



Passion for Future

Annual Report 2017

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Moving ahead
with **passion**

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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 CRC, 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 HRC 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 and 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 and building greater standards of ethical values. The Company 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; and
- ensuring that corporate strategy is observed 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.

The Company stands committed to carry out its business in a sustainable manner to promote preservation of 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.

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 citizen, 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 side and outside the Company;
- fostering the highest standard of conduct and competence amongst those for whom they are responsible;
- ensuring transparency in business transactions and rejecting any business practice which might be deemed improper; and
- promoting fair business practices and ensuring compliance with legal and regulator 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's 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 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 be 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 staff members are forbidden to accept gifts or borrow money from another staff member of the company or from Dealers, Vendors or customers.

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 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; and
- 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, Chief Executive Officer
Mr. Nasim Beg
Mr. Muhammad Ejaz
Mr. Kashif A.Habib
Mr. Javed Iqbal
Mr. Hasib Rehman
Mr. Bilal Asghar
Mr. Ahsan Ashraf

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

Chief Financial Officer

Umair Noor Muhammad

Company Secretary

Mr. Manzoor Raza

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, Shahrah e Faisal, Karachi.
Phone: 92-21-111-111-500

Legal Advisor

Ahmed & Qazi
Bawaney & Partners
Khalid Anwer & Co.

Bankers / Lenders

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

Website

www.aishasteel.com

Company Profile

Aisha Steel Mills Limited is a state-of-the-art cold rolling complex with a name plate capacity of 220,000 metric tons per year as on 30th June 2017. ASML is one of the largest private sector investments in the value added flat-rolled steel industry in Pakistan.

It employs brand new Japanese and Austrian machinery for all of its main processes, ensuring high quality CRC production in the country.

Product

The Company produces Cold Rolled Coils (CRC) of international quality 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 many kinds of value added products for the domestic as well as export market.



SWOT Analysis



- > We are growing to be more than 3 times of our current size;
- > State-of-the-Art Plant;
- > Experienced and energetic management with track record of envisaging and executing projects;
- > Improving leverage and gearing;
- > Imposition of anti-dumping duty;
- > Quality equivalent to international standards;
- > Exclusive dealer partners supplying CRC all-over Pakistan;

S

STRENGTHS



- > Leveraged;
- > Low diversification

W

WEAKNESS



- > Increasing domestic demand;
- > Internationally competitive price;
- > Economic growth in various segments to accelerate steel sector growth;

O

OPPORTUNITIES



- > Adverse foreign exchange movement;
- > Reduction in import tariffs;
- > Competition from other organized and unorganized market players;
- > Business Risk / Off-take Risk;

T

THREATS



Company Organogram



DIRECTOR

PROFILE



Mr. Arif Habib

Chairman

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

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, Karachi Education Initiative and Karachi Sports Foundation.

Corporate Responsibilities

Arif Habib Corporation Limited (Chief Executive)

As Chairman

- . Aisha Steel Mills Limited
- . Arif Habib Consultancy (Private) Limited
- . Arif Habib Foundation
- . Black Gold Power Limited
- . Fatima Fertilizer Company Limited
- . Fatimafert Limited
- . Javedan Corporation Limited
- . Karachi Sports Foundation
- . Pakarab Fertilizers Limited
- . Sachal Energy Development (Private) Limited

As Director

- . Arif Habib Real Estate Services (Private) Limited
- . Fatima Cement Limited
- . International Builders and Developers (Private) Limited
- . International Complex Projects Limited
- . NCEL Building Management Limited
- . Pakarab Energy Limited
- . Pakistan Business Council
- . Pakistan Engineering Company Limited
- . Pakistan Opportunities Limited

As Honorary Trustee/Director

- . Fatimid Foundation
- . Karachi Education Initiative
- . Memon Health and Education Foundation
- . Pakistan Centre for Philanthropy



Dr. Munir Ahmed

Chief Executive Officer

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 rich experience in progressively senior positions. Prior joining Aisha Steel Mills Limited, he was associated with Peoples Steel Mills Limited as Managing Director where he served for 15 years at various senior positions including General Manager (Project / BMR), General Manager (Operations) and Director Operations. He also headed EPRF (ENAR Petroleum Refining Facilities).

Dr. Munir served as 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 contributed significantly in the field of Metallurgy and Material Engineering through his researches and 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 his research work on surface modification. Last but not the least, his services were tributed with Sitara-e-Imtiaz by the Government of Pakistan for his contribution in the field of Metallurgy.



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

- . Aisha Steel Mills Limited
- . 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)
- . Safe Mix Concrete Limited
- . Silk bank Limited



Mr. Muhammad Ejaz

Non-Executive Director

Muhammad Ejaz is the founding Chief Executive of Arif Habib Dolmen REIT Management Limited, which has successfully launched South Asia's first listed REIT fund. He has been associated with Arif Habib Group since August 2008 and sits on the board of several group companies. He has spearheaded several group projects when these were at a critical stage during their execution.

Corporate Responsibilities

. Arif Habib Dolmen REIT Management Limited
(Chief Executive)

As Director

. Aisha Steel Mills Limited
. 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

Prior to joining Arif Habib Group, Ejaz has served at senior positions with both local and international banks. He was the Treasurer of Emirates Bank in Pakistan and served Faysal Bank Limited as Regional Head of Corporate Banking group. He also served Saudi-Pak Bank as Head of Corporate and Investment Banking. He also had short stints at Engro Chemical and Shoaib Capital.

Mr. Ejaz did his graduation in Computer Science from FAST ICS and did MBA in Banking and Finance from IBA, Karachi where he is also a visiting faculty member. He has also conducted programs at NIBAF – SBP and IBP. He is a Certified Director and also a Certified Financial Risk Manager.

He actively participates in the group's CSR initiatives and is the Managing Trustee for Jinnah Foundation Memorial Trust, which renders services in the fields of health and education with emphasis on female literacy.



Mr. Kashif A. Habib

Non- Executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited and Safe Mix 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)
- . Safe Mix Concrete Limited (Chief Executive)

As Director

- . Aisha Steel Mills Limited
- . Arif Habib Corporation Limited
- . Arif Habib Equity (Private) Limited
- . Arif Habib Foundation
- . Arif Habib Real Estate Services (Pvt.) Limited
- . Black Gold Power Limited
- . Bubber Sher (Pvt.) Limited
- . Fatimafert Limited
- . Fatima Fertilizer Company Limited
- . Fatima Cement Limited
- . Javedan Corporation Limited
- . Memon Health and Education Foundation
- . Nooriabad Spinning Mills (Private) Limited
- . Pakarab Fertilizers Limited
- . REMMCO Builders & Developers Limited
- . Reliance Sacks Limited
- . Rotocast Engineering Company (Pvt.) Limited



Mr. Javed Iqbal

Independent & Non-Executive Director

Mr. 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 started his own business. He has served on Boards of Fatima Fertilizer, ABL Asset Management, HUBCO, Atlas Power and Cyan Limited in the past.



Mr. Hasib Rehman

Non- Executive Director

Mr. Hasib Rehman is the Chairman of Universal Metal Corporation Japan. He was the first Chief Executive of Aisha Steel Mills Limited and brought Arif Habib Group and Metal One Corporation as shareholders. His experience in the steel industry spans a period over a 20 year both in the local as well as the international arena. Mr. Hasib Rehman is also Director of Japan-Pakistan Association and member of Japan-Pakistan Business Co-operation. He is also a member of Tokyo Chamber of Commerce and Industry.



Mr. Bilal Asghar

Independent & Non-Executive Director

Mr. Bilal Asghar has been associated with the banking industry since 22 years. He has enriched experience working with multi-national 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 represents on the Board of other companies. Mr. Bilal is a graduate in Business Administration from University of Southern California, Los Angeles. He is also a Certified Director from Centre of Executive Education, IBA duly approved by SECP.

Other corporate responsibilities:

As Director:

- . Agritech Limited
- . DHA Cogen Limited



Mr. Ahsan Ashraf

Independent & Non-Executive Director

Mr. Ahsan Ashraf is a seasoned Corporate and Investment Banker. 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, Advisory, Project Finance, Syndications, Debt & Equity Capital Markets and Mergers & Acquisitions.

He has a proven track record of leading and forming winning teams and successfully turning around segments into high yielding profitable strategic business units. Presently serving as the Head Wholesale Banking Group South, he has been instrumental in playing his due role in the transformation of the bank as one of the serious players of the industry. His deep knowledge of the corporate sector, strong clientele, 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.

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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. All Board members except for Chief Executive Officer are non-executive directors.

BOARD COMMITTEES

Board Audit Committee

Audit committee is 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	Leave of Absence
Mr. Nasim Beg – Member	4	4
Mr. Bilal Asghar	4	4

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's 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 external audit and discussion with external auditors for any 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 and management's response thereto;
- vi. ensuring coordination between the internal and external auditors of the Company;

- vii. review scope and extent of internal audit and ensuring that internal audit function has adequate resources and is appropriately placed within the Company;
- viii. consideration of significant 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 CEO and to consider coordination of any matter with external auditors or any external body;
- xi. determining compliance with the relevant statutory requirements;
- xii. monitoring compliance with best practices of corporate governance and identification of significant violations thereof;
- xiii. consideration of any other matter as may be assigned by the Board of Directors;

Board Human Resource & Remuneration Committee

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

Name	No of meetings held during the year	Meetings attended
Mr. Arif Habib – Chairman	2	2
Mr. Hasib Rehman – Member	2	Leave of Absence
Mr. Muhammad Ejaz - Member	2	2
Mr. Javed Iqbal - Member	2	Leave of Absence

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 and authorities:

- i. conduct periodic reviews of performance awards, bonuses, long term service award policy and safety awards for safe plant operations;
- ii. periodic review of amounts and forms of reimbursement for terminal benefits in case of retirement and death of any employee in relation to current norms;
- iii. considers any changes so the company's retirement benefit plans including gratuity based on actuarial report / assumptions and funding recommendations;
- iv. review organizational policies concerning welfare schemes, scholarships and incentives for outstanding performance;

- v. In consultation with CEO, ensure 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 CFO, Company Secretary and Head of Internal Audit including terms of appointment and remuneration package in accordance with market positioning; and
- 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 for the meeting in consultation with Chairman of the committee. The head of HR acts as secretary of the committee and submits 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)

Dr. Munir Ahmed
- Chairman -

Mr. Umair Noor
- Member -

Mr. Farhatullah Siddiqui
- Member -

Mr. Khawar A Siddiqui
- Member -

Mr. Mohsin Jawed Lodhi
- Member -

Ms. Hina Akhtar
- Member -

Mr. Waseem Saeed
- Member -

Mr. Ali Awan
- Member -

Mr. S. G. D. Badar
- Member -

Mr. Saadat Hussain
- Member -



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

Committee formed: December 2011
Meetings held during the year: 7

The Committee is responsible for formulation of the business strategy based on 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 the progress of various segments of the Company;
- discuss new ideas for business / product lines, new markets / opportunities and prepare feasibilities for onward submission to the Board;
- identify any potential riskfactors and manage them accordingly;
- timely decision making with regard to business and employee related issues;
- review adequacy of operational, administration and financial control;
- improve performance and efficiency of the Company;

Management HR Committee

Mr. Umair Noor

- Member -

Dr. Munir Ahmed

- Chairman -

Ms. Hina Akhtar

- Member -

Mr. Farhatullah Siddiqui

- Member -

Mr. Mohsin Javed Lodhi

- Member -

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:

- effective employee development;
- sound compensation and benefit 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 business operations;
- establish plans and procedures that provide an effective tool for management to evaluate requirement for manpower; and
- determine appropriate limits of authority and approval procedures for delegating authority to facilitate decision making at various management levels.



Chairman's Review

Review Report by the Chairman on the overall performance of Board and effectiveness of the role played by the Board in achieving the Company's objectives:

The Board of Directors ("the Board") of Aisha Steel Mills Limited ("ASML") has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company in an effective and efficient manner.

The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 / Companies Ordinance, 1984 and the Code of Corporate Governance ("the Code") contained in the Rule Book of the Pakistan Stock Exchange (the Rule Book) where the Company is listed.

The Board during the year ended 30 June 2017 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolutions and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;

- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval;
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities;
- The Board has developed and put in place the mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors report is published with the quarterly and annual financial statements of the Company and the content of the directors report are in accordance with the requirement of applicable laws and regulation;
- The Board has approved the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit, where required;
- The Board has ensured that adequate information is shared amongst its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risk faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of ASML has played a key role in ensuring that the Company objectives' are achieved through a joint effort with the management team and guidance and oversight by the Board and its members.

Evaluation of Board's Own Performance

The Code of Corporate Governance 2012 requires that a mechanism is put in place for an annual evaluation of the Board's own performance.



In accordance with this Code, the Board undertakes a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors. The findings and factors were reassessed and re-evaluated by the Board for subsequent financial years including current financial year.

In continuance of adhering to the Code, the Board undertook an evaluation on the following criteria to assess its performance:

- compliance with legislative system in which the Company operates, including Companies Ordinance, 1984, Companies Act, 2017, Listing Regulations of Pakistan Stock Exchange, the Memorandum and Articles of Association of the Company;
- active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval;
- hiring, evaluating, compensating and supporting the Executive Director(s) and other key positions including Chief Executive Officer;
- appropriate constitution of Board Committees with members possessing adequate technical knowhow and experience;
- establishing adequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or / and internal audit activities;
- ensuring presence of the required quorum in Board and its Committees' meetings;
- ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner; and
- ensuring adequate information is shared with the Board timely and the Board is kept abreast of developments between meetings.

It was found that the Board is performing well on the whole and is making endeavors to improve its performance.

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 CEO's performance

Dr. Munir Ahmed was appointed as CEO of the Company in October 2014. This was his third 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 95% compared to 89% during the previous year. During the current financial year, the company sold 214,314 tons CRC as compared to 181,259 tons last year, registering an increase of 18% in terms of volume and 46% in terms of revenue.

The company has also initiated expansion of its production facilities to increase capacity from existing 220,000 tons per annum to 700,000 tons per annum. The challenge is to complete the expansion in an efficient manner and 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 higher volumes produced and that too at reasonable margins.

We expect that the CEO will meet these challenges during the financial year 2017 – 2018.

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 30th June 2017 together with auditors' report thereon and a brief overview of financial and operational performance of the Company.

Principal Activities

ASML is a state-of-the-art cold rolling complex with a nameplate capacity of 220,000 metric tons per year as on 30th June 2017. ASML is one of the largest private sector investments in the value added flat-rolled steel industry in Pakistan. It employs brand new Japanese and Austrian machinery for all of its main processes, ensuring high quality CRC production in the country.

ASML produces Cold Rolled Coils (CRC) of international quality 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 many kinds of value added products for the domestic as well as export market.

Company's Operations

The financial year 2016-17 marks the envisaged turnaround of the Company. The road to progress in terms of production and sales quantity is depicted in Figure 1 presented below:

The slow progress in the initial years was mainly due to technical issues related to plant building and overhead cranes. The building has since been strengthened and the cranes modified. The Company achieved capacity utilization in excess of 97% and 95% in terms of sales and productivity, respectively in the financial year 2016-17. The production and sales volume was up by 7% and 18% respectively, when compared to financial year 2015-16.

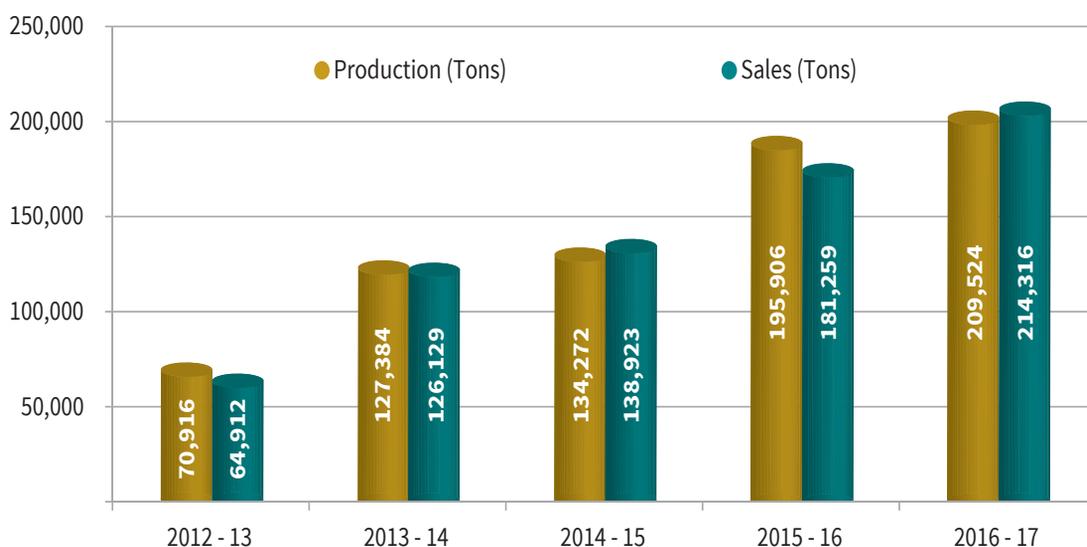


Figure 1. The production and sale quantities achieved during the last five year are shown in tons, commercial operations started from Oct-2012.

The management is making every effort to improve the 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 repairs and maintenance works. The cost optimization, imposition of anti-dumping duty and increase in productivity is expected to further improve the performance of the Company in the coming years.

Steel Market Review & Market Analysis

China produces more than 50% of the world steel requirement. The HRC prices worldwide follow the Chinese benchmark. The recent export and domestic HRC prices prevailing in China are depicted in the following graph



Figure 2. Local and export prices of HRC in USD per ton.

The price increased gradually from US\$ 360/ton FOB Tianjin in July to around US\$ 500 in December to March quarter. Subsequently the price gradually decreased to US\$ 400 in May. It started to rise again and is still rising. Presently it is close to US\$ 600. The HRC price is expected to remain firm till December 2017. The increase in demand of locally produced automotive units and other house hold appliances is expected to improve consumption of CRC.

After imposition of anti-dumping on Chinese mills, the importers are exploring other options like South Korean, Japan, Europe etc. So far imports have been limited. The management is keeping a close watch on the situation to react accordingly.

Financial Review and Results

Description	2017	2016
	Rs. In million	
Gross profit	2,087	980
Profit from operations	1,831	829
Profit / (loss) for the year	1,020	(155)
Net increase in cash / cash equivalent	963	939
Earning / (Loss) per share (Rupees)		
Basic	1.74	(1.35)
Diluted	1.31	N/A

Due to the accumulated losses as on 30th June 2017, debt servicing obligations of the Company, and the cash flow requirements for the ongoing expansion of the Company, the Board has not considered any distribution during the year.

Expansion plan and Future Outlook

In order to ensure continuous growth, an expansion of the existing facilities is in order. The combined sales volume of CRC of the local producers during the year under review was around 350,000 tons. This constitutes of 60% of overall local demand. The balance 40% was imported. In the Galvanized steel category, the ISL sold 254,000 tons and met 50% of the local demand. The cumulative requirement of CRC and GI coils, currently, is in excess of 1.2 million tons.

The current total production capacity of ASML and ISL is around 700 thousand to 750 thousand tons, depending on size and quality. The balance is imported.

The steel sector is expected to grow at about 10% annually. Based on current requirement and stipulated projections, the CRC / GI projected market size for the next several years is depicted as follows :

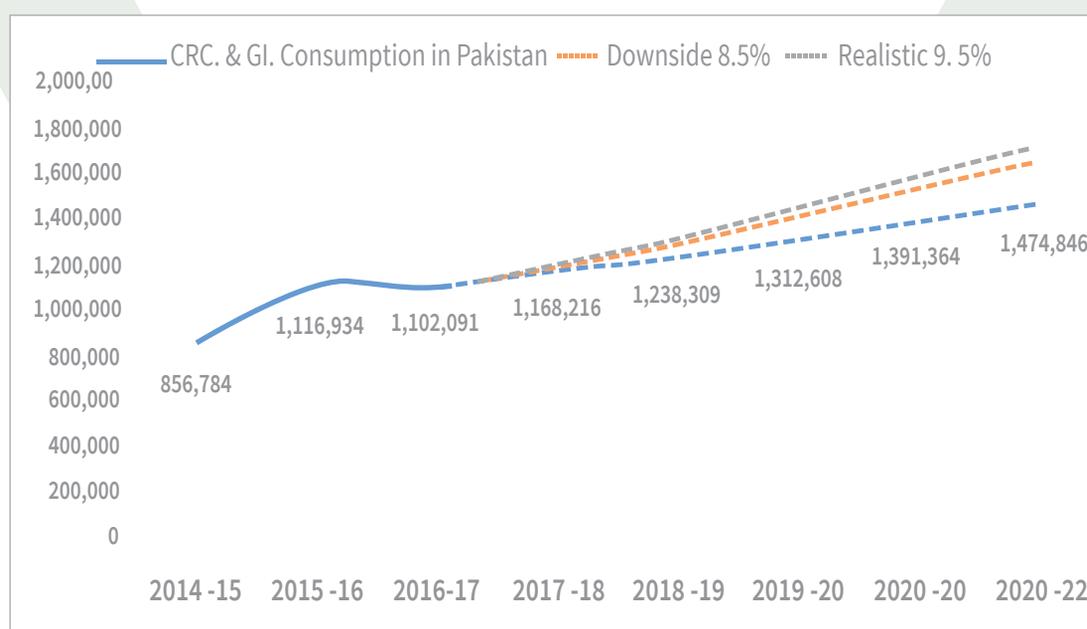


Figure 3. Demand projection of CRC and G. I requirement over the next 5 years.

The market size by the year 2019-20 is expected to reach 1.3 to 1.5 million tons. The same will cross 1.6 million tons by 2021-22. To fulfill the gap available in the local market and also take advantage of export potential, the local manufactures have embarked on enhancement projects. In this regard, during the year under review, the Board has approved an expansion plan of ASML with a total planned cost of Rs. 5.4 billion. Funds amounting to Rs. 2.345 billion were generated through Right Issue to finance the equity portion of the expansion plan and 146,578,616 ordinary shares were accordingly issued as right shares subsequent to the balance sheet date. Financing through debt for the aforementioned expansion will amount to Rs. 3.24 billion. L/C's for all the major equipment including, CRM, PPPL, BAF, CGL and PEB shed have been established.

