Annual Report 2018

Aspiring New Heights

AISHA STEEL MILLS LIMITED
SHAPING THE ECONOMY

ARIF HABIB GROUP

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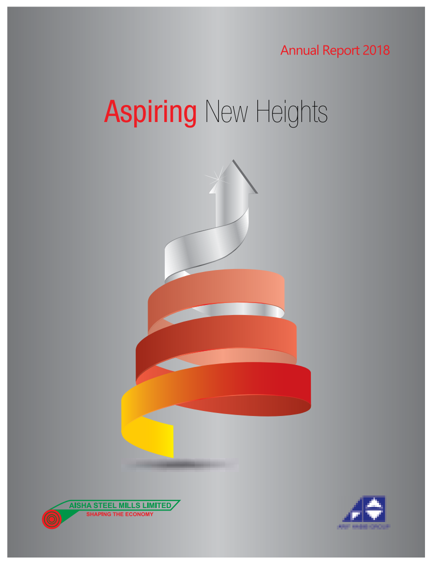
PPPL CONTROL ROOM
EXIT SIDE



Cover Story

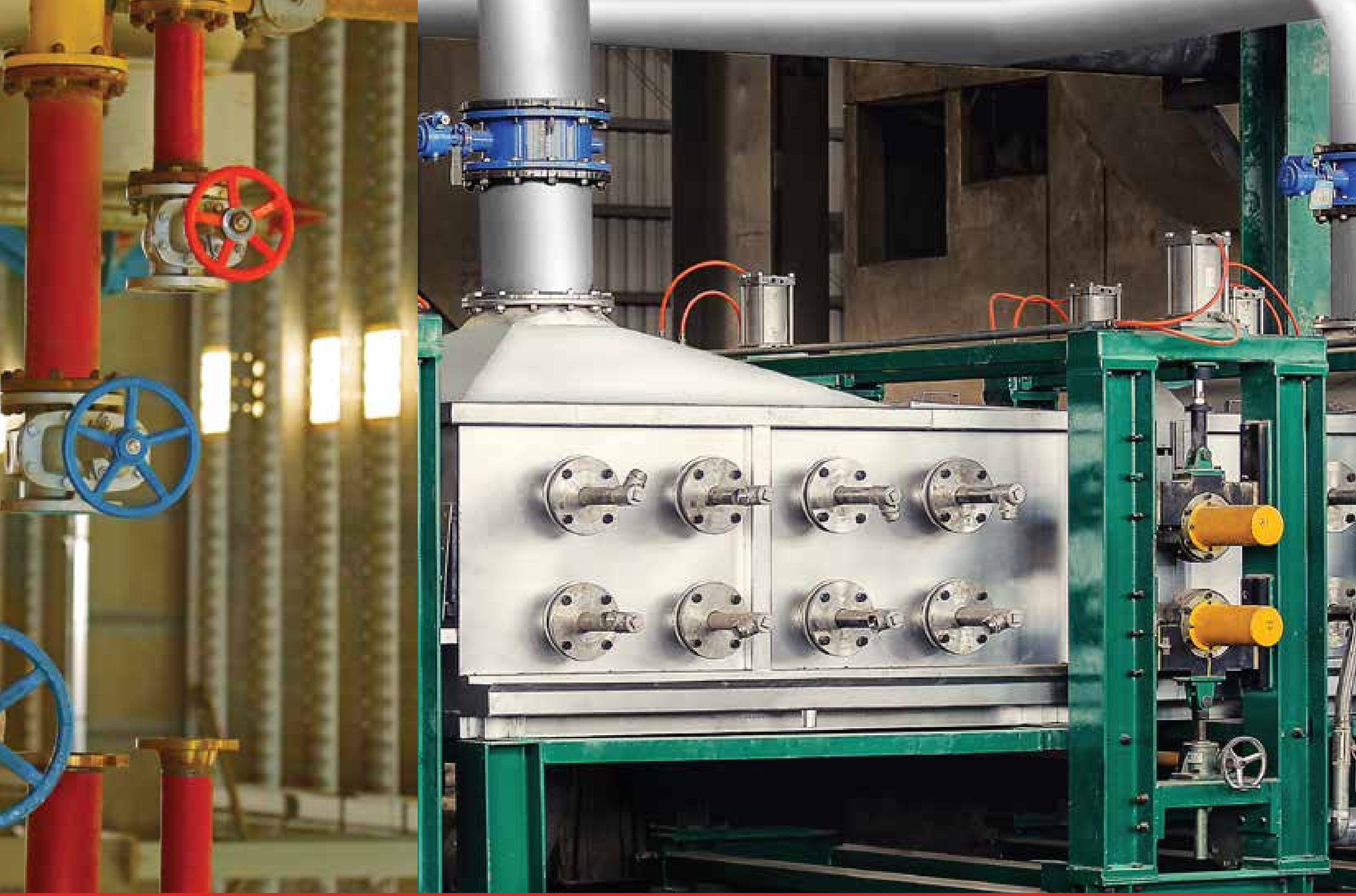
Success results from clear vision, continued faith, untiring hard work and courage to rise when you fall. Difficult paths are embraced with belief, focus, efforts and enthusiasm. Aisha Steel has been through the stages and has the ingredients leading to prosperity. The clouds have cleared, our existing limits have been tested and we are now Aspiring New Heights.

CONTENTS

Company Overview

Governance

Stakeholders' Information



Annual Financial Statements

Others

“It’s not about ideas. It’s about making ideas happen.”

Scott Belsky

Every great organization was once just an idea. Determination, persistence, resilience, and commitment turns it into greatness. Aisha Steel started its commercial operations in FY2013 with the vision to be manufacturer of cold rolled steel of par excellence.

