pakistan for his contribution in the field of Metallurgy.



**Mr. Hasib Rehman**  
Non - Executive Director

Mr. Hasib Rehman is the Chairman of Universal Metal Corporation Japan. His experience in the steel industry spans a period of over 20 years both in the local as well as the international arena. Mr. Hasib Rehman is also a director of Japan-Pakistan Association and a member of Japan-Pakistan business co-operation. He is also a member of Tokyo Chamber of Commerce and Industry.

**Other Corporate Responsibilities:**

**As Chairman**

- Universal Metal Corporation Japan

**As Chief Executive**

- UMC Pakistan (Pvt.) Ltd

**As Director**

- Japan Pakistan Association



**Mr. Nasim Beg**  
Non - Executive Director

Mr. Nasim Beg, a Fellow Member of the Institute of Chartered Accountants of Pakistan, is the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited along with being the Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him and which he headed as Chief Executive till June 2011. With over forty-five years of experience in the business world including industry and the financial services (in and outside the country), Mr. Nasim Beg is one of the most highly experienced professionals of the country.

Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of NIT, which he joined during its troubled period and played an instrumental role in its modernisation and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies. Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers. His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He has also been a member of the Prime Minister's Economic Advisory Council (EAC).

### **Corporate Responsibilities**

Arif Habib Consultancy (Pvt.) Limited (Chief Executive)

### **As Director**

Arif Habib Corporation Limited

Arif Habib Dolmen REIT Management Limited (non-executive Chairman)

MCB-Arif Habib Savings & Investments Limited (Vice Chairman)

Pakarab Fertilizers Limited

Pakistan Opportunities Limited

Power Cement Limited (non-executive Chairman)

Safemix Concrete Limited

Silkbank Limited



**Mr. Bilal Asghar**  
Non - Executive Director

Mr. Bilal Asghar has been associated with the Banking industry since 20 years. He has enriched experience working with multinational and local banks covering Corporate and Investment Banking, SME & Commercial Banking, Special Assets Management, Islamic Banking, Transaction Banking, Consumer Finance and Retail Branch Distribution. In addition to his present assignment, he also sits on various boards representing Faysal Bank's interests. Bilal holds a Bachelor of Science Degree in Business Administration from University of Southern California, Los Angeles.



**Mr. Ahsan Ashraf**  
Non - Executive Director

Mr. Ahsan Ashraf is a seasoned Corporate and Investment banking professional. He holds MBA degree from IBA-Karachi and is a CFA charter holder awarded by CFA institute (USA). He brings over a decade long work experience in the field of Corporate Banking, Syndications, Project finance and M&A. He has a proven track record of leading and forming winning teams and successfully turned around the business segments. Presently serving as a Regional Corporate Head at the Bank of Punjab, he has been instrumental in transforming the bank as one of the profitable entity.

His deep knowledge of the corporate sector, strong clientele and regulatory relationships, and broad banking experience drive the continued strengthening of the bank's foot stamp in the largest market of the country. He is a strong finance professional, with excellent credentials and deep experience built on a reputation for clear strategic insights, strong analytical skills, and great team building skills. His vision is to continually leverage his robust professional experience to build/ drive / deliver business plans incorporating strong financial control environment

**Mr. Kashif A. Habib**  
Non - Executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited and Safemix Concrete Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

He has to his credit four years of experience in Arif Habib Corporation Limited as well as over five years' experience as an Executive Director in cement and fertilizer companies of the group.

#### **Corporate Responsibilities**

Power Cement Limited (Chief Executive)  
Safemix Concrete Limited (Chief Executive)

### **As Director**

Arif Habib Foundation  
Arif Habib Real Estate Services (Pvt.) Limited  
Bubber Sher (Pvt.) Limited  
Fatimafert Limited  
Fatima Fertilizer Company Limited  
Javedan Corporation Limited  
Nooriabad Spinning Mills (Private) Limited  
Arif Habib Equity (Private) Limited

### **As Trustee**

Memon Health and Education Foundation  
Pakarab Fertilizers Limited  
REMMCO Builders & Developers Limited  
Reliance Sacks Limited  
Rotocast Engineering Company (Pvt.) Limited



**Mr. Muhammad Ejaz**  
Non - Executive Director

Mr. Ejaz is the Chief Executive of Arif Habib Dolmen REIT Management Limited. He has over 20 years of experience in the fields of Treasury, Corporate Finance and Investment Banking. Mr. Ejaz has served in senior positions at leading local and international banks including Faysal Bank, Union Bank and Emirates NBD Bank.

He holds a Master's degree in Business Administration from the Institute of Business Administration where he is also a regular visiting faculty member. He is also a certified Financial Risk Manager.

### **Corporate Responsibilities**

Arif Habib Dolmen REIT Management Limited (Chief Executive)

### **As Director**

Arif Habib Corporation Limited  
Arif Habib Real Estate Services (Pvt.) Limited  
Javedan Corporation Limited  
Power Cement Limited  
REMMCO Builders & Developers Limited  
Sachal Energy Development (Pvt.) Limited



**Javed Iqbal**  
Non - Executive Director

Javed Iqbal is a Chartered Financial Analyst and has a Masters degree in Business Administration. He was a senior corporate banker and worked at major banks at Pakistan for about two decades before retiring from banking and starting his own business. He has served on Board of Fatima Fertilizer, ABL Asset Management, HUBCO, Atlas Power and Cyan in the past.

## Board & Management Committees

Based on the listing requirements and to ensure good corporate governance for our stakeholders, various committees have been formed at both the Board and Management level. Majority members of the board are non executive directors.

### Board Committees

#### Board Audit Committee

The audit committee remains responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit its financial statements.

Name	No of meetings held during the year	Meetings attended
Mr. Kashif A. Habib - Chairman	4	4
Mr. Hasib Rehman - Member	4	1
Mr. Nasim Beg - Member	4	2
Mr. Kamran A. Kazim - Member (Resigned)	4	2
Mr. Bilal Asghar (Co-Opted)	4	2

In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee in the following matters:

- i. To determine appropriate measures to safeguard Company assets;
- ii. Review of preliminary announcements of results prior to publication;
- iii. Review of financial statements ( quarterly, half yearly and yearly ) prior to the approval by the Board of Directors with major emphasis on :
  - a. Significant adjustments resulting from the audit;
  - b. Major judgment areas;
  - c. Going concern assumption;
  - d. Any change in accounting policies and practices;
  - e. Compliance with applicable accounting standards, and
  - f. Compliance with listing regulations and other statutory and regulatory requirements;
- iv. Facilitating the external audit and discussion with external auditors of major observations arising from the interim and final audits and any matter that the auditors may wish to highlight ( in the absence of Management , where necessary);

- v. Review of Management Letter issued by external auditors letter and management's response thereto;
- vi. Ensuring coordination between the internal and external auditors of the Company;
- vii. Review of the scope and extent of the internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- viii. Consideration of major findings of internal investigations and Management's response thereto;
- ix. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- x. Instituting special projects value for money studies or other investigations or any matter specified by the Board of Directors in consultation with the CEO and to consider remittance of any matter to the external auditors or to any external body;
- xi. Determination of compliance with the relevant statutory requirements;
- xii. Monitoring compliance with the best practice of corporate governance and identification of significant violations thereof;
- xiii. Consideration of any other issue of matter as may be assigned by the Board of Directors;

### Board Human Resource & Remuneration Committee

The role of the HR committee is to assist the directors in its oversight of the evaluation and approval of the employee remuneration structure, benefit plans, welfare projects and retirement involvement.

The committee recommends any adjustments which are fair and required to attract/retain high caliber staff for consideration and approval. The committee has the following responsibilities, powers, authorities and discretion:

- i. Conduct periodic reviews of the good performance awards, bonuses, long term service award policy and safety awards for safe plant operations.
- ii. Periodic reviews of amount and forms of reimbursement for terminal benefits in case of retirement and death of any employee in relation to current norms.

Name	No of meetings held during the year	Meetings attended
Mr. Arif Habib - Chairman	1	1
Mr. Hasib Rehman - Member	1	Leave of Absence
Mr. Muhammad Ejaz - Member	1	1
Mr. Shinpei Asada - Member (Resigned)	1	1
Mr. Javed Iqbal - Member (Co-Opted)	1	-

- iii. Considers any changes so the company's retirement benefit plans including gratuity, pension, post-retirement medical treatment, based on actuarial report, assumptions and funding recommendations.
- iv. Review organizational policies concerning housing/welfare schemes, scholarships and incentives for outstanding performance.

- v. Ensure in consultation with the CEO that succession plans are in place and review such plans at regular intervals for those executives whose appointment requires board approval (under code of corporate governance), namely the CFO, the Company Secretary and the Head of Internal Audit including the terms of appointment and remuneration package in accordance with the market positioning.
- vi. Review and recommend compensation/benefits for the Chief Executive Officer.

The committee meets on as required basis or when directed by the board of directors. The secretary sets the agenda, time, date and venue of the meeting in consultation with the chairman of the committee. The head of HR acts as secretary of the committee and submit its minutes of the meeting duly signed by the chairman. These minutes are then circulated to the board of directors.

## Management Committees

### Management Executive Committee (MANCOM)



MANCOM conducts its business under the guidance of the CEO. The Committee is represented by the heads of all the departments of the Company. MANCOM meeting is held monthly to discuss and review the ongoing business operations.

Committee formed: December 2011  
Meetings held during year: 9

# The Committee is responsible for the formulation of the business strategy based on the corporate objectives of the Company as set by the Board of Directors. The terms of reference of the committee are as follows:

- To develop and approve medium term plan(s) to meet the interim objectives and milestones in accordance with the long term plan as approved by the Board;
- Update regarding the progress of the various segments of the Company;
- Discuss new ideas regarding business/product lines, new markets/refer opportunities and feasibility for onward submission to the Board;
- Identify any potential risk factors and manage them accordingly;
- Timely decision making with regard to business and employee related issues;
- Review the adequacy of operational, administration and financial control;
- To improve performance and efficiency of the Company.

## Management HR Committee



The objective of management HR committee is to review, monitor and make recommendations to the Board through the Human Resource & Remuneration Committee for the following

Committee formed: December 2011  
Meetings held during year: 1

- Effective Employee Development Program;
- Sound Compensation and benefits plans, policies and practices designed to attract and retain the caliber of personnel required to manage the business effectively.
- Review organization structure to evaluate and recommend changes in the various functions for effective management of the business operations;
- Establish plans and procedures that provide an effective basis for management basis over Company manpower;
- Determine appropriate limits of authority and approval procedures for delegating authority to facilitate decision making at various management levels.

## Evaluation of Board's Performance and Criteria used

As the Board of Directors act as the custodian of the shareholders' money and are responsible to oversee its translation into objectives for the Company, the Board has put in place a mechanism for performance evaluation by setting specific, measurable, achievable and realistic goals. The Directors have set the following evaluation criteria to judge its performance:

- Corporate Governance
- Compliance with regulatory requirement of legal framework,
- Value addition for all stakeholders of the Company
- Financial performance of the Company
- Attendance of directors in meetings;
- Frequency of meeting during the year;
- Participation and application of collective wisdom in pursuing Company's corporate objectives vision and mission statement while adhering to the principles of core values/code of conduct and ensuring compliance with the regulatory frame work.

**The Board remains satisfied that during the year it truly strived for the above.**

## Core Competencies

The Board comprises of highly qualified professionals from all disciplines to ensure effective and efficient decision making. The Board comprises of Finance and Engineering Professionals to form an excellent combination of highly experienced professionals to run the affairs of the company.

## CEO's Performance Review

Amongst the key responsibilities of the Board of Directors is to warrant success of the Company by way of effective management. CEO is empowered by the Board to efficiently run the organization leading it towards progression and contributing value to its stakeholders.

### Chairman of the Board's review of the CEO's performance

Dr. Munir Ahmed was appointed CEO of Aisha Steel Mills in October 2014. This was his second year with the company. Given his strong engineering background and diversified experience, the Company has seen improvement in capacity utilization, product quality and gross margins. The Company operated at a capacity level of 89% (195,906 tons), compared to 61% (134,272 tons) achieved last year.

The quality of CRC also improved substantially reaching 95% prime grade. The sales volume rose to 181,259 tons, compared to 138,923 tons realized during the last financial year registering an increase by 30.47%, in terms of quantity. The gross profit increased from Rs. 40 million in 2014-15 to Rs. 975 million in 2015-16.

The challenge is to achieve 100% capacity utilization on monthly basis with higher cost efficiency. We have witnessed measures taken to further improve operational efficiency and conversion cost optimization. The challenge is to sell the higher volumes produced and that too at healthy margins.

We expect that the CEO will meet these challenges during the financial year 2016 - 2017.

# Directors' Report

Dear Fellow Shareholders

The Directors of Aisha Steel Mills Limited (ASML) are pleased to present the Annual Report of the Company and the audited financial statements for the year ended June 30, 2016 together with auditors' report thereon and a brief overview of financial and operational performance of the Company.

## Steel Market Review

The unprecedented decline in HRC prices, that lasted for over two years finally bottomed out and started exhibiting upward trend from January 2016. The CRC followed and prices increased in the international as well as the local markets. Due to a slowdown of China's local demand, a number of Chinese mills stopped or cut their production volumes. This led to a price hike at both local and export levels, especially after the Chinese New Year. International prices followed suit and increased their prices as well. The spread between HRC and CRC also increased to about US\$ 70, a value considered standard worldwide.

The rising trend in HRC prices was witnessed up to April, there after the prices declined but settled at level above US\$ 400.

Due to excess capacity of CRC production in China and a wave of anti-dumping imposed by many countries of the world against China, the difference between HRC and CRC prices offered in the Pakistani market by Chinese traders dropped to US\$ 30, clearly pointing to "dumping" into the Pakistani market.

As a consequence, your Company filed a case in National Tariff Commission (NTC) for the imposition of antidumping duty against China and Ukraine. In January 2016, NTC after due diligence imposed an antidumping duty in the range of 8% to 19% on various manufacturers of China and Ukraine.

After imposition of antidumping duty, the demand of locally produced CRC increased substantially and sales picked up and the prices improved as well. This trend prevailed till April 2016. However, in the month of May 2016, the importers unexpectedly procured cheap material from Russia and in very large quantities. Consequently, sales during May and June 2016 remained subdued and your Company had to operate at much lower production capacity due to accumulation of excessive inventory.

In order to discourage dumping from Russia, your Company has initiated the process of filing antidumping duty with NTC against Russian manufacturers.

## Company's Operations

During the financial year 2015 - 2016, the Company operated at a capacity level of 89% (produced 195,906 tons) in contrast to 61% (produced 134,272 tons) during the financial year 2014 - 2015. Sales volume during the current financial year stood at 181,259 tons as compared to 138,923 tons during the last financial year registering an increase by 30.47%, in terms of quantity.

The management is making every effort to improve operational efficiencies by close monitoring and setting very tight operating parameters and standards to optimize cost at every stage of production. Cost is also being saved by carrying out in-house repair and maintenance work. The engineering teams have been making every effort to further improve and build state of the art mechanical and electrical workshops.

## Sales & Marketing

During the current financial year, the management after due diligence and evaluation decided to set up an in-house sales & marketing team and our distribution agreement with Mitsubishi Pakistan was discontinued. The

in-house team, by the grace of Allah, was able to increase sales volume by over 30% compared to last year's performance. Sales and marketing team in consultation with the production is continually striving to improve product brand image and increase the market share.

### Raw Material Procurement

Procurement of quality HRC at the right price is of vital significance in CRC business. Higher management of the Company is directly involved in procurement of HRC and is making every effort to insure timely availability at optimal price. All efforts are being made to diversify its procurement sources. However, such diversification brings new challenges of quality as every manufacturer of HRC has its own product parameters. Accordingly, appropriate changes are done in the rolling and annealing process to produce a consistent quality of CRC required by the end users.

Cost is also being saved by carrying out in-house repair and maintenance work. The engineering teams have been making every effort to further improve and build state of the art mechanical and electrical workshops.

### Financial Review and Results

A brief of the Company's financial performance is as below:

Description	2015-2016	2014-2015
	Rs. In million	
Gross profit	980	40
Profit/(loss) from operations	829	(116)
Net (loss)	(155)	(1211)
Net increase/(decrease) in cash /cash equivalent	939	(403)
<b>Cost / ton in Rupees</b>		
Conversion cost	6,437	9,108
Financial cost	5,212	10,226

### Future Outlook

After imposition of antidumping duty on China and Ukraine, import volume has declined and

demand in local market is picking up. Management is working hard to file petition against Russian manufacturers with NTC on urgent grounds, which if granted will further consolidate demand of locally produced CRC.

The management is hoping that sales volume will pick up in the coming months. With improved quality, dedicated sales and production teams, optimized cost of production, procurement at right price, efficient production planning and optimum use of finances, the company is expected to turn around in the financial year 2016 - 2017.

### Risk Management

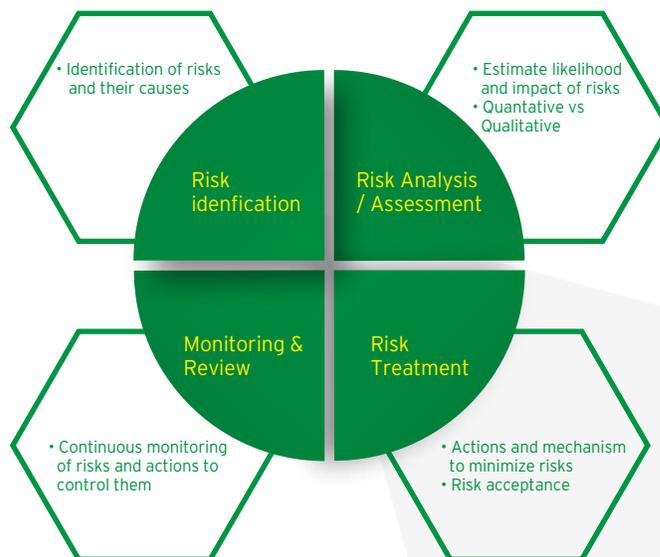
The risk management system of Company established by the Board comprises of a wide range of clearly defined organizational and procedural measures capable of identifying events and developments to avoid impairment of the going-concern status of the Company. The risk management system is designed to promote a balanced approach to risks at all organizational levels; identify and analyze the opportunities and risks at an early stage, their measurement and the use of suitable instruments to manage and monitor risks.

The Company's key business being that of a manufacturing concern, it has evolved its risk management system incorporating both production and sales strategy. Starting with raw material procurement, the Company has always followed a policy of diversification of sources with focus on quality. Basing decisions on product mix requirements, customer demand and market analysis.

The Company manages its risk by applying caution with respect to the stock selection and inventory levels; avoiding concentration risk, ensuring credit / receipt of clean funds from the buyer dealers and continuously assessing the

capacity of the counterparty. In addition, the Company has played a continuing role through its representatives in the development of sector on both ends of manufacturers and customers' awareness and simplification of customs and tariff matters.

For operational risk management, the starting point has always been carrying out an in depth analysis before making investment in inventory procurement globally, and supplementing that with hiring of qualified and experienced professionals, applying budgetary and other internal controls, continuing review of performance of the procurement, production, sales and corporate governance segments and taking corrective measures as and when needed.



The detailed Qualitative Reports and Quantitative analysis on Risk management is presented in note number 37 to the financial statements.

### Risk Factors & Mitigants

Risk	Criticality	Mitigate
<p><b>Foreign Exchange Risk</b> Adverse foreign exchange movement can increase the price of input and reduce profitability.</p>	Medium	Foreign exchange risk is contained to a minimum level as the product will act as an import substitute. The price of finished goods, namely CRC, is linked to prices in the international market, which are quoted in USD, thus protecting the Company from any adverse exchange fluctuations.
<p><b>Business Risk / Off-take Risk</b> Decrease in demand for products may have an adverse impact on the business</p>	Medium	Currently the demand for CRC exceeds domestic production by a significant amount. Demand is expected to increase due to multiple factors including economic growth of the country, rising population leading to increased consumption of finished steel goods, change in consumption pattern as a result of increased affluence, and increase in post flood re-construction activities.
<p><b>Business Cycle Risk</b> Steel is a cyclical industry thus exposing ASML to adverse price fluctuations during business cycle movements.</p>	Medium	Despite the cyclical nature of steel industry, margins between CRC and HRC are relatively stable in the long run. Based on historic averages margin of USD 88/ MT exists between HRC and CRC prices. In addition to that tariff protection provides additional cushion to the margin.
<p><b>Credit Risk</b> There is a risk that the Company will be unable to meet its financial obligations and hence will default on its commitment to repay the debt.</p>	Low	Backed by Arif Habib Group, provides assurance of the financial muscle ASML possesses in terms of Sponsors' support

### Capital Management and Liquidity

The Company's cash flows management system projects cash inflows and outflows on a regular basis as well as monitoring cash position on a daily basis. Keeping in view the saving in financial cost owing to a declining trend in KIBOR, the Company manages its working capital requirements through KIBOR based funded and non-funded lines with different banks and financial institutions. As part of long-term strategy the fixed assets are maintained out of long term borrowings.

During the financial year the weighted average cost of borrowings, including exchange losses of Rs. 78.65 million (2015: Rs. 107.51 million) and excluding unwinding cost on long term loan, stood at Rs. 798 million (2015: Rs. 1,249 million).

The debt to equity ratio of the Company on 30th June 2016 is 69:31 as against 67:33 as on 30th June 2015.

### Corporate Social Responsibility

ASML is committed to playing an active role in supporting and working with its stakeholders for sustainable community and social development. With our talented team, we aim to help drive creation of shared economic and social value across Pakistan.

Corporate Social Responsibility (CSR) is one of the Company's core values and an integral part of the Company's overall mission. By integrating CSR into our business strategy, the Company is helping to drive shared value amongst its stakeholders and enhance its corporate brand image amongst the general public. During 2015 - 2016 our initiatives included:

#### i. Independence Day Celebrations

Independence Day was celebrated on August 14, 2015 in full swing. Celebrations were made by hosting Pakistan Flag and distributing

sweets among employees.



#### ii. Blood Drive

In collaboration with Indus Hospital, Company participated in the blood drive held in August 2015. An overwhelming participation was witnessed. The management of Indus Hospital also facilitated the employees by doing on-spot physical fitness check-up which includes identification of blood group, physical examination, health counseling etc. Donors also received IDS analysis of their blood samples.



#### iii. Education Care

Company supports research, conferences, trade fairs, workshops and other events of educational institutions. We also provide internships for young graduates of four engineering universities of Pakistan i.e. NED university of Engineering & Technology - Karachi, Mehran University - Jamshoro, Sir Syed University - Karachi, and Dawood University of Engineering & Technology.

In addition to this, students' visits are arranged whereby final year graduates from various disciplines are welcomed to visit factory. During these visits students are given presentations, plant visit and informal technical knowledge sharing opportunities.



Visit of students of NED

In March 2016, Company participated in one of the largest Job Fair that was organized by ROZEE PK. Head of HR, Ms. Hina Akhtar, was invited as Mentor; whereby she had career sessions with 150+ walk-in candidates.



Recruitment Drive at Indus University

In May 2016, HR team initiated Recruitment drive to attract young graduates who completed diploma in Mechanical, Electrical or Electronics and Metallurgy by holding on-campus recruitment drives at technical institutes. Associates having DAE qualification (Diploma in Associate Engineering) are inducted for a 2 year training program in various departments such as in Production as Trainee Process Operators, in

Electrical as Trainee Technicians and in Mechanical as Trainee Mechanical Fitter. Each trainee upon successful completion also gets an opportunity to be inducted as permanent employee.

#### **iv. Environment, Health & Safety (EHS)**

Company is pursuing several projects for environmental protection through adoption of cleaner technologies and efficient processes performing our role towards environmental preservation.

The Quality Assurance department has taken an initiative to get ISO 9001 and ISO 14000 certification by the year 2017. Quality Policy has been prepared and Integrated Management System Team has been formulated to carry out the pre and post audit activities.

#### **Industrial Relations**

Your Company believes in providing an equitable, fair and merit based environment. We believe that if permanent and contract employees are treated fairly and with respect then that would result in high motivation of workforce thus resulting in peaceful and continuous operations. We intend to maintain this approach in years to come.

#### **Gratuity Scheme as Retirement Benefit**

The Company maintains plan that provide retirement benefits to its employees. This includes a non-contributory and unfunded gratuity scheme for all employees.

#### **Equal Opportunity Employer and Employment of Special Persons**

Your Company takes pride in equal opportunity and therefore provides employment opportunities on merit irrespective of gender, creed, religion or any other affiliation. On a relative basis, Company hired most number of

female engineers and is pleased to share that these female engineers are contributing significantly towards the progress of your Company. In addition to equality, your Company also plans to give employment opportunities to persons with special needs.

### **Information Systems and Re-Engineering**

SAP - ERP Business Suite has been successfully implemented in your Company key modules have gone live. The introduction of SAP will bring about considerable improvements in the areas of functional integration, record management, internal controls, process efficiencies and adoption of best practices. This will facilitate the generation of real time information for the management and enhance effective and optimal decision making.

### **Contribution to the National Exchequer**

Your Company takes its contribution towards national economy seriously and has always discharged its obligations in a transparent, accurate and timely manner. The Company has contributed over Rs. 2,230 million during the year towards National Exchequer comprising of income / sales tax, custom / excise duty.

### **Corporate Governance**

Company is listed at the Pakistan Stock Exchange. The Company's Board and Management are committed to observe the Code of Corporate Governance prescribed for listed companies and are familiar with their responsibilities and monitor the operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

### **The Board is pleased to state that:**

- The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts regarding the Company's ability to continue as going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Information regarding outstanding taxes and levies as required by the listing regulations is disclosed in the notes to the financial statements.
- The company has no outstanding obligations under gratuity, pension or provident fund.

In compliance with the Code, the Board hereby reaffirm that there is no doubt whatsoever about the Company's ability to continue as a going concern and that there has been no material departure from the best practices of corporate governance as detailed in the listing regulations and transfer pricing.

Two directors have participated in four parts of Corporate Governance Leadership Skills Program during the year. The Company has planned to hold training sessions for its directors in the current year. It has always been the Company's endure to excel through better corporate governance and fair and transparent practices, many of which have already been in place even before they were mandated by law or ASML got listed.

#### **Trading in Company's Share by Directors and Executives**

During the year no trade in the shares of the Company was carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and other Executives of the Company and their spouses and minor children except as detailed in Annexure - II.

Furthermore, it is informed to all above concerned persons to deliver written notices to the Company Secretary to immediately inform in writing any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 4 days of such transaction. There has been no trading in Company's shares by any of other employee except as disclosed in Annexure - II whose basic salary exceeds the threshold of Rs. 500,000 in a year which is the threshold set by the directors for disclosure in annual reports.

#### **Attendance at Board Meetings**

A statement showing attendance at Board meetings is annexed as Annexure-I.

#### **Pattern of Shareholding**

The ordinary and preference shares of the Company were listed on Pakistan Stock Exchange in the financial year 2014. There were 2,034 (2015: 1,628) ordinary shareholders and 3,445 (2015: 3,781) preference shareholders of the Company as of 30 June 2016. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by directors and executives, if any, are annexed as Annexure-III.

#### **Financial and Business Highlights**

The key operating and financial data has been given in summarized form under the caption "Financial & Business Highlights - Six years at a glance" (Page 49) and graphic representation of the important statistics is presented on (Page 51).

#### **Audit Committee**

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and its terms of reference are also attached with this report. The composition of Audit Committee will be made in line with requirements of 'Code of Corporate Governance 2012' at the time of next election of directors in accordance with the 'Implementation deadlines of Code of Corporate Governance 2012'

#### **Auditors**

The present external auditors M/s. A. F. Ferguson & Co., Chartered Accountants, shall retire at the conclusion of annual general meeting on 27<sup>th</sup> October 2016 and being eligible, have offered themselves for reappointment for the year ending on 30th June 2017. The external

auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board recommends reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants, as auditors of the Company for the financial year ending on 30th June 2017 at a fee to be mutually agreed. Approval to this effect will be sought from the shareholders at the forthcoming annual general meeting scheduled on 27<sup>th</sup> October 2016.

### **Compliance with Secretarial Practices**

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under prevalent listing regulation 35(xxv) of Pakistan Stock Exchange, as part of the annual return filed with the Registrar of Companies to certify the secretarial and corporate requirements of the Companies Ordinance, 1984 and listing regulations have been duly complied with.