In accordance with the plan, ASML will be expanding from existing 220,000 tons / annum to 700,000 tons / annum. ASML is acquiring equipment from the state of the art manufacturers from Germany, Austria and China. The new facility will be operational by the second half of year 2018-2019. The product mix will include 450,000 tons of CRC and 250,000 tons of G.I. coils. The capacity utilization is expected to rise gradually with market size reaching 100% utilization from July 2020.

The existing facilities are also being streamlined to improve quality and productivity. A new roll grinder has been acquired from M/s Herkules, Germany, to improve thin gauge CRC quality. The grinder is expected to be commissioned by December 2017.

A new 25 ton capacity overhead crane has been added in the dispatch bay to handle additional volumes. Two new cranes will be added this year to improve material flow in the Batch Annealing and CRSM bays.

This expansion is expected to improve the profit margins with the use of advance technology, additional product line and economy of scale. Additional benefits include increase of equity, improvement in financial strength and higher liquidity. After successful completion of expansion, the Company will become the second largest flat steel manufacturer in Pakistan.

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 ensure 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.

Risk Management

The Company follows prudent risk management practices. The Board regularly discusses and oversees all key risks that the Company is exposed to. The risk management practice is designed to promote a balanced approach towards 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 38 to the financial statements.



Risk Factors & Mitigants

Risk	Criticality	Mitigate
<p>Foreign Exchange Risk 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>Business Risk / Off-take Risk 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, and change in consumption pattern as a result of increased affluence.
<p>Business Cycle Risk 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 75/ MT exists between HRC and CRC prices. In addition to that tariff protection provides additional cushion to the margin.
<p>Credit Risk There is a risk that Company may not recover trade debts</p>	Low	More than 90% of sales are made against advances received. Further, credit is extended only to reliable customers for a period of less than a month.

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. 3.11 million (2016: Rs.78.65 million) and excluding unwinding cost on long term loan, stood at Rs. 686.46 million (2016: Rs. 797.71 million). The debt to equity ratio of the Company on 30th June 2017 is 44:56 as against 67:33 as on 30th June 2016.

Corporate Social Responsibility

As a Company that is reaching out, ASML has an exclusive opportunity to fashion a constructive impact on the society we move in. We take this prospect seriously and feel an obligation to contribute towards it. We rate our CSR efforts as an extension of responsible corporate citizenship that is increasing every passing year. Accordingly, we believe that CSR is also a business imperative: that is to say; our Company can only be as dynamic as the masses and society we are working for. If we intend to move forward to accomplish our mission, we have to make progress in a manner that maintains to improve the world around us.

At ASML, we believe in caring for the environment by adhering the issues as education for less privilege, environment and health. 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 2016 – 2017, our initiatives included:

i- Independence Day Celebrations

ASML is always committed to nurture a vibrant and patriotic behaviour among the organization

and belief in building a firm national pride. In furtherance of this belief an event was arranged on Independence Day on 14th August 2016 to pay honour and tribute to our homeland which has given us identity and pride to live. National anthem was played followed by cakes distribution and a group photo session of whole ASML team to encourage patriotism and dignity within the organization.



ii- Education Care

ASML supports research, conferences, trade fairs, workshops and other events of educational institutions. In May 2017, HR team initiated Recruitment drive to attract young graduates who have 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 also gets an opportunity to be inducted as permanent employee at ASML upon successful completion.



iii- Training & Developments

ASML believes that human capital is the best competitive advantage an organization can ever have, so we ensure our human capital is well equipped with necessary skills, technologies and trainings. We actively invest in hard and soft skill trainings and make sure to provide solid opportunities to our human capital for self-growth, career and professional development, to adhere this belief training session was organized for employees with the name of “Synergizing Performance” in March & April 2017 for the upper, middle and junior management. The main focus of this training session was to pounder on building and growing together as a team, avoiding discrimination and building team confidence through many team activities.



iv- Sporting Activities

ASML continues to discover and foster new sports talent while a cricket team is formed up by the employees which plays matches against different organization’s cricket team.

v- 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. As a responsible corporate citizen, ASML pledges to adhere high standards of EHS policy and it is one of the top priorities of the company. Strict compliance is made to ensure that employees follow the regulations not as a routine but as a habit. To continue safety awareness, QHSE policy was placed in every department in January 2017.

Moreover, programs and drills have increased the awareness among the workers regarding personal and environmental safety.

We believe that these activities are a collective effort towards a safe working environment.

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.

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. 3,110 million** during the year towards National Exchequer comprising of income tax / sales tax, custom duty and excise duty

Corporate Governance

The Company is listed at Pakistan Stock Exchange. Its 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 would like to state that proper books of accounts of the Company have been maintained and appropriate accounting policies have been adopted and consistently applied except for new accounting standards and amendments to existing standards as stated in note 2.1.3 of the financial statements. Preparation of accounts and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan are followed in the preparation of the financial statements. The system of internal controls, including financial controls are sound in design and has been effectively implemented and monitored. The financial statements of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. No material payment has remained outstanding on account of any taxes, duties, levies or charges. The Company has no outstanding obligations under gratuity.

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.

During the year, Dr. Munir Ahmed has obtained certification of Director Education from Pakistan Institute of Corporate Governance (PICG). Four directors had already completed this course earlier whereas two directors are exempt from attending the directors training program as per criteria approved under Code of Corporate Governance.

It has always been the Company's endeavour 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.

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 – I.

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 - I 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 the names of the persons who were directors of the company during the financial year along with their attendance at Board meetings is annexed as Annexure-II.

Pattern of Shareholding

The ordinary and preference shares of the Company are listed on Pakistan Stock Exchange. There were 10,798 (2016: 2,034) ordinary shareholders and 2,964 (2016: 3,445) preference shareholders of the Company as of 30 June 2017. 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**.

Pursuant to a special resolution approved in the Annual General Meeting held on October 27, 2016, the company has filed a petition in Honourable High Court of Sindh during the year

cancellation of 66,768,583 Ordinary Shares owned by one of the shareholders of the Company namely “Metal One Corporation Japan”, as a result of non-representation of such share capital by the available assets of the Company. The decision on the matter is pending.

Financial and Business Highlights

The key operating and financial data has been given in summarized form under the caption “Financial and Business Highlights – Six Years at a Glance” (Page 56) and graphic representation of the important statistics is presented on (Page 59).

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.

Auditors

The present external auditors M/s. A. F. Ferguson & Co., Chartered Accountants, shall retire at the conclusion of annual general meeting on 28th October 2017 and being eligible, have offered themselves for reappointment for the year ending on 30th June 2018. 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 2018 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 28th October 2017.

Compliance with Secretarial Practices

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under prevalent listing regulation 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 161 of the Companies Act, 2017, the three years term of nine directors elected in the annual general meeting of 2014 will be completed on October 31, 2017. Accordingly, the election of directors shall take place in accordance with the provisions of the Companies Act, 2017 in the forthcoming Annual General Meeting of the Company. The Board of Directors in their meeting held on 23rd September 2017 has fixed the number of directors to be elected as nine.

Post Balance Sheet Events

Subsequent to the Balance Sheet date, Letters of Credit (“LCs”) for supply of equipment from various state of the art manufacturers from Germany, Austria and China amounting to Rs. 3.99 billion have been established in connection with planned expansion project of Aisha Steel Mills Limited.

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 35 of the annexed audited financial statements.

Acknowledgement

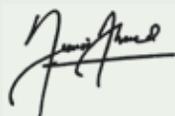
The Directors are grateful to the Company’s stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers and Financial Institutions. We thank the Ministry of Finance, Ministry of Industries & 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.

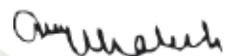
The results of an organization are greatly reflective of the efforts put in by the people who work for and with the Company. The Directors fully recognize the collective contribution made by the employees of the Company and look forward to successful completion of expansion project in the stipulated period. 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

Karachi: September 23, 2017



Dr. Munir Ahmed
Chief Executive



Mr. Arif Habib
Chairman

Annexure I

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

From July 01, 2016 to June 30, 2017

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Arif Habib	Chairman	10,000,000	-	-
Dr. Munir Ahmed	Chief Executive	-	-	-
Mr. Nasim Beg	Director	-	-	-
Mr. Bilal Asghar	Director	-	-	-
Mr. Ahsan Ashraf	Director	-	-	-
Mr. Kashif Habib	Director	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-
Mr. Hasib Rehman	Director	-	-	-
Mr. Javed Iqbal	Newly Appointed Director	-	-	-
Mr. Shinpei Asada	Outgoing Director	-	-	-
Mr. Umair Noor	Newly Appointed CFO	-	-	-
Mr. Manzoor Raza	Newly Appointed Company Secretary	-	-	-
Mr. Tahir Iqbal	Outgoing CFO & Company Secretary	-	-	-
Ms. Shazia Afzal	Spouse of Director	7,000,000	7,000,000	-

Above does not include shares sold / repurchased under REPO transaction; and subscription of Right Shares which were allotted subsequent to the balance sheet date.

Annexure II

Statement showing attendance at Board Meetings
From July 01, 2016 to June 30, 2017

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman	5	5	5	-	-
Dr. Munir Ahmed	Chief Executive	5	5	5	-	-
Mr. Nasim Beg	Director	5	5	4	1	-
Mr. Bilal Asghar	Director	5	5	5	-	-
Mr. Ahsan Ashraf	Director	5	5	5	-	-
Mr. Kashif Habib	Director	5	5	5	-	-
Mr. Muhammad Ejaz	Director	5	5	-	5	-
Mr. Hasib Rehman	Director	5	5	3	2	-
Mr. Javed Iqbal	Newly Appointed Director	5	4	3	1	-
Mr. Shinpei Asada	Outgoing Director	5	1	-	1	-

Annexure III

Pattern of Shareholding of Ordinary Shares (Symbol : ASL)

Categories of Shareholders as at June 30, 2017

Category	Number of shareholders	Number of shares held	Holding %
Directors and their Spouse(s) and minor children	4	141,470,942	20.63
Associated Companies, Undertakings and Related Parties	5	309,981,928	45.21
Executives	-	-	-
Public Sector Companies and Corporations	2	1,110,000	0.16
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	16	43,300,600	6.32
Mutual Funds	20	24,576,888	3.58
Others	104	35,899,354	5.24
General Public - Local	10,642	129,149,731	18.84
General Public - Foreign	5	114,500	0.02
	10,798	685,603,943	100.00

Pattern of Shareholding of Ordinary Shares (Symbol : ASL)
Categories of Shareholders as at June 30, 2017

Category	Number of shareholders	Number of shares held	Holding %
Directors and their Spouse(s) and minor children			
Mr. Arif Habib	1	127,541,392	18.60
Mr. Hasib Rehman	1	13,925,385	2.03
Mr. Kashif A. Habib	1	3,665	0.00
Mr. Jawaid Iqbal	1	500	0.00
	4	141,470,942	20.63
Associated Companies, Undertakings and Related Parties			
Arif Habib Equity (Pvt.) Ltd.	3	216,570,516	31.59
Universal Metal Cotporation, Japan	1	26,642,829	3.89
Metal One Corporation	1	66,768,583	9.74
	5	309,981,928	45.21
Executives			
	-	-	0.00
Public Sector Companies and Corporations			
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	2	1,110,000	0.16
	16	43,300,600	6.32
Mutual Funds			
MCBFSL - Trustee JS Value Fund	1	600,000	0.09
Golden Arrow Selected Stocks Fund Limited	1	3,100,000	0.45
CDC - Trustee PICIC Investment Fund	1	720,500	0.11
CDC - Trustee JS Large Cap. Fund	1	1,300,000	0.19
CDC - Trustee PICIC Growth Fund	1	911,500	0.13
CDC - Trustee Unit Trust Of Pakistan	1	1,441,500	0.21
CDC - Trustee AKD Opportunity Fund	1	8,000,000	1.17
MC FSL - Trustee JS Growth Fund	1	3,000,000	0.44
CDC - Trustee NIT-Equity Market Opportunity Fund	1	121,000	0.02
CDC - Trustee PIML Strategic Multi Asset Fund	1	155,000	0.02
CDC - Trustee First Capital Mutual Fund	1	200,000	0.03
CDC - Trustee Piml Islamic Equity Fund	1	405,000	0.06
CDC - Trustee National Investment (Unit) Trust	1	172,388	0.03
CDC - Trustee Piml Value Equity Fund	1	255,000	0.04
CDC - Trustee PIML Asset Allocation Fund	1	430,000	0.06
MCBFSL Trustee Js Capital Protected Fund V	1	65,000	0.01
CDC - Trustee Mcb Pakistan Stock Market Fund	1	2,600,000	0.38
CDC - Trustee Faysal Balanced Growth Fund	1	30,000	0.00
CDC - Trustee Faysal Asset Allocation Fund	1	70,000	0.01
CDC - Trustee Mcb Pakistan Asset Allocation Fund	1	1,000,000	0.15
	20	24,576,888	3.58
Others			
	104	35,899,354	5.24
Genral Public			
Local	10,642	129,149,731	18.84
Foreign	5	114,500	0.02
	10,647	129,264,231	18.85
	10,798	685,603,943	100.00
Share holders holding 5% or more			
Mr. Arif Habib	1	127,541,392	18.60
Arif Habib Equity (Pvt.) Ltd.	3	216,570,516	31.59
Metal One Corporation	1	66,768,583	9.74

Pattern of Shareholding of Ordinary Shares (Symbol : ASL)

As of June 30, 2017

Number of Shareholders		Shareholdings' Slab		Holding
522	1	to	100	6,851
1,620	101	to	500	792,643
1,878	501	to	1,000	1,862,549
3,635	1,001	to	5,000	11,103,976
1,216	5,001	to	10,000	10,235,241
448	10,001	to	15,000	5,907,757
344	15,001	to	20,000	6,431,080
224	20,001	to	25,000	5,355,600
108	25,001	to	30,000	3,104,420
77	30,001	to	35,000	2,572,000
71	35,001	to	40,000	2,758,500
43	40,001	to	45,000	1,847,500
114	45,001	to	50,000	5,667,500
118	50,001	to	75,000	7,448,000
125	75,001	to	100,000	11,945,133
46	100,001	to	125,000	5,259,500
22	125,001	to	150,000	3,105,500
17	150,001	to	175,000	2,857,388
32	175,001	to	200,000	6,229,500
24	200,001	to	250,000	5,680,500
53	250,001	to	500,000	18,890,500
26	500,001	to	1,000,000	19,915,500
25	1,000,001	to	10,000,000	60,634,500
5	10,000,001	to	25,000,000	72,816,347
3	25,000,001	to	100,000,000	159,198,312
2	100,000,001	to	200,000,000	253,977,646
10,798				685,603,943

Pattern of Shareholding of Cumulative Preference Shares (Symbol : ASLPS)
Categories of Shareholders as at June 30, 2017

Category	Number of shareholders	Number of shares held	Holding %
Directors and their Spouse(s) and minor children	5	14,667,767	33.05
Associated Companies, Undertakings and Related Parties	1	8,874,965	20.00
Executives	-	-	-
Public Sector Companies and Corporations	3	580,479	1.31
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	7	210,493	0.47
Mutual Funds	3	508,535	1.15
Others	60	18,151,954	40.90
General Public - Local	2,788	1,383,362	3.12
General Public - Foreign	1	2	0.00
	2,868	44,377,557	100.00

Pattern of Shareholding of Cumulative Preference Shares (Symbol : ASLPS)
Categories of Shareholders as at June 30, 2017

Category	Number of shareholders	Number of shares held	Holding %
Directors and their Spouse(s) and minor children			
Mr. Arif Habib	1	14,662,542	33.04
Mr. Nasim Beg	2	2,006	0.00
Mr. Kashif A. Habib	1	3,208	0.01
Mr. Muhammad Ejaz	1	11	0.00
	5	14,667,767	33.05
Associated Companies, Undertakings and Related Parties			
Arif Habib Equity (Pvt.) Ltd.	1	8,874,965	20.00
	1	8,874,965	20.00
Executives			
	-	-	0.00
Public Sector Companies and Corporations			
Banks, Development Finance Institutions, Non-Banking Finance	3	580,479	1.31
Companies, Insurance Companies, Takaful, Modarabas and Pension	7	210,493	0.47
Funds			
Mutual Funds			
CDC - Trustee PICIC Investment Fund	1	130,000	0.29
CDC - Trustee PICIC Growth Fund	1	257,327	0.58
CDC - Trustee National Investment (Unit) Trust	1	121,208	0.27
	3	508,535	1.15
Others			
	60	18,151,954	40.90
General Public			
	2,788	1,383,362	3.12
Local	1	2	0.00
Foreign	2,789	1,383,364	3.12
	2,868	44,377,557	100.00
Share holders holding 5% or more			
Mr. Arif Habib	1	16,994,000	38.29
Arif Habib Equity (Pvt.) Ltd.	1	14,662,542	33.04
Al-Abbas Sugar Mills Ltd.	1	8,874,965	20.00

Pattern of Shareholding of Cumulative Preference Shares (Symbol : ASLPS)
As of June 30, 2017

Number of Shareholders		Shareholdings'Slab		Holding
1,484	1	to	100	53,793
934	101	to	500	208,713
184	501	to	1,000	130,352
207	1,001	to	5,000	401,927
22	5,001	to	10,000	157,209
5	10,001	to	15,000	66,537
3	15,001	to	20,000	59,500
3	20,001	to	25,000	64,433
2	25,001	to	30,000	55,289
3	30,001	to	35,000	94,794
2	35,001	to	40,000	72,088
2	40,001	to	50,000	87,000
1	50,001	to	60,000	60,000
1	60,001	to	75,000	74,500
1	75,001	to	80,000	77,000
1	80,001	to	100,000	86,442
1	100,001	to	120,000	114,315
1	120,001	to	125,000	121,208
1	125,001	to	150,000	130,000
1	150,001	to	165,000	154,000
1	165,001	to	200,000	168,286
1	200,001	to	240,000	235,338
1	240,001	to	245,000	244,300
2	245,001	to	400,000	516,026
1	400,001	to	500,000	413,000
1	500,001	to	10,000,000	8,874,965
1	10,000,001	to	15,000,000	14,662,542
1	15,000,001	to	20,000,000	16,994,000
2,868				44,377,557

Pattern of Shareholding of Cumulative Preference Shares (Symbol : ASLCPS)
Categories of Shareholders as at June 30, 2017

Category	Number of shareholders	Number of shares held	Holding %
Directors and their Spouse(s) and minor children	-	-	-
Associated Companies, Undertakings and Related Parties	-	-	-
Executives	-	-	-
Public Sector Companies and Corporations	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	-	-	-
Mutual Funds	2	2,693,663	92.52
Others	3	663	0.02
General Public - Local	91	217,257	7.46
General Public - Foreign	-	-	-
	96	2,911,583	100.00

Pattern of Shareholding of Cumulative Preference Shares (Symbol : ASLCPS)
As of June 30, 2017

Category	Number of shareholders	Number of shares held	Holding %
Directors and their Spouse(s) and minor children	-	-	0.00
Associated Companies, Undertakings and Related Parties	-	-	0.00
Executives	-	-	0.00
Public Sector Companies and Corporations	-	-	0.00
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	-	-	0.00
Mutual Funds			
CDC - Trustee PICIC Investment Fund	1	1,065,000	36.58
CDC - Trustee PICIC Growth Fund	1	1,628,663	55.94
	2	2,693,663	92.52
Others	3	663	0.02
General Public			
Local	91	217,257	7.46
	91	217,257	7.46
	96	2,911,583	100.00
Share holders holding 5% or more			
CDC - Trustee PICIC Investment Fund	1	1,065,000	36.58
CDC - Trustee PICIC Growth Fund	1	1,628,663	55.94

Pattern of Shareholding of Cumulative Preference Shares (Symbol : ASLCPS)
As of June 30, 2017

Number of Shareholders		Shareholdings'Slab		Holding
37	1	to	100	901
36	101	to	500	11,459
3	501	to	1,000	2,735
11	1,001	to	5,000	26,019
2	5,001	to	10,000	12,556
3	10,001	to	25,000	39,500
1	25,001	to	50,000	41,500
1	50,001	to	100,000	83,250
1	100,001	to	1,500,000	1,065,000
1	1,500,001	to	1,630,000	1,628,663
96				2,911,583

Notice of Thirteenth Annual General Meeting

Notice is hereby given that the Thirteenth Annual General Meeting of the Shareholders of Aisha Steel Mills Limited (“the Company”) will be held on Saturday, 28th October, 2017 at 12:30 p.m. at PSX Auditorium, 3rd Floor, Admin Block, Stock Exchange Building, Stock Exchange Road, Karachi to transact the following business:

Ordinary Business

- 1) To confirm minutes of the Extra Ordinary General Meeting held on 6th March 2017.
- 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 2017.
- 3) To appoint the Auditors for the year ending 30th June 2018 and fix their remuneration. The Board of Directors have recommended for reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants as external auditors.
- 4) To elect directors of the Company in accordance with the provisions of Section 159 of the Companies Act 2017 for a term of three years commencing from 31st October 2017. The number of the directors to be elected has been fixed at nine by the Board of Directors. Names of the present nine directors retiring on 31st October 2017 and eligible to file nominations are as under:

1. Mr. Arif Habib

2. Mr. Hasib Rehman

3. Mr. Nasim Beg

4. Mr. Bilal Asghar

5. Mr. Ahsan Ashraf

6. Mr. Kashif A. Habib

7. Mr. Javed Iqbal

8. Mr. Muhammad Ejaz

9. Dr. Munir Ahmed

Special Business

- 5) To consider and if deemed fit, approve the amendment / addition in Object Clause of Memorandum of Association of the Company as mentioned in the Statement under Section 134(3); which is to be laid before the members for passing the following resolutions, with or without modifications, as Special Resolutions:

“**RESOLVED THAT** Following sub-clause be and is hereby approved to be included as ‘Object’ sub-clause bearing number 11A after existing sub-clause bearing number 11 of Memorandum of Association of the Company :

“To accept and/or give and/or arrange loans /advances / guarantees for the performance of any contract(s) or obligation(s) of the Company, in connection with operations / working capital / payment / repayment of finances, loans, advances and other indebtedness of this Company, from/to any other company and /or institution and /or third party and /or person, including sponsors directors, sister concerns and associates, in accordance with the applicable laws, rules and regulations.”

“FURTHER RESOLVED THAT in connection with the resolution passed above and subject to the necessary approvals to be obtained from regulators / creditors and any consequent modification thereon, the amendment in Memorandum of Association of the Company which is laid before the members as explained in the Statement under Section 134(3), be and is hereby approved.”