Company Overview

Vision

To be a world class manufacturer of Flat Steel

Mission

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

Company Information

Board of Directors

Mr. Arif Habib, Chairman
Dr. Munir Ahmed, Chief Executive Officer
Mr. Nasim Beg
Mr. Rashid Ali Khan
Mr. Muhammad Ejaz
Mr. Javed Iqbal
Mr. Kashif A. Habib
Ms. Tayyaba Rasheed
Mr. Ahsan Ashraf

Audit Committee

Mr. Javed Iqbal – Chairman
Mr. Nasim Beg – Member
Mr. Kashif A. Habib – Member
Ms. Tayyaba Rasheed – Member

Human Resource & Remuneration Committee

Mr. Rashid Ali Khan – Chairman
Mr. Arif Habib – Member
Mr. Muhammad Ejaz – Member
Mr. Javed Iqbal – Member

Chief Financial Officer

Umair Noor Muhammad

Company Secretary

Mr. Manzoor Raza

Head of Internal Audit

Mr. Muhammad Shahid

Registered Office

Arif Habib Centre, 23 – M. T. Khan Road,
Karachi – Pakistan – 74000
Tel: (021) 32470217

Plant Address

DSU - 45, Pakistan Steel Down Stream Industrial Estate, Bin Qasim, Karachi – Pakistan.
Tel: (021) 34740160

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
Khalid Anwer & Co.
Akhund Forbes
Mohsin TayebAly & Co.

Bankers / Lenders

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan (Aitemad)
National Bank of Pakistan
Pak China Investment Company Limited
Saudi Pak Industrial and Agricultural Investment Company Limited
Silk Bank Limited
Sindh Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab

Website

www.aishasteel.com

Company Profile and Nature of Business

Aisha Steel Mills Limited (“Aisha Steel”) is a public limited company incorporated in Pakistan under repealed Companies Ordinance, 1984. The shares of the Company are listed on Pakistan Stock Exchange. Aisha Steel is part of Arif Habib group and is one the largest private sector investments in the value added flat-rolled steel industry in Pakistan. The principal activity of the Company is manufacturing and selling cold rolled steel in coils and sheets.

Nature of Business

Aisha Steel is one of the major producers of cold rolled steel coils in Pakistan. It is a state-of-the-art flat steel rolling complex with the name-plate capacity of 220,000 tons per annum.

Product

Aisha Steel produces Cold Rolled Coils and Sheets in SPCC, SPCD, SPCE and SPCG (IF) Grades. The thickness and width ranges from 0.15 to 2.5mm and 914 to 1,220 mm, respectively. The surface can be in Matt as well as in Bright finish as per JIS Standard. CRC has wide applications including Auto, Engineering, Appliances and Pipe manufacturing sectors. These sheets and coils are further processed into a wide variety of value added products for domestic as well as industrial applications.

Further, the Company is expanding to increase its existing capacity of CRC as well as adding a Galvanizing line to produce zinc coated coils.

Markets

The main market of the company products comprises of domestic CRC end users. Our products are sold to customer through a network of dealers. Sales are also made directly to the end users manufacturing various engineering goods.

According to “Flat Steel Product – Sector Update” issued by JCR-VIS, Aisha steel was market leader during 2017 with 36% share in CRC segment. During 2018, quantity sold by the company increased marginally, and the Company has maintained its market share.

Machinery and Production Process

The production process of CRC from HRC is highly automated and can be divided into the following:

1. **Push Pull Pickling Line**
   This line cleans HRC by using acid solution to eliminate oxide scale and other deposits on the surface. The existing Push Pull Pickling Line has an annual capacity of 360,000 tons.

2. **Cold Rolling Mill**
   The Rolling Mill is heart of the cold rolling complex. In this equipment, the clean HRC is rolled into thin gauges, at room temperature, by applying hydraulic force through set of roles. Cold rolled steel possesses better surface, enhanced strength and better dimensional accuracy compared to HRC. The output from this mill can be sold as “Full Hard CRC” or further processed into “Annealed CRC”.

3. **Batch Annealing Furnace**
   Batch Annealing Furnace (BAF) transforms “Full Hard CRC” into “Annealed CRC” in controlled atmosphere furnaces. Currently the company is equipped with 8 heating bells and 7 cooling bells, with an annealing capacity of approximately 220,000 tons of CRC every year.

4. **Skin Passing and Recoiling Mills**
   Skin passing is done to improve mechanical properties and achieve specified surface finish, hardness and flatness. After skin passing the finished product is passed through a recoiling line and coated with corrosion protection oil. The coil size is also adjusted according to customer needs.

Geographical Location

We are located at:

1. Registered Office Address: Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan
2. Factory Address: DSU-45, Pakistan Steel, Down Stream Industrial Estate, Bin Qasim, Karachi, Pakistan
3. Sales Liaison Office: 5th Floor, 501-D City Tower, Main Boulevard, Gulberg II, Lahore, Pakistan

Significant Factors Affecting External Environment

Macro-Economic Factors

FY 2017-18, recorded 5.4% growth in GDP. Strong performance was observed in agriculture, industry and services sectors, growing by 3.8%, 5.8%, and 6.4%, respectively. IMF also stated that Pakistan's economy is showing strong signs of growth and price stability. The near term outlook for economic growth is broadly favorable supported by improved power supply, investment relating to China-Pakistan Economic Corridor (CPEC), strong consumption growth and ongoing recovery in agriculture.