### **Election of Directors**

In accordance with the provisions of Section 180 of the Companies Ordinance, 1984 the three years term of directors elected in the annual general meeting of 31st October 2014 will be completed on 31st October 2017 and fresh election for new term of three years will be held in the AGM to be held on or before 31st October 2017.

### **Post Balance Sheet Events**

There have been no material changes since 30th June 2016 to the date of this report.

### **Related Party Transactions**

In order to comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of

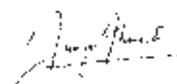
Directors in their respective meetings. The details of related party transactions have been provided in note 34 of the annexed audited financial statements.

### **Acknowledgement**

The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers & Financial Institutions. We thank the Ministry of Finance, Ministry of Industries & Production, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Competition Commission of Pakistan, Central Depository Company of Pakistan and the Management of Pakistan Stock Exchange for their continued support and guidance which has gone a long way in giving present shape to the Company.

The results of an organization are greatly reflective of the efforts put in by the people who work for and with the Company. The Directors fully recognize the collective contribution made by the employees of the Company for successful completion of project during the year and start of trial operations of the company. We also appreciate the valuable contribution and active role of the members of the audit and other committees in supporting and guiding the management on matters of great importance.

### **For and on behalf of the Board**



**Dr. Munir Ahmed**

Karachi: August 31, 2016

# Annexure I

## Statement showing attendance at Board Meetings

From July 01, 2015 to June 30, 2016

Name	Designation	Total	Eligible to attend	Attended	Leaves granted
Mr. Arif Habib	Chairman & Director	5	5	4	1
Dr. Munir Ahmed	Chief Executive Officer	5	5	5	-
Mr. Shinpei Asada	Director (Resigned)	5	5	5	-
Mr. Hasib Rehman	Director	5	5	4	1
Mr. Nasim Beg	Director	5	5	4	1
Mr. Javed Iqbal	Director (Co-Opted)	5	-	-	-
Mr. Kashif A. Habib	Director	5	5	5	-
Mr. Muhammad Ejaz	Director	5	5	3	2
Mr. Khalid S. Tirmizey	Director (Resigned)	5	2	2	-
Mr. Kamran Ali Kazim	Director (Resigned)	5	3	3	-
Mr. Bilal Asghar	Director (Co-Opted)	5	2	2	-
Mr. Ahsan Ashraf	Director (Co-Opted)	5	3	3	-

## Annexure II

### Statement showing shares bought and sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children

From July 01, 2015 to June 30, 2016

Name	Designation	Shares bought	Shares sold
Mr. Arif Habib	Chairman & Director	-	-
Dr. Munir Ahmed	Chief Executive Officer	-	-
Mr. Shinpei Asada	Director (Resigned)	-	-
Mr. Hasib Rehman	Director	-	-
Mr. Nasim Beg	Director	-	-
Mr. Javed Iqbal	Director (Co-Opted)	-	-
Mr. Kashif A. Habib	Director	-	-
Mr. Muhammad Ejaz	Director	-	-
Mr. Khalid S. Tirmizey	Director (Resigned)	-	-
Mr. Kamran Ali Kazim	Director (Resigned)	-	-
Mr. Bilal Asghar	Director (Co-Opted)	-	-
Mr. Ahsan Ashraf	Director (Co-Opted)	-	-
Mr. Tahir Iqbal	CFO & Company Secretary	-	22,500

## Annexure III

### Pattern of Shareholdings of Ordinary Shares (Symbol: ASL)

As of June 30, 2016

Categories of Shareholders	Number of shareholders	Number of shares held	Per %
<b>Directors and their spouse(s) and minor children</b>			
Mr. Hasib Ur Rehman	1	13,925,385	5.12
<b>Associated Companies, undertakings and related parties</b>			
Arif Habib Corporation Limited	2	80,008,250	29.44
Arif Habib Equity (Pvt) Limited	2	30,563,565	11.25
Universal Metal Corporation, Japan	1	26,642,829	9.80
Metal One Corporation	1	66,768,583	24.57
<b>Executives</b>			
	-	-	-
<b>Public sector companies and corporations</b>			
National Bank Of Pakistan	1	10,000,000	3.68
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>			
United Bank Limited - Trading Portfolio	2	6,104,100	2.25
<b>Mutual Funds</b>			
Golden Arrow Selected Stocks Fund Limited	1	3,206,000	1.18
Cdc - Trustee Picic Investment Fund	1	1,347,500	0.50
Cdc - Trustee Picic Growth Fund	1	1,711,500	0.63
Cdc - Trustee Akd Opportunity Fund	1	2,454,500	0.90
Cdc - Trustee Nit-Equity Market Opportunity Fund	1	121,000	0.04
Cdc - Trustee National Investment (Unit) Trust	1	182,388	0.07
<b>General Public</b>			
Local	2,000	26,920,755	9.91
Foreign Investor	1	80,000	0.03
Others	17	1,699,321	0.63
<b>Totals</b>	<b>2,034</b>	<b>271,735,676</b>	<b>100.00</b>

Shareholders holding 5% or more	Number of shareholders	Number of shares held	Holding %
Arif Habib Corporation Limited	2	80,008,250	29.44
Metal One Corporation	1	66,768,583	24.57
Arif Habib Equity (Pvt) Limited	2	30,563,565	11.25
Universal Metal Corporation, Japan	1	26,642,829	9.80
Mr. Hasib Ur Rehman	1	13,925,385	5.12

# Pattern of Shareholdings of Ordinary Shares (Symbol: ASL)

Categories of Shareholders as at June 30, 2016

S.NO	Folio #	Name of shareholder	Number of shares	Per %
<b>Directors and their spouse(s) and minor children</b>				
1	1	Mr. Hasib Ur Rehman	13,925,385	5.12
			<b>1</b>	<b>13,925,385</b>
				<b>5.12</b>
<b>Associated Companies, undertakings and related parties</b>				
1	11	Arif Habib Corporation Limited	65,786,900	24.21
2	06452-8640	Arif Habib Corporation Limited	14,221,350	5.23
3	12	Arif Habib Equity (Pvt) Limited	24,347,362	8.96
4	06452-13087	Arif Habib Equity (Pvt) Limited	6,216,203	2.29
5	9	Universal Metal Corporation, Japan	26,642,829	9.80
6	10	Metal One Corporation	66,768,583	24.57
			<b>6</b>	<b>203,983,227</b>
				<b>75.07</b>
<b>Executive</b>				
-				
<b>Public sector companies and corporations</b>				
1	03889-44	National Bank Of Pakistan	10,000,000	3.68
			<b>1</b>	<b>10,000,000</b>
				<b>3.68</b>
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>				
1	03111-46	United Bank Limited - Trading Portfolio	6,104,000	2.25
2	03277-2538	Efu Life Assurance Ltd	100	0.00
			<b>2</b>	<b>6,104,100</b>
				<b>2.25</b>
<b>Mutual Funds</b>				
1	05520-28	Golden Arrow Selected Stocks Fund Limited	3,206,000	1.18
2	05645-24	Cdc - Trustee Picic Investment Fund	1,347,500	0.50
3	05777-29	Cdc - Trustee Picic Growth Fund	1,711,500	0.63
4	06619-26	Cdc - Trustee Akd Opportunity Fund	2,454,500	0.90
5	12120-28	Cdc - Trustee Nit-Equity Market Opportunity Fund	121,000	0.04
6	14902-21	Cdc - Trustee National Investment (Unit) Trust	182,388	0.07
			<b>6</b>	<b>9,022,888</b>
				<b>3.32</b>
<b>General Foreign Investor</b>				
1	100908	Yoshikazu Uda	80,000	0.03
			<b>1</b>	<b>80,000</b>
				<b>0.03</b>
<b>Others</b>				
1	100639	M/S Edusoft System Solutions	3,000	0.00
2	03277-1018	Sapphire Textile Mills Limited	74,800	0.03
3	03277-2307	Amer Cotton Mills (Pvt) Limited	53,300	0.02
4	03277-30088	Roomi Fabrics Ltd	619,000	0.23
5	03277-50851	Masood Spinning Mills Limited	405,000	0.15
6	03525-57191	Sarfraz Mahmood (Private) Ltd	500	0.00
7	03525-63817	Nh Securities (Pvt) Limited.	1,000	0.00
8	03525-87235	Maple Leaf Capital Limited	1	0.00
9	04366-20	Multiline Securities (Pvt) Limited	29,920	0.01
10	04457-78	Fdm Capital Securities (Pvt) Limited	2,340	0.00
11	04705-48962	Shakil Express (Pvt) Ltd	14,960	0.01
12	04895-26	Djm Securities (Private) Limited	10,000	0.00
13	05512-73604	Trustee - City Schools Provident Fund Trust	170,500	0.06
14	06684-29	Mohammad Munir Mohammad		
		Ahmed Khanani Securities (Pvt.) Ltd.	78,000	0.03
15	13920-3636	Kohinoor Power Company Limited	36,500	0.01
16	15198-556	Shafi Lifestyle (Pvt.) Ltd.	200,000	0.07
17	16345-28	Brains Securities (Pvt) Ltd	500	0.00
			<b>17</b>	<b>1,699,321</b>
				<b>0.63</b>
<b>General Public Local</b>				
			2,000	26,920,755
			<b>2,000</b>	<b>26,920,755</b>
				<b>9.91</b>
<b>Total</b>				
			<b>2,034</b>	<b>271,735,676</b>
				<b>100.00</b>

## Pattern of Shareholdings of Ordinary Shares (Symbol: ASL)

Categories of Shareholders as at June 30, 2016

Number of Shareholders	Shareholdings' Slab			Holding
411	1	to	100	3,239
522	101	to	500	256,273
325	501	to	1000	321,859
437	1001	to	5000	1,375,422
111	5001	to	10000	957,147
46	10001	to	15000	611,840
29	15001	to	20000	535,600
26	20001	to	25000	627,944
8	25001	to	30000	229,840
10	30001	to	35000	346,000
3	35001	to	40000	112,000
8	40001	to	45000	344,500
12	45001	to	50000	599,500
3	50001	to	55000	157,300
4	55001	to	60000	234,500
2	60001	to	65000	129,492
4	65001	to	70000	273,000
3	70001	to	75000	219,300
5	75001	to	80000	390,500
1	80001	to	85000	81,500
13	95001	to	100000	1,297,000
1	105001	to	110000	109,000
1	110001	to	115000	115,000
2	115001	to	120000	239,448
1	120001	to	125000	121,000
1	125001	to	130000	127,500
1	135001	to	140000	135,500
1	145001	to	150000	150,000
2	150001	to	155000	302,000
1	160001	to	165000	161,972
2	165001	to	170000	336,500
1	170001	to	175000	170,500
2	180001	to	185000	364,888
1	190001	to	195000	195,000
7	195001	to	200000	1,400,000
1	245001	to	250000	250,000
1	275001	to	280000	276,000
1	295001	to	300000	300,000

## Pattern of Shareholdings of Ordinary Shares (Symbol: ASL)

Categories of Shareholders as at June 30, 2016

Number of Shareholders	Shareholdings' Slab			Holding
1	315001	to	320000	320,000
1	325001	to	330000	328,500
1	345001	to	350000	350,000
1	395001	to	400000	400,000
1	400001	to	405000	405,000
1	460001	to	465000	461,000
1	495001	to	500000	500,000
1	500001	to	505000	501,000
1	505001	to	510000	509,000
1	615001	to	620000	619,000
1	1345001	to	1350000	1,347,500
1	1710001	to	1715000	1,711,500
1	2450001	to	2455000	2,454,500
1	3205001	to	3210000	3,206,000
1	6100001	to	6105000	6,104,000
1	6215001	to	6220000	6,216,203
1	9995001	to	10000000	10,000,000
1	10750001	to	10755000	10,752,000
1	13925001	to	13930000	13,925,385
1	14220001	to	14225000	14,221,350
1	24345001	to	24350000	24,347,362
1	26640001	to	26645000	26,642,829
1	65785001	to	65790000	65,786,900
1	66765001	to	66770000	66,768,583
<b>2,034</b>				<b>271,735,676</b>

# Pattern of Shareholding of Cumulative Preference Shares (Symbol: ASLCPS)

As of June 30, 2016

Categories of Shareholders	Number of shareholders	Number of shares held	Per %
<b>Directors and their spouse(s) and minor children</b>			
Arif Habib	1	55,816,802	32.47
Mohammad Kashif	1	1,604	0.00
<b>Associated Companies, undertakings and related parties</b>			
Arif Habib Equity (Pvt) Limited	4	52,612,714	30.60
Arif Habib Limited	1	33,000	0.02
International Complex Projects Ltd	1	56,485,515	32.86
<b>Executive</b>	1	6	0.00
<b>Public sector companies and corporations</b>	-	-	-
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>	1	8,594	0.00
<b>Mutual Funds</b>			
Cdc - Trustee Picic Investment Fund	1	1,065,000	0.62
Cdc - Trustee Picic Growth Fund	1	1,628,663	0.95
Cdc - Trustee Picic Stock Fund	1	10,000	0.01
<b>General Public</b>			
Local	113	2779105	1.62
Foreign Investor	-	-	-
Others	6	1469026	0.85
<b>Total</b>	<b>132</b>	<b>171,910,029</b>	<b>100.00</b>

Shareholders holding 5% or more	Number of shares held	Holding %
International Complex Projects Ltd	56,485,515	32.86
Arif Habib	55,816,802	32.47
Arif Habib Equity (Pvt) Limited	52,612,714	30.60

# Pattern of Shareholding of Cumulative Preference Shares (Symbol: ASLCPS)

Categories of Shareholders as at 30th June 2016

S.NO	Folio #	Name of shareholder	Number of shares	Per %
<b>Directors and their spouse(s) and minor children</b>				
1	06452-3617	Mohammad Kashif	1,604	0.00
2	06452-4953	Arif Habib	55,816,802	32.47
			<b>2</b>	<b>55,818,406</b>
				<b>32.47</b>
<b>Associated Companies, undertakings and related parties</b>				
1	1	Arif Habib Equity (Pvt) Limited	4,437,482	2.58
2	26	Arif Habib Equity (Pvt) Limited	12,173,681	7.08
3	27	Arif Habib Equity (Pvt) Limited	32,893,450	19.13
4	06452-13087	Arif Habib Equity (Pvt) Ltd	3,108,101	1.81
5	06452-27	Arif Habib Limited	33,000	0.02
6	06452-33812	International Complex Projects Ltd	56,485,515	32.86
			<b>6</b>	<b>109,131,229</b>
				<b>63.48</b>
<b>Executive</b>				
1	06452-13483	Tahir Iqbal	6	0.00
			<b>1</b>	<b>6</b>
				<b>0.00</b>
<b>Public sector companies and corporations</b>				
NIL				
			<b>0</b>	<b>-</b>
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>				
1	07393-24	Summit Bank Limited	8,594	0.00
			<b>1</b>	<b>8,594</b>
				<b>0.00</b>
<b>Mutual Funds</b>				
1	05645-24	Cdc - Trustee Picic Investment Fund	1,065,000	0.62
2	05777-29	Cdc - Trustee Picic Growth Fund	1,628,663	0.95
3	13607-28	Cdc - Trustee Picic Stock Fund	10,000	0.01
			<b>3</b>	<b>2,703,663</b>
				<b>1.57</b>
<b>General Foreign Investor</b>				
NIL				
			<b>0</b>	<b>-</b>
<b>Others</b>				
1	00307-10508	Treet Corporation Limited	102,000	0.06
2	00307-10623	Trustees-Treet Corp.Ltd. E.Superannvat Fund	314,000	0.18
3	00307-11134	Trustee- Treet Cor. Ltd Emp. Provident Fund	322,500	0.19
4	00307-11837	Trustee- Treet Corporation Limited G.E. Gratuity	342,500	0.20
5	00307-13346	Trustee- Treet Corporation Ltd. Group Employees Service Fund	388,000	0.23
6	04002-34898	Trustee-Karachi Sheraton Hotel Employees Provident Fund	26	0.00
			<b>6</b>	<b>1,469,026</b>
				<b>0.85</b>
<b>General Public Local</b>				
			<b>113</b>	<b>2,779,105</b>
				<b>1.62</b>
<b>Total</b>				
			<b>132</b>	<b>171,910,029</b>
				<b>100.00</b>

# Pattern of Shareholding of Cumulative Preference Shares (Symbol: ASLCPS)

Categories of Shareholders as at 30th June 2016

Number of Shareholders	Shareholdings' Slab		Holding
35	1	to 100	983
37	101	to 500	11,774
2	501	to 1,000	1,735
15	1,001	to 5,000	43,090
8	5,001	to 10,000	57,052
1	10,001	to 15,000	15,000
2	15,001	to 20,000	40,000
1	20,001	to 25,000	25,000
3	25,001	to 30,000	87,140
1	30,001	to 35,000	33,000
1	35,001	to 40,000	37,500
4	40,001	to 45,000	166,500
2	45,001	to 50,000	97,000
1	55,001	to 60,000	56,000
1	65,001	to 70,000	70,000
1	70,001	to 75,000	72,255
1	80,001	to 85,000	83,250
1	95,001	to 100,000	100,000
1	195,001	to 200,000	195,556
1	220,001	to 225,000	221,000
1	320,001	to 325,000	325,000
1	325,001	to 330,000	327,500
1	340,001	to 345,000	342,500
1	385,001	to 390,000	388,000
1	1,060,001	to 1,065,000	1,065,000
1	1,500,001	to 1,505,000	1,504,500
1	1,625,001	to 1,630,000	1,628,663
1	3,105,001	to 3,110,000	3,108,101
1	4,435,001	to 4,440,000	4,437,482
1	12,170,001	to 12,175,000	12,173,681
1	32,890,001	to 32,895,000	32,893,450
1	55,815,001	to 55,820,000	55,816,802
1	56,485,001	to 56,490,000	56,485,515
<b>132</b>			<b>171,910,029</b>

# Pattern of Shareholding of Cumulative Preference Shares (Symbol: ASLPS)

As of June 30, 2016

Categories of Shareholders	Number of shareholders	Number of shares held	Per %
<b>Directors and their spouse(s) and minor children</b>			
Mr. Arif Habib	1	14,662,542	20.34
Mr. Nasim Beg	2	2,006	0.00
Mr. Muhammad Ejaz	1	11	0.00
Mr. Mohammad Kashif	1	3,208	0.00
<b>Associated Companies, undertakings and related parties</b>			
Arif Habib Corporation Limited	2	35,771,207	49.62
Arif Habib Limited	1	41,500	0.06
<b>Executive</b>	1	13	0.00
<b>Public sector companies and corporations</b>			
National Bank Of Pakistan	1	273,699	0.38
State Life Insurance Corp. Of Pakistan	1	86,442	0.12
National Insurance Company Limited	1	235,338	0.33
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>			
Innovative Investment Bank Limited	1	687	0.00
Bank Alfalah Limited - Karachi Stock Exchange Branch	1	1,240	0.00
Mcb Bank Limited - Treasury	1	168,286	0.23
Summit Bank Limited	1	17,187	0.02
Escorts Investment Bank Limited	2	36,637	0.05
Efu Life Assurance Ltd	1	343	0.00
Allianz Efu Health Insurance Limited	1	22,000	0.03
Adamjee Life Assurance Company Limited	1	3,300	0.00
Adamjee Insurance Company Limited	1	88,000	0.12
<b>Mutual Funds</b>			
Cdc - Trustee Picic Investment Fund	1	130,000	0.18
Cdc - Trustee Picic Growth Fund	1	257,327	0.36
Cdc - Trustee Picic Stock Fund	1	20,000	0.03
Cdc - Trustee National Investment (Unit) Trust	1	121,208	0.17
<b>General Public</b>			
Local	3,219	2,182,988	3.03
Foreign	2	12,047	0.02
Foreign Companies	3	319,280	0.44
Others	63	17,627,886	24.45
<b>Total</b>	<b>3,313</b>	<b>72,084,382</b>	<b>100.00</b>

Shareholders holding 5% or more	Number of shares held	Holding %
Arif Habib Corporation Limited	35,771,207	49.62
Arif Habib	14,662,542	20.34

# Pattern of Shareholding of Cumulative Preference Shares (Symbol: ASLPS)

Categories of Shareholders as at 30th June 2016

S.NO	Folio #	Name of shareholder	Number of shares	Per %
<b>Directors and their spouse(s) and minor children</b>				
1	06452-4953	Arif Habib	14,662,542	20.34
2	03277-35110	Nasim Beg / Zari Beg	1,915	0.00
3	06452-10901	Nasim Beg	91	0.00
4	06452-16908	Muhammad Ejaz	11	0.00
5	06452-3617	Mohammad Kashif	3,208	0.00
			<b>14,667,767</b>	<b>20.35</b>
<b>Associated Companies, undertakings and related parties</b>				
1	1	Arif Habib Corporation Limited	34,570,058	47.96
2	06452-8640	Arif Habib Corporation Limited	1,201,149	1.67
3	06452-27	Arif Habib Limited	41,500	0.06
			<b>35,812,707</b>	<b>49.68</b>
<b>Executive</b>				
1	06452-13483	Tahir Iqbal	13	0.00
			<b>13</b>	<b>0.00</b>
<b>Public sector companies and corporations</b>				
1	03889-44	National Bank Of Pakistan	273,699	0.38
2	02683-23	State Life Insurance Corp. Of Pakistan	86,442	0.12
3	03277-4064	National Insurance Company Limited	235,338	0.33
			<b>595,479</b>	<b>0.83</b>
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>				
1	3	Innovative Investment Bank Limited	687	0.00
2	03335-81	Bank Alfalah Limited - Karachi Stock Exchange Branch	1,240	0.00
3	04127-28	Mcb Bank Limited - Treasury	168,286	0.23
4	07393-24	Summit Bank Limited	17,187	0.02
5	11940-4410	Escorts Investment Bank Limited	49	0.00
6	11940-6951	Escorts Investment Bank Limited	36,588	0.05
7	03277-2538	Efu Life Assurance Ltd	343	0.00
8	03277-9404	Allianz Efu Health Insurance Limited	22,000	0.03
9	03277-71690	Adamjee Life Assurance Company Limited	3,300	0.00
10	13755-21	Adamjee Insurance Company Limited	88,000	0.12
			<b>337,680</b>	<b>0.47</b>
<b>Mutual Funds</b>				
1	05645-24	Cdc - Trustee Picic Investment Fund	130,000	0.18
2	05777-29	Cdc - Trustee Picic Growth Fund	257,327	0.36
3	13607-28	Cdc - Trustee Picic Stock Fund	20,000	0.03
4	14902-21	Cdc - Trustee National Investment (Unit) Trust	121,208	0.17
			<b>528,535</b>	<b>0.73</b>
<b>General Public Foreign</b>				
1	30	Khuda Bakhsh Asim	2	0.00
2	00521-5543	Michael Churchill	12,045	0.02
			<b>12,047</b>	<b>0.02</b>

# Pattern of Shareholding of Cumulative Preference Shares (Symbol: ASLPS)

Categories of Shareholders as at 30th June 2016

S.NO	Folio #	Name of shareholder	Number of shares	Per %
Foreign Companies				
1	00521-5493	Classical Insights Fund Lp	48,400	0.07
2	00547-8222	Tundra Pakistan Fund	244,300	0.34
3	03533-698	Habib Bank Ag Zurich, Zurich,Switzerland	26,580	0.04
<b>3</b>			<b>319,280</b>	<b>0.44</b>
<b>Others</b>		66	17,947,166	24.90
		<b>66</b>	<b>17,947,166</b>	<b>24.90</b>
<b>General Public Local</b>		3,221	2,195,035	3.05
		<b>3,221</b>	<b>2,195,035</b>	<b>3.05</b>
<b>Total</b>		<b>3,313</b>	<b>72,084,382</b>	<b>100.00</b>

# Pattern of Shareholding of Cumulative Preference Shares (Symbol: ASLPS)

Categories of Shareholders as at 30th June 2016

Number of Shareholders	Shareholdings' Slab		Holding
1669	1	to 100	61,797
1091	101	to 500	243,187
229	501	to 1,000	162,427
241	1,001	to 5,000	466,060
28	5,001	to 10,000	200,092
14	10,001	to 15,000	173,893
7	15,001	to 20,000	129,687
4	20,001	to 25,000	88,478
2	25,001	to 30,000	53,869
3	30,001	to 35,000	94,794
3	35,001	to 40,000	112,421
2	40,001	to 45,000	83,500
1	45,001	to 50,000	48,400
1	70,001	to 75,000	74,500
1	75,001	to 80,000	77,000
2	85,001	to 90,000	174,442
1	95,001	to 100,000	100,000
1	110,001	to 115,000	114,315
1	120,001	to 125,000	121,208
1	125,001	to 130,000	130,000
1	165,001	to 170,000	168,286
1	235,001	to 240,000	235,338
1	240,001	to 245,000	244,300
1	255,001	to 260,000	257,327
1	270,001	to 275,000	273,699
1	375,001	to 380,000	376,500
1	390,001	to 395,000	391,113
1	1,200,001	to 1,205,000	1,201,149
1	14,660,001	to 14,665,000	14,662,542
1	16,990,001	to 16,995,000	16,994,000
1	34,570,001	to 34,575,000	34,570,058
<b>3313</b>			<b>72,084,382</b>

## Notice of Twelfth Annual General Meeting

Notice is hereby given that the Twelfth Annual General Meeting of the Shareholders of Aisha Steel Mills Limited ("the Company") will be held on Thursday 27th October 2016 at 6:30 pm at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

### Ordinary Business

- 1) To confirm minutes of the Annual General Meeting held on 26th October 2015.
- 2) To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and the Auditors' Reports thereon for the year ended 30th June 2016.
- 3) To appoint the Auditors for the year ending 30th June 2017 and fix their remuneration. The Board of Directors have recommended of M/s. A. F. Ferguson & Co., Chartered Accountants for reappointment as external auditors.

### Special Business

- 4) To consider and if deemed fit, approve the amendments/addition in the Articles of Association of the Company as mentioned in detail in the Statement under Section 160(1)(b), (attached herewith as Annexure), in connection with obtaining consent from the shareholders for the purposes of transmitting the annual audited accounts in any approved transmission medium; and pass the following resolutions, with or without any modifications, as a Special Resolution;

**"RESOLVED THAT** transmission of the annual audited accounts of the Company may be provided either in hard copy (book form) or through any other approved transmission medium including CD/DVD/USB be and is hereby approved"

**"FURTHER RESOLVED THAT** in connection with the resolutions passed above and subject to obtaining the requisite approvals from the regulators and creditors including any consequent modification thereon, the amendments/addition in the Articles of Association of the Company which is laid before the members in the Statement under Section 160(1)(b) forms an integral part of this resolution, be and are hereby approved"

**"FURTHER RESOLVED THAT** the Chief Executive / Company Secretary be and are hereby jointly and/or severally authorized to complete necessary formalities in connection with amendments in the Articles of Association, as modified in the Annual General Meeting or in accordance with the advice of any regulator / creditor"

- 5) To consider and if deemed fit, approve the reduction of the ordinary share capital through cancellation of 66,768,583 Ordinary Shares owned by one of the Shareholders' namely "Metal

One Corporation Japan” of the Company as mentioned in detail in the Statement under Section 160(1)(b), (attached herewith as Annexure) and pass the following resolutions, with or without any modifications, as a Special Resolution.

**“RESOLVED THAT** the reduction of share capital i.e. through cancellation of 66,768,583 Ordinary Shares (ordinary share capital) owned by one of the Shareholders’ namely “Metal One Corporation Japan” (“MOC”) of Rs.10 each amounting to PKR 667,685,830 (Pak Rupees Six Hundred Sixty Seven Million Six Hundred Eighty Five Thousand and Five Hundred Eighty Three Only) pursuant to a Power of Attorney issued by MOC to Mr. Mohammad Arif Habib in respect of its shareholding in the Company, against a nominal consideration of Rs.0.50 per share paid by him in his individual capacity to MOC and subject to approval of regulatory authorities and completion of all statutory and legal formalities be and is hereby approved”

**“FURTHER RESOLVED THAT** the Chief Executive / Company Secretary of the Company (the “Authorized Officers”) be and are hereby jointly and/ or severally authorized, to do all acts, deeds and things and to take all necessary steps to complete all legal formalities, to file all necessary documents and to appear before all relevant authorities, including the Courts, the Securities and Exchange Commission of Pakistan and Stock Exchanges or any other competent body and/or authority in connection with the reduction of capital of the Company, the Authorized Officers are further authorized to file a petition before the Court seeking confirmation of the special resolution passed for reduction of the share capital and to take all steps facilitating the said confirmation, the Authorized Officer shall have the power to consent on behalf of all concerned to any modifications or additions to the subject resolution(s) or to any condition, which the Court may think, fit to impose, the Authorized Officers are further authorized to issue letters, sign documents and to do all other incidental acts, deeds and things as may be considered appropriate by him/them in his/their better judgment in order to achieve the objectives of this resolutions, including engagement of legal counsel for the purposes of representing the Company before all relevant authorities, including the Courts, Securities and Exchange Commission of Pakistan and/or any other competent body and/or authority and to take all further actions in this regard as may be prescribed by the Courts or otherwise”.