“FURTHER RESOLVED THAT the Chief Executive or / and Company Secretary be and are hereby authorized to complete necessary formalities in connection with amendment in Memorandum of Association, as modified in the Annual General Meeting or in accordance with the advice of any regulator / creditor.”

Any Other Business

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

A Statement under Section 134(3) of the Companies Act 2017 pertaining to the special business is being sent to the shareholders along with this notice.

By order of the Board

Karachi: October 07, 2017

Manzoor Raza
Company Secretary

Notes:

1. Share transfer books of the company will remain closed from 21st October 2017 to 28th October 2017 (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 Friday, 20th October 2017 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 person 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, CNIC 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 along with proxy form.
4. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.

Important:

Notice to Shareholders for provision of CNIC and other details

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 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(I)/2011 dated 18th August 2011 and SRO 831(I)/2012 dated 5th July 2012, SRO 19(I)/2014 dated 10th January 2014 and SRO 275(I)/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.

Further, under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Consequently, in order to receive future cash dividends directly into bank account, if any, shareholders having physical shares are requested to fill in 'Electronic Mode Dividend Form' available at Company's website containing prescribed details and send it duly signed along with a copy of CNIC to the Registrar of the Company. In case of book-entry securities, shareholders must get their respective records updated as per the 'Electronic Mode Dividend Form' with their Broker/Participant/CDC account services.

In case of absence / non-receipt of the copy of a valid CNIC and / or bank account details, the Company would be constraint under Section 243(2)(a) of the Companies Act, 2017 to withhold the payment of future dividends, if any, to such members till provision of prescribed details.

E-Voting

Pursuant to the Companies (E-Voting) Regulations, 2016, shareholders will be able to exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the intermediary as Proxy.

Provision of Video Link Facility

Shareholders may participate in the meeting via video-link facility. If the Company receives a demand (at least 7 days before the date of meeting) from shareholder(s) holding an aggregate 10% or more shareholding residing in any other city, to participate in the meeting through video link, the Company will arrange video link facility in that city.

Shareholders, who wish to participate through video-link facility, are requested to fill in 'Video Link Facility Form' available at Company's website and send a duly signed copy to the Registered Address of the Company.

Distribution of Annual Report

The audited financial statements of the Company for the year ended 30th June 2017 have been made available on the Company's website (<http://www.aishasteel.com/>) in addition to annual and quarterly financial statements for the prior years.

Further, this is to inform that in accordance with SRO 470(I)/2016 dated 31st May 2016, through which 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, the Company has obtained shareholders' approval in Annual General Meeting held on 27th October 2016. Accordingly, Annual Report of the Company for the year ended 30th June 2017 is dispatched to the shareholders through CD. However, if a shareholder, in addition, request for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" have also been made available on the Company's website (<http://www.aishasteel.com/>).

Contesting election of directors

Any person (including a retiring Director) who seeks to contest election of directors shall file with the Company at its registered office, Arif Habib Centre, 23 M. T. Khan Road, Karachi, not later than 14 days before the said meeting his / her intention to offer himself / herself for the election of the directors in terms of Section 159(3) of the Companies Act, 2017 together with :

- i- Notice of his / her intention to stand for election, along with duly completed and signed Form 28 giving his / her consent to act as Director of the Company if elected (under Section 167(1) of the Companies Act, 2017), and certify that he is not ineligible to become a Director under any applicable laws, Rules and Regulations; and that he / she confirms to hold the qualification shares in accordance with Article 85 of the Articles of Association of the Company.
- ii- Detailed profile along with office address to be placed on the Company's website seven days prior to the date of election in term of SECP's SRO 25(1)2012 of 16th January 2012
- iii- Declaration in respect of being compliant with the requirements of the Code of Corporate Governance and the eligibility criteria as set out in the Companies Act, 2017 to act as the director of a listed company
- iv- Attested copy of valid CNIC and NTN.

Statement under section 134(3)

Proposed Amendment in Memorandum of Association

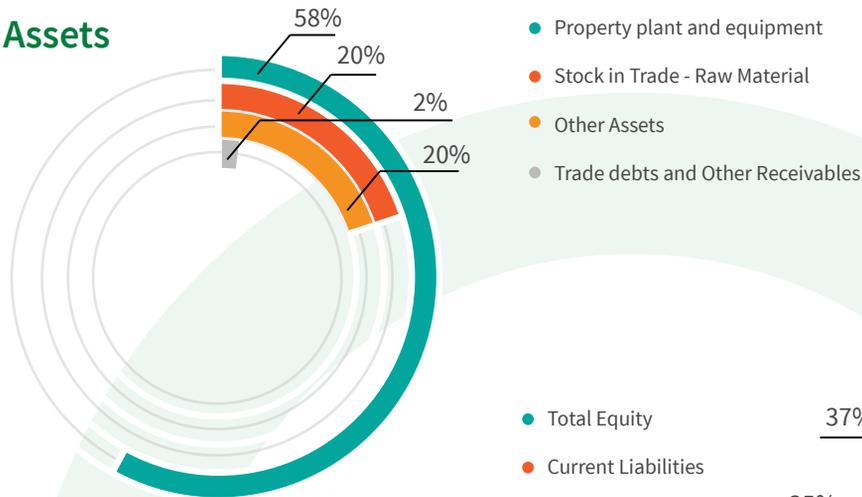
The Board of Directors has recommended to update the Memorandum of Association by inclusion of 'Object' sub-clause 11A after existing sub-clause 11 of Memorandum of Association of the Company. The amendment is included to clearly state that the Company is empowered to accept / give / arrange any loans / advances / guarantees for the purposes and from the persons as explained therein.

The proposed amendments will not affect any rights or obligations of the Company or the interest of any shareholder, investor or creditor in any manner. The interest of the Directors and Chief Executive of the Company in the aforementioned amendment is only their being the Chief Executive, Shareholder and Directors of the Company.

Aisha Steel At A Glance

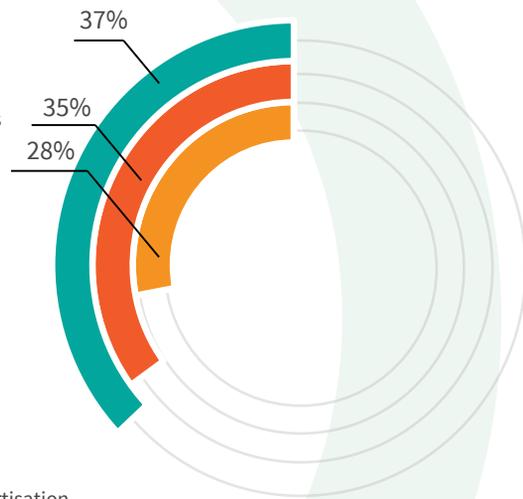
Statement showing attendance at Board Meetings
From 1st July 2016 to 30th June 2017

Assets

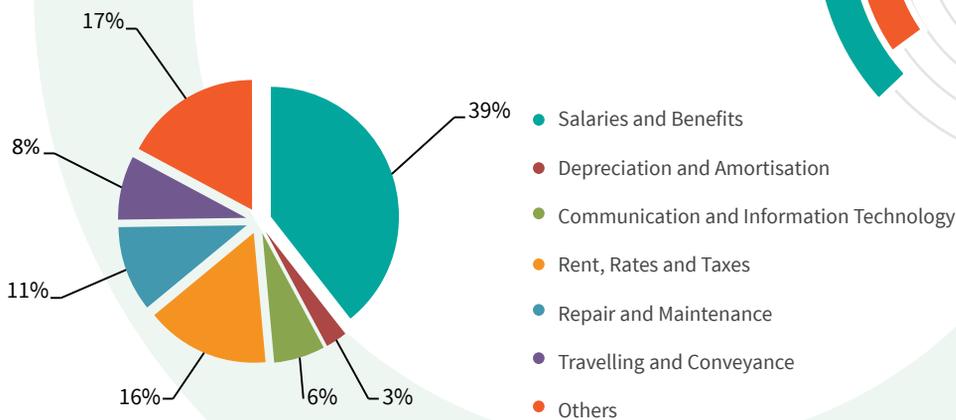


Equity and Liabilities

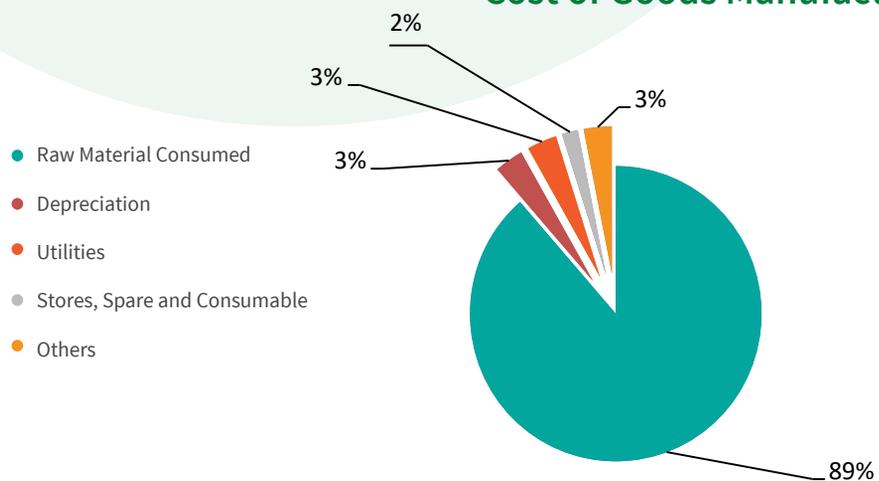
- Total Equity
- Current Liabilities
- Non-Current Liabilities



Operating and Administrative Expenses



Cost of Goods Manufactured



Financial & Business Highlight

Balance Sheet (Rs. in million)	2017	2016	2015	2014	2013	2012
Non-Current Assets	11,959	10,884	11,170	11,009	10,486	9,792
Current Assets	6,225	4,468	4,167	5,272	3,864	1,155
Total Assets	18,184	15,352	15,337	16,281	14,351	10,947
Non-Current Liabilities	5,078	5,355	5,628	5,504	5,100	5,930
Current Liabilities	6,406	7,342	6,898	8,242	6,998	2,020
Total Liabilities	11,483	12,697	12,526	13,746	12,099	7,950
Paid up Capital	7,334	5,157	5,157	3,438	3,438	3,438
Total Equity	6,700	2,655	2,811	2,535	2,252	2,998

Income Statement (Rs. in million)	2017	2016	2015	2014	2013	2012
Sales	14,076	9,634	9,492	9,259	4,343	-
Financial Cost	(949)	(1,021)	(1,373)	(1,299)	(891)	15
Profit / (Loss) after Tax	1,020	(155)	(1,211)	(347)	(746)	(86)

Cashflow Statement (Rs. in million)	2017	2016	2015	2014	2013	2012
Cashflow from Operations	1,130	(14)	(1,766)	(651)	(2,122)	(778)
Cashflow from Investing Activities	(253)	(54)	(134)	(229)	(209)	(1,720)
Cashflow from Financing Activities	86	1,007	1,496	(478)	1,109	1,068
Net change in cash and cash equivalents	963	939	(403)	(1,358)	(1,222)	(1,431)
Cash and Cash Equivalents at beginning of the year	(2,536)	(3,476)	(3,072)	(1,714)	(492)	939
Cash and cash equivalents at end of the year	(1,574)	(2,536)	(3,476)	(3,072)	(1,714)	(492)

Profitability Ratios	2017	2016	2015	2014	2013	2012
Gross Profit Ratio	0.15	0.10	0.00	0.01	(0.02)	NA
Net Profit to Sales	0.07	(0.02)	(0.13)	(0.04)	(0.17)	NA
EBITDA Margin to Sales	0.16	0.12	0.03	0.13	0.01	NA
Operating leverage Ratio	0.13	0.09	(0.01)	0.10	(0.05)	NA
Return on Equity	15.22%	-7%	-43.1%	-13.7%	-33.1%	-2.9%
Return on Capital Employed	15.3%	8.6%	-2.1%	15.5%	-3.7%	-2.1%

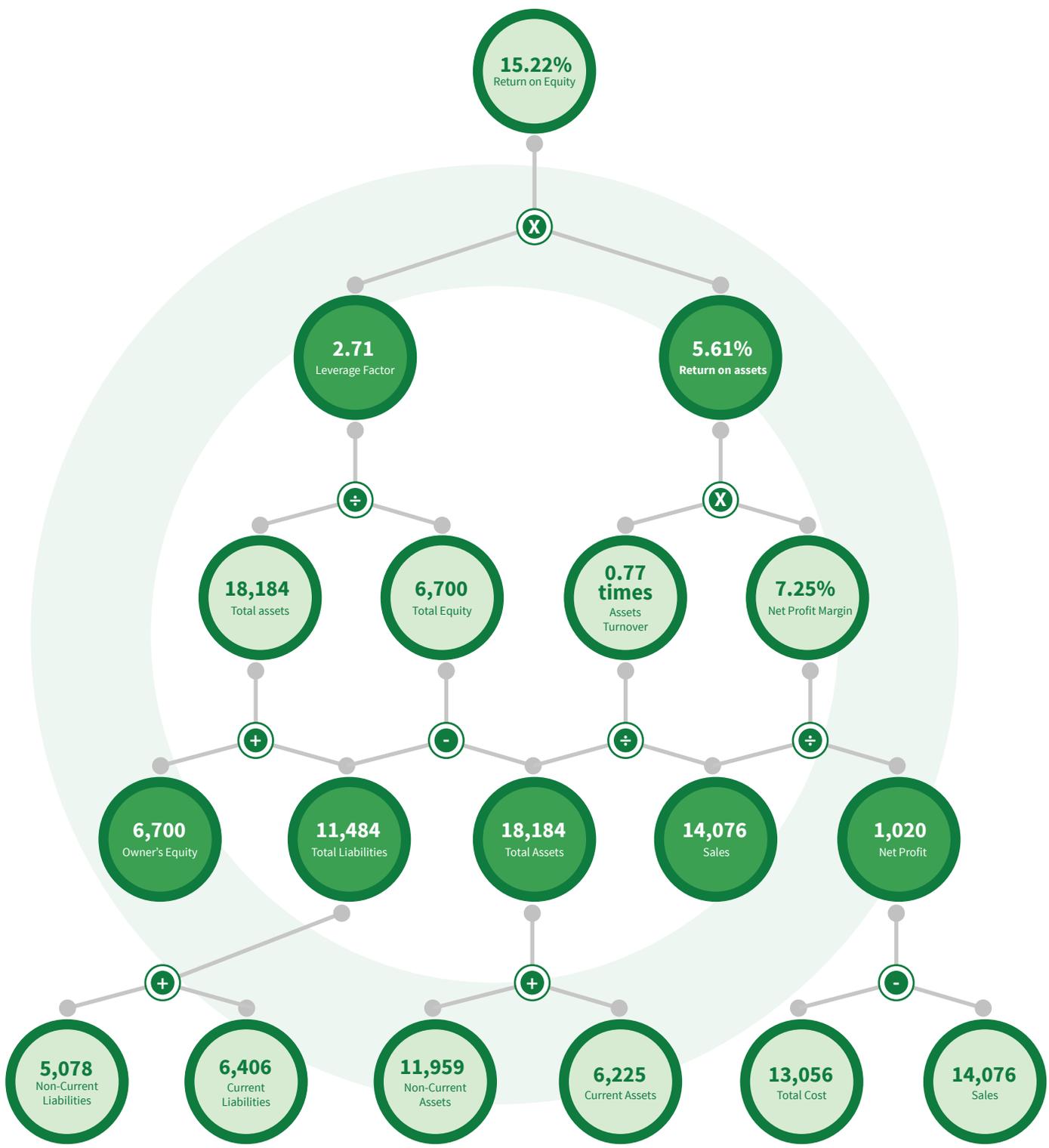
Liquidity Ratios	2017	2016	2015	2014	2013	2012
Current Ratio	0.97	0.61	0.60	0.64	0.55	0.57
Quick/Acid test Ratio	0.38	0.20	0.23	0.21	0.20	0.26
Cash to Current Liabilities	0.13	0.01	0.02	0.01	0.03	0.02

Activity/Turnover Ratio	2017	2016	2015	2014	2013	2012
No. of days in inventory	99.40	110.66	111.63	112.48	192.32	NA
No. of days in receivables	2.97	2.90	5.15	7.55	16.06	NA
No. of days in payables	96.42	116.35	141.31	140.16	127.63	NA
Total Assets Turnover	0.77	0.63	0.62	0.57	0.30	NA
Operating cycle	5.95	(2.79)	(24.53)	(20.13)	80.74	NA

Investment/Market Ratios	2017	2016	2015	2014	2013	2012
Basic EPS	1.74	(1.35)	(4.97)	(1.62)	(3.15)	(0.82)
Breakup value per share	6.40	4.41	4.69	5.54	6.55	8.72

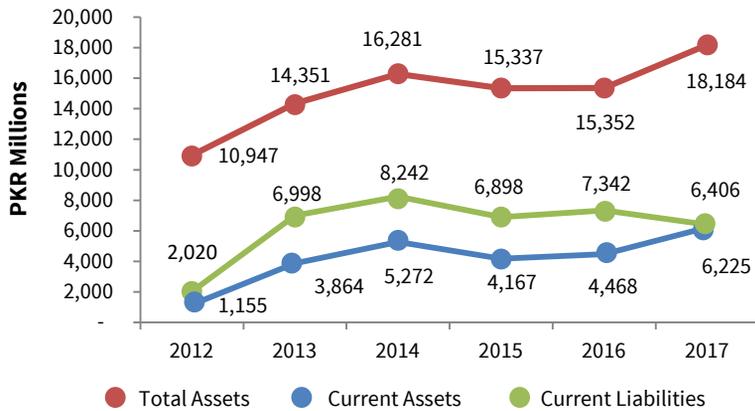
Capital Structure Ratios	2017	2016	2015	2014	2013	2012
Financial leverage ratio	1.15	3.65	3.38	3.50	4.00	2.16
Weighted average cost of debt	12%	11%	14%	15%	13%	0
Debt to Equity ratio	44:56	69:31	67:33	71:29	73:27	66:34
Interest Cover ratio	(1.93)	(0.81)	0.08	(0.69)	0.25	NA

DuPont Analysis

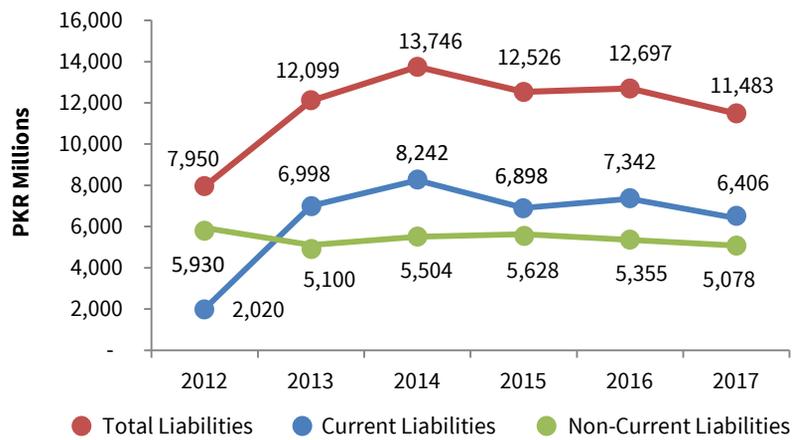


Graphical Representation

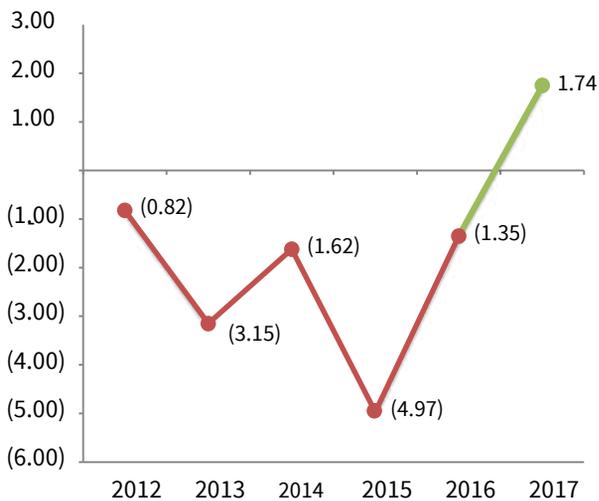
Total Assets



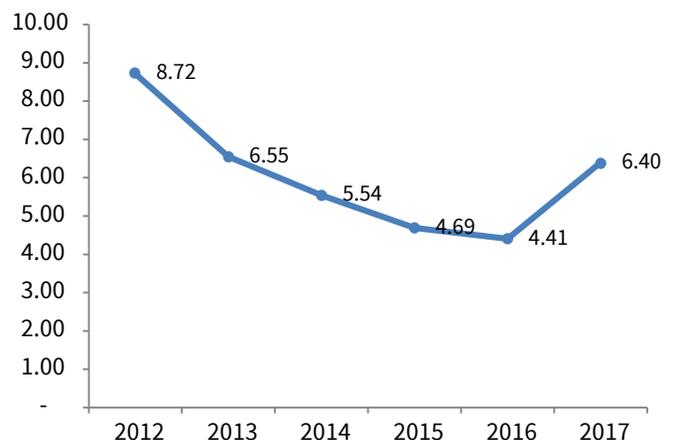
Total Liabilities



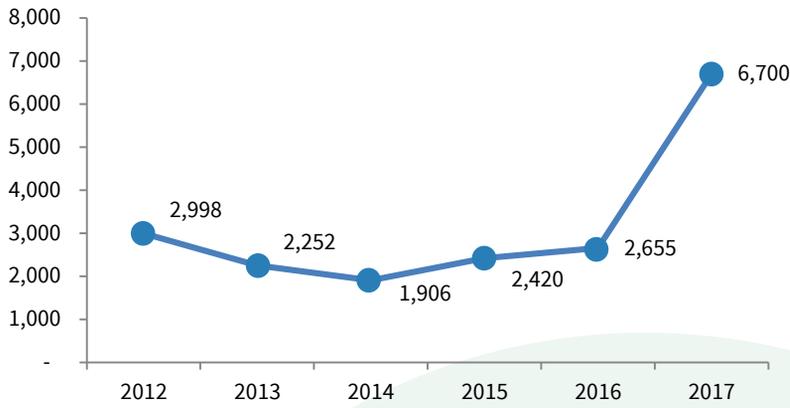
Earning Per Share



Breakup value per share



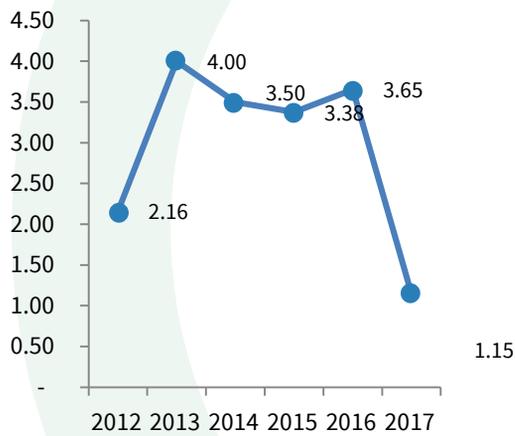
Equity



Paid up Capital



Financial leverage ratio



Return on Equity



Horizontal Analysis of Financial Statements

Balance Sheet (Rupees in million)