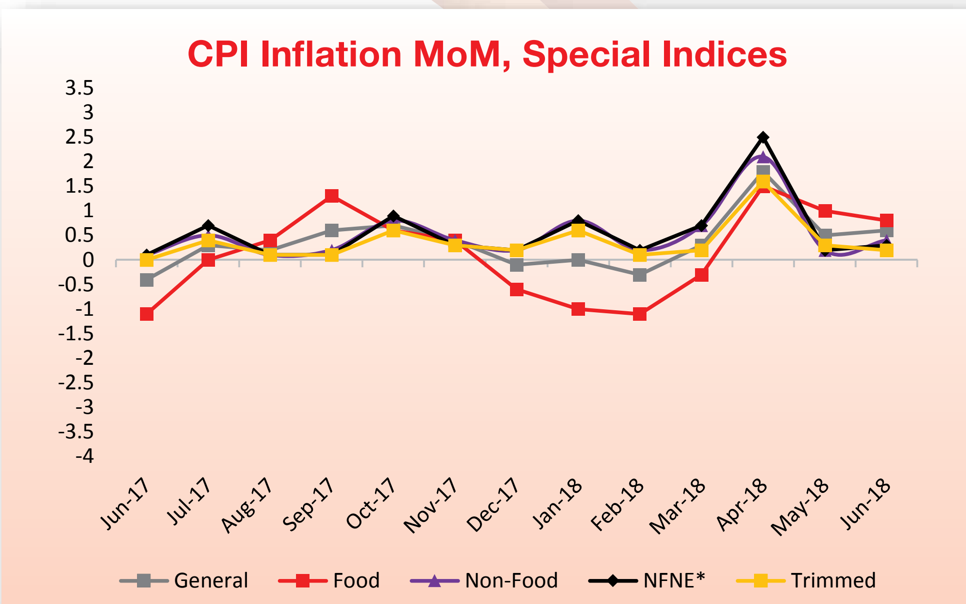
Fiscal sector performed well and as depicted a growth in revenues relative to expenditures contained to 2.3% of GDP during first half of FY 2018, as compared to 2.5% in the corresponding period last year. Total revenues during July – December FY 2018 grew by 19.8% to 6.9% of GDP. During first nine months of FY 2018, FBR collected around 2,626.6 billion, posting a growth of 15.8%. Further, total expenditures during July – December FY 2018 increased by 14% to 9.2% of GDP.

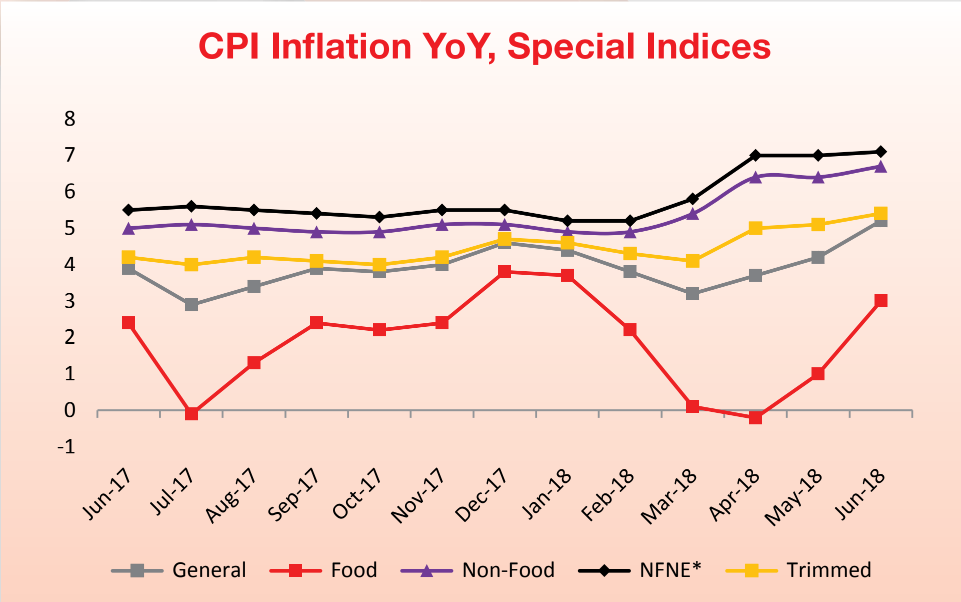
The monetary policy rate was increased to 6% from 5.8%, in order to anchor expected rise in inflation on account of oil prices and to address the exchange rate movement. Average exchange rate against USD (monthly basis) appreciated by 13.10% to Rs. 119.42 per USD.

Average inflation during FY 2017-18 has been recorded at 5.2%, compared to 3.9% recorded in FY 2016-17. Other inflationary indicators like Sensitive Price Index (SPI), Wholesale Price Index (WPI), and Core inflation were recorded at 1.9%, 7.6%, and 5.5%, respectively.

Pakistan faced challenging Balance of Payment position due to widening Current Account Deficit (CAD). Pakistan's total exports grew 12.3 % during the year, while, total imports recorded 5.7 USD billion till June 2018, registering an increase of 43.2 %. With widening of CAD, the country's total foreign exchange reserves fell by 6.1 USD billion. As control measure, and in order to slow down imports, an additional regulatory duty was imposed to curtail the inflated imports.

Education is covered as one of the key goals of Sustainable Development Goals (SDGs). The government advanced financial support to higher education, resulting in revival of sector led through activities by Higher Education Commission (HEC). Under PSDP 2017-18, government allocated Rs. 35.7 billion for development projects for universities. Till March 2018, total enrolments at national level increased to 48.1 million, increasing by 4% from 2015 - 16.





Pakistan Vision 2025 prepared by Federal and Provincial governments provides road map for health and nutrition in the country. It sets vision of reducing widespread prevalence of communicable diseases, disease surveillance, and addressing inadequacies in primary/secondary health care facilities. By 2017, count of doctors has increased to 208,007, 20,463 dentists, and 103,777 nurses bringing the current ratio to one doctor for 957 persons, one dentist for 9,730 persons and one bed for 1,580 persons. The number under each establishment has rising trend.

The 6th National Population and Housing Census was held from March to May 2017. The results of the census were provisionally released which shows that total population has increased to 207.77 million. The census shows that population is swiftly moving towards urban centers, due to better availability of better socio-economic facilities.