- 6) To consider any other business with the permission of the Chair.

Statements under Section 160(1)(b) of the Companies Ordinance, 1984 comprising of Annexure-A pertaining to the aforesaid Special Business is given on page No. 47.

By order of the Board



**Tahir Iqbal**

Company Secretary

Karachi: 6th October 2016

## Notes:

1. Share transfer books of the Company will remain closed from 21st October to 27th October 2016 (both days inclusive). Transfers received in order at the office of our registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Thursday 20th October 2016 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
3. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:
  - (i) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.
  - (ii) In the case of corporate entity, Board of Directors' resolution/power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
  - (iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, NIC numbers and signatures.
  - (iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - (v) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted alongwith form of proxy.
4. Members are requested to promptly notify any change in address by writing to the office of the registrar.

## Important Notice to Shareholders who have not provided their CNIC

The individual members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC/NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779(1)/2011 dated 18th August 2011, SRO 831(1)/2012 dated 5th July 2012, SRO 19(1)/2014 dated 10th January 2014 and SRO 275(1)/2016 dated 31st March 2016 which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with aforementioned directives of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of future dividend warrants, if any, of such shareholders.

## Annexure – A

STATEMENTS UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

### 1. Circulation of Annual Audited Accounts

Through SRO 470(1)/2016 dated 31st May 2016 the Securities and Exchange Commission of Pakistan (SECP) has allowed Companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses subject to consent of shareholders and compliance with certain other conditions.

To give effect to the above, clause 119A of the Articles of Association of the Company is proposed to be included as follows:

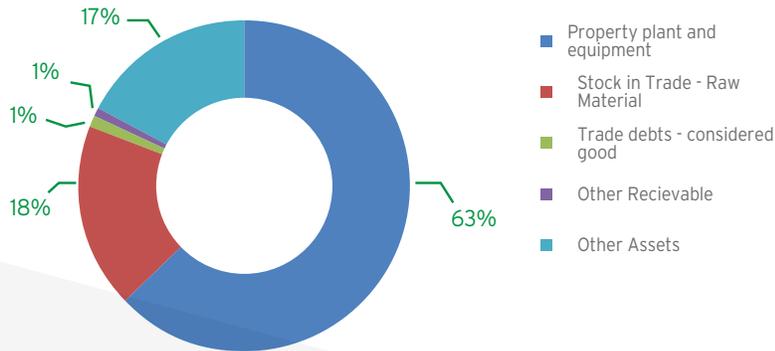
Clause	Existing revision	Proposed Provision	Remarks
119A	-	A copy of every such accounts, balance sheet and report shall at least twenty one days earlier of the meeting be sent to the registered address of every shareholder of the Company either in the printed form or in other medium/form allowed by the regulatory authority and a copy shall also be deposited at the office for the inspection of member of the Company during the period at least twenty one days before the meeting.	New Clause as per SRO 470(1)/2016 dated 31st May 2016 issued by SECP.

### 2. Reduction of Capital

- (i) The details of Share Purchase Agreement executed on 31st March 2016 are that it is executed between Metal One Corporation Japan (MOC) (the "**Proposed Seller**") and Arif Habib Group (consisting of Mr. Mohammad Arif Habib, Arif Habib Corporation Limited and Arif Habib Equity (Pvt.) Limited). **In order to enhance shareholder value for the remaining shareholders** it is agreed between the parties that MOC will issue a Power of Attorney in respect of its shareholding in Aisha Steel Mills Limited ("the Company") to Mr. Mohammad Arif Habib against a nominal consideration of Rs.0.50 per share to be paid by him in his individual capacity to MOC and thereafter due process shall be carried out for writing off the aforesaid shares through reduction of capital of the Company in accordance with Section 96 of the Companies Ordinance, 1984 at no cost to the Company and by way of a court approved scheme of reduction of capital.
- (ii) The quantum of shares owned by MOC and to be cancelled out through reduction of capital are 66,768,583 Ordinary Shares.
- (iii) The provisions of the Ordinance under which the transaction is to be executed leading to reduction of capital of the Company is Section 96 of the Companies Ordinance, 1984 by way of a court approved scheme of reduction of capital

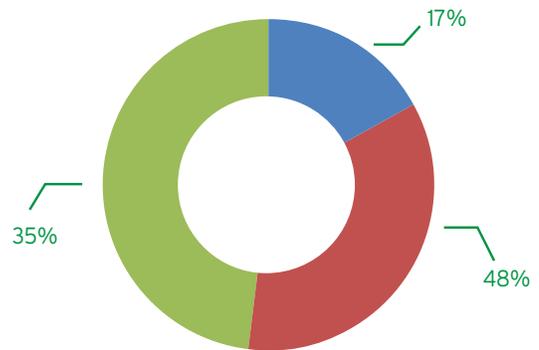
# Aisha Steel At A Glance

## Assets

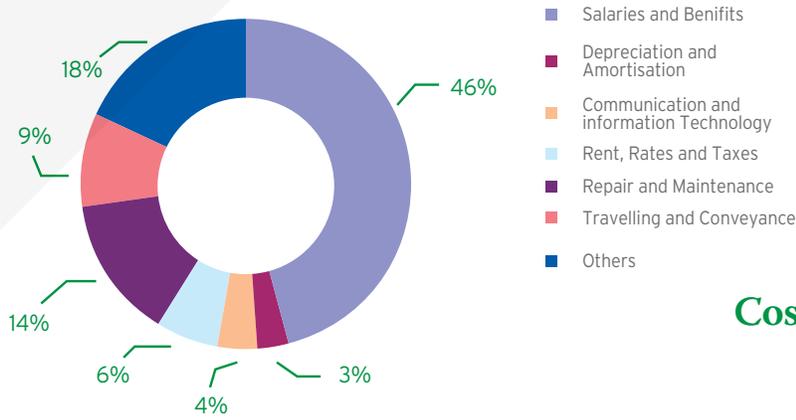


- Total Equity
- Non - Current Liability
- Current Liability

## Equity and Liabilities

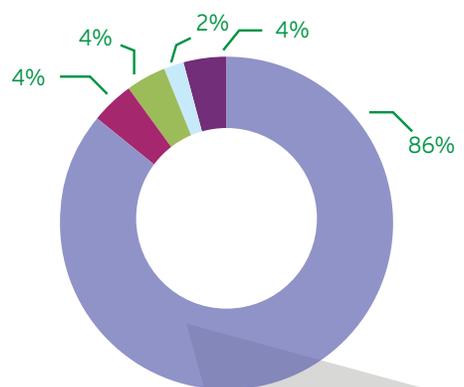


## Operating and Administrative Expenses



- Salaries and Benefits
- Depreciation and Amortisation
- Communication and information Technology
- Rent, Rates and Taxes
- Repair and Maintenance
- Travelling and Conveyance
- Others

## Cost of Good Manufactured



- Raw Material Consumed
- Depreciation
- Utilities
- Stores, Spares and Consumable
- Others

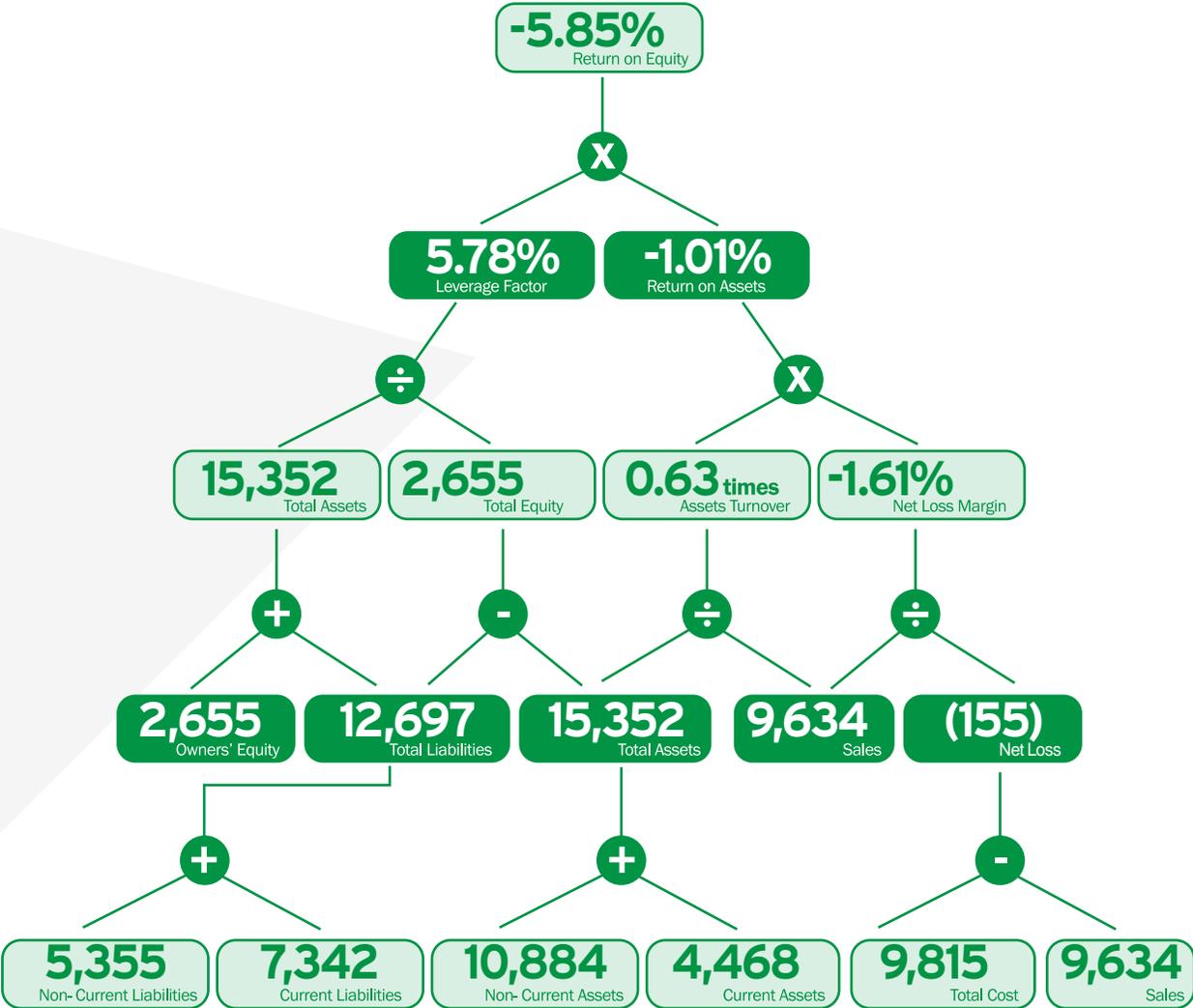
# Financial & Business Highlight

(Rs. in million)

<b>Balance Sheet</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Non-Current Assets	10,884	11,170	11,009	10,486	9,792	7,170
Current Assets	4,468	4,167	5,272	3,864	1,155	1,306
<b>Total Assets</b>	<b>15,352</b>	<b>15,337</b>	<b>16,281</b>	<b>14,351</b>	<b>10,947</b>	<b>8,476</b>
Non-Current Liabilities	5,355	5,628	5,504	5,100	5,930	4,992
Current Liabilities	7,342	6,898	8,242	6,998	2,020	634
<b>Total Liabilities</b>	<b>12,697</b>	<b>12,526</b>	<b>13,746</b>	<b>12,099</b>	<b>7,950</b>	<b>5,627</b>
Paid up Capital	5,157	5,157	3,438	3,438	3,438	3,200
<b>Total Equity</b>	<b>2,655</b>	<b>2,811</b>	<b>2,535</b>	<b>2,252</b>	<b>2,998</b>	<b>2,849</b>
<b>Income Statement</b>						
Sales	9,634	9,492	9,259	4,343	-	-
Financial Cost	(1,021)	(1,373)	(1,299)	(891)	15	5
(Loss)/Profit after Tax	(155)	(1,211)	(347)	(746)	(86)	139
<b>Cashflow Statement</b>						
Cashflow from Operations	(14)	(1,766)	(651)	(2,122)	(778)	(657)
Cashflow from Investing Activities	(54)	(134)	(229)	(209)	(1,720)	(942)
Cashflow from Financing Activities	1,007	1,496	(478)	1,109	1,068	2,428
Net change in cash and cash equivalents	939	(403)	(1,358)	(1,222)	(1,431)	829
Cash and Cash Equivalents at beginning of the year	(3,476)	(3,072)	(1,714)	(492)	939	110
Cash and cash equivalents at end of the year	(2,536)	(3,476)	(3,072)	(1,714)	(492)	939
<b>Ratios</b>						
<b>Profitability Ratios</b>						
Gross Profit Ratio	0.10	0.00	0.01	(0.02)	-	-
Net Profit to Sales	(0.02)	(0.13)	(0.04)	(0.17)	-	-
EBITDA Margin to Sales	0.12	0.03	0.13	0.01	-	-
Operating leverage Ratio	0.09	(0.01)	0.10	(0.05)	-	-
Return on Equity	-6.8%	-43.1%	-13.7%	-33.1%	-2.9%	4.9%
Return on Capital Employed	8.6%	-2.1%	15.5%	-3.7%	-2.1%	-1.1%
<b>Liquidity Ratios</b>						
Current Ratio	0.61	0.60	0.64	0.55	0.57	2.06
Quick/Acid test Ratio	0.20	0.23	0.21	0.20	0.26	1.91
Cash to Current Liabilities	0.01	0.02	0.01	0.03	0.02	1.48
<b>Activity/Turnover Ratio</b>						
Inventory Turnover Ratio/No. of days in inventory	110.66	111.63	112.48	116.42	-	-
Debtor turnover ratio/No of days in receivables	2.92	2.92	7.57	16.06	-	-
Creditor turnover ratio/No of days in payables	116.35	141.31	140.16	127.63	-	-
Total Assets Turnover ratio/fixed assets turnover ratio	1.01	1.05	1.10	2.25	-	-
Operating cycle	(2.77)	(26.76)	(20.11)	4.84	-	-
<b>Investment/Market Ratios</b>						
Basic EPS	(1.43)	(4.97)	(1.62)	(3.15)	(0.82)	0.39
Breakup value per share	4.41	4.69	5.54	6.55	8.72	8.89
<b>Capital Structure Ratios</b>						
Financial leverage ratio	3.65	3.38	3.50	4.00	2.16	1.79
Weighted average cost of debt	11%	14%	15%	13%	-	-
Debt to Equity ratio	69:31	67:33	71:29	73:27	66:34	64:34
Interest Cover ratio	(0.81)	0.08	(0.69)	(0.25)	-	-

# DuPont Analysis

(Rupees in million)



# Graphical Representation

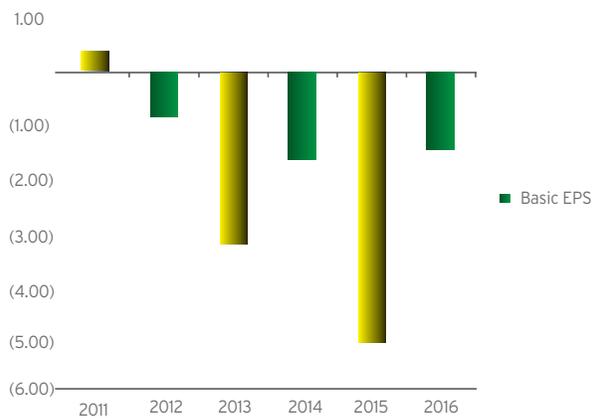
## Total Assets



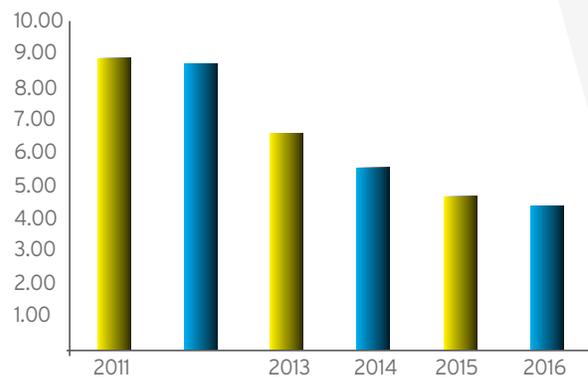
## Total Liabilities



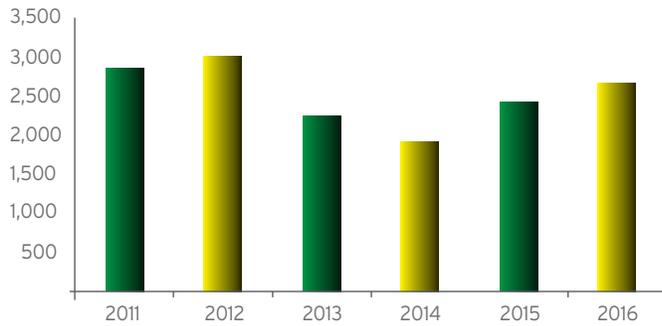
## Earning Per Share



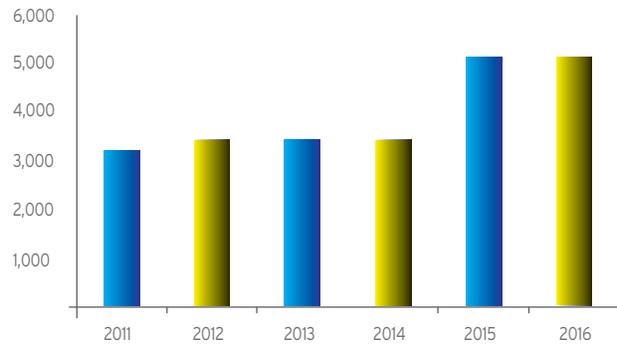
## Break up Value Per Share



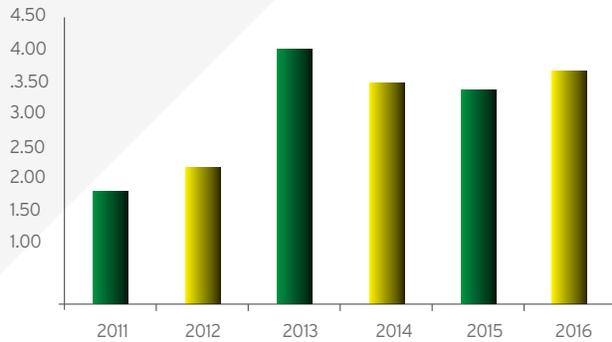
### Equity



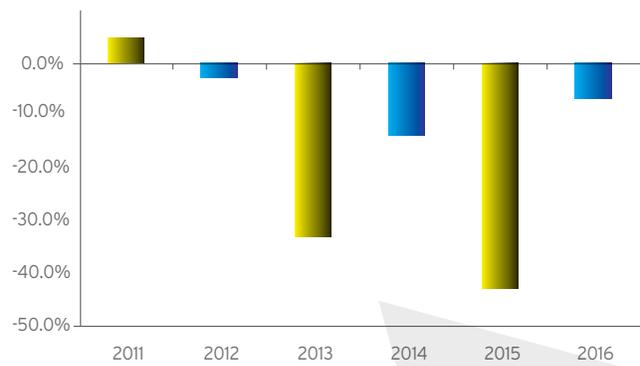
### Paid Up Capital



### Financial leverage ratio



### Return on Equity



# Horizontal Analysis of Financial Statements

## Balance Sheet

(Rupees in million)

HORIZONTAL ANALYSIS	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
<b>Non-Current Assets</b>												
Property plant and equipment	9,689	-3%	9,996	-2%	10,219	4%	9,785	3%	9,492	37%	6,927	25%
Intangible assets	11	-15%	13	-13%	15	-27%	20	80%	11	2319%	0	-13%
Long Term Loans	3	13%	3	0%	3	-32%	4	10%	4	39%	3	100%
Long term deposits and prepayments	46	-3%	48	0%	48	-2%	49	3%	48	-1%	48	1%
Deferred tax asset	1,134	2%	1,110	53%	724	15%	627	164%	237	24%	191	100%
	<b>10,884</b>	<b>-3%</b>	<b>11,170</b>	<b>1%</b>	<b>11,009</b>	<b>5%</b>	<b>10,486</b>	<b>7%</b>	<b>9,792</b>	<b>37%</b>	<b>7,170</b>	<b>28%</b>
<b>Current Assets</b>												
Stores and spares	181	11%	163	3%	159	10%	145	6%	137	49%	92	0%
Stock in Trade - Raw Material	2,814	16%	2,434	-27%	3,347	44%	2,323	375%	490	100%	-	0%
Trade debts - considered good	77	1%	76	-60%	192	1%	191	100%				
Advances, deposits and prepayments	387	25%	309	272%	83	18%	70	246%	20	188%	7	-64%
Other Receivables	142	-38%	228	-55%	502	121%	227	64%	139	-42%	238	100%
Financial asset held to maturity investment	-	0%	-	-100%	-	-100%	20	100%				
Tax Refund Due from Government - Sales Tax	351	-29%	493	4%	472	12%	423	48%	285	1222%	22	8167%
Accrued mark-up	-	0%	-	-100%	1	89%	1	25%	0	-73%	2	125%
Taxation - Payment Less Provision	473	42%	332	-27%	456	76%	259	457%	46	555%	7	80%
Cash and bank balances	45	-66%	132	120%	60	-71%	206	452%	37	-96%	939	756%
	<b>4,468</b>	<b>7%</b>	<b>4,167</b>	<b>-21%</b>	<b>5,272</b>	<b>36%</b>	<b>3,864</b>	<b>235%</b>	<b>1,155</b>	<b>-12%</b>	<b>1,306</b>	<b>478%</b>
<b>TOTAL ASSETS</b>	<b>15,352</b>	<b>0%</b>	<b>15,337</b>	<b>-6%</b>	<b>16,281</b>	<b>13%</b>	<b>14,351</b>	<b>31%</b>	<b>10,947</b>	<b>29%</b>	<b>8,476</b>	<b>46%</b>
<b>Shareholders' Equity</b>												
<b>Share Capital:</b>												
Ordinary Shares	2,717	0%	2,711	0%	2,710	0%	2,704	1%	2,680	10%	2,446	23%
Preference Shares	2,440	0%	2,446	236%	729	-1%	734	-3%	758	0%	755	100%
Accumulated losses	(2,884)	5%	(2,737)	79%	(1,533)	29%	(1,187)	169%	(441)	24%	(355)	-28%
<b>Total Equity</b>	<b>2,273</b>	<b>-6%</b>	<b>2,420</b>	<b>27%</b>	<b>1,906</b>	<b>-15%</b>	<b>2,252</b>	<b>-25%</b>	<b>2,998</b>	<b>5%</b>	<b>2,846</b>	<b>90%</b>
Share deposit money	-	0%	-	-100%	237	100%	-	0%	-	-100%	4	100%
Surplus on revaluation of fixed assets	382	-2%	391	0%	392	100%	-	0%	-	0%	-	0%
<b>Non-Current Liabilities</b>												
Long-term finance	5,320	-5%	5,597	2%	5,484	8%	5,077	-14%	5,912	19%	4,985	44%
Liabilities against assets subject to finance lease	4	-50%	8	60%	5	-37%	8	-30%	11	142%	5	-29%
Staff retirements benefits	31	35%	23	51%	15	0%	15	148%	6	121%	3	100%
	<b>5,355</b>	<b>-5%</b>	<b>5,628</b>	<b>2%</b>	<b>5,504</b>	<b>8%</b>	<b>5,100</b>	<b>-14%</b>	<b>5,930</b>	<b>19%</b>	<b>4,992</b>	<b>44%</b>
<b>Current Liabilities</b>												
Current maturity of long-term loan	500	4900%	10	0%	10	-99%	888	100%	30	100%	-	-100%
Current maturity of liabilities against assets subject to finance lease	3	0%	3	-40%	5	12%	4	21%	4	93%	2	16%
Short Term Borrowings	3,870	0%	3,876	15%	3,369	11%	3,030	472%	529	429%	100	-9%
Creditors, accrued expenses and other liabilities	2,773	1%	2,744	-40%	4,574	84%	2,492	321%	592	1357%	41	-36%
Accrued mark-up	196	-26%	265	-7%	284	-51%	584	-32%	865	76%	492	29%
	<b>7,342</b>	<b>6%</b>	<b>6,898</b>	<b>-16%</b>	<b>8,242</b>	<b>18%</b>	<b>6,998</b>	<b>246%</b>	<b>2,020</b>	<b>219%</b>	<b>634</b>	<b>-25%</b>
<b>Total Liabilities</b>	<b>12,697</b>	<b>1%</b>	<b>12,526</b>	<b>-9%</b>	<b>13,746</b>	<b>14%</b>	<b>12,099</b>	<b>52%</b>	<b>7,950</b>	<b>41%</b>	<b>5,627</b>	<b>30%</b>
<b>Total Equity and Liabilities</b>	<b>15,352</b>	<b>0%</b>	<b>15,337</b>	<b>-6%</b>	<b>16,281</b>	<b>13%</b>	<b>14,351</b>	<b>31%</b>	<b>10,947</b>	<b>29%</b>	<b>8,476</b>	<b>46%</b>

# Horizontal Analysis of Financial Statements

## Profit & loss Account

(Rupees in million)

HORIZONTAL ANALYSIS	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
Sales	9,634	1%	9,492	3%	9,259	113%	4,342	0%	-	0%	-	0%
Cost of sales	(8,654)	-8%	(9,451)	3%	(9,200)	109%	(4,409)	0%	-	0%	-	0%
<b>Gross loss</b>	<b>980</b>	<b>2290%</b>	<b>41</b>	<b>-31%</b>	<b>59</b>	<b>-187%</b>	<b>(68)</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
Selling and distribution cost	(20)	-48%	(38)	6%	(36)	103%	(18)	0%	-	0%	-	0%
Administrative expenses	(157)	27%	(124)	-11%	(140)	-11%	(157)	-1%	(158)	48%	(107)	44%
Other income	25	323%	6	-99%	1,007	5282%	19	-54%	40	-33%	60	208%
<b>Profit / (loss) from operation</b>	<b>829</b>		<b>(115)</b>		<b>890</b>		<b>(224)</b>		<b>(118)</b>		<b>(47)</b>	
Finance cost	(1,021)	-26%	(1,373)	6%	(1,299)	46%	(891)	5907%	(15)	229%	(5)	-97%
Loss before taxation	(192)	-87%	(1,488)	264%	(409)	-63%	(1,115)	742%	(132)	157%	(52)	-76%
Taxation - deferred	37	-87%	277	347%	62	-83%	369	696%	46	-76%	191	100%
<b>(Loss) / Profit for the year after tax</b>	<b>(155)</b>	<b>-87%</b>	<b>(1,211)</b>	<b>249%</b>	<b>(347)</b>	<b>-53%</b>	<b>(746)</b>	<b>766%</b>	<b>(86)</b>	<b>-162%</b>	<b>139</b>	<b>-165%</b>
<b>(Loss) / earning per share</b>	<b>(1.43)</b>	<b>-71%</b>	<b>(4.97)</b>	<b>207%</b>	<b>(1.62)</b>	<b>-49%</b>	<b>(3.15)</b>	<b>284%</b>	<b>(0.82)</b>	<b>-310%</b>	<b>0.39</b>	<b>-136%</b>

# Vertical Analysis of Financial Statements

## Balance Sheet

(Rupees in million)