	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Non-Current Assets												
Property plant and equipment	10,543	9%	9,689	-3%	9,996	-2%	10,219	4%	9,785	3%	9,492	37%
Intangible assets	9	-17%	11	-15%	13	-13%	15	-27%	20	80%	11	2319%
Long Term Loans	3	-24%	3	13%	3	0%	3	-32%	4	10%	4	39%
Long term deposits and prepayments	46	0%	46	-3%	48	0%	48	-2%	49	3%	48	-1%
Deferred tax asset	1,358	20%	1,134	2%	1,110	53%	724	15%	627	164%	237	24%
	11,959	10%	10,884	-3%	11,170	1%	11,009	5%	10,486	7%	9,792	37%
Current Assets												
Stores and spares	96	-47%	181	11%	163	3%	159	10%	145	6%	137	49%
Stock in Trade - Raw Material	3,716	32%	2,814	16%	2,434	-27%	3,347	44%	2,323	375%	490	100%
Trade debts - considered good	152	98%	77	1%	76	-60%	192	1%	191	100%		
Advances, deposits and prepayments	526	36%	387	25%	309	272%	83	18%	70	246%	20	188%
Other Receivables	140	-2%	142	-38%	228	-55%	502	121%	227	64%	139	-42%
Financial asset held to maturity investment	-	(1)	-	0%	-	-100%	-	-100%	20	100%		
Tax Refund Due from Government - Sales Tax	300	-14%	351	-29%	493	4%	472	12%	423	48%	285	1222%
Accrued mark-up	-	0%	-	0%	-	-100%	1	89%	1	25%	0	-73%
Taxation - Payment Less Provision	434	-8%	473	42%	332	-27%	456	76%	259	457%	46	555%
Cash and bank balances	861	1826%	45	-66%	132	120%	60	-71%	206	452%	37	-96%
	6,225	39%	4,468	7%	4,167	-21%	5,272	36%	3,864	235%	1,155	-12%
TOTAL ASSETS	18,184	18%	15,352	0%	15,337	-6%	16,281	13%	14,351	31%	10,947	29%
Shareholders' Equity												
Share Capital:												
Ordinary Shares	6,856	152%	2,717	0%	2,711	0%	2,710	0%	2,704	1%	2,680	10%
Preference Shares	473	-81%	2,440	0%	2,446	236%	729	-1%	734	-3%	758	0%
Difference on conversion of cumulative preference shares into ordinary share	(2,172)	100%	-									
Subscription money against rights issue	2,177	100%	-									
Accumulated losses	(1,858)	-36%	(2,884)	5%	(2,737)	79%	(1,533)	29%	(1,187)	169%	(441)	24%
TOTAL EQUITY	5,476	141%	2,273	-6%	2,420	27%	1,906	-15%	2,252	-25%	2,998	5%
Share deposit money					-	100.00%	237	100.00%	-		-	-100.00%
Surplus on revaluation of fixed assets	1,225	221%	382	-2%	391		392					
Non-Current Liabilities												
Long-term finance	5,032	-5%	5,320	-5%	5,597	2%	5,484	8%	5,077	-14%	5,912	19%
Liabilities against assets subject to finance lease	5	25%	4	-50%	8	60%	5	-37%	8	-30%	11	142%
Staff retirements benefits	41	32%	31	35%	23	51%	15	0%	15	148%	6	121%
	5,078	-5%	5,355	-5%	5,628	2%	5,504	8%	5,100	-14%	5,930	19%
Current Liabilities												
Current maturity of long-term loan	250	-50%	500	4900%	10	0%	10	-99%	888	100%	30	100%
Current maturity of liabilities against assets subject to finance lease	2	-47%	3	0%	3	-40%	5	12%	4	21%	4	93%
Short Term Borrowings	2,435	-37%	3,870	0%	3,876	15%	3,369	11%	3,030	472%	529	429%
Creditors, accrued expenses and other liabilities	3,561	28%	2,773	1%	2,744	-40%	4,574	84%	2,492	321%	592	1357%
Accrued mark-up	158	-19%	196	-26%	265	-7%	284	-51%	584	-32%	865	76%
	6,406	-13%	7,342	6%	6,898	-16%	8,242	18%	6,998	246%	2,020	219%
TOTAL LIABILITIES	11,483	-10%	12,697	1%	12,526	-9%	13,746	14%	12,099	52%	7,950	41%
TOTAL EQUITY AND LIABILITIES	18,184	18%	15,352	0%	15,337	-6%	16,281	13%	14,351	31%	10,947	29%

Horizontal Analysis of Financial Statements

Profit & Loss Account (Rupees in million)

	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Sales	14,076	46%	9,634	1%	9,492	3%	9,259	113%	4,342	0%	-	0%
Cost of sales	(11,988)	39%	(8,654)	-8%	(9,451)	3%	(9,200)	109%	(4,409)	0%	-	0%
Gross Profit / (Loss)	2,087	113%	980	2290%	41	-31%	59	-187%	(68)	0%	-	0%
Selling and distribution cost	(19)	-2%	(20)	-48%	(38)	6%	(36)	103%	(18)	0%	-	0%
Administrative expenses	(188)	20%	(157)	27%	(124)	-11%	(140)	-11%	(157)	-1%	(158)	48%
Other expenses	(65)	100%	-									
Other income	16	-37%	25	323%	6	-99%	1,007	5282%	19	-54%	40	-33%
Profit / (Loss) from operation	1,831		829		(115)		890		(224)		(118)	
Finance cost	(949)	-7%	(1,021)	-26%	(1,373)	6%	(1,299)	46%	(891)	5907%	(15)	229%
Profit / (loss) before taxation	882	-559%	(192)	-87%	(1,488)	264%	(409)	-63%	(1,115)	742%	(132)	157%
Taxation	138	272%	37	-87%	277	347%	62	-83%	369	696%	46	-76%
Profit / (Loss) for the year after tax	1,020	-757%	(155)	-87%	(1,211)	249%	(347)	-53%	(746)	766%	(86)	-162%
Earning per share / (Loss)	1.74	-229%	(1.35)	-73%	(4.97)	207%	(1.62)	-49%	(3.15)	284%	(0.82)	-310%

Vertical Analysis of Financial Statements

Balance Sheet (Rupees in million)

	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Non-Current Assets												
Property plant and equipment	10,543	58%	9,689	63%	9,996	65%	10,219	63%	9,785	68%	9,492	87%
Intangible assets	9	0%	11	0%	13	0%	15	0%	20	0%	11	0%
Long Term Loans	3	0%	3	0%	3	0%	3	0%	4	0%	4	0%
Long term deposits and prepayments	46	0%	46	0%	48	0%	48	0%	49	0%	48	0%
Deferred tax asset	1,358	7%	1,134	7%	1,110	7%	724	4%	627	4%	237	2%
	11,959	66%	10,884	71%	11,170	73%	11,009	68%	10,486	73%	9,792	89%
Current Assets												
Stores and spares	96	1%	181	1%	163	1%	159	1%	145	1%	137	1%
Stock in Trade - Raw Material	3,716	20%	2,814	18%	2,434	16%	3347	21%	2323	16%	490	4%
Trade debts -considered good	152	1%	77	1%	76	0%	192	1%	191	1%		
Advances, deposits and prepayments	526	3%	387	3%	309	2%	83	1%	70	0%	20	0%
Other Recievables	140	1%	142	1%	228	1%	502	3%	227	2%	139	1%
Tax Refund Due from Government - Sales Tax	300	2%	351	2%	493	3%	472	3%	423	3%	285	3%
Accrued mark-up	-	0%	-	0%	-	0%	1	0%	1	0%	0	0%
Taxation - Payment Less Provision	434	2%	473	3%	332	2%	456	3%	259	2%	46	0%
Term Deposits	-	0%	-	0%	-	0%	0	0%	0	0%	0	0%
Cash and bank balances	861	5%	45	0%	132	1%	60	0%	206	1%	37	0%
	6,225	34%	4,468	29%	4,167	27%	5,272	32%	3,864	27%	1,155	11%
TOTAL ASSETS	18,184	100%	15,352	100%	15,337	100%	16,281	100%	14,351	100%	10,947	100%
Shareholders' Equity												
Share Capital: Ordinary Shares	6,856	38%	2,717	18%	2,711	18%	2,710	17%	2,704	19%	2,680	24%
Preference Shares	473	3%	2,440	16%	2,446	16%	729	4%	734	5%	758	7%
Difference on conversion of cumulative preference shares into ordinary share	(2,172)	-12%	-	0%	-	0%	-	0%	-	0%	-	0%
Subscription money against rights issue	2,177	0.12%	-	0%	-	-	-	-	-	-	-	-
Accumulated losses	(1,858)	-10%	(2,884)	-19%	(2,737)	-18%	(1,533)	-9%	(1,187)	-8%	(441)	-4%
Total Equity	5,476	30%	2,273	15%	2,420	16%	1,906	12%	2,252	16%	2,998	27%
Share deposit money	-	0%	-	0%	-	0%	237	1%	-	0%	-	0%
Surplus on revaluation of fixed assets	1,225	7%	382	2%	391	3%	392	2%	-	0%	-	0%
Non-Current Liabilities												
Long-term finance	5,032	28%	5,320	35%	5,597	36%	5,484	34%	5,077	35%	5,912	74%
Liabilities against assets subject to finance lease	5	0%	4	0%	8	0%	5	0%	8	0%	11	0%
Staff retirements benefits	41	0%	31	0%	23	0%	15	0%	15	0%	6	0%
	5,078	28%	5,355	35%	5,628	37%	5,504	34%	5,100	35%	5,930	75%
Current Liabilities												
Trade and other payables	3,561	20%	2,773	18%	2,744	18%	4,574	28%	2,492	17%	592	7%
Accrued mark-up	158	1%	196	1%	265	2%	284	2%	584	4%	865	11%
Short Term Borrowings	2,435	13%	3,870	25%	3,876	25%	3,369	21%	3,030	21%	529	7%
Current maturity of long-term loan	250	1%	500	3%	10	0%	10	0%	888	6%	30	0%
Current maturity of liabilities against assets subject to finance lease	2	0%	3	0%	3	0%	5	0%	4	0%	-	0%
Due to Associated Company	-	-	-	0%	-	0%	-	0%	-	0%	-	0%
Due to Director	-	-	-	0%	-	0%	-	0%	-	0%	-	0%
	6,406	35%	7,342	48%	6,898	45%	8,242	51%	6,998	49%	2,020	25%
Total Liabilities	11,483	63%	12,697	83%	12,526	82%	13,746	84%	12,099	84%	7,950	73%
Total Equity and Liabilities	18,184	100%	15,352	100%	15,337	100%	16,281	100%	14,351	100%	10,947	100%

Vertical Analysis of Financial Statements

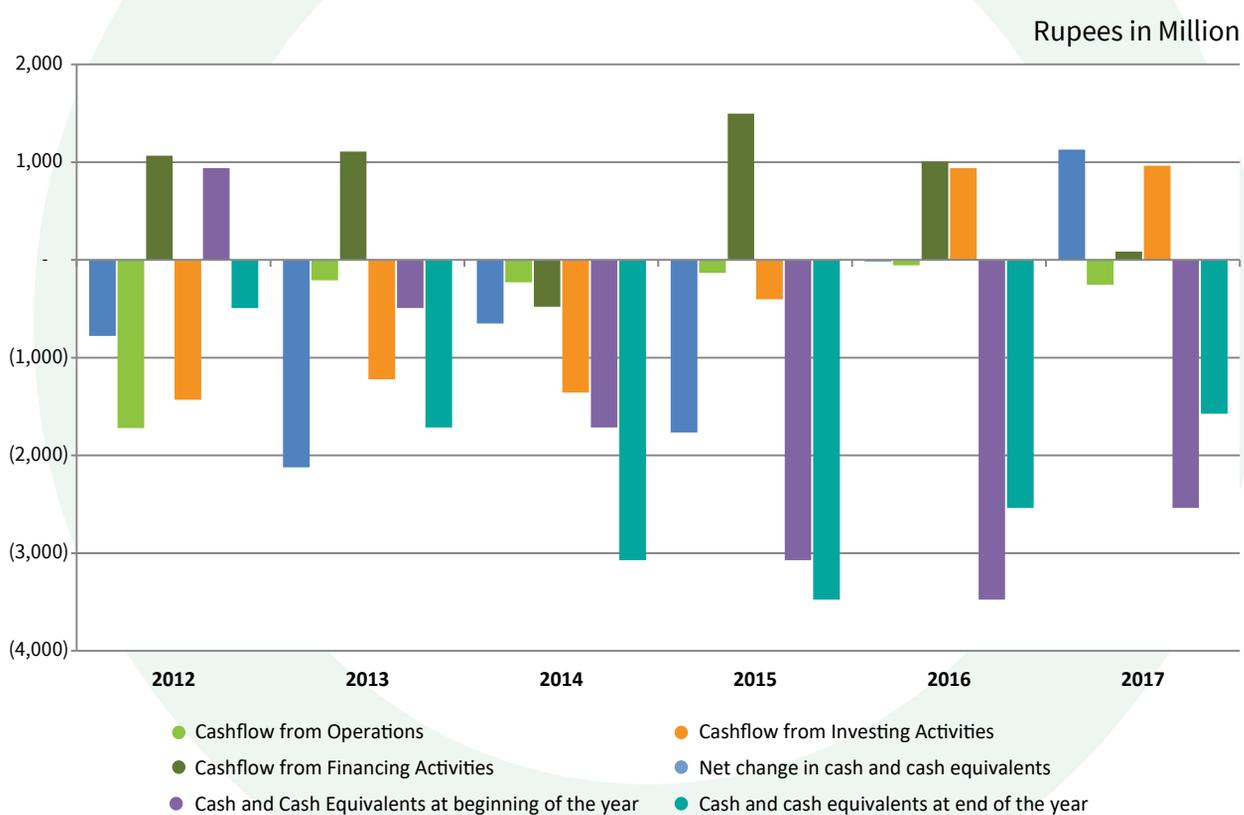
Profit & Loss Account (Rupees in million)

	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Sales	14,076	100%	9,634	100%	9,492	100%	9,259	100%	4,342	100%	-	0%
Cost Of Sales	(11,988)	-85%	(8,654)	-90%	(9,451)	-100%	(9,200)	-99%	(4,409)	-102%	-	0%
Gross Profit / (Loss)	2,087	15%	980	10%	41	0%	59	1%	(68)	-2%	-	0%
Selling and distribution cost	(19)	0%	(20)	0%	(38)	0%	(36)	0%	(18)	0%	-	0%
Administrative expenses	(188)	-1%	(157)	-2%	(124)	-1%	(140)	-2%	(157)	-4%	(158)	0%
Other expenses	(65)	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other operating income	16	0%	25	0%	6	0%	1,007	11%	19	0%	40	0%
Profit / (Loss) from operation	1,831	13%	829	9%	(115)	-1%	890	10%	(224)	-5%	(118)	
Finance cost	(949)	-7%	(1,021)	-11%	(1,373)	-14%	(1,299)	-14%	(891)	-21%	(15)	0%
Profit / (loss) before taxation	882	6%	(192)	-2%	(1,488)	-16%	(409)	-4%	(1,115)	-26%	(132)	157%
Taxation	138	1%	37	0%	277	3%	62	1%	369	8%	46	-76%
(Loss) / Profit for the year after tax	1,020	7%	(155)	-2%	(1,211)	-13%	(347)	-4%	(746)	-17%	(86)	-162%
Basic earnings per share - (loss)	1.74	0%	(1.35)	0%	(4.97)	207%	(1.62)	-49%	(3.15)	284%	(0.82)	-310%

Summary of Cash Flow Statements

(Rupees in million)

Cashflow Statement	2017	2016	2015	2014	2013	2012
Cashflow from Operations	1,130	(14)	(1,766)	(651)	(2,122)	(778)
Cashflow from Investing Activities	(253)	(54)	(134)	(229)	(209)	(1,720)
Cashflow from Financing Activities	86	1,007	1,496	(478)	1,109	1,068
Net change in cash and cash equivalents	963	939	(403)	(1,358)	(1,222)	(1,431)
Cash and Cash Equivalents at beginning of the year	(2,536)	(3,476)	(3,072)	(1,714)	(492)	939
Cash and cash equivalents at end of the year	(1,574)	(2,536)	(3,476)	(3,072)	(1,714)	(492)



Statement of Value Addition and Distribution

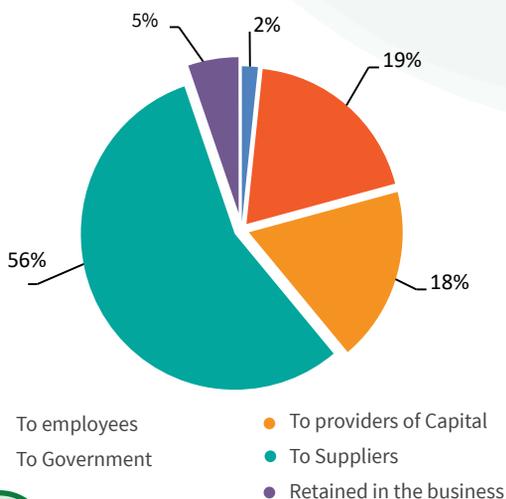
Rupees in million

Wealth Created	2017	2016	2015
Receipts from Customers	14,001	9,634	9,608
Other Receipts	19	12	11
Share Capital	2,177	-	1,719
Cash & Bank - Opening	45	132	60
Short Term Loan	-	-	507
Income Tax Refund	-	-	28
	16,242	9,778	11,933

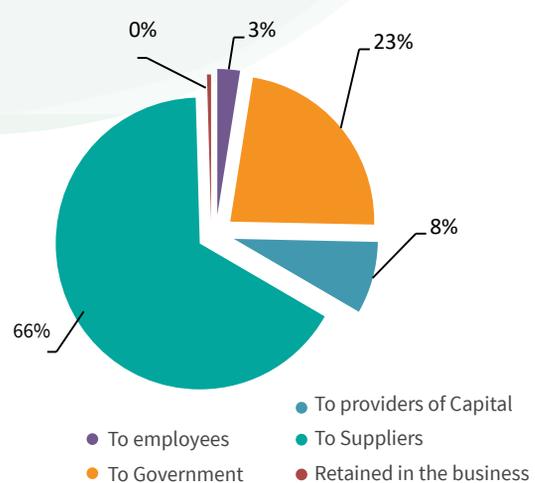
Wealth Distributed	2017	2016	2015
To Employees			
Salaries, Wages & Other Benefits	272	247	224
To Government			
Income Tax, Sales Tax, Custom / Excise Duty	3,110	2,230	411
To Providers of Capital			
Repayment of borrowings	2,235	17	10
Finance Cost	703	764	1,145
To Suppliers			
Capital Expenditure	256	61	139
Raw Material & Other Suppliers	8,805	6,414	9,871
Retained in Business			
Closing Cash and Bank	861	45	132
	16,242	9,778	11,943

Wealth Distributed	2017		2016		2015	
To Employees	272	1.7%	247	2.5%	224	1.9%
To Government	3,110	19.2%	2,230	22.8%	411	3.4%
To Providers of Capital	2,938	18.1%	781	8.0%	1,155	9.7%
To Suppliers	9,061	55.8%	6,475	66.2%	10,011	83.9%
Retained in Business	861	5.3%	45	0.5%	132	1.1%
	16,242	100.0%	9,778	100.0%	11,933	100.0%

Distribution of Wealth - 2017



Distribution of Wealth - 2016



Share Price / Volume Analysis

Months	Ordinary Shares (Symbol : ASL)			Preference Shares (Symbol : ASLPS)			Preference Shares (Symbol : ASLCPS)		
	High	Low	Volume	High	Low	Volume	High	Low	Volume
Jul 2016	8.85	7.65	5,302,500	6.51	6.01	4,000	13.5	14	-
Aug 2016	11.55	7.85	52,570,500	9.2	6.15	47,000	21.55	15	105,500
Sep 2016	14.4	11.6	142,602,500	11.5	9.5	252,500	23.89	20	80,000
Oct 2016	16	11.01	231,314,000	13.17	12	101,000	25	24	18,500
Nov 2016	15.35	12.14	234,742,000	14.02	12.1	81,000	24.93	25	3,500
Dec 2016	16.98	14	268,870,500	17	12.42	101,000	29.4	27	10,500
Jan 2017	24.75	15.73	352,963,000	24	16.13	67,000	38.6	31	8,000
Feb 2017	29.63	22.61	421,848,500	31.47	23.7	479,000	43.83	37	207,500
Mar 2017	27.59	21.57	275,899,500	28.49	20.3	241,000	46.02	46	15,000
Apr 2017	27.02	22.11	306,847,500	25.43	20.21	74,500	46.02	41	-
May 2017	26	23.05	237,393,000	24	20.13	62,000	43.05	43	5,000
Jun 2017	26.5	20.03	139,641,500	24.45	22.8	54,000	43.05	43	-

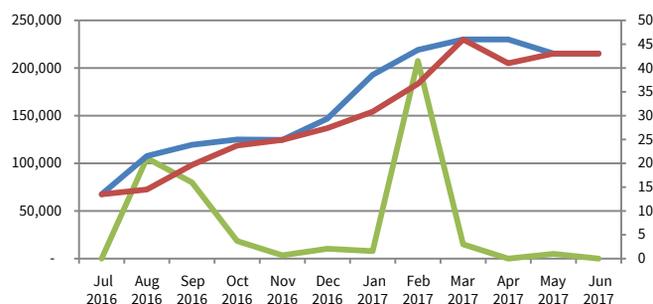
ASL (Ordinary Share)



ASLPS (Convertible Cumulative Preference Share)



ASLCPS (Convertible Cumulative Preference Share)



- Volume
- High
- Low

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

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

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 respectively.