Pakistan, like other countries, has environmental challenges, and has experienced several adverse climate impacts over the years and adaptation to these impacts is necessary for socio-economic development. Ministry of Climate Change has taken many initiatives in the area of climate change adaptation and mitigation in accordance with National Policy. Climate change mitigation strategies are also being implemented at national level in terms of promotion of environment friendly renewable energy, and use of energy efficient appliances. According to Pakistan's Intended National Determined Contributions (INDC) the country's adaptation need is USD 7 to USD 14 billion per annum. To mitigate the impact of climate change, 100 million trees have been planned around the country in five years under the Green Pakistan Programme. The Green Pakistan Programme has three major components i.e. revival of forestry resource of Pakistan, revival of wildlife resources in Pakistan and strengthening of the Zoological Survey of Pakistan.

Having the General Election, in FY 2017-18, Pakistan faced several instabilities on political grounds. These political instabilities adversely affected overall economic progress and confidence of foreign investors. Once political uncertainties are cleared the economic progress is expected to revive and prosper.

* *Economic data has been collected from **"Pakistan Economic Survey 2017-18"** and data of **"Pakistan Bureau of Statistics".***

Imported versus Local Material and Foreign Currency Sensitivity

The HRC price component comprises around 85% of total cost of CRC. All HRC is imported from various foreign suppliers from China, Japan etc. These transactions are denominated in foreign currency. Bills payable and foreign creditors, included under trade and other payables, and are mainly exposed to foreign currency risk. Other than HRC all major raw materials are procured locally. Currently the Company is not active in exports sales and, therefore, no export foreign currency risk exist on receivables.

As of June 30, 2018, if the Pakistani Rupee had weakened / strengthened by 5% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 37.86 million (2017: Rs. 76.49 million) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated as financial assets or liabilities.

Cold Rolled Coils Industry
During the year the total market size of CRC increased to 630,000 tons, which depicted an increase of by 18% as compared to last year. Similarly, market size of galvanized coils also increased to 560,000 tons, rising by 20% when compared to last year. Total import of CRC was about 250,000 tons during the year. Since imposition of anti-dumping duty on Chinese and Ukrainian material, CRC is being imported from other countries including Russia, South Korea and Japan.

Effect of Seasonality
Sales remain mostly stable throughout the year and there is no major seasonal push or pull, however, some slowdown is witnessed from beginning of Ramadan until a week after Eid-ul-Fitr, a week before Eid-ul-Azha till a week after Eid-ul-Azha, and occasionally during monsoon season. The lower pace of sales relates to slowdown in operations of customers due to Ramadan, and lack of availability of intercity transport.

Productivity of the company is independent from seasonal fluctuations. However, same is managed by adjusting stock levels and annual maintenance schedules.

Micro-Economic Factors

Business Model
Aisha Steel is focused on customers satisfaction and aim to provide them with best quality cold rolled coils. We target for long term mutually beneficially relationship which adds value for both customers and Aisha Steel. In order to meet our mutual objectives we aim to achieve optimization of all processes from procurement to sales, and capitalize on synchronization of entire value chain.

Competition
Aisha Steel is one of the largest producers of Cold Rolled Coils in Pakistan. Due to state-of-the-art technology, our quality gives us competitive edge over other producers and importers of CRC. Moreover, after completion of on-going expansion our total capacity will increase to 700,000 tons, including 250,000 tons of GI coils. This will further strengthen us against the competition.

Suppliers
The company has built strong relationship with its suppliers. We have a competent procurement team which is well versed in acquiring necessary raw material and other stores and spares at optimum rates.

Raw Material
The raw material mainly consists of Hot Rolled Coils, which are imported mainly from Japan, Taiwan and China. Prices are of HRC are linked with its international demand and supply. Timing of HRC procurement and its pricing decision are critical to the profitability of the company.

Market Share Information
On September 14, 2017, Tundra Fonder, a Swedish asset manager analyzed case study of Aisha Steel Mills Limited, and published market share of the company in their analysis. The extracts from the published article have been covered under “Stakeholders’ Engagement”.

Significant Changes from Prior Year
There are no major changes in organizational overview and external environment from prior year. However, during the year, the company has initiated expansion to increase its overall capacity and to diversify its product portfolio. This will give us further competitive advantage and increase our market share.

Code of Business Conduct and Ethical Principles

At, Aisha Steel, we conduct our business with integrity, honesty and fairness. We respect views and the interests of all stakeholders and strive to fulfill them while remaining compliant with the legal framework. In order to ensure standards of practice, code of conduct has been developed, which is required to be acted upon by all employees including chief executive and directors. Our code of conduct contains following principles:

1. **Human Resource**
   ASML believes that a strong and cable team leads to results. ASML is an equal opportunity employer and discrimination on any ground is completely unacceptable. Therefore, employees shall be recruited and promoted only on merit based on qualification and experience.

2. **Compliance with Laws and Regulations**
   Every director and employee of ASML shall adhere to all applicable laws and regulations, including those related to corporate governance.

3. **Conflict of Interest**
   No director or employee of the Company shall engage in any activity, relationship or business which conflicts with the interest of the Company, unless the same has been approved by the Company. Any interest which may affect or might reasonable be deemed by others to affect the employees impartiality, should be declared in writing to the Company.

4. **Books and Records**
   Every employee must act in good faith, not to misrepresent material facts in books or records, internal or external communications. These records shall be maintained in such a way that they are easily accessible and are in compliance with applicable laws.

5. **Fair and Ethical Conduct**
   Every director and employee of the Company shall deal fairly with each other, customers, suppliers and other stake holders. Information transmitted and dealings done in official capacity must be honest and shall never be made to mislead, take unfair advantage, manipulate, conceal or abuse information, or to misrepresent facts.

6. **Work Place Harassment**
   Every director and employee shall maintain an environment that is free from harassment and all employees shall be equally respected. Harassment includes, but is not limited to, sexual harassment and disparaging comments based on gender, religion, race or ethnicity.

7. **Confidentiality**
   The Directors and employees must respect the information received in the due course of business and never use the same for personal gain. Further, all the affairs of the Company are to be treated as confidential and never be disclosed to third parties, unless the same is required by the applicable laws.

8. **Political Contributions and Activities**
   Directors and employees are restricted from engaging in political activities or making political contributions.