VERTICAL ANALYSIS	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
<b>Non-Current Assets</b>												
Property plant and equipment	9,689	63%	9,996	65%	10,219	63%	9,785	68%	9,492	87%	6,927	82%
Intangible assets	11	0%	13	0%	15	0%	20	0%	11	0%	0	0%
Long Term Loans	3	0%	3	0%	3	0%	4	0%	4	0%	3	0%
Long term deposits and prepayments	46	0%	48	0%	48	0%	49	0%	48	0%	48	1%
Deferred tax asset	1,134	7%	1,110	7%	724	4%	627	4%	237	2%	191	2%
	<b>10,884</b>	<b>71%</b>	<b>11,170</b>	<b>73%</b>	<b>11,009</b>	<b>68%</b>	<b>10,486</b>	<b>73%</b>	<b>9,792</b>	<b>89%</b>	<b>7,170</b>	<b>85%</b>
<b>Current Assets</b>												
Stores and spares	181	1%	163	1%	159	1%	145	1%	137	1%	92	1%
Stock in Trade - Raw Material	2,814	18%	2,434	16%	3,347	21%	2,323	16%	490	4%	-	0%
Trade debts - considered good	77	1%	76	0%	192	1%	191	1%	-	0%	-	0%
Advances, deposits and prepayments	387	3%	309	2%	83	1%	70	0%	20	0%	7	0%
Other Receivables	142	1%	228	1%	502	3%	227	2%	139	1%	238	3%
Financial asset held to maturity investment	-	0%	-	0%	0	0%	20	0%	-	0%	-	0%
Tax Refund Due from Government - Sales Tax	351	2%	493	3%	472	3%	423	3%	285	3%	22	0%
Accrued mark-up	-	0%	-	0%	1	0%	1	0%	0	0%	2	0%
Taxation - Payment Less Provision	473	3%	332	2%	456	3%	259	2%	46	0%	7	0%
Term Deposits	-	0%	-	0%	0	0%	0	0%	0	0%	-	0%
Cash and bank balances	45	0%	132	1%	60	0%	206	1%	37	0%	939	11%
	<b>4,468</b>	<b>29%</b>	<b>4,167</b>	<b>27%</b>	<b>5,272</b>	<b>32%</b>	<b>3,864</b>	<b>27%</b>	<b>1,155</b>	<b>11%</b>	<b>1,306</b>	<b>15%</b>
<b>TOTAL ASSETS</b>	<b>15,352</b>	<b>100%</b>	<b>15,337</b>	<b>100%</b>	<b>16,281</b>	<b>100%</b>	<b>14,351</b>	<b>100%</b>	<b>10,947</b>	<b>100%</b>	<b>8,476</b>	<b>100%</b>
<b>Shareholders' Equity</b>												
Share Capital: Ordinary Shares	2,717	18%	2,711	18%	2,710	17%	2,704	19%	2,680	24%	2,446	29%
Preference Shares	2,440	16%	2,446	16%	729	4%	734	5%	758	7%	755	9%
Accumulated losses	(2,884)	-19%	(2,737)	-18%	(1,533)	-9%	(1,187)	-8%	(441)	-4%	(355)	-4%
<b>Total Equity</b>	<b>2,273</b>	<b>15%</b>	<b>2,420</b>	<b>16%</b>	<b>1,906</b>	<b>12%</b>	<b>2,252</b>	<b>16%</b>	<b>2,998</b>	<b>27%</b>	<b>2,846</b>	<b>34%</b>
<b>Share deposit money</b>	-	0%	-	-	237	1%	-	0%	-	0%	4	0%
<b>Surplus on revaluation of fixed assets</b>	382	2%	391	3%	392	2%	-	0%	-	0%	-	0%
<b>Non-Current Liabilities</b>												
Long-term finance	5,320	35%	5,597	36%	5,484	34%	5,077	35%	5,912	74%	4,985	59%
Liabilities against assets subject to finance lease	4	0%	8	0%	5	0%	8	0%	11	0%	5	0%
Staff retirements benefits	31	0%	23	0%	15	0%	15	0%	6	0%	3	0%
	<b>5,355</b>	<b>35%</b>	<b>5,628</b>	<b>37%</b>	<b>5,504</b>	<b>34%</b>	<b>5,100</b>	<b>35%</b>	<b>5,930</b>	<b>75%</b>	<b>4,992</b>	<b>59%</b>
<b>Current Liabilities</b>												
Current maturity of long-term loan	500	3%	10	0%	10	0%	888	6%	30	0%	-	0%
Current maturity of liabilities against assets subject to finance lease	3	0%	3	0%	5	0%	4	0%	4	0%	2	0%
Short Term Borrowings	3,870	25%	3,876	25%	3,369	21%	3,030	21%	529	7%	100	1%
Creditors, accrued expenses and other liabilities	2,773	18%	2,744	18%	4,574	28%	2,492	17%	592	7%	41	0%
Accrued mark-up	196	1%	265	2%	284	2%	584	4%	865	11%	492	6%
	<b>7,342</b>	<b>48%</b>	<b>6,898</b>	<b>45%</b>	<b>8,242</b>	<b>51%</b>	<b>6,998</b>	<b>49%</b>	<b>2,020</b>	<b>25%</b>	<b>634</b>	<b>7%</b>
<b>Total Liabilities</b>	<b>12,697</b>	<b>83%</b>	<b>12,526</b>	<b>82%</b>	<b>13,746</b>	<b>84%</b>	<b>12,099</b>	<b>84%</b>	<b>7,950</b>	<b>73%</b>	<b>5,627</b>	<b>66%</b>
<b>Total Equity and Liabilities</b>	<b>15,352</b>	<b>100%</b>	<b>15,337</b>	<b>100%</b>	<b>16,281</b>	<b>100%</b>	<b>14,351</b>	<b>100%</b>	<b>10,947</b>	<b>100%</b>	<b>8,476</b>	<b>100%</b>

# Vertical Analysis of Financial Statements

## Profit & loss Account

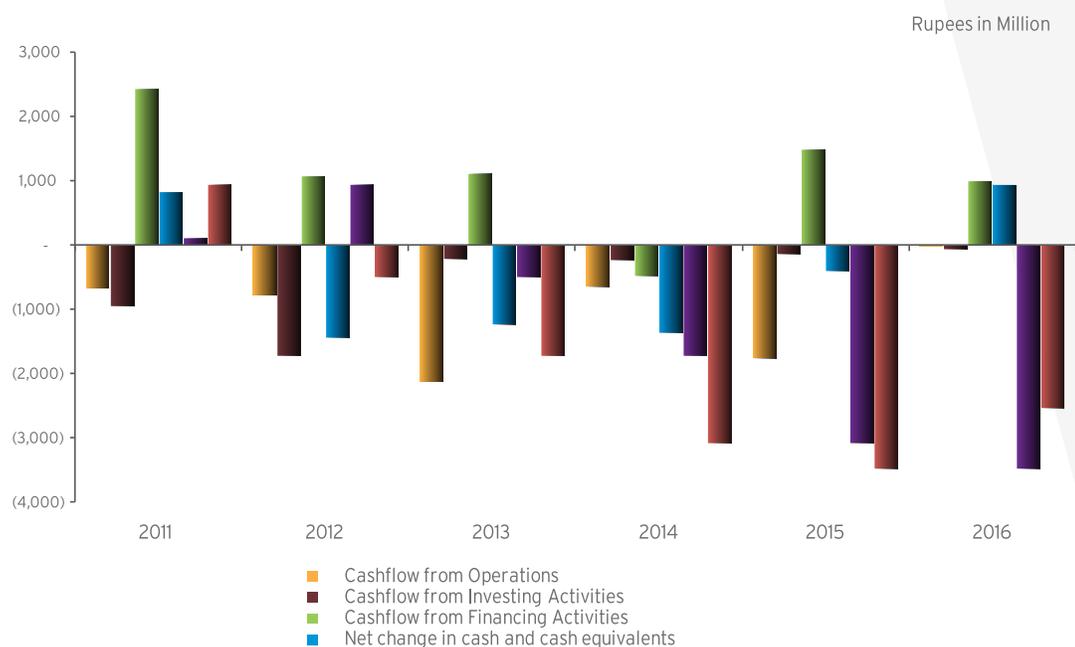
(Rupees in million)

VERTICAL ANALYSIS	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
Sales	9,634	100%	9,492	100%	9,259	100%	4,342	100%	-	0%	-	0%
Cost Of Sales	(8,654)	-90%	(9,451)	-100%	(9,200)	-99%	(4,409)	-102%	-	0%	-	0%
<b>Gross Loss</b>	<b>980</b>	<b>10%</b>	<b>41</b>	<b>0%</b>	<b>59</b>	<b>1%</b>	<b>(68)</b>	<b>-2%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
Selling and distribution cost	(20)	0%	(38)	0%	(36)	0%	(18)	0%	-	0%	-	0%
Administrative expenses	(157)	-2%	(124)	-1%	(140)	-2%	(157)	-4%	(158)	0%	(107)	0%
Other operating income	25	0%	6	0%	1,007	11%	19	0%	40	0%	60	0%
<b>Loss from operation</b>	<b>829</b>	<b>9%</b>	<b>(115)</b>	<b>-1%</b>	<b>890</b>	<b>10%</b>	<b>(224)</b>	<b>-5%</b>	<b>(118)</b>	<b>0%</b>	<b>(47)</b>	<b>0%</b>
Finance cost	(1,021)	-11%	(1,373)	-14%	(1,299)	-14%	(891)	-21%	(15)	0%	(5)	0%
Loss before taxation	(192)	-2%	(1,488)	-16%	(409)	-4%	(1,115)	-26%	(132)	157%	(52)	-76%
Taxation - deferred	37	0%	277	3%	62	1%	369	8%	46	-76%	191	100%
<b>(Loss) / Profit for the year after tax</b>	<b>(155)</b>	<b>-2%</b>	<b>(1,211)</b>	<b>-13%</b>	<b>(347)</b>	<b>-4%</b>	<b>(746)</b>	<b>-17%</b>	<b>(86)</b>	<b>-162%</b>	<b>139</b>	<b>-165%</b>
<b>Basic earnings per share - (loss)</b>	<b>(1.43)</b>	<b>0%</b>	<b>(4.97)</b>	<b>207%</b>	<b>(1.62)</b>	<b>-49%</b>	<b>(3.15)</b>	<b>284%</b>	<b>(0.82)</b>	<b>-310%</b>	<b>0.39</b>	<b>-136%</b>

## Summary of Cash Flow Statements

(Rupees in million)

CASHFLOW STATEMENT	2011	2012	2013	2014	2015	2016
Cashflow from Operations	(657)	(778)	(2,122)	(651)	(1,766)	(14)
Cashflow from Investing Activities	(942)	(1,720)	(209)	(229)	(134)	(54)
Cashflow from Financing Activities	2,428	1,068	1,109	(478)	1,496	1,007
<b>Net change in cash and cash equivalents</b>	<b>829</b>	<b>(1,431)</b>	<b>(1,222)</b>	<b>(1,358)</b>	<b>(403)</b>	<b>939</b>
Cash and Cash Equivalents at beginning of the year	110	939	(492)	(1,714)	(3,072)	(3,476)
<b>Cash and cash equivalents at end of the year</b>	<b>939</b>	<b>(492)</b>	<b>(1,714)</b>	<b>(3,072)</b>	<b>(3,476)</b>	<b>(2,536)</b>



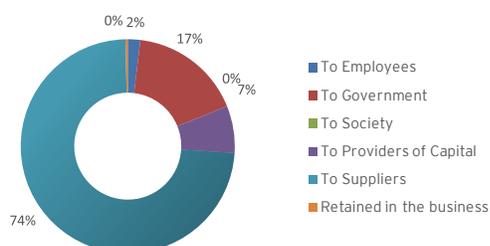
# Statement of Value Addition and Distribution

(Rupees in thousand)

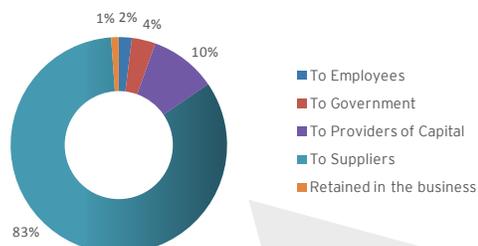
	2016	2015	2014
<b>Wealth Created</b>			
Total Revenue	9,634,297	9,491,748	9,259,027
Other Income	26,073	5,957	1,006,538
Cash & Bank - Opening	132,273	59,845	205,860
Share Capital	-	1,475,136	236,924
Income Tax Refund	80,000	27,680	-
Short term finance	1,020,017	507,045	339,021
	<b>10,892,660</b>	<b>11,567,411</b>	<b>11,047,370</b>
<b>Distributed As Follows</b>			
<b>To Employees</b>			
Salaries, wages and other benefits including retirement benefits	247,010	224,467	237,979
<b>To Government</b>			
Income tax, sales tax, excise duty and custom duty WPPF and WWF	2,230,000	410,876	656,589
<b>To Society</b>			
Charity and welfare activities	-	-	-
<b>To providers of Capital</b>			
Dividend to shareholders	-	-	-
Repayment of long term loan	167,192	10,000	471,831
Finance cost of borrowed funds	763,942	1,145,078	1,251,683
<b>To Suppliers</b>			
To Suppliers for capital goods	64,336	138,809	240,603
To Raw material and other suppliers	9,581,767	9,505,908	8,128,840
<b>Retained in the business</b>			
Closing Cash Balances	44,716	132,273	59,845
	<b>13,098,963</b>	<b>11,567,411</b>	<b>11,047,370</b>

	Distribution of Wealth - 2016		Distribution of Wealth - 2015		Distribution of Wealth - 2014	
To employees	247,010	2%	224,467	2%	237,979	2%
To Government	2,230,000	17%	410,876	4%	656,589	6%
To Society	-	0%	-	0%	-	0%
To providers of Capital	931,134	7%	1,155,078	10%	1,723,514	16%
To Suppliers	9,646,103	74%	9,644,717	83%	8,369,443	76%
Retained in the business	44,716	0%	132,273	1%	59,845	1%
	<b>13,098,963</b>		<b>11,567,411</b>		<b>11,047,370</b>	

**Distribution of Wealth - 2016**



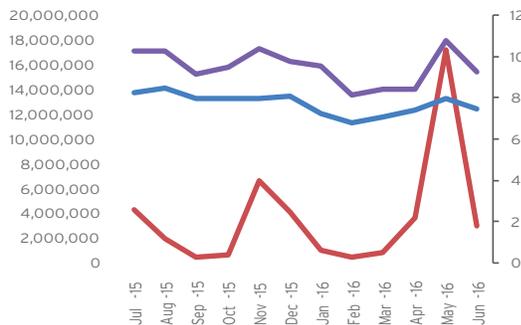
**Distribution of Wealth - 2015**



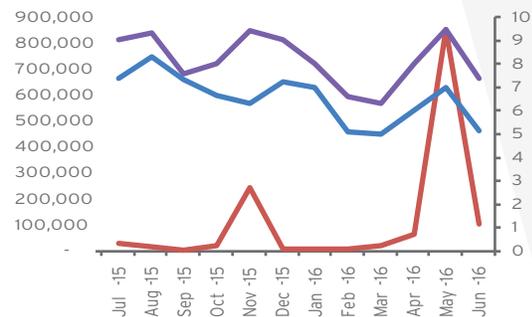
# Share Price / Volume Analysis

Month	Ordinary Share (Symbol: ASL)			Preference Share (Symbol: ASLPS)			Preference Share (Symbol: ASLCPS)		
	High Rupees	Low Rupees	Volume	High Rupees	Low Rupees	Volume	High Rupees	Low Rupees	Volume
Jul-15	10.26	8.25	4,322,000	9	7.4	29,500	12	10.5	31,500
Aug-15	10.25	8.5	1,981,500	9.3	8.3	16,000	14	11.5	128,000
Sep-15	9.15	8	468,500	7.55	7.33	4,000	14	13	8,000
Oct-15	9.45	8	613,000	8	6.65	21,000	14	14	13,500
Nov-15	10.38	8	6,610,500	9.40	6.3	244,500	13.4	13.4	11,000
Dec-15	9.77	8.1	4,116,000	9	7.25	6,500	12.4	10.4	8,500
Jan-16	9.5	7.25	979,000	8	7	8,500	10.4	10.4	-
Feb-16	8.12	6.8	450,000	6.6	5.1	10,500	10.4	10.4	-
Mar-16	8.4	7.11	841,000	6.30	5	21,500	14.4	11.4	2,500
Apr-16	8.42	7.45	3,624,500	8.01	6	67,000	2.94	15	21,000
May-16	10.76	8	17,187,000	9.45	7	849,500	19.71	15.5	472,000
Jun-16	9.24	7.5	2,943,500	7.35	5.15	103,500	15.5	13.5	16,000

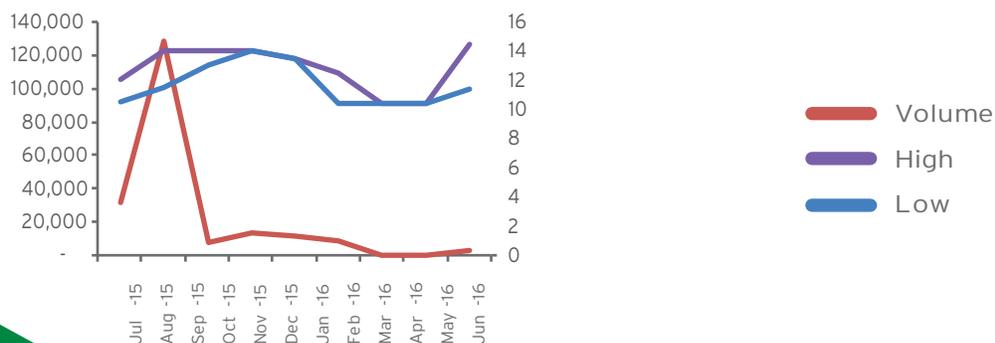
Ordinary Share (Symbol: ASL)



Preference Share (Symbol: ASLPS)



Preference Share (Symbol: ASLCPS)



# Shareholders' Information

## Aisha Steel Mills Limited

Registered Office  
Arif Habib Centre  
23, M.T. Khan Road  
Karachi-74000  
Tel: (021)32470217, 34740160  
Fax No: (021)34740151  
Email: info@aishasteel.com  
Website: www.aishasteel.com

## Listing on Stock Exchanges

ASML Ordinary and Preference shares are listed on the Pakistan Stock Exchange (PSX).

## Stock Code

The stock code for dealing in Ordinary, Preference-I and Preference-II shares of the Company at the PSX are ASL, ASLPS and ASLCPS.

## Investor Service Centre

ASML share department is operated by Central Depository Company of Pakistan (CDC), Registrar Services. It also functions as an Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. Team is headed by Mr. Abdus Samad at the Registrar Office and Company Secretary at ASML Registered Office. For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

## Contact Persons:

Mr. Imtiaz Khakwani  
Tel: (021) 32470217  
Email: imtiaz.khakwani@aishasteel.com  
Mr. Mohsin Rajab Ali  
Tel: (021) 111-111-500  
Email: mohsin\_rajabali@cdcpak.com

## Statutory Compliance

During the year the company has complied with all applicable provisions, filled all returns/forms and furnished all the relevant information as required under the Companies Ordinance, 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations, wherever applicable.

## Book Closure Dates

The Share Transfer Books of the Company will be closed from the 21st October 2016 to 27th October 2016 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi at the close of the business on Thursday, 20th October 2016, will be considered in time for the determination of entitlement of shareholders to attend and vote at the meeting.

## Share Registrar Office

Central Depository Company of Pakistan  
Share Registrar Department  
CDC House, 99-B, Block-B, S.M.C.H.S. Main  
Shahrah-e-Faisal, Karachi  
Tel: (021)111-111-500 Toll Free:0800-23275  
Fax: (021) 34326053  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com

## Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of share/dividend.

## General Meetings & Voting Rights

Pursuant to Section 158 of Companies Ordinance, 1984 ASML holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and will also be published in at least one English and one Urdu news paper having circulation in Sindh province.

## Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote a General Meeting of the Company can appoint another member as his/ her proxy to attend and vote at the meeting. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy.

## Web Presence

The website of the Company has been maintained in accordance with SRO 25(I)/2012 of SECP dated 16th January 2012. Updated information about the company and its affiliates can be accessed at ASML website, www.aishasteel.com

## Shareholding Pattern

The shareholding pattern of the equity share capital of the company as on 30th June 2016 along with categories of shareholders are given on page 33 to 43.

# Financial Statements

62. Auditors' Review Report to the Members on Statement of Compliance with the Code of Corporate Governance
63. Statement of Compliance with the Code of Corporate Governance
65. Report of the Board Audit Committee
68. Auditors' Report to the Members
69. Balance Sheet
70. Profit and Loss Account
71. Cash Flow Statement
72. Statements of Changes in Equity
73. Notes to the Financial Statements

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Aisha Steel Mills Limited for the year ended June 30, 2016 to comply with the Code contained in regulation No. 5.19 of the Rule Book of the Pakistan Stock Exchange Limited.

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

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

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

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



A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: October 05, 2016

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32423007/32427928/32424740; [www.pwc.com/pk](http://www.pwc.com/pk)

Lahore: 21-C, Ash Avenue, Canal Bank, Chundrigar, P.O. Box 4716, Karachi-74000, Pakistan; Tel: +92 (21) 32426682-6; Fax: +92 (21) 32423007  
Islamabad: PIA Building, 2nd Floor, 20 Blue Area, F-10/1, Islamabad-44000, Pakistan; Tel: +92 (21) 32722740; Fax: +92 (21) 32722740  
Kuala Lumpur: Apartment No. 2, 2nd Floor, Dear Trustee, Shell Energy Square, 10th Floor, Kuala Lumpur, Malaysia; Tel: +60 (3) 2161 2111; Fax: +60 (3) 2161 2111

# Statement of Compliance with the Code of Corporate Governance

As at June 30, 2016

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

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

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

Category	Names
Independent Directors	Mr. Javed Iqbal
	Mr. Bilal Asghar
	Mr. Ahsan Ashraf
Executive Director	Dr. Munir Ahmed - CEO
Non-Executive Directors	Mr. Arif Habib - Chairman
	Mr. Hasib Rehman
	Mr. Nasim Beg
	Mr. Kashif A. Habib
	Mr. Muhammad Ejaz

The Independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies occurred on the Board on October 28, 2015 and February 18, 2016. They were filled by the directors on the same day.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures and has also uploaded on the website of the company.
6. The Board has developed and approved vision and mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year of the directors Mr. Ahsan Ashraf and Mr. Bilal Asghar, have obtained certification of Directors Training Program from The Institute of Business Administration (IBA).
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report of this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO, and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the relevant corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three non-executive directors and chairman of the committee is a non-executive director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and annual financial statements of the Company. The terms of reference of the Committee were formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration (HR & R) Committee. It comprises four members, all of whom are non-executive directors.
18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The related party transactions have been placed before the audit committee and approved by the Board of Directors.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi, August 31, 2016



**Dr. Munir Ahmed**

Chief Executive

## Report of the Board Audit Committee

### Report of the Board Audit Committee on Adherence to the Best Practices of Code of Corporate Governance

The audit committee has concluded its annual review of the conduct and operations on the Company during financial year ended on 30th June 2016, and reports that:

- The Company has adhered in full, without any material departure, with provisions of the listing regulation of Pakistan Stock Exchange, Company's statement of ethics and values and the international best practices of Governance throughout the year.
- Compliance has been confirmed from the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been endured.
- The Company has issued a "Statement of Compliance with the Best Practices of Code of Corporate Governance" which has also been reviewed by the auditors of the Company.
- Appropriate accounting policies have been consistently applied. Applicable accounting standards were followed in preparation of financial statement of the Company on a going concern assumption basis, for the financial year ended 30th June, 2016 which present fairly the state of affairs, results of operations, loss, cash flows and changes in equity of the Company for the year under review.
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company, and the Directors' Report and presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors. They acknowledge their responsibility for true and fair presentation of the financial statements, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and system of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Ordinance, 1984.
- The financial statements comply with the requirements of the Fourth Schedule of the Companies Ordinance, 1984 and applicable "International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS)" notified by SECP.
- All direct and indirect trading and holdings of the Company's shares by Directors and Executives or their spouse were notified in writing to the Company Secretary along with the price, number of shares, form of share certificate and nature of transaction which were notified by the Company Secretary to the Board with in the stipulated time. All such holdings have been disclosed in the pattern of Shareholdings.

## INTERNAL AUDIT

The Internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board.

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievements of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial operational and compliance controls and risk management at all levels within the Company.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

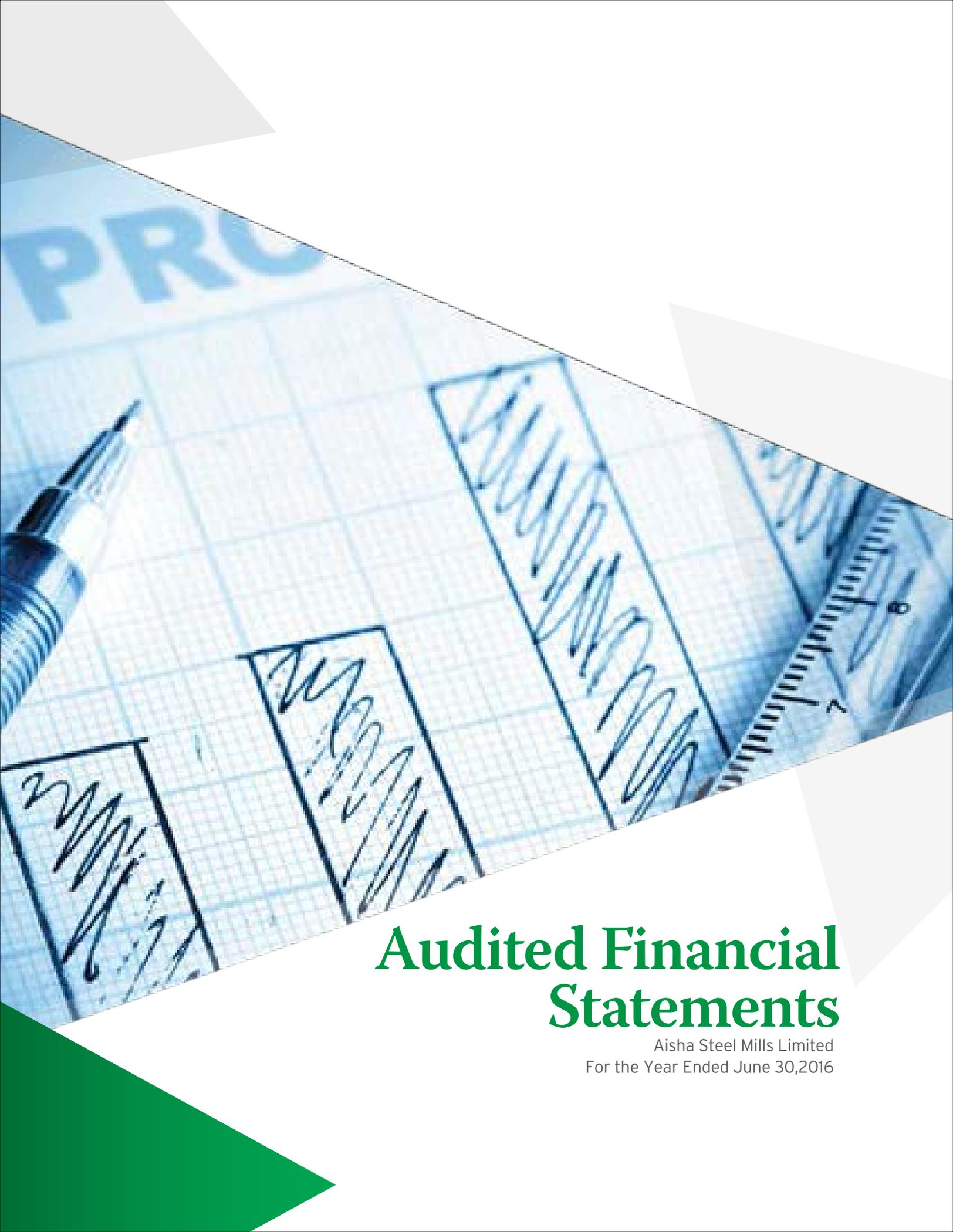
## EXTERNAL AUDITORS

- The statutory Auditors of the Company, M/s A. F. Fergusons & Co., Chartered Accountants, have completed their audit assignments of the "Company's Financial Statements", and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended 30th June 2016 and shall retire on the conclusion of the 12th Annual General Meeting.
- The Audit Committee has review and discussed Audit observation and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of Auditors' Report on financial statements under the listing regulations and shall thereof accordingly be discussed in the next Audit Committee Meeting.
- The Audit Firm has been given a satisfactory rating under the Quality Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP. The Auditors attended the general meetings of the Company during the year and have confirmed attendance of the Annual General Meeting scheduled on 27th October 2016.
- Being eligible for re-appointment as Auditors of the Company, the Audit Committee recommends reappointment of M/s A. F. Fergusons & Co., Chartered Accountants for the financial year ending on 30th June 2017.