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 Registrar 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. Manzoor Raza Tel: (021) 32467456

Email: manzoor.raza@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 Act, 2017/ Companies Ordinance, 1984 (repealed) 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 21st October 2017 to 28th October 2017 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Central Depository Company 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 Friday, 20th October 2017 will be considered in time for the determination of entitlement of shareholders to attend and vote at the meeting.

Legal Proceedings

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

General Meetings & Voting Rights

Pursuant to Section 132 of the Companies Act, 2017 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 published in at least one English and one Urdu newspaper having circulation in Sindh province.

Proxies

Pursuant to Section 137 of the Companies Act, 2017 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 person 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 directives of SECP vide various SROs.. 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 2017 along with categories of shareholders are given on page 42 to 50.

Financial Statements

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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Aisha Steel Mills Limited for the year ended June 30, 2017 to comply with the Code contained in Regulation No. 5.19 of the Pakistan Stock Exchange Limited Regulations where the company is listed.

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

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

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

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



A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: October 6, 2017

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) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

As At June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulations under Clause 5.19 (Code of Corporate Governance) of the Rule Book of Pakistan Stock Exchange Limited (PSX) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies).
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 NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. One casual vacancy has occurred on the Board on 31st August 2017 which was filled by the directors on the same date.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a Vision and Mission Statement, overall Corporate Strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executives 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, Dr. Munir Ahmed has obtained certification of Director Education from Pakistan Institute of Corporate Governance (PICG). Four directors had already completed this course earlier whereas two directors are exempt from attending the directors training program as per criteria approved under Code of Corporate Governance.
10. The Board has approved appointment of CFO and Company Secretary, including remuneration and terms and conditions of employment.
11. The Directors' Report for 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 corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of 4 members of whom all are non-executive directors and the 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 final results of the Company as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed HR and Remuneration Committee. It comprises of 4 members of whom all 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 exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi: September 23, 2017



Dr. Munir Ahmed
Chief Executive Officer

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 2017, and reports that:

- Four meetings of the Audit Committee were held during the financial year ended on 30th June 2017 which were presided by the Chairman, Audit Committee.
- The Audit Committee reviewed and approved the quarterly and annual financial statements of the Company and recommended them for approval of the Board.
- The Company has adhered in full, without any material departure, with provisions of the listing regulations of Pakistan Stock Exchange, Company's Statement of Ethics and Values and the international best practices of Governance throughout the year.
- Understanding and compliance with Company Code of Business Practice and Ethics has been affirmed from the members of the Board, the management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- 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 statements of the Company on a going concern assumption basis, for the financial year ended on 30th June 2017 which present fairly the state of affairs, results of operations, 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 design, establishment and maintenance of internal control 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 repealed Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholders' needs.
- The Audit Committee has reviewed and approved all related party transactions.
- No cases of complaints regarding accounting, internal controls, audit matters or whistle blowing events were received by the Audit Committee.
- 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 achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of the Company, along with maintenance of confidentiality of all business information
- The financial statements comply with the requirements of the Fourth Schedule of the repealed Companies Ordinance, 1984 and applicable "International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS)" as 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.

- Internal auditor independently reviews the risks and control processes operated by management. The Internal Auditor has carried out its duties under the charter approved by the Committee. It carries out independent audits in accordance with an internal audit plan which is approved by the Audit Committee before start of the financial year.
- The internal audit plan provides a high degree of financial and business segment wise coverage and devotes significant effort to the review of the risk management framework surrounding the major business risks.
- Internal audit reports include recommendations to improve internal controls together with agreed management action plans to resolve the issues raised. Internal audit follows up the implementation of recommendations and reports progress to senior management and the Audit Committee.
- The Audit Committee reviews the findings of the internal audits completed during the year, discuss corrective actions in the light of management responses, taking appropriate action or bringing the matters to the Board's attention where required. This has ensured the continual evaluation of controls and improved compliance.
- 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 Auditor 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 engagement of the "Company's Financial Statements", and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended on 30th June 2017 and shall retire on the conclusion of the 13th Annual General Meeting.
- The Auditors have been allowed direct access to the Audit Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The auditors attended the Annual General Meeting of the Company held during the year and have confirmed attendance of the upcoming Annual General Meeting scheduled on October 28, 2017 and have indicated their willingness to continue as auditors.
- The Audit Committee has reviewed and discussed audit observations and Draft 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 performance, cost and independence of the external auditor is reviewed annually by the Audit Committee. Based on the Committee's review of the performance of external auditor, the Audit Committee has recommended to the Board that a resolution to reappoint M/s A. F. Fergusons & Co., Chartered Accountants for the year 2017-2018 be proposed at the forthcoming Annual General Meeting.

Karachi: September 21, 2017



Chairman – Audit Committee



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Accounts

Audited Financial Statements 2017



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Aisha Steel Mills Limited as at 30 June 2017 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 2017 and of the profit, 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 06, 2017

Name of the engagement partner: Farrukh Rehman

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) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazi-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

Balance Sheet

As At June 30, 2017

	Note	2017	2016
		Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	3	10,542,575	9,688,793
Intangibles	4	9,143	11,246
Long-term loans and advances	5	2,673	2,983
Long-term deposits and prepayments	6	46,349	46,294
Deferred tax	7	1,358,102	1,134,496
		<u>11,958,842</u>	<u>10,883,812</u>
Current assets			
Stores and spares	8	96,298	180,743
Stock-in-trade	9	3,715,962	2,813,517
Trade debts	10	152,075	76,998
Advances, deposits and prepayments	11	525,675	386,731
Other receivables	12	139,761	142,265
Tax refunds due from Government - Sales tax		299,762	350,588
Taxation - payments less provision		434,098	472,905
Cash and bank balances	13	861,392	44,716
		<u>6,225,023</u>	<u>4,468,463</u>
Total assets		<u>18,183,865</u>	<u>15,352,275</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14		
Ordinary shares		6,856,039	2,717,357
Cumulative preference shares		472,892	2,439,944
Difference on conversion of cumulative preference shares into ordinary shares		(2,171,630)	-
		<u>5,157,301</u>	<u>5,157,301</u>
Subscription money against rights issue		2,176,616	-
		<u>7,333,917</u>	<u>5,157,301</u>
Accumulated loss		(1,858,071)	(2,883,779)
		<u>5,475,846</u>	<u>2,273,522</u>
Surplus on revaluation of fixed assets	15	1,224,627	381,821
Liabilities			
Non-current liabilities			
Long-term finance	16	5,032,184	5,320,004
Liabilities against assets subject to finance leases	17	4,477	4,435
Staff retirement benefit	18	40,876	30,965
		<u>5,077,537</u>	<u>5,355,404</u>
Current liabilities			
Trade and other payables	19	3,561,377	2,772,572
Accrued mark-up	20	157,925	196,033
Short-term borrowings	21	2,434,916	3,869,538
Current maturity of long-term finance	16	250,000	500,000
Current maturity of liabilities against assets subject to finance leases	17	1,637	3,385
		<u>6,405,855</u>	<u>7,341,528</u>
Total liabilities		<u>11,483,392</u>	<u>12,696,932</u>
Contingencies and commitments	22		
Total equity and liabilities		<u>18,183,865</u>	<u>15,352,275</u>

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



Chief Executive



Chief Financial Officer



Director

Profit And Loss Account

For The Year Ended June 30, 2017

	Note	2017	2016
		Rupees '000	
Revenue	23	14,075,876	9,634,297
Cost of sales	24	(11,988,484)	(8,654,034)
Gross profit		2,087,392	980,263
Selling and distribution cost	25	(19,386)	(19,640)
Administrative expenses	26	(187,933)	(156,624)
Other expenses	27	(65,382)	-
Other income	28	16,127	24,760
Profit from operations		1,830,818	828,759
Finance cost	29	(948,642)	(1,020,580)
Profit / (loss) before taxation		882,176	(191,821)
Taxation	30	137,973	36,930
Profit / (loss) for the year		1,020,149	(154,891)
Other comprehensive income:			
Items that will not be reclassified to Profit and Loss			
Remeasurements of staff retirement benefit	18	(4,975)	(2,939)
Impact of tax		-	882
		(4,975)	(2,057)
Total comprehensive income / (loss)		1,015,174	(156,948)
		Rupees	
Earnings / (loss) per share			(Restated)
- Basic	31.1	1.74	(1.35)
- Diluted	31.2	1.31	

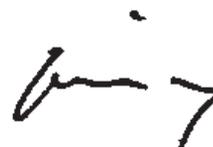
The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

Cash Flow Statement

For The Year Ended June 30, 2017

	Note	2017	2016
		Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	1,917,965	879,425
Income tax paid		(80,139)	(126,524)
Mark-up on loans paid		(703,403)	(763,942)
Return on bank deposits received		3,485	3,645
Staff retirement benefit paid		(8,023)	(7,672)
Decrease / (increase) in long-term loans and advances		310	(25)
(Increase) / decrease in long-term deposits and prepayments		(55)	1,505
Net cash generated from / (used in) operating activities		1,130,140	(13,588)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(256,224)	(60,592)
Purchase of intangibles		-	(235)
Sale proceeds on disposal of property, plant and equipment		3,012	7,010
Net cash used in investing activities		(253,212)	(53,817)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from rights issue		2,176,616	-
Repayment of long-term finance		(800,000)	(10,000)
Short term borrowing (paid) / obtained		(1,288,417)	1,038,315
Repayment of sponsor's loan		-	(18,298)
Decrease in liabilities against assets subject to finance leases		(2,246)	(3,466)
Net cash generated from financing activities		85,953	1,006,551
Net increase in cash and cash equivalents		962,881	939,146
Cash and cash equivalents at beginning of the year		(2,536,405)	(3,475,551)
Cash and cash equivalents at end of the year	33	(1,573,524)	(2,536,405)

Cash flow statement based on direct method has also been included in the financial statements in note 34.

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



Chief Executive



Chief Financial Officer



Director

Statement Of Changes In Equity

For The Year Ended June 30, 2017

	Share Capital	Accumulated Loss	Subscription Money Against Rights Issue	Total
	Rupees '000			
Balance as at July 1, 2015	5,157,301	(2,737,365)	-	2,419,936
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	10,534	-	10,534
Total comprehensive loss for the year ended June 30, 2016				
- 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)
Balance as at July 1, 2016	5,157,301	(2,883,779)	-	2,273,522
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	10,534	-	10,534
Total comprehensive income for the year ended June 30, 2017				
- Profit for the year ended June 30, 2017	-	1,020,149	-	1,020,149
- Other comprehensive loss for the year ended June 30, 2017	-	(4,975)	-	(4,975)
	-	1,015,174	-	1,015,174
Gross subscription money received	-	-	2,190,131	2,190,131
Issuance costs	-	-	(13,515)	(13,515)
Net subscription money	-	-	2,176,616	2,176,616
Balance as at June 30, 2017	5,157,301	(1,858,071)	2,176,616	5,475,846

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



Chief Executive



Chief Financial Officer



Director

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

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, the Company has achieved significant 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. As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies the financial year of which closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed 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 judgement in the process of applying the Company's accounting policies. The matter involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements are:

- (i) Taxation
- (ii) Staff retirement benefit
- (iii) Surplus on revaluation of fixed assets

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 judgements made by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in these 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

IAS 1, 'Presentation of Financial Statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendments provide 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.

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

- 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.

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, 2016 are considered not to be relevant for the 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

IAS 7, 'Statement of Cash Flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

In addition to the foregoing, the Companies Act, 2017 which is not effective on these financial statements, has added certain disclosure requirements which will be applicable in future.

2.2 Overall Valuation Policy

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

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 and buildings 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 repealed 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 SECP's 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.

Surplus arising on revaluation of land and buildings is disclosed as surplus on revaluation. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount.

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

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 thereon.

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 labour, other direct costs and related production overheads.

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.

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

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. The corresponding lease obligations, net of finance charges, are included in non-current and current liabilities. Each lease payment is allocated between the liability and finance cost so as to produce a constant periodic rate of interest on the remaining balance of the liability. The finance cost is charged to profit and loss account and is included under finance costs.

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

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and figures are rounded off to the nearest thousand of Pak 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 original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and short-term running finance.

2.17 Staff Retirement Benefits - Defined Benefit Plan

Defined benefit plans define an amount of 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.

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.

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

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.

	Note	2017	2016
Rupees '000			
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	3.1	10,009,887	9,366,833
Capital work in progress - at cost	3.2	12,721	12,241
Major spare parts and stand-by equipment	3.3	519,967	309,719
		<u>10,542,575</u>	<u>9,688,793</u>

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

3.1 Operating Assets

	Leasehold Land	Building and Civil Works on Leasehold Land	Plant and Machinery	Electrical Equipment	Office Equipment	Furniture and Fixtures	Motor Vehicles		Total
							Owned	Held under Finance Leases	
Rupees '000									
Net carrying value basis									
Year ended June 30, 2017									
Opening net book value (NBV)	489,091	1,104,650	7,139,425	607,605	13,704	3,576	-	8,782	9,366,833
Reclassification (at NBV)	-	-	-	-	-	-	2,524	(2,524)	-
Additions (at cost) - note 3.1.1	-	12,964	129,950	973	5,926	63	-	1,708	151,584
Revaluation - note 3.1.2	770,463	116,190	-	-	-	-	-	-	886,653
Disposals (at NBV) - note 3.1.3	-	-	-	-	(232)	-	(2,524)	-	(2,756)
Amortisation / depreciation charge	(9,554)	(38,067)	(285,042)	(49,605)	(6,390)	(1,489)	-	(2,280)	(392,427)
Closing net book value (NBV)	1,250,000	1,195,737	6,984,333	558,973	13,008	2,150	-	5,686	10,009,887
Gross carrying value basis									
At June 30, 2017									
Cost or revalued amount	1,250,000	1,195,737	8,184,557	793,950	62,652	15,559	80	9,805	11,512,340
Accumulated depreciation	-	-	(1,200,224)	(234,977)	(49,644)	(13,409)	(80)	(4,119)	(1,502,453)
Net book value (NBV)	1,250,000	1,195,737	6,984,333	558,973	13,008	2,150	-	5,686	10,009,887
Net carrying value basis									
Year ended June 30, 2016									
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)	-	4,167	1,135,701	-	5,518	553	3,763	1,693	1,151,395
Disposals (at NBV)	-	-	(2,431)	-	-	-	(4,999)	-	(7,430)
Amortisation / depreciation charge	(9,554)	(37,711)	(254,696)	(49,554)	(5,397)	(1,070)	(62)	(1,951)	(359,995)
Closing net book value (NBV)	489,091	1,104,650	7,139,425	607,605	13,704	3,576	-	8,782	9,366,833
Gross carrying value basis									
At June 30, 2016									
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 / amortisation	(19,109)	(73,562)	(915,182)	(185,372)	(43,311)	(11,920)	(4,408)	(3,642)	(1,256,506)
Net book value (NBV)	489,091	1,104,650	7,139,425	607,605	13,704	3,576	-	8,782	9,366,833
Useful lives in years	60	20 - 33	3 - 33	10 - 33	3 - 5	5	5	5	

3.1.1 This includes transferred from capital work in progress amounting to Rs. 14.69 million (2016: Rs. 1,118.21 million) - note 3.2.

3.1.2 During the year, the Company's leasehold land measuring 50 acres located at plot number DSU-45, Steel Mill, Downstream Industrial Estate, Bin Qasim, Karachi and the buildings thereon were revalued resulting in a surplus of Rs. 886.65 million. The valuation was carried out by an independent valuer - K. G. Traders (Private) Limited on June 30, 2017 on the basis of present market value for similar sized plots in the near vicinity for leasehold land and replacement values of similar type of buildings based on present cost of construction (level 2). The previous valuation was carried out by an independent valuer - M/s Maricon Consultants (Private) Limited on June 30, 2014. The Company carries out valuation atleast once in every three years.

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); and
- 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, 2017 would have been Rs. 209.66 million (2016: Rs. 213.82 million) and Rs. 932.4 million (2016: Rs. 952.4 million) respectively.

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

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						
Motor Vehicle	2,442	1,018	1,424	542	Company Policy	Dr. Munir Ahmed (CEO), House No. 91-A / I / II, Khayaban-e-Rahat, Phase VI, Defence Housing Authority, Karachi.
Motor Vehicle	1,885	785	1,100	399	Company Policy	Dr. Munir Ahmed (CEO), House No. 91-A / I / II, Khayaban-e-Rahat, Phase VI, Defence Housing Authority, Karachi.
Laptop	70	11	59	22	Insurance claim	EFU General Insurance Limited, 11/4, Saddar Road, Peshawar.
Mobile phone	27	3	24	5	Insurance claim	EFU General Insurance Limited, 11/4, Saddar Road, Peshawar.
Laptop	127	41	86	86	Negotiation	Power Cement Limited, Head Office, Arif Habib Centre, 23 M.T. Khan Road, Karachi.
Mobile phone	65	2	63	63	Negotiation	Power Cement Limited, Head Office, Arif Habib Centre, 23 M.T. Khan Road, Karachi.
	<u>4,616</u>	<u>1,860</u>	<u>2,756</u>	<u>1,117</u>		

3.2 Capital Work in Progress

	2017				2016			
	Balance as at July 1, 2016	Additions during the year	Transfers	Balance as at June 30, 2017	Balance as at July 1, 2015	Additions during the year	Transfers	Balance as at June 30, 2016
Rupees '000								
Civil works & prefabricated building	8,249	5,623	(8,360)	5,512	-	13,480	(5,231)	8,249
Plant and machinery	-	3,670	-	3,670	736,076	10,454	(746,530)	-
Other ancillary cost	-	-	-	-	366,451	-	(366,451)	-
Advances to suppliers	3,992	5,877	(6,330)	3,539	1,667	2,325	-	3,992
Total	<u>12,241</u>	<u>15,170</u>	<u>(14,690)</u>	<u>12,721</u>	<u>1,104,194</u>	<u>26,259</u>	<u>(1,118,212)</u>	<u>12,241</u>

3.3 MAJOR SPARE PARTS AND STAND-BY EQUIPMENT

	2017	2016
Rupees '000		
Balance at beginning of the year	309,719	308,569
Additions during the year	349,908	64,998
Transfers made during the year	(139,660)	(63,848)
Balance at end of the year	<u>519,967</u>	<u>309,719</u>

4. INTANGIBLES - COMPUTER SOFTWARES

Gross carrying value basis

	2017	2016
Cost	20,620	20,620
Accumulated amortisation	(11,477)	(9,374)
Net book value	<u>9,143</u>	<u>11,246</u>

Net carrying value basis

	2017	2016
Opening net book value	11,246	13,267
Additions during the year	-	235
Amortisation for the year	(2,103)	(2,256)
Closing net book value	<u>9,143</u>	<u>11,246</u>

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

4.1 Amortisation is charged at the rate of 10% to 33.33% (2016: 10% to 33.33%) per annum.

5. LONG-TERM LOANS AND ADVANCES - CONSIDERED GOOD

	2017			2016
	Motor vehicles	Shares	Personal	Total
	Rupees '000			
Due from executives	152	137	510	1,735
Due from employees	-	445	1,429	1,248
	<u>152</u>	<u>582</u>	<u>1,939</u>	<u>2,983</u>

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

	2017			2016
	Executives	Employees	Total	Total
	Rupees '000			
Balance at July 1	1,735	1,248	2,983	2,958
Disbursements	960	2,489	3,449	2,576
Repayments	(1,896)	(1,863)	(3,759)	(2,551)
Balance as at June 30	<u>799</u>	<u>1,874</u>	<u>2,673</u>	<u>2,983</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 over 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. 2.9 million (2016: Rs. 3.3 million).

5.4 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.

6. LONG-TERM DEPOSITS AND PREPAYMENTS

Security deposits

	2017	2016
	Rupees '000	
- Energy, power and fuel sector	35,073	35,073
- Financial institutions, banking and leasing companies	6,247	6,454
- Hotels and clubs	2,000	2,000
- Steel sector	1,299	1,299
- Others	1,730	1,342
	<u>46,349</u>	<u>46,168</u>

Prepayments

- Energy, power and fuel sector	-	126
	<u>46,349</u>	<u>46,294</u>

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

	2017	2016
	Rupees '000	
7. DEFERRED TAX		
The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred Tax Liabilities:		
- Property, Plant and Equipment	(1,660,780)	(1,615,999)
- Surplus on Revaluation of Fixed Assets	(78,975)	(45,662)
- long-Term Finance - note 7.1	(64,538)	(143,192)
- Liability Against Assets Subject to Finance Lease	-	(289)
- Intangibles	(26)	(56)
Deferred Tax Assets:		
- Liability Against Assets Subject to Finance Lease	128	-
- Provision for Staff Retirement Benefit	12,263	9,290
- Pre-Commencement Expenditure	-	43,659
- Carried Forward Losses - note 7.2	2,699,340	2,881,337
- Tax Credit on Addition of Plant and Machinery	-	5,408
- Minimum Tax	300,720	-
- Alternative Corporate Tax	149,970	-
	<u>1,358,102</u>	<u>1,134,496</u>
7.1	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.	
7.2	The Company has an aggregate amount of Rs. 9 billion (2016: Rs. 9.7 billion) in respect of tax losses as at June 30, 2017. 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. 2.70 billion (2016: Rs. 2.90 billion) including an amount of Rs. 2.16 billion (2016: Rs. 2.0 billion) on unabsorbed tax depreciation and initial allowance of Rs. 7.19 billion (2016: Rs. 6.66 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 percentage, inflation and KIBOR rates. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.	
8. STORES AND SPARES		
Stores [including in transit of Rs. 9.38 million (2016: Rs. Nil)]	75,421	165,643
Spares	20,877	13,562
Loose tools	-	1,538
	<u>96,298</u>	<u>180,743</u>
9. STOCK-IN-TRADE		
Raw material [including in transit Rs. Nil (2016: Rs. 1.108 billion)]	2,497,450	1,823,499
Work in process	132,970	25,742
Finished goods [including coil end sheets Rs. 16.42 million (2016: Rs. 52.75 million)]	1,079,210	959,546
Packing and other materials	6,332	4,730
	<u>3,715,962</u>	<u>2,813,517</u>
10. TRADE DEBTS - CONSIDERED GOOD		
The age analysis of trade debts is as follows:		
Not yet due	128,641	76,998
1 to 180 days	23,434	-
	<u>152,075</u>	<u>76,998</u>

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

	2017	2016
	Rupees '000	
11. ADVANCES, DEPOSITS AND PREPAYMENTS		
Advances - considered good		
- executives	628	256
- other employees	298	286
- suppliers and others	298,185	160,515
Receivable from Government - note 11.1	213,486	213,486
Prepayments	13,078	12,188
	<u>525,675</u>	<u>386,731</u>

11.1 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:

	Opening balance	Returned during the year	Balance outstanding
	Rupees '000		
Custom duty	155,580	-	155,580
Regulatory duty	26,889	-	26,889
Sales tax thereon	31,017	-	31,017
	<u>213,486</u>	<u>-</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. During the year ended June 30, 2015, 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.