9. **Health and Safety**
   Every employee is encouraged to take reasonable care to ensure his health and safety and others who may be affected by his acts. Health and safety guidelines should be strictly followed, especially in the production area.

10. **Weapons and Drugs**
    ASML does not allow any employee to carry firearms or weapons. Further, the employees must not possess, use, or distribute drugs or alcohol.

11. **Protecting Company's Assets**
    Every employee shall safeguard assets of the Company and their fair and efficient use. All assets of the Company, including utilities and official time of employee, shall be used efficiently and for legitimate business purposes only.

12. **Non-Retaliation Policy**
    The company prohibits any retaliation against anyone who reports the misconduct in good faith. Any employee observing any violation may bring the same to the notice of the management in writing.

Core Values

At Aisha Steel we act, work and prosper in accordance with our values. We strive to contribute towards the society and conduct our business in abidance by the law. We aim to serve the interests of all stakeholders, including the society at large.

1. **Integrity and trust**
   We trust, respect and support each other. Thus, strive to earn the trust of all our stakeholders by maintaining transparent environment based on ethical values and ensuring openness and honesty in all our dealings at all times.

2. **Diversity and Fairness**
   We are an equal opportunity employer and provide equal playing field to all our employees without bias against gender, age, race, ethnicity and religion.

3. **Excellence**
   We strive for quality and excellence in all our actions and make sure we do what we say.

4. **Teamwork and Team Development**
   We aim for building teams where members respect and support each other, regard each other's views, coordinate, collaborate and foster an environment of harmonized efforts towards collective goal of growth and prosperity. We invest in human resource and ensure continuous behavioural and technical trainings are provided.

5. **Regulatory Compliance and Corporate Governance**
   The Company remains committed to high standards of corporate governance, while adhering to applicable laws and regulations, in full letter and spirit.

6. **Shareholders**
   We are committed to maximize the value of investments of shareholders by achieving superior returns, enhancing our capacities and improving our process efficiencies. We are also committed to ensure that all material information is communicated to shareholders on timely basis.

7. **Customers**
   Our conviction for excellence emerges with the passion to satisfy our customer and to provide them with a product of international standards.

8. **Ingenuity**
   We seek new opportunities and out-of-the-box solutions. We use our creativity to find ways to solve problems. Our experience and technology enables us to overcome challenges and deliver value to stakeholders.

Ownership Structure

As at June 30, 2018 shares of Aisha Steel are majorly held by below shareholders, detailed disclosure of ownership structure has been included as Annexure II and III of the Director's Report (Page Number 50).

Name of Shareholder	% Owned
Arif Habib Equity (Pvt) Limited	31%
Mr. Arif Habib	19%
Metal One Corporation **(N-1)**	8%
Arif Habib Corporation	7%

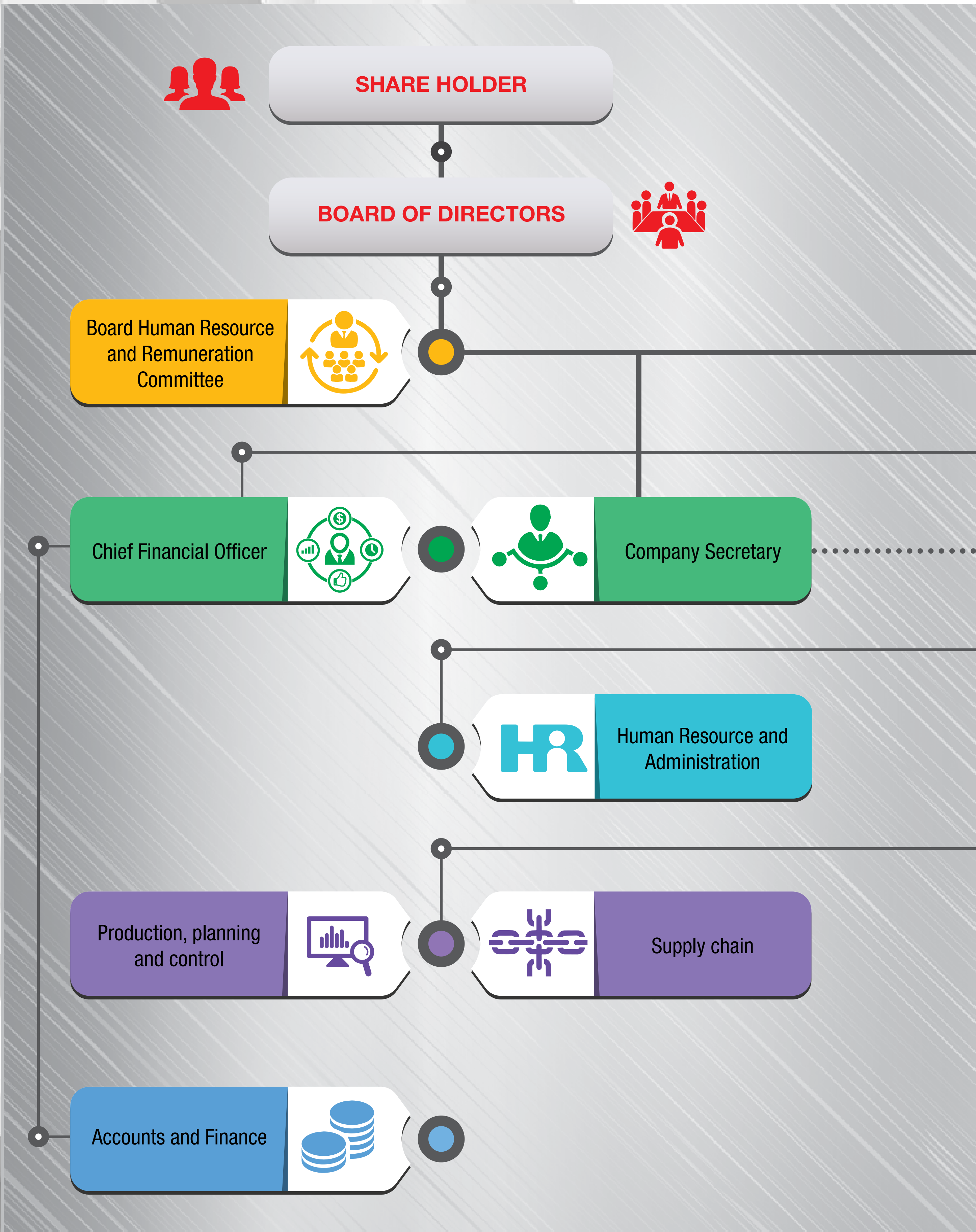
N-1 Subsequent to the Balance Sheet date, SECP has registered and recorded the Order of honorable High Court of Sindh (Court) dated June 25, 2018 (Order) in which the Court has allowed the petition and minutes passed in Annual General Meeting of Aisha Steel Mills Limited held on October 27, 2016 for reduction of Company's paid-up capital by cancellation of 66,768,583 ordinary shares of the Company held by Metal One Corporation.