Karachi: August 31, 2016



Chairman - Audit Committee



# Audited Financial Statements

Aisha Steel Mills Limited  
For the Year Ended June 30, 2016

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Aisha Steel Mills Limited as at 30 June 2016 and the related profit and loss account, 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 accounts and are further in accordance with accounting policies consistently applied;
  - (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, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the loss, its 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

Karachi

Dated: October 5, 2016

Name of the engagement partner: Farrukh Rehman

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network*  
Share Life Building No. 1-C, J.F. Chandigarh Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426672-6/32426721-5; Fax: +92 (21) 32415007/32427926/32424740; <www.pwc.com/pk>

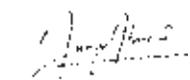
Lahore: 47-C, Ash Avenue, Clarendon Road, Gallary V, P.O. Box 99, Lahore-54999, Pakistan; Tel: +92 (42) 32241111; Fax: +92 (42) 32241111  
Islamabad: PMA Building, 3rd Floor, 24 Blue Area, Faisal-Abad Road, P.O. Box 2000, Islamabad-45000, Pakistan; Tel: +92 (51) 40042740; Fax: +92 (51) 40042740  
Kuala Lumpur: Menara 3, 2nd Floor, Dear Tower, Majlis Square, 100-020, Kuala Lumpur, Malaysia; Tel: +60 (3) 2033 3333; Fax: +60 (3) 2033 3333

# Balance Sheet

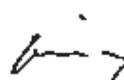
As At June 30, 2016

	Note	2016 ----- Rupees '000 -----	2015 ----- Rupees '000 -----
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	9,688,793	9,995,626
Intangibles - Computer Software	4	11,246	13,267
Long-term loans and advances	5	2,983	2,958
Long-term deposits and prepayments	6	46,294	47,799
Deferred tax	7	1,134,496	1,109,909
		<u>10,883,812</u>	<u>11,169,559</u>
<b>Current assets</b>			
Stores and spares	8	180,743	163,383
Stock-in-trade	9	2,813,517	2,433,460
Trade debts - considered good	10	76,998	76,261
Advances, deposits and prepayments	11	386,731	309,342
Other receivables	12	142,265	227,670
Tax refunds due from Government - Sales tax		350,588	493,301
Taxation - payments less provision		472,905	331,613
Cash and bank balances	13	44,716	132,273
		<u>4,468,463</u>	<u>4,167,303</u>
<b>Total assets</b>		<u><u>15,352,275</u></u>	<u><u>15,336,862</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14		
Ordinary shares		2,717,357	2,711,327
Cumulative preference shares		2,439,944	2,445,974
		<u>5,157,301</u>	<u>5,157,301</u>
Accumulated loss		(2,833,779)	(2,737,365)
		<u>2,273,522</u>	<u>2,419,936</u>
<b>Surplus on revaluation of fixed assets</b>	15	381,821	390,812
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term finance	16	5,320,004	5,597,138
Liabilities against assets subject to finance leases	17	4,435	7,516
Staff retirement benefit	18	30,965	22,962
		<u>5,355,404</u>	<u>5,627,616</u>
<b>Current liabilities</b>			
Trade and other payables	19	2,772,572	2,744,429
Accrued mark-up	20	196,033	264,857
Short-term borrowings	21	3,869,538	3,876,224
Current maturity of long-term finance	16	500,000	10,000
Current maturity of liabilities against assets subject to finance leases	17	3,385	2,988
		<u>7,341,528</u>	<u>6,898,498</u>
<b>Total liabilities</b>		<u>12,696,932</u>	<u>12,526,114</u>
<b>Contingencies and commitments</b>	22		
<b>Total equity and liabilities</b>		<u><u>15,352,275</u></u>	<u><u>15,336,862</u></u>

The annexed notes 1 to 40 form an integral part of these financial statements.



Chief Executive



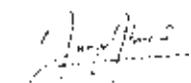
Director

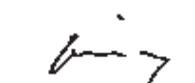
# PROFIT AND LOSS ACCOUNT

For The Year Ended June 30, 2016

	Note	2016	2015
		----- Rupees '000 -----	
Revenue	23	9,634,297	9,491,748
Cost of sales	24	(8,654,034)	(9,451,422)
<b>Gross profit</b>		<u>980,263</u>	<u>40,326</u>
Selling and distribution cost	25	(19,640)	(37,964)
Administrative expenses	26	(156,624)	(124,032)
Other income	27	24,760	5,957
<b>Profit / (loss) from operations</b>		<u>828,759</u>	<u>(115,713)</u>
Finance cost	28	(1,020,580)	(1,372,527)
<b>Loss before taxation</b>		<u>(191,821)</u>	<u>(1,488,240)</u>
Taxation	29	36,930	277,418
<b>Loss for the year</b>		<u>(154,891)</u>	<u>(1,210,822)</u>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to Profit and Loss</i>			
Remeasurements of staff retirement benefit - note 18		(2,939)	1,186
Impact of deferred tax		882	(356)
		<u>(2,057)</u>	<u>830</u>
<b>Total comprehensive loss</b>		<u>(156,948)</u>	<u>(1,209,992)</u>
----- Rupees -----			
Basic earnings per share - (loss)	30	<u>(1.43)</u>	<u>(4.97)</u>

The annexed notes 1 to 40 form an integral part of these financial statements.

  
Chief Executive

  
Director

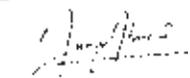
# CASH FLOW STATEMENT

For The Year Ended June 30, 2016

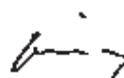
	Note	2016 -----Rupees '000 -----	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	31	<b>879,425</b>	(650,045)
Income taxes (paid) / refund		<b>(126,524)</b>	27,680
Mark up on loans paid		<b>(763,942)</b>	(1,145,078)
Return on bank deposits received		<b>3,645</b>	5,418
Staff retirement benefit paid		<b>(7,672)</b>	(3,847)
Increase in long-term employee loans		<b>(25)</b>	(82)
Decrease in long-term deposits and prepayments		<b>1,505</b>	79
Net cash used in operating activities		<b>(13,588)</b>	(1,765,875)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(60,592)</b>	(137,775)
Acquisition of intangible assets		<b>(235)</b>	(1,034)
Sale proceeds on disposal of property, plant and equipment		<b>7,010</b>	5,228
Net cash used in investing activities		<b>(53,817)</b>	(133,581)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issue of right shares (preference shares) - net of issuance costs		<b>-</b>	1,475,136
Repayment of long-term finance		<b>(10,000)</b>	(10,000)
Short term borrowing obtained		<b>1,038,315</b>	66,602
Repayment of sponsor's loan		<b>(18,298)</b>	(35,354)
Decrease in liabilities against assets subject to finance leases		<b>(3,466)</b>	(297)
Net cash generated from financing activities		<b>1,006,551</b>	1,496,087
Net increase / (decrease) in cash and cash equivalents		<b>939,146</b>	(403,369)
Cash and cash equivalents at beginning of the year		<b>(3,475,551)</b>	(3,072,182)
Cash and cash equivalents at end of the year	32	<b>(2,536,405)</b>	(3,475,551)

Cash flow statement based on direct method has also been included in the financial statements in note 33.

The annexed notes 1 to 40 form an integral part of these financial statements.



Chief Executive



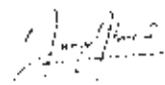
Director

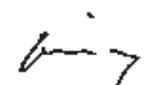
# Statement of changes in equity

For The Year Ended June 30, 2016

	Share Capital	Accumulated loss	Total
	-----Rupees '000 -----		
<b>Balance as at July 1, 2014</b>	3,438,201	(1,532,979)	1,905,222
Proceeds from issue of right shares and issuance costs (net of tax) accounted for as a deduction from equity - note 14.1	1,719,100	(4,928)	1,714,172
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	10,534	10,534
<b>Total comprehensive loss for the year ended June 30, 2015</b>			
- Loss for the year ended June 30, 2015	-	(1,210,822)	(1,210,822)
- Other comprehensive income for the year ended June 30, 2015	-	830	830
	-	(1,209,992)	(1,209,992)
<b>Balance as at July 1, 2015</b>	<u>5,157,301</u>	<u>(2,737,365)</u>	<u>2,419,936</u>
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	10,534	10,534
<b>Total comprehensive loss for the year ended June 30, 2016</b>			
- Loss for the year ended June 30, 2016	-	(154,891)	(154,891)
- Other comprehensive loss for the year ended June 30, 2016	-	(2,057)	(2,057)
	-	(156,948)	(156,948)
<b>Balance as at June 30, 2016</b>	<u><u>5,157,301</u></u>	<u><u>(2,883,779)</u></u>	<u><u>2,273,522</u></u>

The annexed notes 1 to 40 form an integral part of these financial statements.

  
Chief Executive

  
Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on May 30, 2005 as a public limited company under the Companies Ordinance, 1984. The Company's shares are listed on Pakistan Stock Exchange (PSX) since August 2012. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

The Company has set up a cold rolling mill complex in the downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi, to carry out its principal business of manufacturing and selling cold rolled steel in coils and sheets. The Company started trial production from July 2012 and declared October 1, 2012 as its Commercial Operations Date. During the year, Company has achieved significant increase in capacity utilisation of its plant.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### 2.1.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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.

#### 2.1.2 Critical accounting estimates and judgements

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. The matter involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to the financial statements is deferred taxation which is dependent on future profitability of the Company.

Estimates and judgements are continually evaluated and adjusted based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

There have been no critical judgments made by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements.

#### 2.1.3 Changes in accounting standards and interpretations

##### a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 1, 2015 and are considered to be relevant to the Company's operations.

IFRS 10, 'Consolidated financial statement' replaces all of the guidance on control and consolidation in IAS 27, 'Consolidation and separate financial statement', and SIC-12, 'Consolidation - special purpose entities'. IAS 27 is renamed 'Separate financial statement', it continue to be a standard dealing solely with separate financial statements. IFRS 10 has the potential to affect all reporting entities (investors) that control one or more

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

investees under the revised definition of control. The standard presently does not impact on financial statement of the Company.

IFRS 12 – Disclosure of Interests in Other Entities includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. There are no changes to disclosures on application of the standard on the Company's financial statements.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

## **b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant**

There are other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant for company's financial statements and hence have not been detailed here.

## **c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant**

Amendments to IAS 1 - Disclosure initiative

The amendments provides clarification on number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

The change will impact the disclosures of the Company's financial statements.

## **2.2 Overall valuation policy**

These financial statements have been prepared under the historical cost convention unless specifically disclosed in the accounting policies below.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 2.3 Property, plant and equipment

These are stated at cost less accumulated depreciation, except for leasehold land and buildings which are stated at revalued amount less accumulated depreciation; and capital work-in-progress which are stated at cost.

Depreciation is charged to profit and loss account by applying straight-line method whereby the cost less residual value is written off over its estimated useful life. The revalued amount of leasehold land is depreciated equally over the remaining life from the date of revaluation. Depreciation on additions is charged from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

The Company accounts for impairment, where indication exist, by reducing its carrying value to the assessed recoverable amount.

Gain or loss on disposal or retirement of property, plant and equipment is included in profit and loss account.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

## 2.4 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on revaluation of fixed assets" account which is shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan (SECP) SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the period is taken to the profit and loss account; and
- an amount equal to incremental depreciation for the period net of deferred taxation is transferred from surplus on revaluation of fixed assets to unappropriated profit through statement of Changes in Equity to record realisation of surplus to the extent of the incremental depreciation charge for the period.

## 2.5 Intangibles

Intangibles are stated at cost less amortisation. Carrying amounts of intangibles are subject to impairment review at each balance sheet date and where conditions exist, impairment is recognised. Computer software licenses are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life using the straight line method.

## 2.6 Stores and spares

Stores and spares are valued at weighted average cost. Items in transit are valued at cost comprising invoice value and other charges incurred there on.

## 2.7 Stock-in-trade

Stock-in-trade is stated at the lower of cost or net realisable value. Cost is determined using the weighted average method except for those in transit where it represents invoice value and other charges thereon. The cost of work in process and finished goods comprises raw materials, direct labor, other direct costs and related production overheads.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

## 2.8 Taxation

### Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any.

### Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

## 2.9 Borrowings and their cost

Borrowings are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use and are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Such borrowing costs are capitalised as part of the cost of that asset.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Borrowings payable within next twelve months are classified as current liabilities.

## 2.10 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the Company becomes a party to a derivative contract and are subsequently re-measured at their fair value. The Company enters into derivative transactions mainly to hedge foreign currency liabilities or firm commitments and these are designated as fair value hedge.

Changes in the fair value of derivatives used as hedging instruments in hedging relationships that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged liability that are attributable as the hedged risk.

## 2.11 Finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate of balance outstanding. The finance cost is charged to profit and loss account and is included under finance costs.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 2.12 Trade and other payables

Trade and other payables are obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

## 2.13 Provisions

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

## 2.14 Foreign currencies

Transactions in foreign currencies are recorded in rupees at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees using the exchange rates approximating those prevailing at the balance sheet date. Exchange differences are taken to profit and loss account currently.

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency and figures are rounded off to the nearest thousand of Rupees.

## 2.15 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

Financial assets and liabilities are off set and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 2.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks on current, savings and deposit accounts with three months maturity, and short-term running finance.

## 2.17 Staff retirement benefits - defined benefit plan

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors, such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds or the market rates on Government bonds. These are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

The Company operates an unfunded gratuity scheme for all its permanent employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to a minimum qualifying period of service under the scheme. The amount of gratuity is dependent on years of service completed and career average gross pay for management employees and years of service completed and last drawn gross pay for non-management employees.

The amount arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Past service costs are recognised immediately in profit and loss account.

## **2.18 Ijarah**

In ijarah transactions, significant portion of the risks and rewards of ownership are retained by the lessor. Islamic Financial Accounting Standard 2 - 'Ijarah' requires the recognition of 'Ujrah payments' (lease rentals) against ijarah financing as an expense in the profit and loss account on a straight line basis over the ijarah term.

## **2.19 Revenue recognition**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- sale is recognised when the product is dispatched to customer;
- toll manufacturing income is recognised when the product subject to toll manufacturing is dispatched to customer; and
- return on savings accounts is recognised on accrual basis.

## **2.20 Investments**

### **Held to maturity investments**

These represent investments with fixed or determinable payments and fixed maturity where the Company has positive intent and ability to hold such investments to maturity.

Investments are initially recognised at cost. Held to maturity investments have been valued at amortised cost using the effective interest rate method. The difference between the initial cost and the amortised cost in case of held to maturity investments is recognised in the profit and loss account.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	Note	2016 -----Rupees '000	2015 -----
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	3.1	<b>9,366,833</b>	8,582,863
Capital work in progress - at cost	3.2	<b>12,241</b>	1,104,194
Major spare parts and stand-by equipment		<b>309,719</b>	308,569
		<b><u>9,688,793</u></b>	<b><u>9,995,626</u></b>

## 3.1 Operating assets

	Leasehold land	Building and civil works on leasehold land	Plant and machinery	Electrical equipments	Office equipments	Furniture and fixtures	Motor vehicles Owned	Held under finance leases	TOTAL
	----- Rupees '000 -----								
<b>Net carrying value basis</b>									
<b>Year ended June 30, 2016</b>									
Opening net book value (NBV)	498,645	1,138,194	6,260,851	657,159	13,583	4,093	-	10,338	8,582,863
Reclassification (at NBV)	-	-	-	-	-	-	1,298	(1,298)	-
Additions (at cost) - note 3.1.1	-	4,167	1,135,701	-	5,518	553	3,763	1,693	1,151,395
Disposals (at NBV) - note 3.1.3	-	-	(2,431)	-	-	-	(4,999)	-	(7,430)
Depreciation charge	(9,554)	(37,711)	(254,696)	(49,554)	(5,397)	(1,070)	(62)	(1,951)	(359,995)
Closing net book value (NBV)	<u>489,091</u>	<u>1,104,650</u>	<u>7,139,425</u>	<u>607,605</u>	<u>13,704</u>	<u>3,576</u>	<u>-</u>	<u>8,782</u>	<u>9,366,833</u>
<b>Gross carrying value basis</b>									
<b>At June 30, 2016</b>									
Cost or Revalued amount	508,200	1,178,212	8,054,607	792,977	57,015	15,496	4,408	12,424	10,623,339
Accumulated depreciation	(19,109)	(73,562)	(915,182)	(185,372)	(43,311)	(11,920)	(4,408)	(3,642)	(1,256,506)
Net book value (NBV)	<u>489,091</u>	<u>1,104,650</u>	<u>7,139,425</u>	<u>607,605</u>	<u>13,704</u>	<u>3,576</u>	<u>-</u>	<u>8,782</u>	<u>9,366,833</u>
<b>Net carrying value basis</b>									
<b>Year ended June 30, 2015</b>									
Opening net book value (NBV)	508,200	1,088,219	6,449,539	705,685	21,848	4,958	-	8,357	8,786,806
Additions (at cost)	-	85,826	56,554	1,000	1,668	1,594	-	10,482	157,124
Disposals (at NBV)	-	-	-	-	(313)	-	-	(5,476)	(5,789)
Depreciation charge	(9,555)	(35,851)	(245,242)	(49,526)	(9,620)	(2,459)	-	(3,025)	(355,278)
Closing net book value (NBV)	<u>498,645</u>	<u>1,138,194</u>	<u>6,260,851</u>	<u>657,159</u>	<u>13,583</u>	<u>4,093</u>	<u>-</u>	<u>10,338</u>	<u>8,582,863</u>
<b>Gross carrying value basis</b>									
<b>At June 30, 2015</b>									
Cost	508,200	1,174,045	6,921,606	792,977	51,497	14,943	79	16,915	9,480,262
Accumulated depreciation	(9,555)	(35,851)	(660,755)	(135,818)	(37,914)	(10,850)	(79)	(6,577)	(897,399)
Net book value (NBV)	<u>498,645</u>	<u>1,138,194</u>	<u>6,260,851</u>	<u>657,159</u>	<u>13,583</u>	<u>4,093</u>	<u>-</u>	<u>10,338</u>	<u>8,582,863</u>
<b>Useful lives in years</b>	60	20 - 33	3 - 33	10 - 33	3 - 5	5	5	5	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

**3.1.1** This includes transferred from capital work in progress amounting to Rs. 1,118.2 million (2015: Rs. 123.3 million) - note 3.2.

**3.1.2** The Company's leasehold land measuring 50 acres located at Plot No: DSU-45, Steel Mill, Downstream Industrial Estate, Bin Qasim, Karachi and the buildings thereon were revalued in 2014 resulting in a surplus of Rs. 448.55 million. The revaluation was carried out by an independent valuer - M/s Maricon Consultants (Private) Limited on June 30, 2014 on the basis of present market value for similar sized plots in the near vicinity of the leasehold land and replacement values of similar type of buildings based on present cost of construction (level 2).

The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2);
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (level 3).

Had there been no revaluation, the net book values of leasehold land and buildings on leasehold land as at June 30, 2016 would have been Rs. 213.82 million (2015: Rs. 217.98 million) and Rs. 952.4 million (2015: Rs. 980.8 million) respectively.

**3.1.3** The details of operating assets sold, having net book value in excess of Rs. 50,000 each are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Mode of disposal	Particulars of purchaser
----- Rupees ' 000 -----						
Plant and machinery	2,700	269	2,431	737	Negotiation	M/s Akhtar Brothers, Office No. 3 Orison Tower, Block 10, Gulshan-e-Iqbal, Karachi
Motor Vehicle	1,470	24	1,446	1,406	Auction	Mr. Waseem Mirza, House No. A 32, Block 10, Gulshan-e-Iqbal, Karachi
Motor Vehicle	1,855	557	1,298	1,360	Auction	Mr. Waseem Mirza, House No. A 32, Block10, Gulshan-e-Iqbal, Karachi
Motor Vehicle	1,107	18	1,089	1,460	Auction	Mr. Waseem Mirza, House No. A 32, Block10, Gulshan-e-Iqbal, Karachi
Motor Vehicle	1,060	18	1,042	1,289	Auction	Mr. Muhammad Haroon, Flat No. 23, Ghulam Hussain Qasim Road, Karachi
Motor Vehicle	63	1	62	388	Auction	Muhammad Imran, Shop # 1296, Near New Town Police Station, Karachi
Motor Vehicle	63	1	62	370	Auction	Muhammad Imran, Shop # 1296, Near New Town Police Station, Karachi
	<u>8,318</u>	<u>888</u>	<u>7,430</u>	<u>7,010</u>		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 3.2 Capital work in progress

	2016				2015			
	Balance as at July 1, 2015	Additions during the year	Transfers - note 3.2.1	Balance as at June 30, 2016	Balance as at July 1, 2014	Additions during the year	Transfers - note 3.2.1	Balance as at June 30, 2015
	----- Rupees '000 -----							
Civil Works & Prefabricated Building	-	13,480	(5,231)	8,249	36,777	3,067	(39,844)	-
Plant and Machinery	736,076	10,454	(746,530)	-	747,027	43,712	(54,663)	736,076
Other ancillary cost	366,451	-	(366,451)	-	392,969	-	(26,518)	366,451
Electrical works	-	-	-	-	2,172	37	(2,209)	-
Advances to suppliers - note 3.2.2	1,667	2,325	-	3,992	1,771	-	(104)	1,667
<b>Total</b>	<b>1,104,194</b>	<b>26,259</b>	<b>(1,118,212)</b>	<b>12,241</b>	<b>1,180,716</b>	<b>46,816</b>	<b>(123,338)</b>	<b>1,104,194</b>

**3.2.1** This includes transfers to operating assets amounting to Rs. 1,118.2 million (2015: Rs 123.3 million), mainly represented by Electrolytic Cleaning Line (ECL), amounting to Rs. 1,016.26 million, the commercial production of which has commenced on May 01, 2016 and Overhead Cranes amounting to Rs. 96.74 million.

**3.2.2** The advances to suppliers does not carry any interest or markup arrangement.

2016                      2015  
-----Rupees '000 -----

## 4. INTANGIBLES - Computer Software

### Gross carrying value basis

Cost	20,620	20,385
Accumulated amortisation	<u>(9,374)</u>	<u>(7,118)</u>
Net book value	<u>11,246</u>	<u>13,267</u>

### Net carrying value basis

Opening net book value	13,267	14,804
Additions during the year	235	1,034
Amortisation for the year	<u>(2,256)</u>	<u>(2,571)</u>
Closing net book value	<u>11,246</u>	<u>13,267</u>

**4.1** Amortisation is charged at the rate of 10% to 33.33% (2015: 10% to 33.33%) per annum.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 5. LONG-TERM LOANS AND ADVANCES - considered good

	2016			2015
	Motor vehicles	Shares	Personal	Total
	----- Rupees '000 -----			
Due from executives	1,028	152	555	1,735
Due from employees	-	481	767	1,248
	<u>1,028</u>	<u>633</u>	<u>1,322</u>	<u>2,983</u>
				<u>2,958</u>

### 5.1 Reconciliation of carrying amount of loans and advances to executives and employees:

	2016			2015
	Executives	Employees	Total	
	----- Rupees '000 -----			
Balance at July 1	2,262	696	2,958	2,876
Disbursements	1,080	1,496	2,576	537
Repayments	(1,607)	(944)	(2,551)	(455)
Balance as at June 30	<u>1,735</u>	<u>1,248</u>	<u>2,983</u>	<u>2,958</u>

5.2 Loans to employees have been provided to facilitate purchase of vehicles and to meet their contingency needs in accordance with the Company's policy and are repayable after a period of four to five years. Further, advances to employees have been provided to facilitate purchase of shares of the Company allotted to employees at the time of offer for sale for listing of the Company.

5.3 The maximum aggregate amount of loans and advances due from executives and employees at the end of any month during the year was Rs. 3.3 million (2015: Rs. 3.47 million).

5.4 These loans and advances do not carry any mark up arrangement.

5.5 Long term loans and advances have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

		2016	2015
		-----Rupees '000	-----
<b>6.</b>	<b>LONG-TERM DEPOSITS AND PREPAYMENTS</b>		
	Security deposits		
	- Energy, power and fuel sector	35,073	35,073
	- Financial Institutions, banking and leasing companies	6,454	6,902
	- Hotels and clubs	2,000	2,000
	- Steel sector	1,299	1,299
	- Others	1,342	1,272
		<u>46,168</u>	<u>46,546</u>
	Prepayments		
	- Energy, power and fuel sector	126	1,253
		<u>46,294</u>	<u>47,799</u>
<b>6.1</b>	These deposits and prepayments do not carry any mark up arrangement.		
<b>7.</b>	<b>DEFERRED TAX</b>		
	The analysis of deferred tax assets and deferred tax liabilities is as follows:		
	<b>Deferred tax liabilities:</b>		
	- property, plant and equipment	(1,615,999)	(1,469,724)
	- surplus on revaluation of fixed assets	(45,662)	(47,206)
	- long-term finance - note 7.1	(143,192)	(210,142)
	- liability against assets subject to finance lease	(289)	-
	- intangibles	(56)	-
	<b>Deferred tax assets:</b>		
	- liability against assets subject to finance lease	-	50
	- intangibles	-	44
	- provision for staff retirement benefit	9,290	6,889
	- pre-commencement expenditure	43,659	87,318
	- carried forward losses - note 7.2	2,881,337	2,742,680
	- tax credit on addition of plant & machinery	5,408	-
		<u>1,134,496</u>	<u>1,109,909</u>
<b>7.1</b>	This represents the deferred tax impact of gain recorded as a result of extinguishment of the old financial liability and recognition of the new financial liability at fair value. This is consequent to the restructuring of the Company's finance facilities as fully explained in note 16.1.		
<b>7.2</b>	The Company has an aggregate amount of Rs. 9.7 billion (2015: Rs. 9.1 billion) in respect of tax losses as at June 30, 2016. The management carries periodic assessment to assess the benefit of these losses as the company would be able to set off the profit earned in future years against these carry forward losses. Based on the assessment management has recognised deferred tax debit balance on losses amounting to Rs. 2.90 billion (2015: Rs. 2.74 billion) including an amount of Rs. 2.0 billion (2015: Rs. 1.75 billion) on unabsorbed tax depreciation and initial allowance of Rs. 6.66 billion (2015: Rs. 5.82 billion). The amount of this benefit has been determined based on the projected financial statements of the Company for future years. The determination of future taxable profit is most sensitive to certain key assumptions such as capacity utilisation, gross margin		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

percentage, inflation and KIBOR rates. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

	2016	2015
	-----Rupees '000 -----	
<b>8. STORES AND SPARES</b>		
Stores	165,643	150,061
Spares	13,562	11,861
Loose tools	1,538	1,461
	<u>180,743</u>	<u>163,383</u>
<b>9. STOCK-IN-TRADE</b>		
Raw material (including in transit Rs. 1.108 billion; 2015: Rs. Nil)	1,823,499	1,821,817
Work in process	25,742	188,001
Finished goods (including coil end sheets Rs. 52.75 million; 2015: Rs. 25.34 million)	959,546	419,291
Packing and other materials	4,730	4,351
	<u>2,813,517</u>	<u>2,433,460</u>
<b>10. TRADE DEBTS - Considered good</b>		
There are no trade debts that are past due or impaired.		
<b>11. ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
Advances - considered good		
- executives	256	546
- other employees	286	541
- suppliers and others	160,515	44,665
Receivable from government - note 11.1	213,486	254,782
Prepayments	12,188	8,808
	<u>386,731</u>	<u>309,342</u>
<b>11.1</b>		
This comprises of the following which has been paid to the Collector of Customs and the Nazir of the Sindh High Court in the form of pay orders during the year:		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	Opening Balance	Returned during the year	Balance outstanding
	----- Rupees '000 -----		
Custom duty	171,591	(16,011)	155,580
Regulatory duty	46,171	(19,282)	26,889
Sales tax thereon	37,020	(6,003)	31,017
	<u>254,782</u>	<u>(41,296)</u>	<u>213,486</u>

This amount in respect of custom duty and sales tax has been paid by the Company under protest on the basis of assessment by the Collector of Customs. Last year, the Company imported HRC from China under customs SRO 659(I)2007 dated June 30, 2007 and filed goods declaration under HS code 7225.3000, being alloy steel, which is subject to 0% customs duty. However, the Collector of Customs assessed these imports under HS code 7208.3890, being non-alloy steel, which is subject to 5% customs duty under the said SRO. Further, no imports of HRC were made from China in the current year, therefore, no such duty is levied in the current year.