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, 2017, post dated cheques deposited with the Nazir of the Sindh High Court amounts 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 26 June 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. Nil (2016: Rs. 41.30 million) on finalisation of provisional assessment in certain cases also support the Company's contention.

12. OTHER RECEIVABLES

Receivable from Etimaad Engineering (Private) Limited - note 12.1	138,485	138,485
Others	1,276	3,780
	<u>139,761</u>	<u>142,265</u>

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.

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

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 year ended June 30, 2015, 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.

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.

	2017	2016
	Rupees '000	
13. CASH AND BANK BALANCES		
With banks in		
- Current accounts	833,268	8,737
- PLS savings accounts - note 13.1	27,778	35,769
Cash in hand	346	210
	<u>861,392</u>	<u>44,716</u>

13.1 At June 30, 2017 the rates of mark up on PLS savings accounts ranged from 3.75% to 5.75% per annum (2016: 3.75% to 5.75%).

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

14. SHARE CAPITAL

Authorised Share Capital

2017	2016	2017	2016
(Number of shares)		Rupees '000	

<u>900,000,000</u>	<u>900,000,000</u>	Ordinary and Cumulative Preference Shares of Rs. 10 each - note 14.1	<u>9,000,000</u>	<u>9,000,000</u>
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Issued, Subscribed and Paid-up Capital

Ordinary Shares - (PSX Symbol - ASL)

<u>271,735,676</u>	271,132,663	Ordinary Shares of Rs. 10 each - Opening	<u>2,717,357</u>	2,711,327
<u>27,706,825</u>	603,013	Cumulative Preference Shares (PSX Symbol - ASLPS) of Rs. 10 each converted to Ordinary Shares of Rs. 10 each during the year - note 14.4	<u>277,068</u>	6,030
<u>386,161,442</u>	-	Cumulative Preference Shares (PSX Symbol - ASLCPS) of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the year - note 14.5	<u>3,861,614</u>	-
<u>685,603,943</u>	<u>271,735,676</u>	Ordinary Shares of Rs. 10 each - Closing	<u>6,856,039</u>	<u>2,717,357</u>

Cumulative Preference Shares (PSX Symbol - ASLPS)

<u>72,084,382</u>	72,687,395	Cumulative Preference Shares of Rs. 10 each - Opening	<u>720,844</u>	726,874
<u>(27,706,825)</u>	(603,013)	Cumulative Preference Shares of Rs. 10 each converted to Ordinary Shares of Rs. 10 each during the year - note 14.4	<u>(277,068)</u>	(6,030)
<u>44,377,557</u>	<u>72,084,382</u>	Cumulative Preference Shares of Rs. 10 each - Closing	<u>443,776</u>	<u>720,844</u>

Cumulative Preference Shares (PSX Symbol - ASLCPS)

<u>171,910,029</u>	171,910,029	Cumulative Preference Shares of Rs. 10 each - Opening	<u>1,719,100</u>	1,719,100
<u>(168,998,446)</u>	-	Cumulative Preference Shares of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the year - note 14.5	<u>(1,689,984)</u>	-
<u>2,911,583</u>	<u>171,910,029</u>	Cumulative Preference Shares of Rs. 10 each - Closing	<u>29,116</u>	<u>1,719,100</u>

Total Cumulative Preference Shares of Rs. 10 each (PSX Symbol - ASLCPS and ASLPS)

<u>472,892</u>	<u>2,439,944</u>
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14.1 During the year, the Company in its Extra Ordinary General Meeting held on March 06, 2017 passed the special resolution to amend its Memorandum of Association and Articles of Association. The authorised share capital of Rs. 9 billion can be utilised to issue Ordinary Shares of Rs. 10 each and / or Preference Shares of Rs. 10 each of the Company as the Board of Directors of the Company may decide from time to time in accordance with the repealed Companies Ordinance, 1984 and the rules and regulations made by the Securities and Exchange Commission of Pakistan from time to time.

Previously, authorised capital of Rs. 9 billion was divided into 650,000,000 Ordinary Shares of Rs. 10 each and 250,000,000 Preference Shares of Rs. 10 each.

14.2 451,452,870 (2016: 217,908,612) Ordinary Shares, 23,542,732 'ASLPS' (2016: 50,480,474) and Nil 'ASLCPS' (2016: 164,949,635) Cumulative Preference Shares of Rs. 10 each as at June 30, 2017 are held by related parties.

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

14.3 Pursuant to Share Purchase Agreement executed on 31st March 2016 by the Arif Habib Group (consisting of Mr. 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. Arif Habib individually will acquire all the ordinary shares i.e. 66.77 million shares 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 of the repealed Companies Ordinance, 1984 by way of a court approved scheme of reduction of capital, in order to enhance shareholder value for the remaining shareholders. In this respect, the petition under section 96 of the repealed Companies Ordinance, 1984 was filed before High Court of Sindh on December 29, 2016 for reduction of share capital of the Company. The petition is pending before High Court of Sindh as at June 30, 2017.

14.4 Cumulative Preference Shares - ASLPS

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.

The rate of dividend on 44,377,557 (2016: 72,084,382) 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.

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. 567.05 million (2016: Rs. 512.33 million) is not accounted for in these financial statements.

14.5 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.

As the Company currently has accumulated losses, cumulative dividend on Cumulative Preference Shares (ASLCPS) amounting to Rs. 295.64 million (2016: Rs. 161.35 million) is not accounted for in these financial statements.

During the year, the Company has allotted 386,161,442 Ordinary Shares (PSX symbol - ASL) against conversion of 168,998,446 Cumulative Preference Shares (PSX Symbol - ASLCPS) in the ratio of 2.285 Ordinary Shares for each Cumulative Preference Share.

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

	2017	2016
	Rupees '000	
Cumulative Preference Shares (PSX Symbol - ASLCPS) of Rs. 10 each converted to Ordinary Shares	1,689,984	-
Ordinary Shares of Rs. 10 each allotted against conversion of Cumulative Preference Shares (PSX Symbol - ASLCPS)	(3,861,614)	-
Difference on conversion of Cumulative Preference Shares into Ordinary Shares	(2,171,630)	-

14.6 Proposed Issue of 20% Right Shares in Terms of Ordinary Shares

The Board of Directors of the Company in their meeting held on April 29, 2017 approved the issue of 20% Right Shares in terms of Ordinary Shares at exercise price of Rs. 16 per share for the purpose of expansion of total production capacity of 700,000 metric tonnes per annum consisting of 450,000 metric tonnes Cold Rolled Coils and 250,000 metric tonnes to Galvanized Coils. These right shares are offered to Company's existing ordinary and preference shareholders. Total amount raised through the rights issue is Rs. 2.345 billion comprising of Rs. 0.879 billion and Rs. 1.466 billion in respect of share premium and Ordinary Shares respectively. Out of Rs. 2.345 billion, Rs. 2.19 billion has been received till year end and the remaining amount has been received after the year end. Further, shares are allotted subsequent to year end.

Issuance costs of Rs. 13.52 million incurred in relation to above 20% right issue has been netted with the subscription money and will accordingly accounted for as a deduction from equity on allotment of shares. The net amount of subscription money against rights issue after deduction of issuance costs is Rs. 2.18 billion.

15. SURPLUS ON REVALUATION OF FIXED ASSETS

Opening balance	381,821	390,812
Transferred to equity on account of incremental depreciation - net of deferred tax	(8,990)	(8,991)
Surplus arising on revaluation during the year - net of deferred tax	851,796	-
Closing balance	1,224,627	381,821

16. LONG-TERM FINANCE – SECURED

Opening		
- long-term finance	5,320,004	5,597,138
- current maturity of long-term finance	500,000	10,000
	5,820,004	5,607,138
Impact of unwinding - finance cost	262,180	222,866
Amount repaid	(800,000)	(10,000)
	5,282,184	5,820,004
Less: Current maturity shown under current liabilities	(250,000)	(500,000)
	5,032,184	5,320,004

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
			6,330,167

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

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. Repayments of principal amounting to Rs. 800 million were made in the current year and subsequently, thirteen unequal semi-annual installments have to be paid, which are as follows:

- Rs. 250 million each for the next two and a half years.
- Rs. 375 million each for the next three and a half years.
- Rs. 1.64 billion as the last installment on January 19, 2024.

Based on the agreement, the restructured facility carries mark-up at the rate of six months KIBOR on the outstanding amount excluding frozen mark-up. As per the agreement the mark-up rate has been increased from 2.74% below six months KIBOR to six months KIBOR since the Company's profit after tax has become positive.

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 had been issued by a related party in favour of the syndicate members. However, outstanding amount of corporate guarantee amounts to Rs. 676 million as at June 30, 2017.

This liability includes share of a related party amounting to Rs. 223.3 million (2016: Rs. 251.8 million).

- 16.2 The facilities for opening letters of credit and guarantees as at June 30, 2017 amounted to Rs. 5.69 billion (2016: Rs. 3.56 billion) of which the amount remained unutilised at year end was Rs. 1.86 billion (2016: Rs. 0.67 billion).

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES	2017	2016
	Rupees '000	
Payable during:		
2016-17	-	3,385
2017-18	1,867	1,520
2018-19	1,889	1,525
2019-20	1,803	1,410
2020-21	702	781
2021-22	457	-
Minimum lease payments - note 17.1	6,718	8,621
Less: Finance charges not due	604	801
	<u>6,114</u>	<u>7,820</u>
Less: Current portion shown under current liabilities	1,637	3,385
	<u>4,477</u>	<u>4,435</u>
Present value of finance lease liabilities		
Not later than one year	1,637	3,385
Later than one year and not later than 5 years	4,477	4,435
	<u>6,114</u>	<u>7,820</u>

- 17.1 These represent liabilities for vehicles acquired on lease. Finance charge ranging from 8.06% to 11% (2016: 9.03% to 12.18%) per annum have been used as discounting factor.

18. STAFF RETIREMENT BENEFIT - GRATUITY

- 18.1 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, 2017.

18.2 Balance Sheet Reconciliation

Present value of defined benefit obligation	<u>40,876</u>	<u>30,965</u>
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Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

	2017	2016	
	Rupees '000		
18.3 Movement in the Present Value of Defined Benefit Obligation			
Obligation as at July 1	30,965	22,962	
Current service cost	11,005	10,871	
Interest expense	1,954	1,865	
Remeasurements	4,975	2,939	
Benefits paid	(8,023)	(7,672)	
Obligation as at June 30	<u>40,876</u>	<u>30,965</u>	
18.4 Expense Recognised in Profit and Loss Account			
Current service cost	11,005	10,871	
Interest cost	1,954	1,865	
	<u>12,959</u>	<u>12,736</u>	
18.5 Remeasurement Recognised in Other Comprehensive Income			
Experience losses	<u>4,975</u>	<u>2,939</u>	
18.6 Net Recognised Liability			
Balance as at July 1	30,965	22,962	
Expense for the year	12,959	12,736	
Benefits paid	(8,023)	(7,672)	
Remeasurement recognised in other comprehensive income	4,975	2,939	
Balance as at June 30	<u>40,876</u>	<u>30,965</u>	
18.7 Actuarial Assumptions			
Discount rate used for year end obligation	7.75%	7.25%	
Expected rate of increase in salaries	6.75%	6.25%	
Retirement age (years)	60	60	
18.8	Mortality was assumed to be SLIC (2001-2005) set back one year (2016: SLIC 2001-2005).		
18.9 Sensitivity Analysis for Actuarial Assumptions			
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%	(6,157)	1,442
Future salary increases	1%	570	(5,492)
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 period.		

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

18.13 Historical information for the four years is as follows:

	2017	2016	2015	2014
	Rupees '000			
Present value of the defined benefit obligation	40,876	30,965	22,962	14,722
Experience adjustments - (gain) / loss	4,975	2,939	(1,186)	(2,685)

18.14 The average duration of the defined benefit obligation is 9 years.

	2017	2016
	Rupees '000	
19. TRADE AND OTHER PAYABLES		
Creditors:		
- local	78,285	74,678
- foreign	588,434	610,253
Bills payable	2,549,662	1,875,781
Accrued liabilities	128,658	166,088
Retention money	133	9,670
Advance from dealers	197,954	16,713
Security deposit from dealers	8,500	8,500
Withholding tax	9,751	10,889
	<u>3,561,377</u>	<u>2,772,572</u>

20. ACCRUED MARK-UP

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

21. SHORT-TERM BORROWINGS

Secured:

Short-term running finance - note 21.1

2,434,916	2,581,121
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Unsecured:

Short-term finance facility - note 21.2

-	1,288,417
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<u>2,434,916</u>	<u>3,869,538</u>
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21.1 The lender wise balance of running finance obtained by the Company are as follows:

Allied Bank Limited	-	649,925
National Bank of Pakistan	1,142,216	599,232
Bank Islami Pakistan Limited	576,869	562,815
Summit Bank Limited	319,075	417,905
Askari Bank Limited	-	250,000
The Bank of Punjab	1,441	101,244
Sindh Bank Limited	13,677	-
Habib Metropolitan Bank Limited	332,096	-
MCB Bank Limited	49,542	-
	<u>2,434,916</u>	<u>2,581,121</u>

Facilities for running finance available from these banks amount to Rs. 2.78 billion (2016: Rs. 2.6 billion). The rates of mark-up range between 1.5% above one month KIBOR to 3% above three months KIBOR (2016: 1.5% above three months KIBOR to 3% 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 The short - term finance facility of a running finance nature from a related party is also available with a maximum limit of Rs. 2 billion. The facility carries mark-up at the rate of 3% above three months KIBOR. As at June 30, 2017 no amount is outstanding.

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

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.

22.1.2 In case of another company the Division Bench of the Sindh High Court in its decision dated May 7, 2013 on carry forward of minimum tax in the cases of taxable loss for the year has held by interpreting Section 113(2)(c) of the Income tax Ordinance, 2001 that the benefit of carry forward of minimum tax paid by a company is only available if there is tax paid in a particular year which is less than minimum tax payable. Accordingly, if no tax is paid / payable by the company due to taxable loss the right to carry forward the minimum tax does not arise. However, the management based on the advice of its tax advisor is of the view that said order will not be maintained by the Supreme Court. The Company has booked deferred tax asset of Rs. 300.7 million relating to minimum tax for the tax years 2013 to 2016 in these financial statements.

22.2 COMMITMENTS

22.2.1 Commitments for capital expenditure outstanding as at June 30, 2017 amounted to Rs. 24.2 million (2016: Rs. 24.4 million).

22.2.2 Commitments for rentals under ijarah arrangements amounted to Rs. 8.9 million (2016: Rs. 8.6 million) payable as follows:

	2017	2016
	Rupees '000	
Not later than 1 year	2,645	3,168
Later than 1 year but not later than 5 years	6,213	5,432
	<u>8,858</u>	<u>8,600</u>

23. REVENUE

Gross revenue	16,635,574	11,503,284
Less: Sales tax	(2,398,886)	(1,667,268)
Rebates and discounts	(8,294)	(77,974)
Dealers commission	(152,518)	(123,745)
Net revenue - note 23.1	<u>14,075,876</u>	<u>9,634,297</u>

23.1 This includes sale of coil end sheets - scrap net of sales tax amounting to Rs. 431.52 million (2016: Rs. 203.56 million) and revenue from toll manufacturing services amounting to Rs. 0.85 million (2016: Rs. 11.53 million).

23.2 During the year, no single customer accounts for more than 10% of net revenue (2016: Sales to three dealers exceed 10 percent of the net revenue amounting to Rs. 3.25 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, 2017

	2017	2016
	Rupees '000	
24. COST OF SALES		
Raw material consumed	10,825,969	7,771,134
Salaries, wages and benefits - note 24.1	184,650	164,090
Utilities	404,269	361,153
Depreciation	389,134	357,144
Stores, spares and consumables	216,527	222,423
Packing charges	84,226	52,641
Repairs and maintenance	36,598	34,772
Travelling and conveyance	29,310	28,626
Insurance	15,829	15,624
Material handling charges	11,875	10,061
Security charges	6,968	5,346
Consultancy charges	2,355	2,141
Rent, rates and taxes	1,965	1,305
Communication	1,341	1,547
Ujrah payments	856	1,491
Others	3,504	2,532
	<u>12,215,376</u>	<u>9,032,030</u>
Work in process - opening	25,742	188,001
	<u>12,241,118</u>	<u>9,220,031</u>
Work in process - closing	(132,970)	(25,742)
Cost of goods manufactured	<u>12,108,148</u>	<u>9,194,289</u>
Finished goods - opening	959,546	419,291
Finished goods - closing	(1,079,210)	(959,546)
	<u>(119,664)</u>	<u>(540,255)</u>
	<u>11,988,484</u>	<u>8,654,034</u>
24.1	Salaries, wages and benefits include Rs. 9.72 million (2016: Rs. 9.95 million) in respect of defined benefit plan.	
25. SELLING AND DISTRIBUTION COST		
Salaries and benefits - note 25.1	13,856	10,548
Commission	-	5,643
Rent, rates and taxes	1,539	502
Travelling and conveyance	1,308	1,164
Utilities	231	199
Insurance	236	250
Sales communication	689	459
Depreciation and amortisation	270	255
Printing, stationery and office supplies	110	108
Others	1,147	512
	<u>19,386</u>	<u>19,640</u>
25.1	Salaries and benefits include Rs. 0.16 million (2016: Rs. 0.16 million) in respect of defined benefit plan.	
26. ADMINISTRATIVE EXPENSES		
Salaries, allowances and benefits - note 26.1	73,953	72,372
Rent, rates and taxes	29,247	9,534
Depreciation and amortisation	5,126	4,852
Repairs and maintenance	20,091	22,123
Travelling & conveyance	14,962	14,341
Utilities	4,391	3,772
Communication and information technology	12,141	5,969
Printing and stationery	2,083	2,056
Insurance	4,493	4,752
Legal and professional charges	9,233	6,523
Auditors' remuneration - note 26.2	2,343	2,016
Ujrah payments	2,621	2,023
Security charges	2,933	2,264
Others	4,316	4,027
	<u>187,933</u>	<u>156,624</u>

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

	2017	2016
	Rupees '000	
26.1	Salaries, allowances and benefits include Rs. 3.08 million (2016: Rs. 3.02 million) in respect of defined benefit plan.	
26.2	Auditors' Remuneration	
	1,250	1,000
	809	732
	284	284
	<u>2,343</u>	<u>2,016</u>
27.	OTHER EXPENSES	
	47,378	-
	18,004	-
	<u>65,382</u>	<u>-</u>
28.	OTHER INCOME	
	Income from Financial Assets	
	3,485	3,645
	Income From Non-Financial Assets	
	256	-
	12,386	1,086
	Others	
	-	20,029
	<u>16,127</u>	<u>24,760</u>
29.	FINANCE COST	
	Mark-up expense:	
	284,956	345,778
	262,180	222,866
	335,350	318,293
	44,989	37,716
	1,666	1,544
	540	782
	3,110	78,646
	15,851	14,955
	<u>948,642</u>	<u>1,020,580</u>
30.	TAXATION	
	Current	
	118,946	-
	-	(14,768)
	Deferred	
	(256,919)	(22,162)
	<u>(137,973)</u>	<u>(36,930)</u>
30.1	Reconciliation Between Tax Expense and Accounting Profit / (Loss)	
	882,176	(191,821)
	273,475	(61,383)
	2,962	3,057
	(300,720)	95,541
	(25,616)	(100,950)
	-	(14,768)
	(88,074)	41,573
	<u>(137,973)</u>	<u>(36,930)</u>

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

	2017	2016
	Rupees '000	
31. EARNINGS / (LOSS) PER SHARE		
31.1 BASIC		
Profit / (loss) after taxation attributable to ordinary shareholders	1,020,149	(154,891)
Adjustment for cumulative preference share dividend	(133,675)	(233,594)
Profit / (loss) after taxation for calculation of basic earnings per share	<u>886,474</u>	<u>(388,485)</u>
		(Restated)
Weighted average number of ordinary shares in issue (in thousand)	<u>509,860</u>	<u>287,639</u>
		Rupees
Basic earnings / (loss) per share	<u>1.74</u>	<u>(1.35)</u>
		(Restated)
31.2 DILUTED		
Profit after taxation attributable to ordinary shareholders	<u>1,020,149</u>	
Weighted average number of potential ordinary shares in issue (in thousand)	<u>778,054</u>	
Diluted earnings per share	<u>1.31</u>	
Diluted earnings per share for the year ended June 30, 2016 has not been presented as it had anti-dilutive effect on the earnings per share.		
The effect of dividend of Cumulative Preference Shares (ASLPS and ASLCPS) is not accounted for in calculation of weighted average number of potential ordinary shares.		
32. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	882,176	(191,821)
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and amortisation	394,530	362,251
Finance lease charges	540	782
Mark-up charges	665,295	703,231
Unwinding of long term finance	262,180	222,866
Interest no longer payable	-	(8,113)
Provision for staff retirement benefits	12,959	12,736
Return on PLS savings accounts	(3,485)	(3,645)
(Gain) / loss on disposal of fixed assets	(256)	420
Profit before working capital changes	<u>1,331,763</u>	<u>1,290,528</u>
	<u>2,213,939</u>	<u>1,098,707</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(21,643)	(17,360)
Stock-in-trade	(902,445)	(380,057)
Trade debts	(75,077)	(737)
Advances, deposits and prepayments	(138,944)	(77,389)
Other receivables	2,504	85,405
Tax refunds due from Government - Sales tax	50,826	142,713
	<u>(1,084,779)</u>	<u>(247,425)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	788,805	28,143
	<u>(295,974)</u>	<u>(219,282)</u>
Cash generated from operations	<u>1,917,965</u>	<u>879,425</u>

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

	2017	2016
	Rupees '000	
33. CASH AND CASH EQUIVALENTS		
Cash and bank balances	861,392	44,716
Short-term borrowings	<u>(2,434,916)</u>	<u>(2,581,121)</u>
	<u>(1,573,524)</u>	<u>(2,536,405)</u>
34. CASH FLOW STATEMENT - DIRECT METHOD		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	14,000,799	9,633,560
Cash paid to suppliers / service providers and employees	(12,082,579)	(8,752,655)
Income tax paid	(80,139)	(126,524)
Mark-up on loans paid	(703,403)	(763,942)
Return on bank deposits received	3,485	3,645
Staff retirement benefits paid	(8,023)	(7,672)
Net cash generated from / (used in) operating activities	<u>1,130,140</u>	<u>(13,588)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(256,224)	(60,592)
Purchase of intangibles	-	(235)
Sale proceeds on disposal of property, plant and equipment	3,012	7,010
Net cash used in investing activities	<u>(253,212)</u>	<u>(53,817)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from rights issue	2,176,616	-
Repayment of long-term finance	(800,000)	(10,000)
Short term borrowing (paid) / obtained	(1,288,417)	1,038,315
Repayment of sponsor's loan	-	(18,298)
Decrease in liabilities against assets subject to finance leases	(2,246)	(3,466)
Net cash generated from financing activities	<u>85,953</u>	<u>1,006,551</u>
Net increase in cash and cash equivalents	962,881	939,146
Cash and cash equivalents at beginning of the year	<u>(2,536,405)</u>	<u>(3,475,551)</u>
Cash and cash equivalents at end of the year - note 33	<u>(1,573,524)</u>	<u>(2,536,405)</u>

35. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of transaction	2017	2016
Associated companies	- Finance facility utilised	2,673,000	5,040,637
	- Repayment of finance facility utilised	3,995,885	4,352,701
	- Markup on finance facility paid	82,699	73,883
	- Repayment of sponsors' loan	-	18,298
	- Ordinary shares issued against Cumulative Preference Shares	2,770,248	-
	- Cancellation of Cumulative Preference Shares	1,365,816	-
	- Share deposit money against rights issue	1,390,138	-
	- Guarantee commission	625	-
	- Guarantee commission paid	1,666	-
	- Payment made for construction material	972	-
	- Purchase of raw material	4,921,616	3,133,262
	- Purchase of construction material	105	51
	- Profit received on deposit	-	1,467
	- Bank charges paid	-	31

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

Relationship	Nature of transaction	2017	2016
		Rupees '000	
Other related parties	- Finance facility utilised	840,000	-
	- Repayment of finance facility utilised	840,000	-
	- Ordinary shares issued against Cumulative Preference Shares	1,275,451	-
	- Cancellation of Cumulative Preference Shares	558,184	-
	- Commission on sales	-	5,643
	- Rent and maintenance expense	-	1,075
	- Sale of assets	149	-
Key management compensation	- Salaries and other employee benefits	14,976	14,851
	- Post retirement benefits paid	1,872	-
	- Sale of assets	941	-

35.2 Raw material is purchased from Metal One Corporation, Japan - an associate, based on negotiated terms and conditions.