Associated Companies

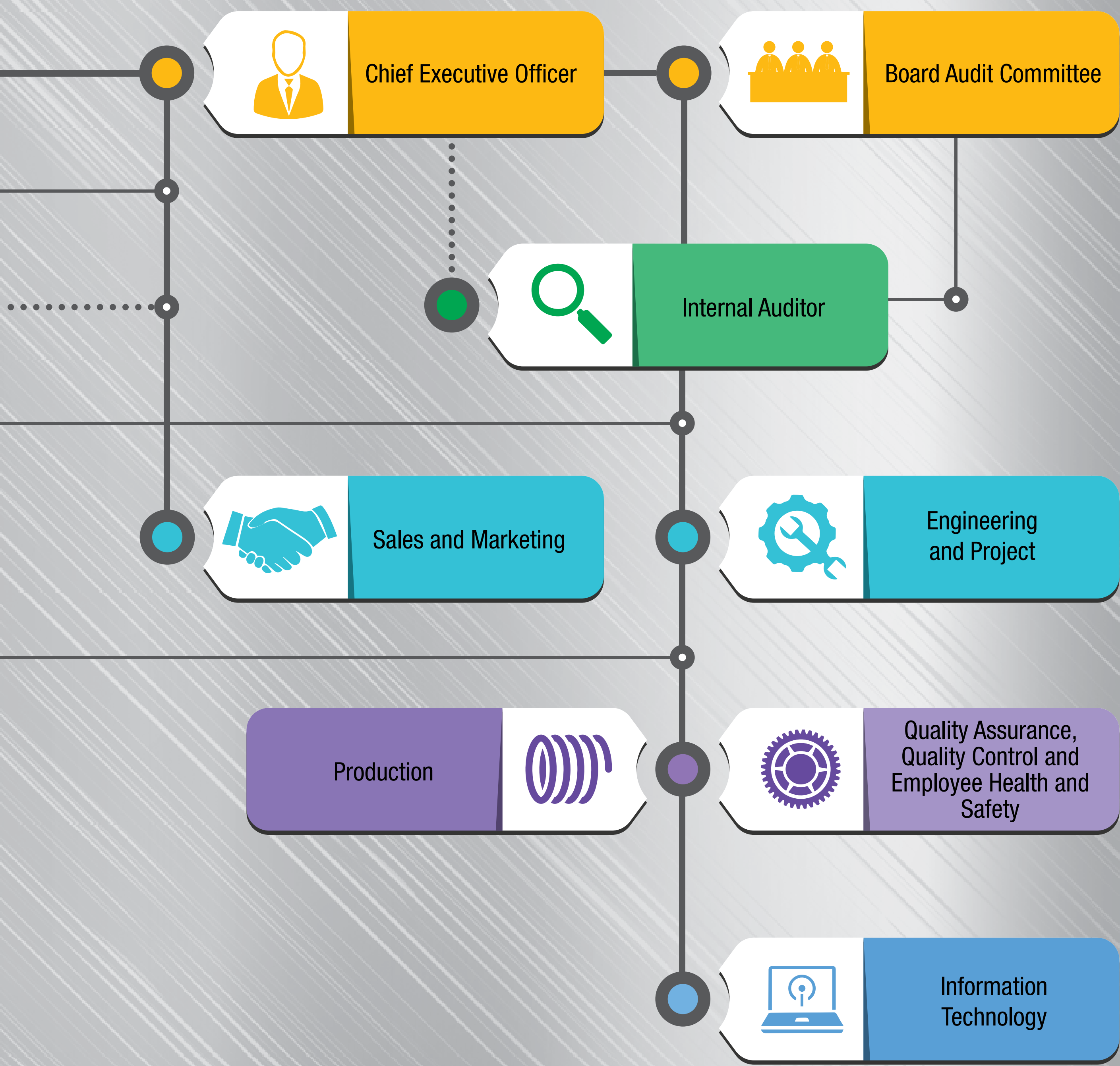
Aisha Steel is part of Arif Habib Group, which along with Aisha Steel includes below mentioned entities:

Group Company	Relationship	Nature of Relationship
Arif Habib Corporation Ltd.	Associated Company	Mr. Arif Habib, Mr. Nasim Beg, Mr. Kashif A. Habib and Mr. M. Ejaz are directors of both companies.
Power Cement Ltd.	Associated Company	Mr. Nasim Beg, Mr. Kashif A. Habib and Mr. M. Ejaz are directors of both companies.
Arif Habib Consultancy (Pvt.) Ltd.	Associated Company	Mr. Nasim Beg is director of both companies.
MCB-Arif Habib Savings and Investments Ltd.	Associated Company	Mr. Nasim Beg is director of both companies.
Fatima Fertilizer Company Ltd.	Associated Company	Mr. Arif Habib and Mr. Kashif A. Habib are directors of both companies.
Pakarab Fertilizers Ltd.	Associated Company	Mr. Arif Habib, Mr. Nasim Beg and Mr. Kashif A. Habib are directors of both companies.
Javedan Corporation Ltd.	Associated Company	Mr. Arif Habib and Mr. Kashif A. Habib are directors of both companies.
Arif Habib Equity (Private) Ltd.	Associated Company	Mr. Arif Habib holds significant shares of Arif Habib Equity (Private) Limited. Further, Mr. Kashif A. Habib is director in both companies.
Sachal Energy Development (Pvt.) Ltd.	Associated Company	Mr. Arif Habib and Mr. M. Ejaz are directors of both companies.
Black Gold Power Ltd.	Associated Company	Mr. Arif Habib and Mr. Kashif A. Habib are directors of both companies.