The Company, in line with the practice adopted by other importers, had filed petition in the Sindh High Court against Custom Authorities for every import it made and obtained an interim order for release of goods by paying 50% of the custom duty to the Collector of Customs and remaining 50% amount to the Nazir of the Sindh High Court through a pay order or by depositing post dated cheques for the same. As at June 30, 2016, post dated cheques deposited with the Nazir of the Sindh High Court amount to Rs. 16.16 million in respect of custom duty and Rs. 2.75 million in respect of sales tax thereon.

Regulatory duty at the rate of 12.5% and sales tax at the rate of 17% thereon had also been paid to Collector of Customs under protest on the basis of the same assessment, as per S.R.O. 246 (I)/2015 dated March 27, 2015, which was an amendment to the S.R.O.568(I)/2014 dated June 26, 2014. The Company also paid this amount through a pay order.

The Company is confident that they have filed "Goods Declarations" as per the specifications and are exempt from custom duty. As per the lawyer's opinion obtained by the Company, the issue in question is subjudice in the Sindh High Court in a large number of Constitutional Petitions and a judgement in such cases will also be applicable on the Company. Further, as per the lawyer's opinion, there is a strong case and accordingly the Company considers this amount as recoverable.

Further, the release of pay orders deposited during last year in this respect amounting to Rs. 41.30 million (2015: Rs. 45.84 million) on finalisation of provisional assessment in certain cases also support the Company's contention.

**11.2** These advances, deposits and prepayments do not carry any mark up arrangement.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	2016	2015
	-----Rupees '000 -----	
<b>12. OTHER RECEIVABLES</b>		
Receivable from Etimaad Engineering (Private) Limited - note 12.1	<b>138,485</b>	138,485
Margin on import letters of credit	-	84,511
Others	<b>3,780</b>	4,674
	<b><u>142,265</u></b>	<b><u>227,670</u></b>

**12.1** This represents balance of advances given to civil contractor Etimaad Engineering (Pvt.) Limited (Etimaad) for mobilisation and procurements. The Company awarded this contract to Etimaad on December 1, 2007 for certain civil, mechanical and electrical works. However, Etimaad did not complete the work and discontinued the contract. Out of the total outstanding book balance of Rs. 237.86 million, the Company has recovered Rs. 99.37 million from Etimaad on January 5, 2012 through encashment of its advance payment bank guarantee which was taken at the time of award of contract.

At present, the Company is in dispute with the contractor in respect of the outstanding balance of advances. Initially Etimaad had filed a winding up petition against the Company in the Sindh High Court alleging that the Company has failed to clear its unpaid invoices of Rs. 230 million with 30 days of the Demand Notice which stands due and payable according to the petitioner. Whereas to the contrary a sum of Rs. 237 million, before recovery of aforesaid amount, was receivable from the petitioner as per books of accounts of the Company.

However, for an early resolution of this dispute, the Company had filed a Suit before the Honourable High Court for appointment of an Arbitrator in terms of the contract and under section 20 of Arbitration Act, 1940, for resolution of the dispute / difference between the parties upon their respective claims to be submitted before the Arbitrator. Accordingly, the Honourable High Court upheld the Company's contention and disposed of the said Suit and the matter was referred to be resolved through Arbitrator appointed by consent of both parties.

In 2012, arbitration proceedings were initiated in which the Company had filed a claim for recovery of the aforesaid over payments made to Etimaad alongwith consequential damages aggregating to sum of Rs. 1,109 million together with mark up at the KIBOR notified by the State Bank of Pakistan from the date the amount became payable till the same is realised. A further sum of Rs. 20 million had also been claimed in lieu of costs. The above claim is net of Rs. 99.37 million which have already been recovered from Etimaad. Etimaad has made a capricious counterclaim of Rs. 825.49 million with mark up at 16% per annum, which is a mere retort to the Company's bona fide claim. As at June 30, 2014, the arbitration proceedings had been concluded and the matter was reserved for announcement of the Award.

During the last reporting period, the sole Arbitrator has passed the Award dated September 25, 2014, in favour of Etimaad, whereby all claims of the Company have been rejected on the basis of insufficient evidence and inadequate proof. After hearing the case on numerous dates and then reserving the matter for almost 10 months, the Arbitrator has finally given an Award and has stated that Etimaad is entitled to an amount of Rs. 371.73 million plus mark up at 6% per annum. The claim allowed is mainly for the outstanding receivables and the cancellation charges for the change orders. The rest of the claims of Etimaad have been rejected.

The Arbitrator found in favour of the Company, and against Etimaad, an amount of Rs. 75 million on account of the frivolous winding up petition filed by Etimaad against the Company before the Honourable High Court and as such deducted this amount of Rs. 75 million from the amount of Rs. 371.73 million and therefore gave a final Award in favour of Etimaad for an amount of Rs. 296.73 million plus mark up at 6% per annum.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

The Company's Legal Counsel is of the opinion that the Award is not well-reasoned, nor based on a full appreciation of the material facts and evidence. The Legal Counsel believes that undue weight has been erroneously placed on witness evidence where it had no nexus to the issues at hand. Further, a substantial portion of the findings are contrary to the established principles of law which in the opinion of the Legal Counsel renders the Award illegal.

Based on the above, the Company has filed objections to the Award before the Honourable High Court praying for setting aside the Award which is at the stage of hearing. The Legal Counsel is of the view that the Company has a good case on merits and is likely to succeed in obtaining a favourable decision and consequently no loss is likely to arise therefrom. Moreover, the Award has not been made rule of Court and as such is presently not executable by Etimaad and consequently, no provision has been made in these financial statements.

		2016	2015
		-----Rupees '000	-----
<b>13.</b>	<b>CASH AND BANK BALANCES</b>		
	With banks in		
	- Current accounts - note 13.1	8,737	9,771
	- PLS savings accounts - note 13.2 & 13.3	35,769	122,238
	Cash in hand	210	264
		<u>44,716</u>	<u>132,273</u>
<b>13.1</b>	This includes current account having balance of Rs. 0.12 million (2015: Rs. 1.8 million) maintained with Islamic Bank.		
<b>13.2</b>	This includes PLS savings account having balance of Rs. 0.025 million (2015: Rs. Nil) maintained with Islamic Bank.		
<b>13.3</b>	At June 30, 2016 the rates of mark up on PLS savings accounts ranged from 3.75% to 5.75% per annum (2015: 6% to 8%).		

## 14. SHARE CAPITAL

### Authorised share capital

2016	2015		2016	2015
(Number of shares)			-----Rupees '000	-----
650,000,000	650,000,000	Ordinary Shares of Rs. 10 each	6,500,000	6,500,000
250,000,000	250,000,000	Cumulative Preference Shares of Rs. 10 each	2,500,000	2,500,000
<u>900,000,000</u>	<u>900,000,000</u>		<u>9,000,000</u>	<u>9,000,000</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## Issued, subscribed and paid-up capital

Ordinary shares			2016	2015	2016	2015
(Number of shares)			-----Rupees '000-----			
271,132,663	270,955,590	Ordinary Shares of Rs. 10 each - Opening	2,711,327	2,709,556		
603,013	177,073	Cumulative Preference Shares (PSX Symbol - ASLPS) of Rs. 10 each converted to Ordinary Shares of Rs. 10 each during the year	6,030	1,771		
<u>271,735,676</u>	<u>271,132,663</u>		<u>2,717,357</u>	<u>2,711,327</u>		
Cumulative Preference Shares			2016	2015		
(Number of shares)						
244,597,424	72,864,468	Cumulative Preference Shares (PSX Symbol - ASLPS) of Rs. 10 each - Opening	2,445,974	728,645		
(603,013)	(177,073)	Cumulative Preference Shares (PSX Symbol - ASLPS) of Rs. 10 each converted to Ordinary Shares of Rs. 10 each during the year	(6,030)	(1,771)		
<u>243,994,411</u>	<u>72,687,395</u>	Cumulative Preference Shares (PSX Symbol - ASLPS) of Rs. 10 each Closing - note 14.3, 14.4 and 14.5	2,439,944	726,874		
-	171,910,029	Cumulative Preference Shares (PSX Symbol - ASLCPS) of Rs. 10 each issued during the year - note 14.1 and 14.6	-	1,719,100		
<u>243,994,411</u>	<u>244,597,424</u>		<u>2,439,944</u>	<u>2,445,974</u>		

- 14.1** 171,910,029 Cumulative Preference Shares (ASLCPS) were issued during last year on which issuance costs incurred were Rs. 7.04 million which has been accounted for as a deduction from equity net of tax of Rs. 2.11 million.
- 14.2** 80,008,250 (2015: 80,008,250) Ordinary Shares, 35,771,207 'ASLPS' (2015: 34,570,058) and 56,493,515 'ASLCPS' (2015: 56,493,515) Cumulative Preference Shares of Rs. 10 each as at June 30, 2015 are held by Arif Habib Corporation Limited - associate company.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

**14.3** The rate of dividend on 72,084,382 (2015: 72,687,395) Cumulative Preference Shares (ASLPS) of Rs. 10 each is 3% above six months KIBOR (reset every six months) which shall be converted into Ordinary Shares for which the Company shall issue the appropriate number of Ordinary Shares.

**14.4** Cumulative Preference Shares (ASLPS) are non-redeemable but convertible into Ordinary Shares at face value, after Commercial Operations Date, as approved by the Board. The conversion price shall be Rs.10 per Ordinary Share and for the purpose of conversion accumulated dividend not paid to the Preference Shareholders, if any, accrued upto the date of announcement of conversion by the Company shall be taken into account for determining the number of the Ordinary Shares to be issued upon conversion and therefore the number of Ordinary Shares to be issued to the Preference Shareholders shall be based in the ratio 1:1, plus unpaid preferential dividends, if any.

**14.5** In case the preferential dividend or any part thereof is not paid in any year, due to loss or inadequate profits, then such unpaid dividend will accumulate and will be paid in the subsequent year(s) before any dividend is paid to the ordinary shareholders. As the Company currently has accumulated losses, cumulative dividend on Cumulative Preference Shares (ASLPS) amounting to Rs. 512.33 million (2015: Rs. 440.08 million) is not accounted for in these financial statements.

**14.6** Issue of 50% Right Shares in terms of Cumulative Preference Shares (ASLCPS)

The shareholders of the Company in their extraordinary general meeting held on May 26, 2014 approved the issue of 50% Right Shares in terms of Cumulative Preference Shares at par value of Rs. 10 each. 171,910,029 Cumulative Preference Shares (ASLCPS) have been issued in the ratio of 5 Cumulative Preference Shares for every 10 Ordinary / Cumulative Preference Shares (ASLPS) held by the existing shareholders.

**The terms and conditions of such Right Shares are as follows:**

- The rate of preferential dividend shall be six months KIBOR plus 3% (reset every six months) which shall be available for conversion into Ordinary Shares, for which the Company shall issue the appropriate number of Ordinary Shares.
- Preference Shares shall be convertible into Ordinary Shares at the option of the holders of Preference Shares at any time after completion of one year from the date of subscription, as per the following criteria / basis:
  - a) at face value provided that the book value of the Ordinary Shares after adjustment of all accumulated losses as per latest half yearly / annual published accounts of the Company is Rs 10 or more;
  - b) at book value provided that the book value of the Ordinary Shares after adjustment of all accumulated losses as per latest half yearly / annual published accounts of the Company is lower than Rs 10.
- If cash dividend is not paid in any year, due to loss or inadequate profits, then such unpaid cash dividend will accumulate and will be paid in the subsequent year(s) subject to approval of the Board of the Company.
- If the Company has announced after tax profit in any year and for the purpose of conversion, accumulated dividend not paid to the holders of Preference Shares (ASLCPS), if any, accrued up to the date of receiving the Notice of Conversion by the Company, shall also be taken into account for determining the number of the Ordinary Shares, to the extent of the aforesaid announced after tax profit, to be issued upon conversion.

**14.7** As the Company currently has accumulated losses, cumulative dividend on Cumulative Preference Shares (ASLCPS) amounting to Rs. 161.35 million (2015: Rs. 45.61 million) is not accounted for in these financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

- 14.8** Pursuant to Share Purchase Agreement executed on March 31st, 2016 by the Arif Habib Group (consisting of Mr. Mohammad Arif Habib, Arif Habib Corporation Limited and Arif Habib Equity Private Limited) with Metal One Corporation (Japan) (the Proposed Seller), it has been agreed that subject to the satisfaction of certain conditions precedent, Mr. Mohammad Arif Habib individually will acquire all the ordinary shares i.e 66.77 million share of the Proposed Seller in the Company at a price of Rs. 0.5 per share with the intention of writing off and surrendering all the acquired shares of the proposed seller to the Company, at no cost to the Company and in accordance with section 96 or the companies Ordinance, 1984 by way of a court approved scheme of reduction of capital,, in order to enhance shareholder value for the remaining shareholders.

	2016	2015
	-----Rupees '000 -----	
<b>15. SURPLUS ON REVALUATION OF FIXED ASSETS</b>		
Opening Balance	390,812	391,676
Transferred to equity on account of incremental depreciation - net of deferred tax	<u>(8,991)</u>	<u>(864)</u>
Closing Balance	<u>381,821</u>	<u>390,812</u>

<b>16. LONG-TERM FINANCE – secured</b>		
Opening book value	5,597,138	5,483,867
Impact of unwinding - Finance Cost	<u>222,866</u>	<u>123,271</u>
	<u>5,820,004</u>	<u>5,607,138</u>
Less: Current maturity shown under current liabilities	<u>(500,000)</u>	<u>(10,000)</u>
	<u>5,320,004</u>	<u>5,597,138</u>

- 16.1** Original term finance facilities amounting to Rs. 6.53 billion were obtained under three Syndicate Term Finance Facility (STFF) agreements, a Syndicated Running Finance Facility (SRFF) agreement and a Murahaba finance arrangement. Details in relation to these facilities were as follows:

Facility	Repayment Terms	Mark up Rate	Outstanding as at January 19, 2014 Rupees '000
STFF - I and Murahaba	11 consecutive semi-annual installments from April 2013 to April 2018	2% above six months KIBOR to 3.28% above six months KIBOR	3,770,000
STFF - II	10 equal semi-annual installments from August 2013 to February 2018	3.25% above six months KIBOR	967,839
STFF - III	10 equal semi-annual installments from December 2013 to June 2018	3.25% above six months KIBOR	779,985
SRFF	Running Finance	1% above six months KIBOR	590,061
Frozen Mark-up	-	-	222,282
			<u>6,330,167</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

The Company entered into restructuring agreement with its lenders on January 19, 2014. As per terms of the agreement, the above mentioned facilities and the corresponding accrued mark up thereon (frozen mark up) amounting to Rs. 222.28 million have been restructured as one syndicate loan. Repayment of principal was made in one annual installment amounting to Rs. 10 million in the current year and subsequently, eighteen unequal semi-annual installments have to be paid, which are as follows:

- Rs. 5 million each in the next year.
- Rs. 250 million each for the next four years.
- Rs. 375 million each for the next three and a half years.
- Rs. 1.69 billion as the last installment on January 19, 2024.

Based on the agreement, the restructured facility carries mark up at the rate of 2.74% below six months KIBOR on the outstanding amount excluding frozen mark up. The mark up rate shall increase to six months KIBOR in the following cases:

- the Company's profit after tax turns positive.
- the Company's profit after tax, after adding back any unusual and / or abnormal expense, turns positive.
- the Company fails to make payment of any installment of the restructured amount, whether principal or mark up, on the due date for payment of such amount.

The restructured finance facility is secured against first charge on all present and future Company's fixed assets, accounts receivables, interest in any insurance claim and equitable mortgage over land and building. Moreover, a corporate guarantee in the aggregate amount of Rs. 1.5 billion has been issued by Arif Habib Corporation Limited in favor of the syndicate members.

This liability includes share of Arif Habib Corporation Limited, a related party, amounting to Rs. 251.8 million (2015: Rs. 253.74 million).

- 16.2** The facilities for opening letters of credit and guarantees as at June 30, 2016 amounted to Rs. 3.56 billion (2015: Rs. 3.60 billion) of which the amount remained unutilised at year end was Rs. 0.67 billion (2015: Rs. 0.89 billion).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	2016	2015
	-----Rupees '000 -----	-----Rupees '000 -----
<b>17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES</b>		
Payable during:		
2015-16	-	3,789
2016-17	3,385	3,428
2017-18	1,520	1,554
2018-19	1,525	1,995
2019-20	1,410	1,206
2020-21	781	-
Minimum lease payments - note 17.1	<u>8,621</u>	<u>11,972</u>
Less: Finance charges not due	801	1,468
	<u>7,820</u>	<u>10,504</u>
Less: Current portion shown under current liabilities	<u>3,385</u>	<u>2,988</u>
	<u>4,435</u>	<u>7,516</u>
Present value of finance lease liabilities		
Not later than one year	3,385	2,988
Later than one year and not later than 5 years	4,435	7,516
	<u>7,820</u>	<u>10,504</u>
<b>17.1</b>	These represent liabilities for vehicles acquired on lease. Finance charge ranging from 9.03% to 12.18% (2015: 9.03% to 12.18%) per annum have been used as discounting factor.	
<b>18. STAFF RETIREMENT BENEFIT - Gratuity</b>		
<b>18.1</b>	As stated in note 2.17 the Company operates an unfunded gratuity scheme for all its permanent employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to a minimum qualifying period of service under the scheme. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuations of the scheme was carried out as at June 30, 2016.	
<b>18.2 Balance sheet reconciliation</b>		
Present value of defined benefit obligation	<u>30,965</u>	<u>14,722</u>
<b>18.3 Movement in the present value of defined benefit obligation</b>		
Obligation as at July 1	22,962	14,722
Current service cost	10,871	8,802
Past service cost	-	2,775
Interest expense	1,865	1,696
Remeasurements	2,939	(1,186)
Benefits paid	(7,672)	(3,847)
Obligation as at June 30	<u>30,965</u>	<u>22,962</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

		2016	2015
		-----Rupees '000 -----	
<b>18.4</b>	<b>Expense recognised in profit and loss account</b>		
	Current service cost	10,871	8,802
	Past service cost	-	2,775
	Interest cost	1,865	1,696
		<u>12,736</u>	<u>13,273</u>
<b>18.5</b>	<b>Remeasurement recognised in other comprehensive income</b>		
	Experience losses	2,939	(1,186)
<b>18.6</b>	<b>Net recognised liability</b>		
	Balance as at July 1	22,962	14,722
	Expense for the year	12,736	13,273
	Benefits paid	(7,672)	(3,847)
	Remeasurement recognised in other comprehensive income	2,939	(1,186)
	Balance as at June 30	<u>30,965</u>	<u>22,962</u>
<b>18.7</b>	<b>Actuarial assumptions</b>		
	Discount rate used for year end obligation	7.25%	9.75%
	Expected rate of increase in salaries	6.25%	8.75%
	Retirement age (years)	60	60
<b>18.8</b>	Mortality was assumed to be SLIC (2001-2005) set back one year (2015: SLC 2001-2005).		
<b>18.9</b>	<b>Sensitivity analysis for actuarial assumptions</b>		

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
-----Rupees '000 -----			
Discount rate at June 30	1%	(2,788)	3,348
Future salary increases	1%	2,547	(2,180)

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

- 18.10** There is no significant change in the obligation if life expectancy increases by 1 year.
- 18.11** The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.
- 18.12** The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous.

**18.13 Historical information for the four years is as follows:**

	2016	2015	2014	2013
	----- Rupees '000 -----			
Present value of the defined benefit obligation	<u>30,965</u>	<u>22,962</u>	<u>14,722</u>	<u>17,597</u>
Experience adjustments - (gain) / loss	<u>2,939</u>	<u>(1,186)</u>	<u>(2,685)</u>	<u>2,514</u>

- 18.14** The average duration of the defined benefit obligation is 9.9 years.

	Note	2016	2015
		-----Rupees '000 -----	
<b>19. TRADE AND OTHER PAYABLES</b>			
Creditors:			
- local		74,678	34,103
- foreign		610,253	11,071
Bills payable		1,875,781	2,506,025
Accrued liabilities		166,088	130,723
Retention money		9,670	7,231
Advance from dealers		16,713	28,839
Security deposit from dealers		8,500	8,000
Withholding tax		<u>10,889</u>	<u>18,437</u>
		<u>2,772,572</u>	<u>2,744,429</u>

**20. ACCRUED MARK-UP**

Accrued mark up comprises mark up on short term borrowings and mark up on restructured syndicated finance facility payable.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	2016	2015
	-----Rupees '000	-----
<b>21. SHORT-TERM BORROWINGS</b>		
<b>Secured:</b>		
Short-term running finance - note 21.1 & 21.2	2,581,121	3,607,824
<b>Unsecured:</b>		
Short-term finance facility - note 21.3 & 21.4	1,288,417	250,102
Sponsors' loan - note 21.5	-	18,298
	<u>3,869,538</u>	<u>3,876,224</u>

21.1 The lender wise balance of running finance facilities obtained by the Company are as follows:

	2016	2015
	-----Rupees '000	-----
Allied Bank Limited	649,925	649,959
National Bank of Pakistan	599,232	556,145
Bank Islami Pakistan Limited - note 21.2	562,815	274,897
Summit Bank Limited	417,905	881,718
Askari Bank Limited	250,000	-
The Bank of Punjab	101,244	121,147
Sindh Bank Limited	-	988,312
Habib Metropolitan Bank Limited	-	135,646
	<u>2,581,121</u>	<u>3,607,824</u>

Facilities for running finance available from these banks amount to Rs. 2.6 billion (2015: Rs. 3.88 billion). The rates of mark up range between 1.5% above three months KIBOR to 3% above three months KIBOR (2015: 1.75% above three months KIBOR to 3.5% above three months KIBOR). The balance is secured against ranking hypothecation charge over plant, machinery and equipment and parri passu charge over the current assets and fixed assets of the Company.

21.2 This represents running finance balance from Islamic Bank having balance of Rs. 24.8 million (2015: 24.8) and Istasna Facility amounting to Rs. 538 million (2015: 250 million).

21.3 During the period, the Company obtained an additional finance facility on mark up basis from International Complex Projects Limited (a related party) with a maximum limit of Rs. 750 million. It has been obtained to finance the Company's working capital needs and for any other business as may be mutually agreed between the parties. The rate of mark up on such facility is 3 months KIBOR plus 2% and is unsecured. It is payable within thirty business days of notice of demand, duly served by the lender. However, during the current year interest payable of Rs. 64.57 million has been waived by International Complex Projects Limited.

21.4 This represents finance obtained from Arif Habib Corporation Limited, a related party, on mark up basis. The facility is of running finance nature with a maximum limit of Rs. 2 billion. It has been obtained to finance the

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

Company's working capital needs and for any other business as may be mutually agreed between the parties. The facility carries mark up at the rate of 3% above three months KIBOR.

21.5 Last year balance comprised of finance obtained from one of the sponsor Mr. Haseeb Rehman as approved by Board out of money received against shares offered for sale to general public, which was repaid during the current year.

## 22. CONTINGENCIES AND COMMITMENTS

### 22.1 CONTINGENCIES

22.1.1 The matter relating to dispute with Etimaad Engineering (Private) Limited is explained in note 12.1.

### 22.2 COMMITMENTS

22.2.1 Commitments for capital expenditure outstanding as at June 30, 2016 amounted to Rs. 24.40 million (2015: Rs. 19.53 million).

22.2.2 Commitments for rentals under ijarah arrangements amounted to Rs. 8.6 million (2015: Rs. 9.34 million) payable as follows:

	Note	2016 -----Rupees '000 -----	2015
Not later than 1 year		3,168	4,041
Later than 1 year but not later than 5 years		5,432	5,300
		<u>8,600</u>	<u>9,341</u>

## 23. REVENUE

Gross Revenue - note 23.1	11,503,284	11,337,854
Less: Sales tax	(1,667,268)	(1,646,651)
Rebates and discounts	(77,974)	(67,333)
Dealers commission	(123,745)	(132,122)
Net Revenue	<u>9,634,297</u>	<u>9,491,748</u>

23.1 This includes sale of coil end sheets - scrap amounting to Rs. 238.6 million (2015: Rs. 281.46 million) and revenue from toll manufacturing services amounting to Rs. 13.49 million (2015: Rs. 22.72 million).

23.2 Sales to three dealers exceed 10 percent of the net sales during the year, amounting to Rs. 3.25 billion (2015: Rs. 3.9 billion).

23.3 These financial statements do not include disclosure relating to IFRS 8 "Operating Segments" as the Company is considered to be a single operating segment.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	2016	2015
	-----Rupees '000 -----	
<b>24. COST OF SALES</b>		
Raw material consumed	7,771,134	7,914,262
Salaries, wages & benefits - note 24.1	164,090	169,198
Rent, rates and taxes	1,305	2,172
Utilities	361,153	350,170
Packing charges	52,641	47,421
Stores, spares and consumables	222,423	204,960
Consultancy charges	2,141	2,475
Depreciation	357,144	350,132
Repairs & maintenance	34,772	32,412
Travelling & conveyance	28,626	32,829
Material handling charges	10,061	3,242
Communication	1,547	1,758
Insurance	15,624	16,510
Security charges	5,346	5,372
Ujrah payments	1,491	1,992
Others	2,532	2,017
	<u>9,032,030</u>	<u>9,136,922</u>
Work in process - opening	188,001	94,523
	<u>9,220,031</u>	<u>9,231,445</u>
Work in process - closing	(25,742)	(188,001)
Cost of goods manufactured	<u>9,194,289</u>	<u>9,043,444</u>
Finished goods - opening	419,291	827,269
Finished goods - closing	(959,546)	(419,291)
	<u>(540,255)</u>	<u>407,978</u>
	<u><u>8,654,034</u></u>	<u><u>9,451,422</u></u>
<b>24.1</b>	Salaries, wages and benefits include Rs. 9.55 million (2015: Rs. 9.95 million) in respect of defined benefit plan.	
<b>25. SELLING AND DISTRIBUTION COST</b>		
Salaries and benefits - note 25.1	10,548	6,605
Commission	5,643	28,758
Rent, rates and taxes	502	381
Travelling & conveyance	1,164	567
Utilities	199	194
Insurance	250	275
Sales communication	459	241
Depreciation and amortisation	255	386
Printing, stationery and office supplies	108	107
Others	512	450
	<u>19,640</u>	<u>37,964</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

25.1 Salaries and benefits include Rs. 0.16 million (2015: Rs. 0.17 million) in respect of defined benefit plan.

26. ADMINISTRATIVE EXPENSES	2016	2015
	-----Rupees '000 -----	
Salaries, allowances and benefits - note 26.1	72,372	48,664
Rent, rates and taxes	9,534	7,235
Depreciation and amortisation	4,852	7,331
Repairs and maintenance	22,123	17,775
Travelling & conveyance	14,341	14,285
Utilities	3,772	3,381
Communication and information technology	5,969	2,752
Printing and stationery	2,056	2,024
Insurance	4,752	5,230
Legal and professional charges	6,523	6,193
Auditors' remuneration - note 26.2	2,016	1,833
Ujrah payments	2,023	1,837
Security charges	2,264	2,105
Others	4,027	3,387
	<u>156,624</u>	<u>124,032</u>

26.1 Salaries, allowances and benefits include Rs. 3.02 million (2015: Rs. 3.15 million) in respect of defined benefit plan.