35.3 The status of outstanding balances with related parties as at June 30, 2017 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

36. 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	
	2017	2016	2017	2016	2017	2016
	Rupees '000					
Managerial remuneration	6,330	5,445	-	-	114,541	112,858
Retirement benefits	-	-	-	-	7,171	5,830
Reimbursable expenses	-	-	-	-	11,591	8,244
Lease rentals	2,368	1,926	-	-	4,168	5,211
	<u>8,698</u>	<u>7,371</u>	<u>-</u>	<u>-</u>	<u>137,471</u>	<u>132,143</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>99</u>	<u>110</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.

	2017	2016
37. NUMBER OF EMPLOYEES		
Number of employees as at June 30		
- Regular	<u>369</u>	<u>349</u>
- Contractual	<u>38</u>	<u>51</u>
Average number of employees during the year		
- Regular	<u>363</u>	<u>351</u>
- Contractual	<u>43</u>	<u>38</u>

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 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.

38.2 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							
FINANCIAL ASSETS							
Loans and receivables							
Deposits	-	-	-	-	46,349	46,349	46,349
Loans to employees	-	-	-	-	2,673	2,673	2,673
Trade debtors	-	-	-	152,075	-	152,075	152,075
Other receivables	-	-	-	139,761	-	139,761	139,761
Cash and bank balances	27,778	-	27,778	833,614	-	833,614	861,392
2017	27,778	-	27,778	1,125,450	49,022	1,174,472	1,202,250
FINANCIAL LIABILITIES							
At amortised cost							
Long-term finance	250,000	5,032,184	5,282,184	-	-	-	5,282,184
Short-term finance	2,434,916	-	2,434,916	-	-	-	2,434,916
Liabilities against assets subject to finance leases	1,637	4,477	6,114	-	-	-	6,114
Trade and other payables	-	-	-	3,561,377	-	3,561,377	3,561,377
Accrued mark-up	-	-	-	157,925	-	157,925	157,925
2017	2,686,553	5,036,661	7,723,214	3,719,302	-	3,719,302	11,442,516
FINANCIAL ASSETS							
Loans and receivables							
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
2016	35,769	-	35,769	228,210	49,151	277,361	313,130
FINANCIAL LIABILITIES							
At amortised cost							
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
2016	4,372,923	5,324,439	9,697,362	2,968,605	-	2,968,605	12,665,967

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, 2017, the Company has variable interest bearing financial liabilities of Rs. 7.72 billion (2016: Rs. 9.7 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before tax for the year would have been higher / lower by Rs. 154.46 million (2016: Rs. 193.95 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

ii) Foreign Exchange Risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. At June 30, 2017 trade and other payables exposed to foreign currency risk amount to Rs. 2.55 billion (2016: Rs. 1.88 billion). Further, as at balance sheet date, the Company has exposure against open letters of credit of Rs. 0.91 billion (2016: Rs. 0.83 billion) denominated in foreign currencies.

As at June 30, 2017, if the Pakistani Rupee had weakened / strengthened by 3% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 76.49 million (2016: Rs. 74.45 million) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets or liabilities.

The following table summarises the financial currency exposure as on June 30, 2017 and 2016 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.

	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, 2017 - (Rupees in billion)	0.91	0.73	0.82	0.90	0.92	1.00	1.09
June 30, 2016 - (Rupees in billion)	0.83	0.66	0.75	0.82	0.84	0.91	1.00

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. 1,202.25 million (2016: Rs. 313.13 million), the financial assets exposed to the credit risk amounts to Rs. 336.91 million (2016: Rs. 261.65 million). The carrying values of financial assets which are neither past due nor impaired are as under:

	2017	2016
	Rupees '000	
Deposits	46,349	46,168
Other receivables	1,276	3,780
Loans to employees	2,673	2,983
Trade debts	152,075	76,998
Cash and bank balances	861,392	44,716
	<u>1,063,765</u>	<u>174,645</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:

	Ratings		Rating Agency	2017	2016
	Short term	Long term			
K-Electric Limited	A1+	AA	PACRA	33,000	33,000
Pakistan State Oil Company Limited	A1+	AA	PACRA	1,590	1,590
Others	-	-	-	13,035	15,358
				<u>47,625</u>	<u>49,948</u>

Other receivables also include an amount of Rs. 138.5 million (2016: 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.

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

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:

	Ratings		Rating Agency	2017	2016
	Short term	Long term		Rupees '000	
Allied Bank Limited	A1+	AA+	PACRA	135	1
Askari Bank Limited	A1+	AA+	PACRA	54	66
Bank Alfalah Limited	A1+	AA+	PACRA	4,655	2,534
Bank Al-Habib Limited	A1+	AA+	PACRA	14,361	88
Bank Islami Pakistan Limited	A1	A+	PACRA	1,356	147
Habib Bank Limited	A-1+	AAA	JCR-VIS	213	213
Faysal Bank Limited	A1+	AA	PACRA	441	444
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	8,482	4,496
JS Bank Limited	A1+	AA-	PACRA	90	90
MCB Bank Limited	A1+	AAA	PACRA	61	176
Meezan Bank Limited	A-1+	AA	JCR-VIS	6,020	-
National Bank of Pakistan	A-1+	AAA	PACRA	1,537	5,334
NIB Bank Limited	A1+	AA-	PACRA	67	9,339
Silk Bank Limited	A-2	A-	JCR-VIS	3,166	134
Sindh Bank Limited	A-1+	AA	JCR-VIS	556	665
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,368	92
Summit Bank Limited	A-1	A-	JCR-VIS	800,103	100
The Bank of Khyber	A1	A	PACRA	564	564
The Bank of Punjab	A1+	AA	PACRA	17,817	20,023

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.

39. 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, 2017 and at June 30, 2016 were as follows:

Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2017

	2017	2016
	Rupees '000	
Total borrowings	7,717,100	9,689,542
Cash and bank - note 13	(861,392)	(44,716)
Net debt	6,855,708	9,644,826
Equity	5,475,846	2,273,522
Total capital	12,331,554	11,918,348
Debt to capital ratio	0.56	0.81

40. CAPACITY AND PRODUCTION - in metric tonnes

Annual name plate capacity	220,000	220,000
Production - note 40.1	209,524	195,906

40.1 The production capacity utilisation during the year has remained at 95% (2016: 89%). The Company operated the plant considering the market demand and supply of the product.

41. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Finance Act, 2017 has introduced tax on every public company at the rate of 7.5% of its profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. Liability in this respect if any, is recognised when the prescribed time period for distribution of dividend expires.

Further, subsequent to year end, the Company has also obtained an interim stay order from the Sindh High Court against the said provision of the law.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on September 23, 2017.



Chief Executive



Chief Financial Officer



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 30th June 2018, Financial Results will be announced as per the following tentative schedule:

1st quarter ending 30th September 2017	Last week of October 2017
2nd quarter ending 31st December 2017	Last week of February 2018
3rd quarter ending 31st March 2018	Last week of April 2018
Annual Audited Accounts ending 30th June 2018	Second week of September 2018





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Form of Proxy

13th 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 Thirteenth Annual General Meeting of the Company to be held on Saturday, 28 October 2017 and/or any adjournment thereof.

Signed this _____ day of _____ 2017.

Witnesses:

- Name: _____
Address: _____
CNIC No: _____
Signature: _____
- Name: _____
Address: _____
CNIC No: _____
Signature: _____

Signature on
Rs. 5/-
Revenue Stamp

NOTES:

- A member entitled to attend and vote at the meeting may appoint another person as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
- Proxy shall authenticate his/her identity by showing his/her original passport and bring folio number at the time of attending the meeting.
- 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.
- 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.
- 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

تیرہویں 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 ----- کولبٹور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے
سالانہ اجلاس عام جو بتاریخ 28 اکتوبر، 2017 بروز ہفتہ منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔
دستخط: ----- بروز/ بتاریخ ----- 2017

گواہان:

2

1

نام: ----- نام: -----

پتہ: ----- پتہ: -----

شناختی کارڈ نمبر: ----- شناختی کارڈ نمبر: -----

دستخط: ----- دستخط: -----

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) شخص 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 فوٹیو نمبر سے دکھانا لازمی ہے تاکہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- منوثر 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 مہر، 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۔

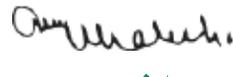
دستخط ۵ روپے
ریونیو اسٹیٹمپ

کسی بھی کمپنی کی بقا و ترقی کی بنیاد وہ لوگ ہوتے ہیں جو اس کمپنی کا حصہ ہوتے ہیں، ڈائی ریٹرز مکمل طور پر ان کی تمام کاوشوں کا اعتراف کرتے ہیں اور اُمید رکھتے ہیں کہ وہ اپنا بھرپور تعاون تو سبھی منصوبے کے کامیابی سے مکمل ہونے تک جاری رکھیں گے

ہم آڈٹ کمیٹی اور دیگر کمیٹیوں کے تعاون کا بھی خیر مقدم کرتے ہیں اور ان کے شکر گزار ہیں کہ وہ انتظامیہ کو بھرپور رہنمائی فراہم کرتے ہیں۔

بورڈ کی جانب سے

کراچی: 23 ستمبر 2017


عارف حبیب
چئیرمین


ڈاکٹر منیر احمد
چیف ایگزیکٹو آفیسر

آڈیٹرز

بیرونی آڈیٹرز میسرز اے ایف فرگوسن اینڈ کوچارڈا کاؤنٹینٹس ہیں جو کہ 28 اکتوبر 2017 کو ہونے والی سالانہ عام میٹنگ میں ریٹائر ہو جائیں گے اور اہل ہونے کے سبب 30 جون 2018 کو ختم ہونے والے مالی سال کے لیے خود کو بطور بیرونی آڈیٹرز پیش کر رہے ہیں۔ ان کے پاس سیٹیفکیڈ ریٹنگ 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 کوچارڈا کاؤنٹینٹس کو 30 جون 2018 کو ختم ہونے والے مالی سال کے لیے بطور بیرونی آڈیٹرز تقرری کی سفارش کرتا ہے۔ جس کے لیے فیس باہمی اتفاق سے طے پائے گی۔ بیرونی آڈیٹرز کی تقرری 28 اکتوبر 2017 کو ہونے والی سالانہ عام میٹنگ میں حصص داروں سے منظور کرانی جائے گی۔

سیکرٹریل پریکٹس کی تعمیل

کمپنیز آرڈیننس 1984 اور لسٹنگ ریگولیشن کی تعمیل کی تصدیق کے لیے کمپنی سیکریٹری نے سیکریٹریل کمپلائنس سٹرکچرلٹ مجودہ فارم میں پاکستان اسٹاک ایکس چینج کے ریگولیشن کے تحت رجسٹرڈ آف کمپنیز کو سالانہ ریٹرن کے ساتھ جمع کروادی ہے۔

ڈائریکٹرز کے انتخابات

سیکشن 161 کمپنیز ایکٹ 2017 کے مطابق، 2014 کو منعقد ہونے والی سالانہ جنرل میٹنگ میں منتخب کیے گئے 9 ڈائریکٹرز کی تیس سالہ مدت 31 اکتوبر 2017 کو پوری ہو رہی ہے۔ کمپنی ایکٹ 2017 کے مطابق ڈائریکٹرز کے الیکشن آنے والی سالانہ جنرل میٹنگ میں کروائے جائیں گے۔ 23 ستمبر 2017 کو ہونے والی بورڈ آف ڈائریکٹرز کی میٹنگ میں ڈائریکٹرز کی تعداد کو 9 ہی رکھا گیا ہے۔

بیلنس شیٹ کے بعد ہونے والے واقعات

عائشہ اسٹیل مل لمیٹڈ کے توسیعی منصوبے کے حوالے سے کئی ایل سیمینالات و مشنیری کی قائم کی گئی ہیں جن کی مالیت 3.99 بلین روپے ہے، بیلنس شیٹ ڈیٹ کے مطابق یہ ایل سیز جرمینی، آسٹریا اور جاپان سے سامان منگوانے کے لیے تیار کی گئی ہیں۔

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 35 میں آڈٹ شدہ گوشواروں کی تفصیلات کے ساتھ ہیں۔

اعتراف خدمات

کمپنی کے اسٹاک ہولڈرز کے اعتماد اور سہ پرستی کو جاری رکھنے پر تمام ڈائریکٹرز مشکور ہیں، کاروباری اشتراکیت کرنے والے، بینکرز، مالیاتی اداروں، منسٹری آف فنانس، منسٹری آف انڈسٹریز، سیکورٹی ایگنسی، کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، سی ڈی سی، اور تمام اداروں کا ان کی مدد اور حصولہ فضائی کے لیے دل سے شکریہ ادا کرتے ہیں۔

کمپنی کے حصص کی خریداری ڈائریکٹرز اور ایکزیکیٹو

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

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 ایکزیکیٹو ملازم نے کمپنی کے حصص میں ٹریڈنگ نہیں کی مع سوائے ان ٹرانزیکشن کے جو کہ ضمیمہ نمبر 11 میں درج ہیں۔ کمپنی کے ڈائریکٹرز نے ایکزیکیٹو کی سطح مقرر کرنے کے لیے جو پنچ مارک بنایا ہے وہ بیسک تجاؤ 500,000 روپے سالانہ ہے۔

بورڈ میٹنگ میں حاضری

حاضری کی تفصیلات ضمیمہ نمبر 11 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 2017 کو عام اور ترجیحی حصص داروں کی تعداد بلز تیب 10,798 اور 2,959 تھی جب کہ 30 جون 2016 کو عام اور ترجیحی حصص داروں کی تعداد بلز تیب 3,445 اور 2,034 تھی۔ 30 جون 2017 کو شیئر ہولڈنگ کا تفصیلی خاکہ، کمپنی کے حصص داروں کی تمام کیلنگرز کے ساتھ ضمیمہ نمبر 11 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 کمپنیشن سے صفحہ نمبر 57 اور گرافکس پریزنٹیشن اور اہم اسٹیٹسٹکس صفحہ نمبر 59 پر پیش کی گئیں ہیں۔

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے تحت آڈٹ کمیٹی اپنے آپریشنز بورڈ سے منظور شدہ ممبرز آف ریفرنس کے مطابق جاری رکھے گی۔ آڈٹ کمیٹی کے ممبران کی تشکیل اور ممبرز آف ریفرنس اس سالانہ رپورٹ میں دئے گئے ہیں۔

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 اور خواتین اور اسٹیبل پرسنز (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۔

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 3,110 ملین روپے کا انکم / سیلز ٹیکس اور کسٹم / ایکسائیز ڈیوٹی کی مد میں اپنا حصہ ڈالا ہے جو گراں قدر ہے۔

کارپوریٹ گورننس:

عائشہ اسٹیل ملز لمیٹڈ پاکستان اسٹاک ایکسچینج کی فہرست پر موجود ہے۔ کمپنی کا بورڈ اور انتظامیہ فہرست پر موجود کمپنیوں کیلئے مقرر کردہ کارپوریٹ گورننس کے ضابطہ اخلاق پر عمل کیلئے پرعزم ہے اور وہ اپنی ذمہ داریوں اور آپریشنز اور کارکردگی کی نگرانی کے حوالے سے اپنی ذمہ داریوں سے بخوبی آگاہ ہیں تاکہ مالیاتی اور غیر مالیاتی معلومات کی درستی، فراست اور شفافیت کو فروغ دیا جاسکے۔

بورڈ یہ بتانا چاہتا ہے کہ کمپنی کے کھاتوں کی کتابوں کی مناسب انداز سے دیکھ بھال کی گئی ہے اور کھاتہ داری (اکاؤنٹنگ) کی موزوں پالیسیوں کو اختیار و استعمال کیا گیا ہے۔ کھاتوں اور کھاتہ داری کے تخمینوں کی تیاری کیلئے معقول اور محتاط طریقہ کار اختیار کیا گیا ہے۔ بین الاقوامی مالیاتی رپورٹنگ معیارات، جو پاکستان میں قابل اطلاق ہیں، پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کیے گئے۔ داخلی ضابطوں کا نظام، بشمول مالیاتی کنٹرول، ڈیزائن کے لحاظ سے بہتر ہے اور اس پر موثر انداز سے عملدرآمد کیا جا رہا ہے اور نگرانی کی جا رہی ہے۔ کمپنی کے مالی گوشوارے کمپنی کے حالات، اس کے آپریشنز کی نتائج، نقدی کے بہاؤ، محصولات، لیوی یا چارجز اور ڈیویڈنڈ کے حوالے سے بہتر عکاسی کرتے ہیں۔ کمپنی پر گریجویٹی، کی مد میں کسی طرح کے قابل ادا واجبات نہیں ہیں۔

ضابطہ پر عمل کرتے ہوئے، بورڈ حلفیہ اس عزم کا اظہار کرتا ہے کہ اس بات میں کسی بھی طرح کا کوئی شک و شبہ نہیں کہ کمپنی بدستور اپنی سرگرمیاں جاری رکھے گی اور کارپوریٹ گورننس کے بہترین اصولوں، جو لسٹنگ کے ضابطوں اور ٹرانسفر کی قیمت کے تعین میں وضع کردہ ہیں، میں سے کسی ایک اصول پر بھی کوئی سمجھوتا نہیں کیا گیا۔

سال کے دوران ڈاکٹر منیر احمد پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس سے ڈائریکٹریٹ کی کیشن کی سند حاصل کی، چارڈائریکٹریٹ کو رس پہلے ہی مکمل کر چکے ہیں جب کہ کوڈ آف کارپوریٹ گورننس کے قانون کے تحت دو ڈائریکٹریٹ اس ٹریننگ کو رس سے مستثنیٰ ہیں 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 عائشہ اسٹیل ملز کے لسٹڈ ہونے اور لازمی قرار دیے جانے سے قبل ہی عمل درآمد کیے جا چکے تھے۔

ٹریڈنگ اینڈ ڈیولپمنٹ

اے ایس ایم ایل یقین رکھتی ہے کہ انسانی اثاثہ کسی بھی ادارے کا مقابلے کرنے کی بہترین صلاحیت ہے، اسی لئے ہم یہ بات یقینی بناتے ہیں کہ ہمارا یہ اثاثہ ضروری مہارت ٹیکنالوجی اور تربیت سے آراستہ ہو۔ ہم ہنر سیکھنے کے لیے سرمایہ کاری کرتے ہیں اور اپنے اس اثاثے کو آگے بڑھانے اور پیشہ ورانہ ترقی میں بھرپور مواقع فراہم کرتے ہیں۔ اس سلسلے میں مارچ اپریل 2017 کو مینجمنٹ کے شعبہ کے مختلف درجات کے لئے موثر کارکردگی کے نام سے تربیتی سیشن کا انتظام کیا گیا۔

اس تربیت کا مقصد ایک ٹیم کی حیثیت سے خود کو مضبوط کرنا اور آگے بڑھنا تھا۔ اور ٹیم کی مختلف سرگرمیوں میں امتیاز سے گریز اور ٹیم کے اعتماد کو پختہ کرنا تھا۔

کھیلوں کی سرگرمیاں

اے ایس ایم ایل مسلسل کھیلوں کے لیے نئے ٹیلنٹ دریافت کرتا ہے اور اُسے فروغ دیتا رہا ہے، جب کہ ملازمین نے کرکٹ ٹیم بنائی ہے جو مختلف اداروں کی کرکٹ ٹیموں کے ساتھ میچ کھیلتی ہے۔