All companies are operated by their management under the oversight of respective Board of Directors. Transactions are entered into normal course of business at arm's length. All transactions are placed for approval of board of directors of respective companies.


SHARE HOLDER
BOARD OF DIRECTORS
Board Human Resource and Remuneration Committee
Chief Financial Officer
Company Secretary
Human Resource and Administration
Production, planning and control
Supply chain
Accounts and Finance

Organization Chart



Critical Performance Indicators

Revenue	Profit Before Taxation
(Rs. in Million) **18,904** Increased by 34.30%	(Rs. in Million) **1,916** Increased by 117.23%

Gross Profit	Profit After Taxation
(Rs. in Million) **3,314** Increased by 58.79%	(Rs. in Million) **1,284** Increased by 25.88%

EBITDA	Debt to Equity Ratio
(Rs. in Million) **3,424** Increased by 53.89%	(Ratio) **39:61** Financial Year 2017 44:56

Gross Profit Percentage	Earnings Per Share - Basic
(Percentage) **17.53%** Increased by 2.70%	(Rupees) **1.57** Financial Year 2017 1.74

Shareholders' Equity	Earnings Per Share – Diluted
(Rs. in Million) **8,491** Increased by 26.73%	(Rupees) **1.54** Financial Year 2017 1.31

Total Assets	Breakup Value Per Share
(Rs. in Million) **20,426** Increased by 12.33%	(Rupees) **10.20** Increased by 4.40%

No of Employees	Average Employees
(Number) **486** Increased by 19.41%	(Number) **440** Increased by 8.37%

Factory Employees	Average Number of Factory Employees
(Number) **406** Increased by 25.70%	(Number) **363** Increased by 12.04%

The management measures its performance against the above critical indicators. These are expected to remain valid in future years as well. All indicators, except basic earnings per share, have increased depicting rise in Company's performance during 2018. Negative variance in basic earnings per share is due to issuance of right shares.

CRC Value Chain

HRC Producers

INPUT	PROCESS	OUTPUT
• Iron Ore • Lime Stone • Coal	1. Sintering 2. Blasting 3. Casting 4. Rolling 5. Cooling	Hot Rolled Coils

End Users
Ship building, general engineering, agriculture equipment etc.

Major International Producers include
China, Japan, South Korea, India, America and Taiwan

Major Local Producers
Currently HRC is not produced in Pakistan.

Full Hard CRC Producers

INPUT	PROCESS	OUTPUT
Hot Rolled Coils	1. Pickling 2. Rolling	Full Hard Cold Rolled Coils

End Users
Producers of thres, sign boards, racks, gates, canopies, generator grills etc.

Major International Producers include
China, Japan, South Korea and Taiwan

Major Local Producers
Aisha Steel Mills Limited (ASML) and International Steel Limited (ISL).

Annealed CRC Producers

INPUT	PROCESS	OUTPUT
Full Hard CRC	1. Annealing 2. Skin Passing	Annealed Cold Rold Coils

End Users
Producers of various parts of automobiles including fenders, fuel tank, show lower, mud flaps, chassis, body, main floor, hood, wheel casing, doors, rims, pipe, bikes, generators, engineering goods and other parts.

Major International Producers include
China, Japan, South Korea, India, America and Taiwan

Major Local Producers
Aisha Steel Mills Limited (ASML) and International Steel Limited (ISL).

Galvanized Iron Producers

INPUT	PROCESS	OUTPUT
Full Hard CRC	1. Surface Preparation 2. Annealing and Galvanizing	Galvanized Iron Coils

End Users
Producers of awnings, balconies, canopies, fences, ductwork, steel furniture, support beams, electronic casing, piping, wire, ropes, home appliances, white goods and other.

Major International Producers include
China, Japan, South Korea, India and Taiwan

Major Local Producers
Locally, GI is mainly produced by International Steel Limited (ISL). Aisha Steel Mills Limited (ASML) is installing continous galvonizing line which will be commissioned in December 2018.

Production Process of HRC

1. **Sintering**
   The iron ore is agglomerated with other fine materials at high temperature, to create a product called Sinter, that can be used in a blast furnace.

2. **Blasting**
   A mixture of iron ore (Sinter) and coke is then heated in a blast furnace to produce molten iron (pig iron) from which steel is made.

3. **Casting**
   Steel from the furnace is passed through continuous casters and is formed into slabs, blooms and billets.

4. **Heating Process**
   Steel slabs are then heated in a furnace to approximately 2,300 degree Fahrenheit. The mills scales / flaky surface generated on the surface of hot iron are cleansed through scale breaker.

5. **Finishing and Rolling**
   The cleansed material is sent through a rolling mill for producing transfer bars. The process consists of rollers that decrease the thickness and increase the length. The transfer bar is further rolled to reduce thickness to form sheets of desired thickness.

6. **Cooling Stage**
   The flat rolled steel is cooled via cooling sprays. After cooling the hot rolled sheets enter coilers and the coilers are ready for delivery.

Production Process of CRC

1. **Pickling**
   HRC is given acid bath to cleanse the deposits of rust and other impurities.

2. **Rolling**
   The pickled HRC is rolled to achieve the desired thickness of cold rolled sheets. The output from this stage is called 'Full Hard CRC'

3. **Annealing**
   Full Hard CRC is then heated and cooled in annealing furnace. This process changes the properties of metal and makes softer.