## 26.2 Auditors' remuneration

Audit fee	1,000	1,000
Fee for half year audit and other certifications	732	628
Out-of-pocket expenses	284	205
	<u>2,016</u>	<u>1,833</u>

## 27. OTHER INCOME

### Income from financial assets

Return on PLS savings accounts - note 27.1

	3,645	5,258
--	-------	-------

### Income from non-financial assets

Gain on disposal of property, plant and equipment	-	72
Liability no longer payable	20,029	-
Scrap sales	1,086	627
	<u>24,760</u>	<u>5,957</u>

27.1 This profit is earned from bank accounts under mark up arrangements maintained under conventional banking system.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

		2016	2015
		-----Rupees '000 -----	
<b>28.</b>	<b>FINANCE COST</b>		
	Mark up expense:		
	- long-term finance	345,778	473,892
	- Impact of unwinding on long term finance	222,866	123,271
	- short-term borrowings	318,293	582,481
	- usance and other charges on import letter of credit	37,716	69,087
	Guarantee commission	1,544	3,439
	Finance lease charges	782	1,011
	Exchange loss	78,646	107,506
	Bank and other charges	14,955	11,840
		<u>1,020,580</u>	<u>1,372,527</u>
<b>29.</b>	<b>TAXATION</b>		
	Current		
	- for the year	-	96,912
	- prior year	(14,768)	-
	Deferred	(22,162)	(374,330)
		<u>(36,930)</u>	<u>(277,418)</u>
<b>29.1</b>	<b>Reconciliation between tax expense and accounting loss</b>		
	Accounting loss before tax	(191,821)	(1,488,240)
	Tax at applicable tax rate of 32% (2015: 33%)	(61,383)	(491,119)
	Tax effect of permanent differences	3,057	3,153
	Minimum tax	95,541	96,912
	Tax credit	(100,950)	-
	Prior year reversal	(14,768)	-
	Effect of change in tax rate	40,588	110,800
	Others	985	2,836
		<u>(36,930)</u>	<u>(277,418)</u>
<b>30.</b>	<b>BASIC EARNINGS PER SHARE</b>		
	Loss after taxation attributable to ordinary shareholders	(154,891)	(1,210,822)
	Adjustment for cumulative preference share dividend	(233,594)	(136,852)
	Loss after taxation for calculation of basic earnings per share	<u>(388,485)</u>	<u>(1,347,674)</u>
	Weighted average number of ordinary shares outstanding at the end of the year (in thousand)	<u>271,250</u>	<u>271,078</u>
		----- Rupees -----	
	Basic earnings per share - (loss)	<u>(1.43)</u>	<u>(4.97)</u>

**30.1** A diluted earnings per share has not been presented as it had anti-dilutive effect on the earnings per share.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	2016	2015
	-----Rupees '000	-----
<b>31. CASH (USED IN) / GENERATED FROM OPERATIONS</b>		
Loss before taxation	(191,821)	(1,488,240)
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation and amortisation	362,251	357,849
Finance lease charges	782	1,011
Mark up charges	703,231	1,125,460
Unwinding on long term financial	222,866	123,271
Interest no longer payable	(8,113)	-
Provision for staff retirement benefits	12,736	13,273
Return on PLS savings accounts	(3,645)	(5,258)
Loss on disposal of fixed assets	420	561
	<u>1,290,528</u>	<u>1,616,167</u>
Profit before working capital changes	<u>1,098,707</u>	<u>127,927</u>
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(17,360)	(4,337)
Stock-in-trade	(380,057)	913,834
Trade debts	(737)	116,238
Advances, deposits and prepayments	(77,389)	(226,818)
Other receivables	85,405	274,682
Tax refunds due from Government - Sales tax	142,713	(21,646)
	<u>(247,425)</u>	<u>1,051,953</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	28,143	(1,829,925)
	<u>(219,282)</u>	<u>(777,972)</u>
Cash generated from / (used in) operations	<u>879,425</u>	<u>(650,045)</u>
<b>32. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	44,716	132,273
Short-term borrowings	(2,581,121)	(3,607,824)
	<u>(2,536,405)</u>	<u>(3,475,551)</u>
<b>33. CASH FLOW STATEMENT - DIRECT METHOD</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	9,633,560	9,607,986
Cash paid to suppliers / service providers and employees	(8,752,655)	(10,258,034)
Income taxes (paid) / refund	(126,524)	27,680
Mark-up on loans paid	(763,942)	(1,145,078)
Return on bank deposits received	3,645	5,418
Staff retirement benefits paid	(7,672)	(3,847)
Net cash used in operating activities	<u>(13,588)</u>	<u>(1,765,875)</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	2016 -----Rupees '000 -----	2015 -----
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(60,592)	(137,775)
Acquisition of intangible assets	(235)	(1,034)
Sale proceeds on disposal of property, plant and equipment	7,010	5,228
Net cash used in investing activities	(53,817)	(133,581)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issue of right shares (preference shares) - net of issuance costs	-	1,475,136
Repayment of long-term finance	(10,000)	(10,000)
Short term borrowing obtained	1,038,315	66,602
Repayment of sponsor's loan	(18,298)	(35,354)
Decrease in liabilities against assets subject to finance leases	(3,466)	(297)
Net cash generated from financing activities	1,006,551	1,496,087
Net increase / (decrease) in cash and cash equivalents	939,146	(403,369)
Cash and cash equivalents at beginning of the year	(3,475,551)	(3,072,182)
Cash and cash equivalents at end of the year - note 32	(2,536,405)	(3,475,551)

## 34. TRANSACTIONS WITH RELATED PARTIES

34.1 Disclosure of transactions with related parties during the year are as follows:

Relationship	Nature of transaction		
<b>Associated companies:</b>			
	- Finance facility utilised	5,040,637	4,230,035
	- Repayment of finance facility utilised	4,352,701	3,413,433
	- Markup on finance facility paid	73,883	87,313
	- Repayment of sponsors' loan	18,298	35,353
	- Issue of right shares	-	564,935
	- Purchase of raw material	3,133,262	2,192,934
	- Purchase of construction material	51	-
	- profit received on deposit	1,467	1414
	- bank charges paid	31	17
<b>Other related parties:</b>			
	- Issue of right shares	-	1,084,295
	- Commission on sales	5,643	28,757
	- Rent and maintenance expense	1,075	3,499
<b>Key management compensation:</b>			
	- Salaries and other employee benefits	14,851	3,407

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

- 34.2** Raw material is purchased from Metal One Corporation, Japan - an associate, based on negotiated terms and conditions.
- 34.3** Transaction with related party includes waiver of rent to the Company with effect from July 1, 2015, amounting to Rs. 1.42 million payable to Rotocast Engineering (Private) Limited.
- 34.4** Transaction with the related party includes waiver of mark up on loan to the Company, amounting to Rs. 8.11 million to Mr. Haseeb Rehman.
- 34.5** During the period, liability payable to Universal Metal Corporation amounting to Rs. 11.07 million has been written back on account of liability no longer payable.
- 34.3** The status of outstanding balances with related parties as at June 30, 2016 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

## **35. REMUNERATION TO CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES**

The aggregate amounts charged in these financial statements for remuneration to the Chief Executive Officer, Director and Executives of the Company are as follows:

	Chief Executive		Executive Director		Executives	
	2016	2015	2016	2015	2016	2015
	----- Rupees '000 -----					
Managerial remuneration	5,445	3,407	-	-	112,858	100,999
Retirement benefits	-	-	-	-	5,830	6,150
Reimbursable expenses	-	-	-	-	8,244	8,484
Lease rentals	1,926	-	-	-	5,211	5,002
	<u>7,371</u>	<u>3,407</u>	<u>-</u>	<u>-</u>	<u>132,143</u>	<u>120,635</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>110</u>	<u>93</u>

In addition to the above, the Chief Executive Officer, Executive Director and certain Executives are also provided with Company maintained vehicles, security guards, mobile phone, hospitalisation and life insurance in accordance with the Company's policy.

	2016	2015
<b>36. NUMBER OF EMPLOYEES</b>		
Number of employees at June 30		
- Regular	<u>349</u>	<u>351</u>
- Contractual	<u>51</u>	<u>31</u>
Average number of employees during the year		
- Regular	<u>351</u>	<u>335</u>
- Contractual	<u>38</u>	<u>37</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 37.1 Financial risk factors

The Company's activities expose it to variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as managing financial risk to minimise earnings volatility and provide maximum return to shareholders.

### 37.2 Financial assets and liabilities by category and their respective maturities

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
----- Rupees '000 -----							
<b>FINANCIAL ASSETS</b>							
<b>Loans and receivables</b>							
Deposits	-	-	-	-	46,168	46,168	46,168
Loans to employees	-	-	-	-	2,983	2,983	2,983
Trade debtors	-	-	-	76,998	-	76,998	76,998
Other receivables	-	-	-	142,265	-	142,265	142,265
Cash and bank balances	35,769	-	35,769	8,947	-	8,947	44,716
<b>2016</b>	<b>35,769</b>	<b>-</b>	<b>35,769</b>	<b>228,210</b>	<b>49,151</b>	<b>277,361</b>	<b>313,130</b>
<b>FINANCIAL LIABILITIES</b>							
<b>At amortised cost</b>							
Long-term finance	500,000	5,320,004	5,820,004	-	-	-	5,820,004
Short-term finance	3,869,538	-	3,869,538	-	-	-	3,869,538
Liabilities against assets subject to finance leases	3,385	4,435	7,820	-	-	-	7,820
Trade and other payables	-	-	-	2,772,572	-	2,772,572	2,772,572
Accrued mark-up	-	-	-	196,033	-	196,033	196,033
<b>2016</b>	<b>4,372,923</b>	<b>5,324,439</b>	<b>9,697,362</b>	<b>2,968,605</b>	<b>-</b>	<b>2,968,605</b>	<b>12,665,967</b>
<b>FINANCIAL ASSETS</b>							
<b>Loans and receivables</b>							
Deposits	-	-	-	-	46,546	46,546	46,546
Loans to employees	-	-	-	-	2,958	2,958	2,958
Trade debtors	-	-	-	76,261	-	76,261	76,261
Other receivables	-	-	-	227,670	-	227,670	227,670
Cash and bank balances	122,238	-	122,238	10,035	-	10,035	132,273
<b>2015</b>	<b>122,238</b>	<b>-</b>	<b>122,238</b>	<b>313,966</b>	<b>49,504</b>	<b>363,470</b>	<b>485,708</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
-----Rupees '000-----							
<b>FINANCIAL LIABILITIES</b>							
<b>At amortised cost</b>							
Long-term finance	10,000	5,597,138	5,607,138	-	-	-	5,607,138
Short-term finance	3,876,224	-	3,876,224	-	-	-	3,876,224
Liabilities against assets subject to finance leases	2,988	7,516	10,504	-	-	-	10,504
Trade and other payables	-	-	-	2,744,429	-	2,744,429	2,744,429
Accrued mark up	-	-	-	264,857	-	264,857	264,857
2015	3,889,212	5,604,654	9,493,866	3,009,286	-	3,009,286	12,503,152

## a) Market Risk

### i. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As per market practices Company borrowings are on variable interest rate exposing company to interest rate risk.

At June 30, 2016, the Company has variable interest bearing financial liabilities of Rs. 9.7 billion (2015: Rs. 9.61 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, loss before tax for the year would have been approximately Rs. 193.95 million (2015: Rs. 192.14 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

### ii. Foreign exchange risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. At June 30, 2016 trade and other payables exposed to foreign currency risk amount to Rs. 1.88 billion (2015: Rs. 2.51 billion). Further, as at balance sheet date, the Company has exposure against open letters of credit of Rs. 0.83 billion (2015: Rs. 0.17 billion) denominated in foreign currencies.

As at June 30, 2016, if the Pakistani Rupee had weakened / strengthened by 4% against US Dollar with all other variables held constant, loss before tax for the year would have been lower / higher by Rs. 99.26 million (2015: Rs. 100.33 million) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated as financial assets or liabilities.

The following table summarises the financial currency exposure as on June 30, 2016 and 2015 that are subject to foreign currency risk and shows the estimated changes in the value of such exposure assuming the underlying exchange rates are applied immediately and uniformly across all currencies. The changes in value do not necessarily reflect the best or worst case scenarios and actual results may differ. The analysis assumes that all other variables, in particular, interest rate, remain constant.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	Carrying value of foreign currency	Estimated fair value assuming a hypothetical percentage increase / (decrease) in the value of foreign currencies versus Pak Rupee					
		(20%)	(10%)	(1%)	1%	10%	20%
June 30, 2016 - (Rupees in billion)	0.83	0.66	0.75	0.82	0.84	0.91	1.00
June 30, 2015 - (Rupees in billion)	0.17	0.14	0.15	0.17	0.17	0.19	0.20

## b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 313.13 million (2015: Rs. 485.71 million) the financial assets exposed to the credit risk amounts to Rs. 261.65 million (2015: Rs. 261.29 million). The carrying values of financial assets which are neither past due nor impaired are as under:

	2016 -----Rupees '000 -----	2015 -----Rupees '000 -----
Deposits	46,168	46,546
Other receivables	3,780	89,185
Loans to employees	2,983	2,958
Trade debts	76,998	76,261
Cash and Bank balances	44,716	132,273
	<u>174,645</u>	<u>347,223</u>

The credit quality of deposits and other receivables which are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

	Rating				
	Short term	Long term	Agency		
K-Electric Limited	A1	AA-	PACRA	33,000	33,000
Pakistan State Oil Company Limited	A1+	AA	PACRA	1,590	1,590
NIB Bank Limited	A1+	AA-	PACRA	-	84,003
Others	-	-	-	15,358	17,138
				<u>49,948</u>	<u>135,731</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

Other receivables also include an amount of Rs. 138.5 million (2015: Rs. 138.5 million) receivable from Etimaad Engineering (Private) Limited, which is past due and is considered good.

Loans to employees are not exposed to any material credit risk since these are secured against motor vehicles and shares for which these were granted.

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. The carrying amount of trade debts relates to a number of independent customers, from whom there is no recent history of default.

Bank balances and accrued mark-up thereon represent low credit risk as they are placed with banks having good credit ratings assigned by credit rating agencies.

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating			2016	2015
	Short term	Long term	Agency	-----Rupees '000	-----
Allied Bank Limited	A1+	AA+	PACRA	1	1,688
Askari Bank Limited	A1+	AA	JCR-VIS	66	744
Bank Alfalah Limited	A1+	AA	PACRA	2,534	1,732
Bank Al-Habib Limited	A1+	AA+	PACRA	88	1,479
Bank Islami Pakistan Limited	A1	A+	PACRA	147	1,804
Habib Bank Limited	A1+	AAA	JCR-VIS	213	213
Faysal Bank Limited	A1+	AA	PACRA	444	1,634
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,496	-
JS Bank Limited	A1	A+	PACRA	90	84
MCB Bank Limited	A1+	AAA	PACRA	176	176
National Bank of Pakistan	A-1+	AAA	PACRA	5,334	2,709
NIB Bank Limited	A1+	AA-	PACRA	9,339	82,905
Silk Bank Limited	A-2	A-	JCR-VIS	134	131
Sindh Bank Limited	A-1+	AA	JCR-VIS	665	34,902
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	92	126
Summit Bank Limited	A-1	A	JCR-VIS	100	96
The Bank of Khyber	A1	A	PACRA	564	567
The Bank of Punjab	A1+	AA-	PACRA	20,023	1,019

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

## d) Fair values of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximate their fair values.

## 38. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

The debt to capital ratios at June 30, 2016 and at June 30, 2015 were as follows:

	2016	2015
	-----Rupees '000 -----	-----
Total borrowings	9,689,542	9,483,362
Cash and bank - note 13	(44,716)	(132,273)
Margin on import letters of credit - note 12	-	(84,511)
Net debt	<u>9,644,826</u>	<u>9,266,578</u>
Equity	2,273,522	2,419,936
Total capital	<u>11,918,348</u>	<u>11,686,514</u>
Debt to capital ratio	0.81	0.79

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

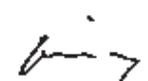
	2016	2015
<b>39. CAPACITY AND PRODUCTION - in metric tonnes</b>		
Annual name plate capacity	<u>220,000</u>	<u>220,000</u>
Production - note 39.1	<u>195,906</u>	<u>134,272</u>

**39.1** The production capacity utilisation during the year has remained at 89% (2015:61%). The Company operated the plant considering the market demand and supply of the product.

## **40. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were approved and authorised for issue by the Board of Directors of the Company on August 31, 2016.

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

  
\_\_\_\_\_  
Director

# Corporate Calendar of Major Events

## Results

The Company follows the period of July 1 to June 30 as the Financial Year.

For the Financial year ending on 30 June 2017, Financial Results will be announced as per the following tentative schedule:

1st quarter ending September 30, 2016	Last week of October 2016
2nd quarter ending December 31, 2016	Last week of February 2017
3rd quarter ending March 31, 2017	Last week of April 2017
Annual Audited Accounts ending June 30, 2017	Last week of August 2017

## Issuance of Annual Report for Financial Year 2016

21 days before AGM i.e. on October 06, 2016.

## List of Abbreviations

AHCL	Arif Habib Corporation Limited
AHG	Arif Habib Group
AHL	Arif Habib Limited
ASLCPS	Company's Cumulative Preference Shares - II
ASLPS	Company's Cumulative Preference Shares - I
ASLS	Company's Ordinary Shares
ASML	Aisha Steel Mills Limited ("the Company")
CCG	Code of Corporate Governance
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COD	Commercial Operation Date
CRC	Cold Rolled Coils
ECL	Electrolytic Cleaning Line
HRC	Hot Rolled Coils
ICAP	Institute of Chartered Accountant of Pakistan
IFAC	International Federation of Accountant (IFAC)
IFAS	Islamic Financial Accounting Standards
IFRSs	International Financial Reporting Standards
JCR-VIS	Japan Credit Rating Agency - Vital Information Services (Private) Limited
PACRA	Pakistan Credit Rating Agency
SECP	Securities and Exchange Commission of Pakistan
SRFF	Syndicate Running Finance Facility
STFF	Syndicate Term Finance Facility



## Be aware, Be alert, Be safe

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

### Key features:

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor  
Education Initiative of  
Securities and Exchange  
Commission of Pakistan

 [jamapunji.pk](http://jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

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

# Form of Proxy

## 12th Annual General Meeting

The Company Secretary  
Aisha Steel Mills Limited  
ArifHabib Centre,  
23, M.T, Khan Road  
Karachi.

I/we \_\_\_\_\_ of \_\_\_\_\_ being a member(s) of Aisha Steel Mills Limited holding \_\_\_\_\_ Ordinary/Preference Share as per CDC A/c. No. \_\_\_\_\_ hereby appoint Mr/Mrs/Miss \_\_\_\_\_ of (full address) \_\_\_\_\_ or failing him/her Mr/Mrs/Miss \_\_\_\_\_ of (full address) \_\_\_\_\_

(being member of the Company) as my/our Proxy to attend, act vote for me/us and on my/our behalf at the Twelfth Annual General Meeting of the Company to be held on 27 October 2016 and/or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Witnesses:

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No: \_\_\_\_\_  
Signature: \_\_\_\_\_

2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No: \_\_\_\_\_  
Signature: \_\_\_\_\_

Signature on  
Rs. 5/-  
Revenue Stamp

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. Proxy shall authenticate his/her identity by showing his/her original passport and bring folio number at the time of attending the meeting.
3. In order to be effective, the proxy Form must be received at the office of our Registrar M/s. Central Depository Company of Pakistan, Share Registrar Department, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by the two persons with their signatures, name, address and CNIC number given on the form.
4. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form.
5. In case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.

# پراکسی فارم

بارہویں سالانہ جنرل اجلاس

کمپنی سیکریٹری  
عائشہ اسٹیل ملز لمیٹڈ  
عارف حبیب سینٹر  
23، ایم ٹی خان روڈ  
کراچی۔

میں مسٹی / مسماة \_\_\_\_\_ ساکن \_\_\_\_\_ ضلع \_\_\_\_\_  
بجائیت ممبر عائشہ اسٹیل ملز لمیٹڈ، مسٹی / مسماة \_\_\_\_\_  
ساکن \_\_\_\_\_ کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے  
سالانہ اجلاس عام جو بتاریخ 27 اکتوبر، 2016 بروز جمعرات منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔  
دستخط: \_\_\_\_\_ بروز/ بتاریخ \_\_\_\_\_ 2016

گواہان:

1	نام: _____
2	نام: _____
	پتہ: _____
	شناختی کارڈ نمبر: _____
	دستخط: _____

دستخط ۵ روپے  
ریونیو اسٹیٹ

نوٹ:

- وہ رکن جسے یہ اجلاس یا اجلاس میں ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورت حال میں اپنی جگہ کسی دوسرے (مخصوص) رکن کو یہ حق دے سکتا ہے کہ وہ رکن اُس کی پراکسی استعمال کرتے ہوئے، اُس کے بجائے اجلاس میں شریک ہو سکتا ہے، خطاب کر سکتا ہے یا ووٹ کا اندراج کر سکتا ہے۔
- پراکسی ثابت کرنے کے لئے اُسے اپنا اصل پاسپورٹ اور فوٹو نمبر سے دکھانا لازمی ہے تاکہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- موثر بنانے کے لئے، پراکسی فارم ہمارے رجسٹرار کے دفتر (ایم/ ایس) سینٹرل ڈیپوزیٹری کمپنی آف پاکستان، شیئر رجسٹرار ڈیپارٹمنٹ، سی ڈی سی ہاؤس، B-99، ایس، ایم، سی، ایچ، ایس، شاہراہ فیصل، کراچی، پاکستان، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رکن کے دستخط اور ہم، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رکن کی صورت میں اصل اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

## اعتراف خدمات

ڈائریکٹرز کمپنی کے اسٹیک ہولڈرز کے مسلسل بھروسہ کرنے پر ان کے شکر گزار ہیں۔ کاروباری اشتراکیت کرنے والے، بینکرز، مالیاتی اداروں، منسٹری آف فنانس، منسٹری آف انڈسٹریز، سیکورٹی اینڈ ایچ ایچ کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، سی ڈی سی، پاکستان اسٹاک ایکسچینج کی میجمنٹ اور تمام اداروں کا دل سے شکریہ ادا کرتے ہیں۔

کسی بھی تنظیم کے نتائج اس کے لوگوں کی کاوشوں اور محنت کا عکس ہوتے ہیں جو اس تنظیم کے لیے اور تنظیم کے ساتھ کام کرتے ہیں۔ آڈٹ اور دیگر کمیٹیز کے ممبران کی اہم معاملات میں ان کے کردار اور حمایت کے لئے ڈائریکٹرز ان کے شکر گزار ہیں۔

ڈاکٹر منیر احمد

ڈاکٹر منیر احمد

ڈائریکٹر اینڈ چیف ایگزیکٹو آفیسر

کراچی: 31 اگست 2016

## آڈیٹرز

بیرونی آڈیٹرز مسیز اے ایف فرگوسن اینڈ کو چارٹرڈ اکاؤنٹینٹس ہیں جو کہ 27 اکتوبر 2016 کو ہونے والی سالانہ عام میٹنگ میں رٹائر ہو جائیں گے اور اہل ہونے کے سبب 30 جون 2017 کو ختم ہونے والے مالی سال کے لیے خود کو بطور بیرونی آڈیٹر پیش کر رہے ہیں۔ ان کے پاس سیٹیفکیڈ ریویٹنگ موجود ہے جو ان کو آئی کیپ سے کوالٹی کنٹرول پروگرام کے تحت ملی ہے۔ آڈٹ کمیٹی کے مشورے پر بورڈ اے ایف فرگوسن اینڈ کو چارٹرڈ اکاؤنٹینٹس کو 30 جون 2017 کو ختم ہونے والے مالی سال کے لیے بطور بیرونی آڈیٹر تقرری کی سفارش کرتا ہے۔ جس کے لیے فیس باہمی اتفاق سے طے پائے گی۔ بیرونی آڈیٹر کی تقرری 27 اکتوبر 2016 کو ہونے والی سالانہ عام میٹنگ میں حصص داروں سے منظور کرائی جائے گی۔

## سیکرٹریل پریکٹس کی تعمیل

کمپنیز آرڈیننس 1984 اور لسٹنگ ریگولیشن کی تعمیل کی تصدیق کے لیے کمپنی سیکٹری نے سیکریٹریل کمپلائنس سٹریٹجیٹ مجودہ فارم میں پاکستان اسٹاک ایکس چینج کے لیسٹنگ ریگولیشن (xxv) 35 کے تحت رجسٹر آف کمپنیز کو سالانہ ریٹرن کے ساتھ جمع کروادی ہے۔

## ڈائریکٹرز کا چناؤ

کمپنیز آرڈیننس 1984 کے سیکشن 180 کے مطابق ہر تین سال بعد سالانہ عام میٹنگ میں ڈائریکٹرز کا چناؤ کروانا ضروری ہے۔ 31 اکتوبر 2014 کو منتخب کئے گئے ڈائریکٹرز کی مدت 31 اکتوبر 2017 میں پوری ہو جائے گی اور اگلے انتخابات سالانہ عام میٹنگ میں جو کہ 31 اکتوبر 2017 یا اس سے پہلے منعقد ہوگی میں کروائے جائیں گے۔

## پوسٹ بیلنس شیٹ ایویٹس

کسی بھی قسم کی میٹریل تبدیلی 30 جون 2016 سے اس رپورٹ کی تاریخ تک واقع نہیں ہوئی ہے

## متعلقہ پارٹی ٹرانزیکشن

لسٹنگ ریگولیشن کی تعمیل کے لیے کمپنی متعلقہ پارٹی ٹرانزیکشنز کو آڈٹ کمیٹی اور بورڈ کے سامنے جائزے اور منظوری کے لیے پیش کرتی ہے۔ یہ ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز میٹنگز میں منظور کرتے ہیں۔ اس کی تفصیلات نوٹ 34 میں آڈٹ شدہ گوشواروں کی تفصیلات کے ساتھ ہیں۔

مزید براں درج بالا افراد کو اس چیز کا پابند بنایا گیا ہے کہ اگر وہ کسی بھی قسم کی حصص میں خریداری کرتے ہیں تو کمپنی سیکریٹری کو تحریری طور پر آگاہ کریں گے، جو کہ ٹرانزیکشن ہونے کے چار یوم کے اندر کی جائے گی، تحریری نوٹس میں حصص خریداری سے منسلک تمام تفصیلات ظاہر کی جائیں۔ سال کے دوران کسی اور ایکریٹو ملازم نے کمپنی کے حصص میں ٹریڈنگ نہیں کی مع سوائے ان ٹرانزیکشن کے جو کہ ضمیمہ نمبر II میں درج ہیں۔ کمپنی کے ڈائریکٹرز نے ایکریٹو کی سطح مقرر کرنے کے لیے جو پنچ مارک بنایا ہے وہ بیسک تھا 500,000 روپے سالانہ ہے۔

### بورڈ میٹنگ میں حاضری

حاضری کی تفصیلات ضمیمہ نمبر I میں درج ہیں۔

### حصص داری کا خاکہ

کمپنی کے عام اور ترجیحی حصص پاکستان اسٹاک ایکسچینج میں مالیاتی سال 2014 میں درج ہوئے۔ 30 جون 2016 کو عام اور ترجیحی حصص داروں کی تعداد بلترتیب 2,034 اور 3,445 تھی جب کہ 30 جون 2015 کو عام اور ترجیحی حصص داروں کی تعداد بلترتیب 1,628 اور 3,781 تھی۔ 30 جون 2016 کو شیئر ہولڈنگ کا تفصیلی خاکہ، کمپنی کے حصص داروں کی تمام کیٹیگریز کے ساتھ ضمیمہ نمبر III میں شامل ہیں۔

### مالیاتی اور کاروباری سرخیاں

اہم آپریٹنگ اور فننس ڈیٹا کا اختصار پیش کیا گیا ہے جو کہ مالیاتی اور کاروباری سرخیاں کے عنوان اور چھ سال ایک نظر میں کے کیپشن سے صفحہ نمبر 49 اور گرافکس پر پریزنٹیشن اور اہم اسٹیٹسٹکس صفحہ نمبر 51 پر پیش کی گئیں ہیں۔

### آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے تحت آڈٹ کمیٹی اپنے آپریشنز بورڈ سے منظور شدہ ٹرمز آف ریفرنس کے مطابق جاری رکھے گی۔ آڈٹ کمیٹی کے ممبران کی تشکیل اور ٹرمز آف ریفرنس اس سالانہ رپورٹ میں دئے گئے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق آڈٹ کمیٹی کے ممبران کی تشکیل ڈائریکٹرز کے اگلے چناؤ میں "امپلمینٹیشن ڈیڈ لائن آف کوڈ آف کارپوریٹ گورننس 2012" کے تحت کی جائے گی۔

۳۔ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹس کے طریقہ کار اپنائے جاتے ہیں، مالیاتی تفصیلات کی تیاری مناسب اور دانشمندانہ فیصلوں پر مبنی ہوتی ہے۔

۴۔ مالیاتی گوشوارے کی تیاری میں پاکستان میں لاگو ہونے والے اور بین الاقوامی فنانشل رپورٹنگ اور اکاؤنٹنگ کے معیارات کی مکمل پیروی کی گئی ہے۔

۵۔ کمپنی میں اندرونی کنٹرول کے نظام کو موثر طریقے سے لاگو کیا گیا ہے اور اس کی مسلسل نگرانی کی جاتی ہے۔