ماحولیات، ہیلتھ اینڈ سیفٹی

کمپنی ماحول کے تحفظ کی خطر اپنے کردار کی ادائیگی کے لیے شفاف اور بہترین ٹیکنالوجی اور موثر عملیات کے ذریعے ماحولیاتی تحفظ کے متعدد منصوبوں پر کام کر رہا ہے اے ایس ایم ایل ایک ذمے دار کارپوریٹ شہری کی حیثیت سے اعلیٰ درجے کی ای ایچ ایس پالیسی پر کاربند ہے، اور یہ کمپنی کی اولین ترجیحات میں سے ایک ہے ایسا طرز عمل روار کھا گیا ہے کہ ملازمین ان ضوابط پر قاعدے کے طور پر نہیں بلکہ اپنی عادت کے طور پر عمل کریں، تحفظ سے آگہی کے لیے جنوری 2017 سے کیو ایچ ایس ای پالیسی ہر شعبے میں رکھی تھی۔ اس کے ساتھ ساتھ ذاتی اور ماحولیاتی تحفظ کے سلسلے میں آگہی کے پروگرام اور مشقیں بڑھادی گئی ہیں۔ ہمیں یقین ہے کہ کام کے محفوظ ماحول کی جانب یہ سرگرمیاں مشترکہ کوششیں ہیں

انڈسٹریل ریلیشن (تعلقات)

آپ کی کمپنی قابلیت اور انصاف پر مبنی ماحول پر یقین رکھتی ہے اور اُس 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۔

گریجویٹ اسکیم اور ریٹائرمنٹ بینیفٹ

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

کارپوریٹ سماجی ذمے داری

ایک کمپنی کی حیثیت سے اے ایس ایم ایل اس معاشرے میں جہاں ہم رہتے ہیں ایک تعمیری اثرات مرتب کرنے کی خواہاں ہے۔

ہم نے اسے نہایت سنجیدگی سے محسوس کرتے ہوئے اس طرف اپنی خدمات پیش کرنے کا تہیہ کیا ہے۔ ہم اپنے سی ایس آر کی کوششوں کو ایک ذمے دار کارپوریٹ شہری کی حیثیت سے محسوس کرتے ہوئے ہر گزرتے سال میں اس میں اضافہ کیا ہے۔ ہم یہ بھی سمجھتے ہیں کہ سی ایس آر ایک کاروباری ضرورت بھی ہے۔ یوں سمجھیں ہماری کمپنی اتنی ہی متحرک ہو سکتی ہے جتنی یہاں کے لوگ اور معاشرہ ہے۔

اگر ہم اپنا مشن پورا کرنے کے لئے آگے بڑھنا چاہتے ہیں تو ضرورت اس بات کی ہے کہ ہم اس انداز سے ترقی کریں جس سے دنیا کی بہتری ہو۔

اے ایس ایم ایل میں ہم مستحقین کی تعلیم، ماحول اور صحت جیسے مسائل کو سمجھتے ہوئے ماحولیات کے تحفظ پر یقین رکھتے ہیں۔ سی ایس آر کو اپنے کاروباری حکمت عملی میں شامل کر کے کمپنی اپنے اسٹیک ہولڈرز کے ساتھ ان کی اقتدار میں شمولیت میں تعاون کرتی ہیں اور عام شہریوں میں اپنا کارپوریٹ برانڈ تاثر کو بڑھا رہی ہے۔

یوم آزادی کی تقریبات

اے ایس ایم ایل اپنے ادارے میں متحرک اور حب الوطنی پر مشتمل رویوں کو پروان چڑھانے کے عزم پر قائم ہے اور پختہ قومی تشخص کی تعمیر پر یقین رکھتی ہے۔ اسی یقین کو آگے بڑھاتے ہوئے 14 اگست 2016 کو اپنے وطن جس نے ہمیں شناخت دی اسے خراج تحسین پیش کرنے کے لئے ایک تقریب کا اہتمام کیا گیا۔ اس موقع پر قومی ترانہ سے تقریب کا آغاز ہوا جس کے بعد کیک تقسیم کئے گئے اور اے ایس ایم ایل کے تمام ٹیم ارکان کا گروپ فوٹو سیشن ہوا۔ اس کا مقصد ادارے میں حب الوطنی اور وقار کی حوصلہ افزائی کرنا تھا۔

تعلیمی اقدار کی دیکھ بھال

اے ایس ایم ایل تعلیمی اداروں کے ریسرچ، کانفرنس، تجارتی نمائش، ورکشاپس اور دیگر سرگرمیوں میں تعاون کرتی ہے۔

مئی 2017 میں کمپنی نے ٹیکنیکل انسٹی ٹیوٹس میں میکنیکل، الیکٹرانکس اور میٹالرجی میں ڈپلومہ مکمل کرنے والے نوجوان گریجویٹس کی بھرتیوں کے سلسلے میں کیسپس میں جا کر یہ مہم شروع کی۔ ڈی اے ای کرنے والوں کو مختلف شعبوں میں دو سال کے تربیتی پروگرام میں شامل کر لیا گیا۔ ان میں پروڈکشن میں ٹرینی پرو سسز آپریٹر، الیکٹریکل میں ٹرینی ٹیکنیشن اور میکنیکل میں ٹرینی میکنیکل فٹر کے طور پر رکھا گیا۔ ہر ٹرینی کو یہ موقع بھی دیا گیا کہ کامیابی کے ساتھ اس مدت کی تکمیل پر اے ایس ایم ایل میں مستقل ملازمت بھی فراہم کی جاسکے۔

زرمبادلہ کارسک اوسط
 زرمبادلہ کی ناموافق موومنٹ کی وجہ سے
 پیداواری لاگت میں اضافہ اور نتیجتاً منافع میں کمی

زرمبادلہ 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 زرمبادلہ کے ناموافق اثرات کے خطرات کی سطح کم ہو جاتی ہے۔

کاروباری رسک/ فروخت میں کمی کارسک اوسط
 مصنوعات کی مانگ میں کمی کی وجہ سے
 کاروباری منفی اثرات

آج کل سی آر سی کی مقامی طلب مقامی رسد کی نسبت واضح زیادہ ہے۔
 معیشت میں اصافے، 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۔

انڈسٹری کی سائیکلک نیچر اوسط
 اسٹیل ایک سائیکلک صنعت ہے جس میں
 کاروباری سائیکل کے دوران قیمتوں میں
 ناموافق اتار چڑھاؤ سے اے ایس ایم ایل
 پر اثر انداز ہو سکتی ہے۔

انڈسٹری کی سائیکلک 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 77 امریکی ڈالرنی میٹرک ٹن رہتا ہے۔
 اس کے علاوہ ٹیرف پروٹیکشن بھی ایک واضح کشن فراہم کرتا ہے۔

کریڈٹ رسک کم
 رسک کہ کمپنی تجارتی قرضے وصول نہیں کر سکے گی

90% سے زائد فروخت ایڈوائس وصولی پر ہوتی ہے۔ اس کے بعد بااعتماد
 صارفین کو ایک ماہ سے کم مدت پر ادھار پر مال دیا جاتا ہے

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

مالیاتی سال 2016-2017 کے دوران زرمبادلہ سمیت قرضوں کی اوسط لاگت 3.11 بلین روپے رہی (78.652016 بلین روپے) (ماسوائے ان
 وائیڈنگ کی لاگت کے ساتھ 686.46 بلین روپے) (797.71:2016 بلین روپے) رہی۔ 30 جون 2017 کو کمپنی کی قرضوں اور سرمائے کے درمیان
 تناسب 44:56 رہی بمقابلہ 30 جون 2016 جو 31:69 تھی۔

نئی ایڈوانس ٹیکنالوجی، اضافی پروڈکٹ لائن، اور آکنامی اسکیل کی وجہ سے اس توسیعی منصوبے کی بدولت منافع کی شرح میں اضافہ ہوگا، اضافی فوائد میں ایکویٹی میں اضافہ، فنانشل استحکام، اور اضافی لیکوڈیٹی شامل ہیں۔

اس توسیعی منصوبے کے مکمل ہونے کے بعد کمپنی، پاکستان کی دوسری بڑی فلیٹ اسٹیل مینوفیکچرنگ کمپنی بن جائے گی۔

خام مال کی خریداری

بہترین معیار کے ایچ آر سی کی مناسب قیمت پر خریداری سی آر سی کاروبار کا ایک اہم جز 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۔

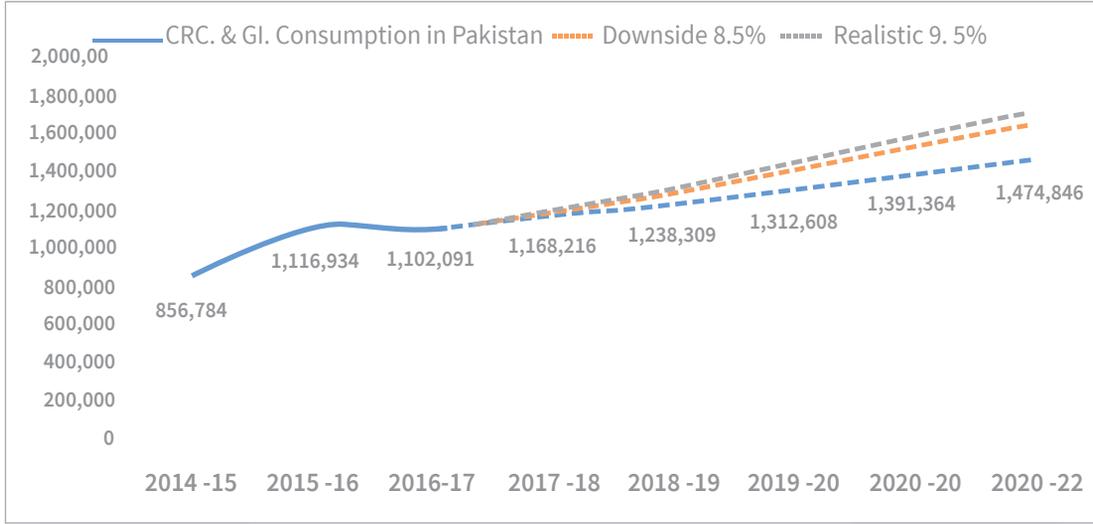
رسک مینجمنٹ

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 اسٹریٹجی 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 ہو جاتی 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 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 38 کے تحت پیش کی جا چکی ہے۔



تصویر نمبر 3: آئندہ پانچ برسوں کے لیے سی آر سی اور جی آئی ضروریات کا تخمینہ

2019-2020 تک مارکیٹ کا حجم 1.3 ملین سے 1.5 ملین ٹن تک پہنچنے کی توقع ہے اور یہ 2021-2022 تک 1.6 ملین ٹن کی حد عبور کر سکتا ہے۔ مقامی مارکیٹ میں موجود اس کمی کو پُر کرنے اور ساتھ ہی برآمدات کے مواقعوں سے فائدہ اٹھانے کے لیے مقامی صنعت کار اضافی منصوبے شروع کر چکے ہیں، اس سلسلے میں زیر نظر سال میں بورڈ نے اے ایس ایم ایل کے 5.4 ارب روپے مالیت کو توسیعی منصوبے کی منظوری دے رکھی ہے، توسیعی منصوبے کے لیے 2.345 ارب روپے ایکویٹی فنانس کے ذریعے مہیا کیے گئے اور جس کے لیے 146,578,616 عام حصص کا اجرا 30 جون 2017 کے بعد کیا گیا۔ مذکورہ بالا توسیع کے لیے قرض کے ذریعے 3.24 ارب روپے فنانس ہوں گے۔ تمام آلات اور سامان جس میں سی آر ایم، پی پی پی ایل، بی اے ایف، سی جی ایل، پی ای بی شیڈ شامل ہیں کے لیے ایل سی کھولی جا چکی ہے

توسیعی منصوبے کے مطابق اے ایس ایم ایل سالانہ 220,000 سے 700,000 ٹن تک جا پہنچے گی، ای ایس ایم ایل اس ضمن میں بہترین آلات و مشینری جرمنی آسٹریا اور چائینہ سے حاصل کر رہا ہے۔ نئی سہولیات 2018-2019 کی دوسری ششماہی سے آپریشنل ہو جائیں گی۔ پروڈکٹ مکس میں 450,000 ٹن سی آر سی اور 250,000 ٹن جی آئی کو انٹرنیشنل ہوگی۔ پیداواری گنجائش میں بتدریج اضافہ ہوگا جو کہ مارکیٹ حجم کے مطابق جولائی 2020 تک 100 فیصد تک پہنچ جائے گی۔

موجودہ سہولیات کو بہتر بنایا جا رہا ہے جس سے معیار اور پیداوار میں اضافہ ہوگا۔ ایک نیارول گرینڈر میسرز ہر کو لیس جرمنی سے حاصل کیا گیا ہے جس سے تھن گیج سی آر سی کے معیار میں بہتری آئے گی، یہ گرینڈر دسمبر 2017 سے کام شروع کر دے گا۔

ڈسپینچ بے میں اضافی حجم کو ہینڈل کرنے کے لیے ایک نئی بیس ٹن اور ہیڈ کرین کا بھی اضافہ کیا گیا، اسی سال دو نئی کرینوں کا بھی اضافہ کر دیا جائے گا جو بیچ لائننگ اور سی آر ایم بیس میں میٹرریل فلو کو بہتر بنائیں گی۔

چائے کی ملز پر عائد ایٹمی ڈپننگ ڈیوٹی کے نفاذ کے بعد سے درآمد کنندگان دوسرے آپشنز جیسے ساوتھ کوریا، جاپان، یورپ کی جانب متوجہ ہو رہے ہیں، اب تک درآمد کو محدود کیا جا چکا ہے، کمپنی کی انتظامیہ اس پوری صورتحال پر کڑی نظر رکھے ہوئے ہے اور حالات کے مطابق ایکشن لینے کے لیے تیار ہے۔

مالیاتی جائزہ اور نتائج

2016	2017	تفصیلات
روپے ملین لاگت میں		
980	2,087	گراس منافع
829	1,831	آپریشنز سے منافع
(155)	1,020	کل سالانہ منافع/(نقصان)
939	963	کیش اور کیش اکونٹس میں اضافہ
منافع/(نقصان) فی حصص		
(1.35)	1.74	پیسک
N/A	1.31	ڈاء پلویٹڈ

30 جون 2017 تک ہونے والے مجموعی نقصان، قرض فراہمی کی ذمہ داریوں اور کمپنی میں توسیع کے لیے کیش فلو کی ضروریات کے باعث، بورڈ اس سال کسی قسم کی ڈسٹریبیوشن پر غور نہیں کر سکے گا۔

توسیع کے منصوبے اور مستقبل کا جائزہ

مسلسل ترقی کو استحکام دینے کے لیے موجودہ سہولیات میں توسیع کی جارہی ہے۔ زیر نظر مالی سال کے مطابق مقامی سطح پر سی آر سی بنانے والوں کی مجموعی فروخت کا حجم 350,000 ٹن تھا، یہ مقامی سطح پر مانگ کا 60% ہی پورا کر پایا، باقی 40% درآمد کیا جاسکا۔ گیلویناء ڈاسٹیل کی کمیٹیگری میں آئی ایس ایل نے 254,000 ٹن کا فروخت حجم حاصل کیا جو کہ مقامی مانگ کا 50% تھا موجودہ سی آر سی اور جی آئی کو ملز کی ضروریات 1.2 ملین ٹن سے بڑھ گئی ہیں۔ ایے ایس ایم ایل اور آئی ایس ایل کی مجموعی پیداواری گنجائش 700 ہزار سے 750 ہزار ٹن ہے جو کہ معیار اور سائز پر منحصر کرتی ہے۔ بقایا ضروریات درآمد کی جاتی ہیں۔ اسٹیل کے شعبے میں سالانہ 10% اضافے کی امید ہے۔ موجودہ ضروریات اور مقرر کردہ تخمینوں کے مطابق سی آر سی اور جی آئی کا متوقع مارکیٹ حجم آنے والے برسوں کے لیے درج ذیل ہے۔

ابتدائی برسوں میں کارکردگی کی رفتار سست روی کا شکار رہی جس کی بنیادی وجہ پلانٹ کی عمارت اور اور ہیڈ کوریز کو درپیش تکنیکی مسائل تھیں، اب بلڈنگ کو مضبوط اور کوریز کو تبدیل کیا جا چکا ہے۔ مالی سال 2016-2017 کے دوران کمپنی نے فروخت اور پیداوار کے حوالے سے بالترتیب 97% اور 95% اضافہ دیکھا، اگر مالی سال 2015-2016 سے موازنہ کریں تو پیداوار اور فروخت کا حجم بالترتیب 7% اور 18% زیادہ تھا۔

انتظامیہ آپریشنل سطح پر 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 مرمت اور درستگی کے عمل کو بروئے کار لایا جاتا ہے تاکہ پیداواری لاگت کو بچایا جاسکے۔ پیداواری لاگت میں کمی، اینٹی ڈپٹنگ ڈیوٹی کا نفاذ اور پیداوار میں اضافہ یہ وہ عوامل ہیں جو آنے والے برسوں میں کمپنی کی کارکردگی کو بڑھائیں گے۔

اسٹیل مارکیٹ اور تجارتی جائزہ۔

چائینہ دنیا بھر کی اسٹیل ضروریات کا 50% مہیا کرتا ہے، ایچ آر سی کی قیمتیں دنیا بھر میں چائینہ کے مقرر کردہ بیچ مارک کی پیروی کرتی ہیں، حالیہ ایکسپورٹ اور مقامی سطح پر ایچ آر سی کی چائینہ میں رائج قیمتیں درج ذیل گراف میں پیش کی جا رہی ہیں۔



تصویر نمبر 2: لوکل اور ایکسپورٹ کی قیمتیں، امریکی ڈالر فی ٹن میں۔

مارچ تک کی ششماہی میں قیمتیں بتدریج بڑھیں، جولائی میں یہ 360 ڈالر فی ٹن، ایف او بی (فریٹ آن بورڈ، ٹینجین پورٹ) رہیں اور دسمبر میں 500 ڈالر فی ٹن رہیں، بعد ازاں مئی میں قیمتیں بتدریج 400 ڈالر فی ٹن تک گر گئیں، اب یہ بتدریج مسلسل بڑھ رہی ہیں، اس وقت یہ 600 ڈالر فی ٹن کے قریب پہنچ چکی ہیں۔ ایچ آر سی کی قیمتیں دسمبر 2017 تک مستحکم رہنے کی توقع ہے۔ دیگر گھریلو مصنوعات اور مقامی آلومینیم پائپس کی مانگ میں اضافے کی وجہ سے سی آر سی کی کھپت میں اضافے کی توقع ہے۔

ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز

بورڈ آف ڈائریکٹرز (عائشہ اسٹیل ملز لمیٹڈ) کی جانب سے 30 جون 2017 کو اختتام پزیر ہونے والے مالیاتی سال کے آڈٹ شدہ گوشوارے بشمول آڈیٹرز رپورٹ ان کا تجزیہ اور کمپنی کی عملیاتی (آپرییشنل) کارکردگی پر مفصل رپورٹ پیش خدمت ہے۔

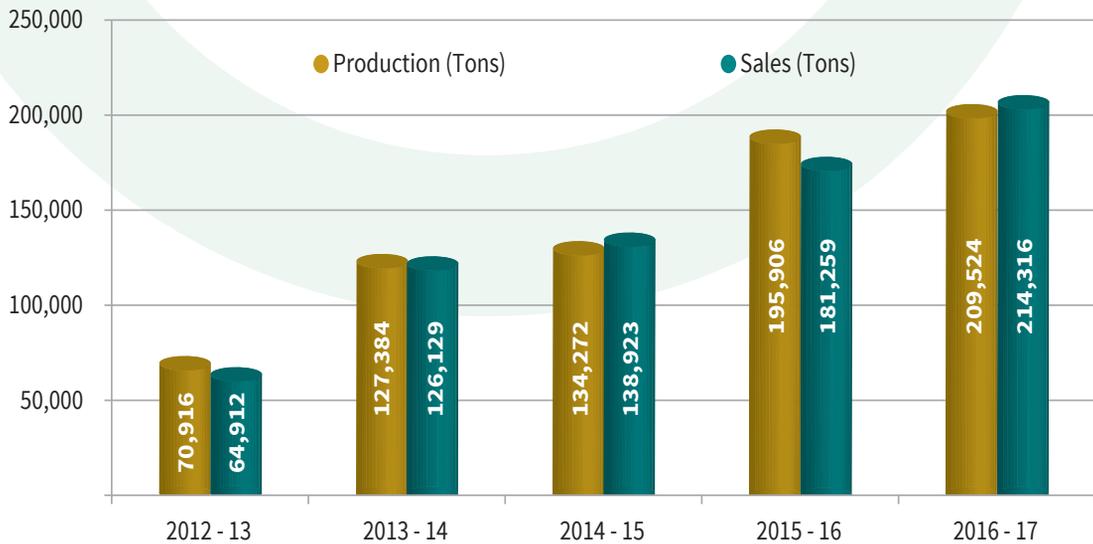
اہم سرگرمیاں

عائشہ اسٹیل مل لمیٹڈ ایک جدید ترین کولڈ رولنگ کمپلیکس ہے جس کی سالانہ پیداواری صلاحیت بمطابق 30 جون 2017، 220,000 میٹرک ٹن ہے۔ نجی شعبے میں اے ایس ایم ایل کا شمار پاکستان میں فلیٹ رولڈ اسٹیل کی صنعت میں کی جانے والی سب سے بڑی سرمایہ کاریوں میں کیا جاتا ہے۔ یہ سی آر سی بنانے میں تمام تراہم پیداواری سرگرمیوں کیلئے جدید ترین جاپانی اور آسٹریل مشینیں استعمال کرتا ہے اور ملک میں سی آر سی کی بہترین پیداوار کو یقینی بناتا ہے۔ اے ایس ایم ایل سی آر سی بنانے کے لیے بین الاقوامی معیار پر اترنے والا پہلا سی آر سی درآمد کرتی ہے۔

بطور بہترین خام مال، عائشہ اسٹیل مل لمیٹڈ کی مصنوعات صنعتی، انجینئرنگ، اور پیداواری صنعتوں کو فراہم کی جاتی ہیں، جن کی مدد سے کئی اقسام کی ویلیو ایڈڈ مصنوعات مقامی مارکیٹ اور برآمدات کے لیے تیار کی جاتی ہیں

کمپنی کے عملیات (آپرییشنز)

مالی سال 2016-2017 نے کمپنی کی ترقی پر گہرے نقوش چھوڑے ہیں، اس ضمن میں پیداوار اور سیلز کے حوالے سے اعداد و شمار درج ذیل ہیں۔



تصویر نمبر 1: گذشتہ پانچ سال کے دوران پیداوار اور سیلز کے اعداد و شمار، ٹن میں پیش کیے گئے ہیں، کمرشل آپریشنز اکتوبر 2012 سے شروع کیے گئے۔



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