۶۔ کمپنی کے پاس اپنے آپریشنز کو جاری رکھنے کے لئے مناسب انتظام موجود ہے اور اس بات میں کوئی شک نہیں ہے کہ مستقبل میں بھی ایسا ہی رہے گا۔

۷۔ لسٹنگ ریگولیشن کے مطابق تمام قابل اطلاق کارپوریٹ گورننس کے بہترین اصولوں پر عمل کیا جا رہا ہے اور کسی بھی اصول کی عدم تعمیل نہیں کی گئی۔

۸۔ تمام واجب الادا ٹیکس اور لیویز سے متعلقہ معلومات مالیاتی گوشواروں میں فراہم کی جاتی ہیں۔

۹۔ کمپنی پر پینشن، پروفیڈینٹ فنڈ، گریجویٹی اور متفرق چارجز کی مد میں کوئی رقم واجب الادا نہیں ہے۔

ضابطے کی تعمیل میں بورڈ نے اس چیز کی توثیق کی ہے کہ لسٹنگ ریگولیشن کے مطابق تمام قابل اطلاق کارپوریٹ گورننس کے بہترین اصولوں پر عمل کیا جا رہا ہے اور کسی بھی اصول کی عدم تعمیل نہیں کی گئی۔

سال کے دوران دو ڈائریکٹرز کو رپوریٹ گورننس لیڈرشپ اسکولز پروگرام کے چاروں تربیتی سیشنز میں شرکت کر چکے ہیں۔ کمپنی رواں سال میں اپنے ڈائریکٹرز کے لیے اس چیز کی منصوبہ بندی کر رہی ہے کہ وہ اس قسم کے تمام تربیتی سیشنز میں شرکت کر سکیں۔ کمپنی کی ہمیشہ سے یہ کوشش رہی ہے کہ شفاف طریقے سے کارپوریٹ گورننس کے ضابطوں کو بروئے کار لایا جاسکے، ان میں سے کئی عائنہ اسٹیل ملز لمیٹڈ کے لسٹڈ ہونے اور لازمی قرار دیے جانے سے قبل ہی لاگو ہیں۔

### کمپنی کے حصص کی خریداری ڈائریکٹرز اور ایگزیکٹو

سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، اور دیگر ایگزیکٹو کی جانب سے کسی بھی قسم کی حصص میں ٹریڈنگ نہیں کی گئی، اور ندان کے شریک حیات اور کم عمر بچوں کی جانب سے۔ مع سوائے جو کہ ضمیمہ نمبر 11 میں درج ہے۔

## ملازمت کے یکساں مواقع

آپ کی کمپنی رنگ نسل ذات اور مذہب سے بالاتر ہو کر ملازمت کے مواقع فراہم کرتی ہے، جس میں مرد/خواتین اور اسپیشل پرسنل (معذور) شامل ہیں، کمپنی نے بڑی تعداد میں خواتین انجینئرز کو ملازمت دی ہے اس کے ساتھ ساتھ، کمپنی اس چیز کی بھی منصوبہ بندی کر رہی ہے کہ مستحق ہنرمند افراد کو بھی ملازمت کے مواقع فراہم کرے۔

## انفارمیشن سسٹمز اینڈ ڈیٹا انجینئرنگ

SAP ERP Business Suite کا میا بی سے کمپنی میں نافذ ہو چکا ہے، اور کئی شعبوں میں کامیابی سے چل رہا ہے جس میں ریکارڈ کیپنگ، انٹرنل کنٹرول، پروسس کنٹرول اور دیگر شامل ہیں۔ اس سوفٹ ویئر سے کمپنی کی کارکردگی میں اضافہ ہوگا اور فیصلہ سازی میں سہولت میسر آسکے گی۔

## ملکی معیشت (خزانے) میں حصہ

آپ کی کمپنی ملکی معیشت میں اپنا اہم کردار ادا کر رہی ہے اور ہمیشہ شفاف طریقے سے ملک کی معیشت کی خدمت کر رہی ہے، کمپنی نے ملکی معیشت میں 2,230 ملین روپے کا انکم / سیلز ٹیکس اور کسٹم / ایکسائیز ڈیوٹی کی مد میں اپنا حصہ ڈالا ہے جو گراں قدر ہے۔

## کارپوریٹ گورننس

کمپنی پاکستان اسٹاک ایکسچینج میں درج ہے۔ کمپنی کا بورڈ اور ڈائریکٹرز کارپوریٹ گورننس کے تمام ضابطوں سے واقف ہیں اور ان کی پاسداری کرتے ہیں۔ شفاف طریقے سے کمپنی کے آپریشنل، مالیاتی اور غیر مالیاتی معاملات چلاتے ہیں اور اپنی ذمہ داریوں سے واقف ہوتے ہوئے جانچ کرتے ہیں۔

## بورڈ یہ بیان کرتے ہوئے مسرت محسوس کرتا ہے کہ

- ۱۔ کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے شفاف معاملات کو ظاہر کرتے ہیں۔
- ۲۔ کمپنی کی جانب سے حساب کتاب کا مناسب انتظام ہے اور اکاؤنٹس کے تمام کھاتے کمپنی احسن طریقے سے تشکیل دیتی ہے

انجینئرنگ یونیورسٹیوں کے طالب علموں کو انٹرن شپ پروگرام کے تحت انٹرن شپ مہیا کرتی ہے جن میں این ای ڈی یونیورسٹی کراچی، مہران یونیورسٹی جام شورو، سرسید یونیورسٹی کراچی اور داؤد یونیورسٹی کراچی شامل ہیں، اس کے ساتھ ساتھ فائنل ائیر کے طالب علموں کے لیے کمپنی میں وزٹ کا بھی اہتمام کیا جاتا ہے، اس دورے کے دوران طلباء کو پلانٹ کا وزٹ کروایا جاتا ہے جس کے ساتھ ساتھ ان کو معلومات سے بھرپور پریزنٹیشن بھی دی جاتی ہے جس سے ان کے تکنیکی علم میں اضافہ ہوتا ہے۔

مارچ 2016 میں کمپنی نے Rozee.pk کے تحت ہونے والے سب سے بڑے جاب فیئر میں شرکت کی، ہیومن ریسورس کی سربراہ مس حنا اختر کو بطور گرواس ایونٹ میں مدعو کیا گیا۔ مس حنا اختر نے 150 سے زائد آنے والے امیدواروں اور نوجوانوں کو کوئٹہ ریکروٹمنٹ مہیا کی۔

مئی 2016 میں ایچ آر نے ایک ریکروٹمنٹ ایونٹ کا انعقاد کیا جس نے نوجوان گریجویٹ اور ڈپلومہ ہولڈرز کو اپنی طرف متوجہ کیا۔ یہ مختلف شعبوں کے ڈگری یافتہ نوجوان تھے جن میں الیکٹریکل، مکینیکل، میٹالرجی شامل ہیں۔ یہ ایونٹ مختلف تکنیکی تعلیمی اداروں میں کیا گیا۔ انجینئرنگ کے شعبے میں ڈپلومہ ایسوسی ایٹ انجینئرنگ رکھنے والوں کو دو سال کی مختلف شعبہ جات جیسے کہ پروڈکشن، الیکٹریکل وغیرہ میں انٹرنشپ فراہم کی جاتی ہے اور کامیابی سے مکمل ہونے پر ملازمت کے مواقع بھی فراہم کئے جاتے ہیں۔

### ماحولیات، ہیلتھ اینڈ سیفٹی

کمپنی کئی منصوبے جاری رکھے ہوئے ہے جو ماحول دوست اور ماحول کے تحفظ کے لیے ہیں۔ کمپنی اس ضمن میں شفاف اور بہترین ٹیکنالوجی استعمال کرتی ہے جو ماحول دوست ہوتی ہیں۔ کوالٹی ایشرنس ڈیپارٹمنٹ نے اس سلسلے میں آئی ایس او 9001 اور آئی ایس او 14000 سرٹیفیکٹ 2017 تک حاصل کرنے کے لیے تیاری کر رکھی ہے۔ معیار کی پالیسی بنائی جا چکی ہے اور انٹیگریٹڈ مینجمنٹ سسٹم ٹیم آڈٹ سے پہلے اور بعد کی سرگرمیاں سرانجام دیتی ہے۔

### انڈسٹریل ریلیشن (تعلقات)

آپ کی کمپنی قابلیت اور انصاف پر مبنی ماحول پر یقین رکھتی ہے اور اس کی فراہمی کو یقینی بناتی ہے۔ ہم اس بات پر یقین رکھتے ہیں کہ اگر مستقل اور عارضی ملازمین کے ساتھ نیک نیتی اور عزت سے برتاؤ کیا جائے تو یہ تمام ملازمین کے لیے حوصلہ افزائی کا باعث بنتا ہے جس سے پرامن ماحول میں کام چلتا ہے۔

## سرمایے کی مینجمنٹ اور لیکوڈٹی

کمپنی کا کیش فلو مینجمنٹ کا نظام کیش کی آمد اور ادائیگی کو ظاہر کرنے کے علاوہ روزانہ کے میسر کیش کو بھی ظاہر کرتا ہے۔ KIBOR میں کمی کے مد نظر مالیاتی بچت کا امکان رہتا ہے۔ کمپنی کا ورکنگ کیپٹل KIBOR کے ساتھ مختص اور غیر مختص سہولیات کے ساتھ مختلف بینکوں اور مالیاتی اداروں کے ساتھ منسلک ہے۔ ایک اسٹریٹیجی کے تحت فلسڈ اثاثے لاگ ٹرم قرضے کے تحت بنائے گئے ہیں جس کی وجہ سے مالیاتی لاگت میں کمی ہو جاتی ہے۔

مالیاتی سال 2015-2016 کے دوران زرباد لہ سمیت قرضوں کی اوسط لاگت 78.65 ملین روپے رہی (2015:107.51 ملین روپے) ماسوائے ان وائینڈنگ کی لاگت کے ساتھ 798 ملین روپے (2015:1,249 ملین روپے) رہی۔ 30 جون 2016 کو کمپنی کی قرضوں اور سرمائے کے درمیان تناسب 69:31 رہی بمقابلہ 30 جون 2015 جو 67:33 تھی۔

## کارپوریٹ سماجی ذمہ داری

اے ایس ایم ایل اپنی سماجی ذمہ داریوں کا احساس کرتے ہوئے سماجی خدمات میں بھی اپنی باصلاحیت ٹیم کے ہمراہ آگے آگے ہے۔ کارپوریٹ سوشل ریسپانسیبلٹی (سی ایس آر) کمپنی کی بنیادی ویلیوز کا اٹوٹ حصہ ہے۔ کمپنی اس مقصد کی خاطر مختلف خدمات سماجی شعبے میں انجام دیتی رہتی ہے۔ عوامی سطح پر ہم نے 2015 اور 2016 میں درج ذیل خدمات انجام دیں:

## یوم آزادی کی تقریبات

14 اگست 2015 کو یوم آزادی کی تقریبات بھرپور انداز میں منائی گئیں۔ اس میں پرچم کشائی کے علاوہ شیرینی کی تقسیم شامل تھی۔

## عطیہ خون

اگست 2015 میں انڈس ہاسپٹل کی معاونت سے عطیہ خون کی مہم میں بھرپور حصہ لیا گیا۔ انڈس ہاسپٹل کی انتظامیہ نے اس موقع پر صنعتی ملازمین کی فٹنس اور عمومی صحت کا جائزہ بھی لیا۔ خون کے عطیہ دہندگان کو ان کے خون کے IDS تجزئے بھی فراہم کیئے گئے۔

## تعلیمی اقدار کی دیکھ بھال

کمپنی تعلیمی اداروں میں تحقیق، کانفرنس، ورکشاپ، اور دیگر ایونٹ اور سرگرمیوں کو سپورٹ کرتی ہے۔ علاوہ ازیں کمپنی ملک کی چار بڑی

خطرات	شدت	تخفیفی سفارشات
<p><b>زر مبادلہ کارسک</b></p> <p>زر مبادلہ کی ناموافق موومنٹ کی وجہ سے پیداواری لاگت میں اضافہ اور نتیجتاً منافع میں کمی</p>	اوسط	<p>زر مبادلہ کارسک ایک کم ترین رسک ہوتا ہے کیونکہ پراڈکٹ کا مستقبل برآمدی متبادل سے منسلک ہوتا ہے۔ تیار مال مثلاً سی آر سی کی قیمت براہ راست بین الاقوامی کرنسی عموماً امریکی ڈالر سے جڑی ہوتی ہے، اس وجہ سے زر مبادلہ کے ناموافق اثرات کے خطرات کی سطح کم ہو جاتی ہے۔</p>
<p><b>کاروباری رسک/ فروخت میں کمی کارسک</b></p> <p>مصنوعات کی مانگ میں کمی کی وجہ سے کاروبار پہ منفی اثرات</p>	اوسط	<p>آج کل سی آر سی کی مقامی طلب مقامی رسد کی نسبت واضح زیادہ ہے۔ معیشت میں اضافے، بڑھتی ہوئی آبادی کی وجہ سے اسٹیل کی مانگ میں اضافہ اور سیلاب کے بعد ترقیاتی کام میں تیزی وہ عوامل ہیں جن کی وجہ سے اسٹیل کی مانگ بڑھنے کی امید ہے۔</p>
<p><b>انڈسٹری کی سائیکلکلیک نیچر</b></p> <p>اسٹیل ایک سائیکلکلیک صنعت ہے جس میں کاروباری سائیکل کے دوران قیمتوں میں ناموافق اتار چڑھاوے اے ایس ایم ایل پہ اثر انداز ہو سکتی ہے۔</p>	اوسط	<p>انڈسٹری کی سائیکلکلیک نیچر کے باوجود سی آر سی اور ایچ آر سی کے درمیان منافع کا مارجن نسبتاً لمبے عرصے تک برقرار رہتا ہے۔ تاریخی طور پر ایچ آر سی اور سی آر سی کے درمیان منافع کا مارجن اوسطاً 88 امریکی ڈالر فی میٹرک ٹن رہتا ہے۔ اس کے علاوہ ٹیرف پروٹیکشن بھی ایک واضح کٹن فراہم کرتا ہے۔</p>
<p><b>کریڈٹ رسک</b></p> <p>کمپنی کے ادھار واپسی کرنے اور دیگر وعدے پورے کرنے میں ناکامی کا خطرہ</p>	کم تر	<p>عارف حبیب گروپ کا فراہم کردہ مالیاتی تحفظ اے ایس ایم ایل کو مالیاتی تحفظ فراہم کرتا ہے۔</p>

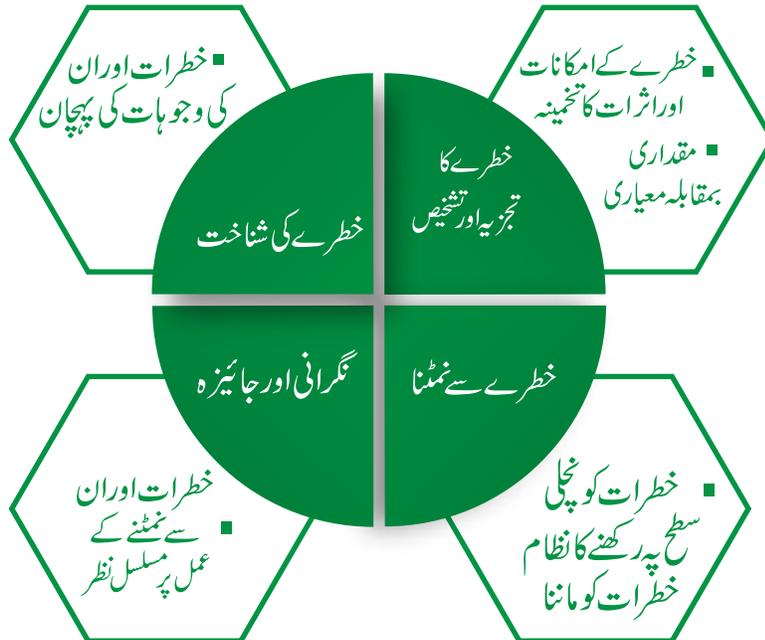
## رسک مینجمنٹ

کمپنی کے بورڈ نے رسک مینجمنٹ کا نظام خطرات کے وسیع تر تناظر میں واضح طور پر ادارے کے تنظیمی طریقہ کار کے دائرہ میں رہتے ہوئے نشوونما کے دوران ظہور پذیر واقعات کے دوران خطرات سے نمٹنے کی صلاحیت میں اضافے کی خاطر قائم کیا۔ رسک مینجمنٹ کا یہ نظام متوازن انداز میں کمپنی کے تمام سطحوں پر خطرات کی ابتدا میں آگاہی اور اس سے نمٹنے کی صلاحیت میں اضافے کی خاطر قائم کیا گیا ہے۔ اس میں خطرات کی قوت کو سمجھنے اور نمٹنے کے لیے ضروری آلات کے استعمال کے ذریعے چھوٹے سے چھوٹے خطرہ کو بڑھ جانے سے پہلے ہی اس کے تدارک کی تربیت کا انتظام موجود ہے۔

کمپنی کا کلیدی کاروبار پیداوار ہے۔ اس لیے کمپنی نے پروڈکشن اور سیلز اسٹریٹیجی کو مد نظر رکھتے ہوئے یہ نظام ترتیب دیا ہے۔ یہ نظام خام مال کی خریداری جیسے بنیادی اقدام سے شروع ہو کر تمام امور کو ساتھ لے کر چلتا ہے۔ کمپنی نے ہمیشہ اعلیٰ معیار کے مطابق پراڈکٹس، گاہک کی خواہش اور مارکیٹ کی ضروریات سمیت متنوع موضوعات پر فیصلوں کو ترجیح دی ہے۔

عملیاتی رسک مینجمنٹ کی ابتداء ہمیشہ کسی بھی خام مال کی خریداری و رانویٹری کنٹرول سے ہی شروع ہوجاتی ہے۔ خواہ یہ بین الاقوامی خریداری ہو یا تجربہ کار اور کوالیفائیڈ اسٹاف کی بھرتی کا معاملہ ہو ان تمام معاملات میں مالیاتی بجٹ اور اندرونی کنٹرول کے مطابق مسلسل نگرانی کے ذریعے خریداری، پیداوار، سیلز اور کارپوریٹ حکمرانی سمیت تمام ہی شعبہ جات کو جانچتے رہنے اور خامیوں کو رفع کرتے رہنے کا عمل مسلسل جاری رہتا ہے۔

اس سلسلے میں تفصیلی رپورٹ معیار اور مقدار کے تجزیے کے ساتھ مالیاتی رپورٹ میں نوٹ نمبر 37 کے تحت پیش کی جا چکی ہے۔



## گریجویٹی اسکیم اور ریٹائرمنٹ بینیفٹ

کمپنی اپنے ملازمین کو ریٹائرمنٹ بینیفٹ فراہم کرتی ہے جس میں ملازمین کے لیے گریجویٹی بھی شامل ہے۔

## مالیاتی جائزہ اور نتائج

کمپنی کی مالیاتی کارکردگی ایک نظر میں۔

2015-2016	2014-2015	تفصیلات (مندرجات)
		روپے ملین لاگت میں
980	40	گروس پرافٹ
829	(116)	آپریشنل کارکردگی نفع (نقصان)
(155)	(1,211)	کل نقصان
939	(403)	کل بڑھوتی (گھٹا) وکیش اور کیش اکیولینٹ
		لاگت (قیمت) فی ٹن روپے
6,437	9,108	کنورژن کی لاگت
5,212	10,226	مالیاتی لاگت

کمیشن میں روسی تاجروں کے خلاف اینٹی ڈمپنگ ڈیوٹی عائد کرنے کے لیے کارروائی شروع کر رکھی ہے۔

## مستقبل کا جائزہ

چائے اور یوکرائن پر عائد کردہ اینٹی ڈمپنگ ڈیوٹی کے بعد برآمدی حجم میں کمی واقع ہوئی، اور مقامی مارکیٹ میں طلب میں اضافہ ہوا، انتظامیہ روسی صنعت کاروں کے خلاف ٹیٹل ٹیرف کمیشن میں پٹیشن داخل کرنے کے لیے سخت کوشش کر رہی ہے جو کہ اگر مل جاتی ہے تو مقامی سطح پر سی آر سی کی پیداوار مستحکم ہو سکے گی۔

انتظامیہ پر امید ہے کہ فروخت کا حجم آنے والے مہینوں میں بڑھے گا، بڑھا ہوا معیار، فروخت کے لیے وقف ٹیمیں، پیداوار کی مناسب قیمت، درست ذرائع سے خریداری، بہترین پیداواری منصوبہ بندی اور فنانش کا بہترین اور درست استعمال ان عوامل کی بنیاد پر کمپنی 2016 تا 2017 کے مالی سال کے لئے بہترین نتائج کے لیے پر امید ہے۔

## کمپنی کے آپریشنز

2015 تا 2016 کے مالیاتی سال کے دوران کمپنی 89 فیصد (195,906 ٹن) کی پیداواری گنجائش پر چلی جب کہ 2014 تا 2015 میں صورتحال اس کے برعکس تھی اور یہ صلاحیت 61 فیصد (134,272 ٹن) تھی۔ فروخت کا حجم رواں مالی سال میں 181,259 ٹن رہا جب کہ گذشتہ مالی سال میں یہ 138,923 ٹن تھا، رواں مالی سال میں 30.47 فیصد بڑھوتی (مقدار کی مد میں) سامنے آئی۔

انتظامیہ آپریشنل سطح پر ہر ممکن اقدامات کر رہی ہے اور اپنی بھرپور کاوشوں سے اس چیز کو ممکن بنا رہی ہے کہ کمپنی کی کارکردگی میں اضافہ ہو، کمپنی کی آپریشنل صلاحیتوں میں اضافے کے لیے معیاری اقدامات لیے جا رہے ہیں اور پیداواری لاگت کو کم سے کم رکھنے کی ہر سطح پر کوشش کی جا رہی ہے، اس ضمن میں ان ہاؤس (کمپنی کے اندر ہی سے) مرمت اور درستگی کے عمل کو بروئے کار لایا جاتا ہے تاکہ لاگت (اخراجات) کو بچایا جا سکے۔ انجینئرنگ کی ٹیم بھی بہتری اور ترقی کے لیے ہر ممکن میدان عمل میں رہتی ہے اور اس ضمن میں بہترین اور اسٹیٹ آف دی آرٹ میکانیکل اور الیکٹریکل ورکشاپس کے قیام اور ان کی بہترین کارکردگی کے لئے ہمہ وقت کوشاں رہتی ہے۔

## سیلز اینڈ مارکیٹنگ

رواں مالی سال کے دوران انتظامیہ نے بڑی جاں فشانی اور بھرپور جانچ کے بعد کمپنی کے اندر سے ہی سیلز اور مارکیٹنگ کی ٹیمیں تشکیل دیں۔ تقسیم کاری کا معاہدہ مٹسو بیٹی پاکستان سے ختم کر دیا گیا اور ان ہاؤس ٹیموں نے اللہ کی مہربانی سے فروخت میں گراں قدر اضافہ کیا جو گذشتہ مالی سال کے مقابلے میں 30.47 فیصد زیادہ تھا۔ سیلز اور مارکیٹنگ کی ٹیمیں ہمہ وقت پیداواری یونٹ کے ساتھ مل کر پراڈکٹ کے معیار میں بہتری اور مارکیٹ میں برانڈ کی بہتر شبیہ بنانے میں کوشاں ہیں۔

## خام مال کی خریداری

بہترین معیار کے ایچ آر سی کی مناسب قیمت پر خریداری سی آر سی کاروبار کا ایک اہم جُز ہے۔ کمپنی کی اعلیٰ انتظامیہ براہ راست ایچ آر سی کی مناسب قیمتوں پر خریداری کے عمل کو دیکھتی ہے اور اس بات کو یقینی بناتی ہے کہ خام مال بروقت میسر رہے۔ خریداری کے اس عمل کا تنوع برقرار رکھنے کیلئے تمام تر کاوشیں کی جاتی ہیں تاہم اس عمل کی وجہ سے معیار کے نئے چیلنج سامنے آتے ہیں کیوں کہ ایچ آر سی بنانے والی ہر صنعت کے اپنے پیرامیٹرز ہوتے ہیں، اسی سبب رولنگ اور اینیلنگ کے عمل میں مناسب تبدیلی کی جاتی ہے تاکہ معیاری اور مستحکم معیار کا سی آر سی صارف کو میسر آسکے۔

## ڈائریکٹرز رپورٹ

### محترم شیئر ہولڈرز

بورڈ آف ڈائریکٹرز (عائشہ اسٹیل ملز لمیٹڈ) کی جانب سے 30 جون 2016 کو اختتام پزیر ہونے والے مالیاتی سال کے آڈٹ شدہ گوشوارے اور ان کا تجزیہ اور کمپنی کی عملیاتی (آپریشنل) کارکردگی پر مفصل رپورٹ پیش خدمت ہے۔

### اسٹیل مارکیٹ کا تجارتی جائزہ

دو سال سے زائد ایچ آر سی کی قیمتوں میں جاری بحران بلا آخر ختم ہوا، اور جنوری 2016 سے اس میں بہتری نظر آنا شروع ہوئی، اسی طرح سی آر سی کی قیمتوں میں بھی مقامی اور بین الاقوامی مارکیٹوں میں اضافہ ہوا، اس کی ایک بڑی وجہ چائینہ کی مانگ میں کمی، بڑی تعداد میں ملزکا بند ہو جانا اور پیداواری گنجائش کو کم کر دینا تھا، اس نے قیمتوں میں تیزی سے اضافے کو مقامی اور بین الاقوامی سطح پر جنم دیا، خاص کر کہ چائینہ کے نیو ایئر (نئے سال) کے آغاز کے بعد بین الاقوامی قیمتوں نے بھی اسی عمل کی پیروی کی اور قیمتوں میں اضافہ ہوا۔ ایچ آر سی اور سی آر سی کے درمیان (قیمت کا فرق) میں بھی 70 ڈالر کا اضافہ دیکھنے میں آیا۔ (ایک قدر جسے دنیا بھر میں معیار مانا جاتا ہے)۔ ایچ آر سی کی قیمتوں میں اضافہ اپریل تک دیکھنے میں آیا اس کے بعد قیمتوں میں کمی واقع ہونا شروع ہوئی جو بلا آخر 400 ڈالر کی سطح پر آ کر مستحکم ہو گئی۔

چائینہ میں سی آر سی کی زائد پیداواری گنجائش اور دنیا کے کئی ممالک کی جانب سے چائینہ پر لگائی گئی اینٹی ڈمپنگ پالیسی کی وجہ سے چائینہ ٹریڈرز کا پاکستانی مارکیٹ میں مقرر کردہ نرخ 30 ڈالر تک گر گیا، جو پاکستان میں ڈمپنگ کی نشاندہی کرتا ہے۔ اس کے نتیجے میں (آپ کی) کمپنی نے اینٹی ڈمپنگ ڈیوٹی کے نفاذ کے لیے ایک کیس (مقدمہ) چائینہ اور یوکرائن کے خلاف نیشنل ٹیرف کمیشن میں دائر کر رکھا ہے۔ جنوری 2016 میں نیشنل ٹیرف کمیشن نے تمام تر کاوش کے بعد چائینہ اور یوکرائن کے متعدد صنعت کاروں پر 8 فیصد سے 19 فیصد کے درمیان اینٹی ڈمپنگ ڈیوٹی عائد کر دی۔

اینٹی ڈمپنگ ڈیوٹی کے عائد ہوجانے کے بعد مقامی سطح پر تیار کردہ سی آر سی کی طلب میں معقول حد تک اضافہ ہوا جس کے باعث فروخت میں بہتری آئی اور قیمتوں کی قدر میں بھی اضافہ ہوا۔ یہ رُحمان اپریل 2016 تک غالب رہا، تاہم مئی 2016 میں دارآمدی تاجروں نے غیر متوقع طور پر بڑی مقدار میں سستا میٹریل روس سے خریدا، جس کی وجہ سے مئی اور جون 2016 کی فروخت کم ہو گئی اور آپ کی کمپنی کو کم پیداواری گنجائش پر جانا پڑا، جس کی ایک وجہ ضرورت سے زائد انویسٹری کا موجود ہونا بھی تھا۔ روس کی ڈمپنگ کی حوصلہ شکنی کے لیے کمپنی نے نیشنل ٹیرف



Arif Habib Center 23, M. T. Khan Road, Karachi-74000.  
Tel: (92-21) 32468317 / Fax: (92-21) 32468316