4. **Skin Passing**
   Skin passing is done to improve and normalize mechanical properties and to get the specified surface finish, hardness and flatness. After skin passing the finished product is passed through a recoiling line to adjust the width and weight of coil by dividing it into smaller coils. The output at this stage is called 'Annealed CRC'.

Production Process of Galvanized Iron

1. **Surface Preparation**
   The Full Hard coils are degreased, pickled and then rinsed to remove impurities, scales and to prepare surface for application of zinc coating.

2. **Galvanizing**
   The material is immersed in a bath of molten zinc. After zinc coating is completed, the excess zinc is removed by draining and vibrating.

Calender of Notable Events

July 1, 2017 to June 30, 2018

ASML Family Art Competition

August 11

August 12

70th Independence day celebrations

September 23

Approval of Annual Financial Statements of 2017 by the Board

October 21

Ground breaking ceremony of expansion project of Aisha Steel Mills Limited

October 25

Approval of First Quarter Financial Statements of September 2017 by the Board

October 28

13th Annual General Meeting and Election of Directors

70th Independence day celebrations

Equipment Foundation ground and Erection ceremony of GI Complex

2nd Interdepartmental ASML Night Cricket Tournament

Approval of Third Quarter Financial Statements of March 2018 and Budget of FY 2018-19 by the Board

December 30

February 12

March 24

March 29

April 27

June 19

Approval of Half Yearly Financial Statements of December 2017 by the Board

Eid Milan Party

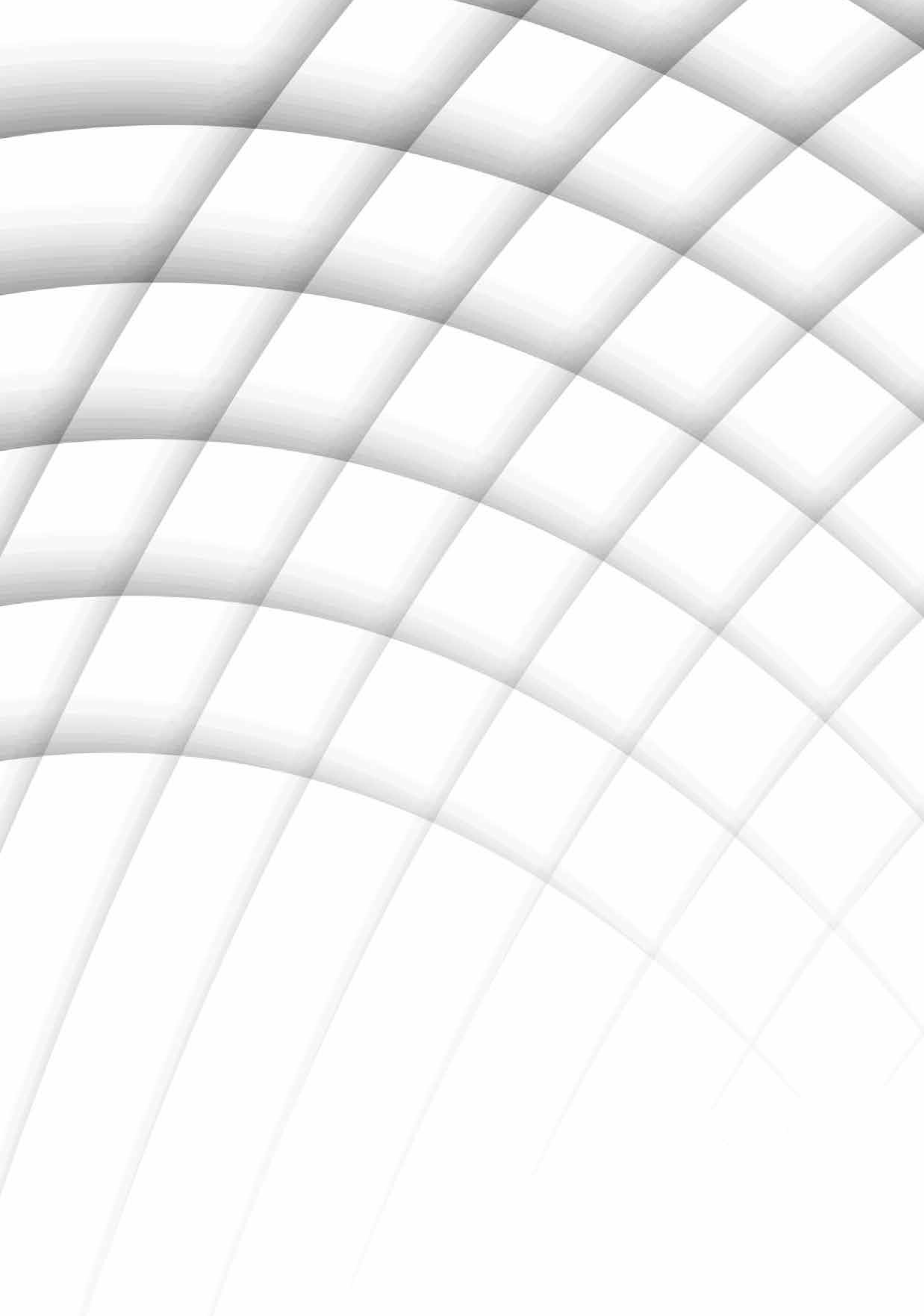
2nd Annual Town Hall Meeting with CEO

“With faith, discipline and selfless devotion to duty, there is nothing worthwhile that you cannot achieve.”

Muhammad Ali Jinnah

Long journeys are accomplished by those who do not quit. Every problem has a solution; one just has to be creative and patient enough to find it. After initial startup issues FY2014 marked as first year of more than 50% productivity and gross profit for Aisha Steel.

Governance



Directors' 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 director of Pakistan Centre for Philanthropy, Karachi Education Initiative and Karachi Sports Foundation.

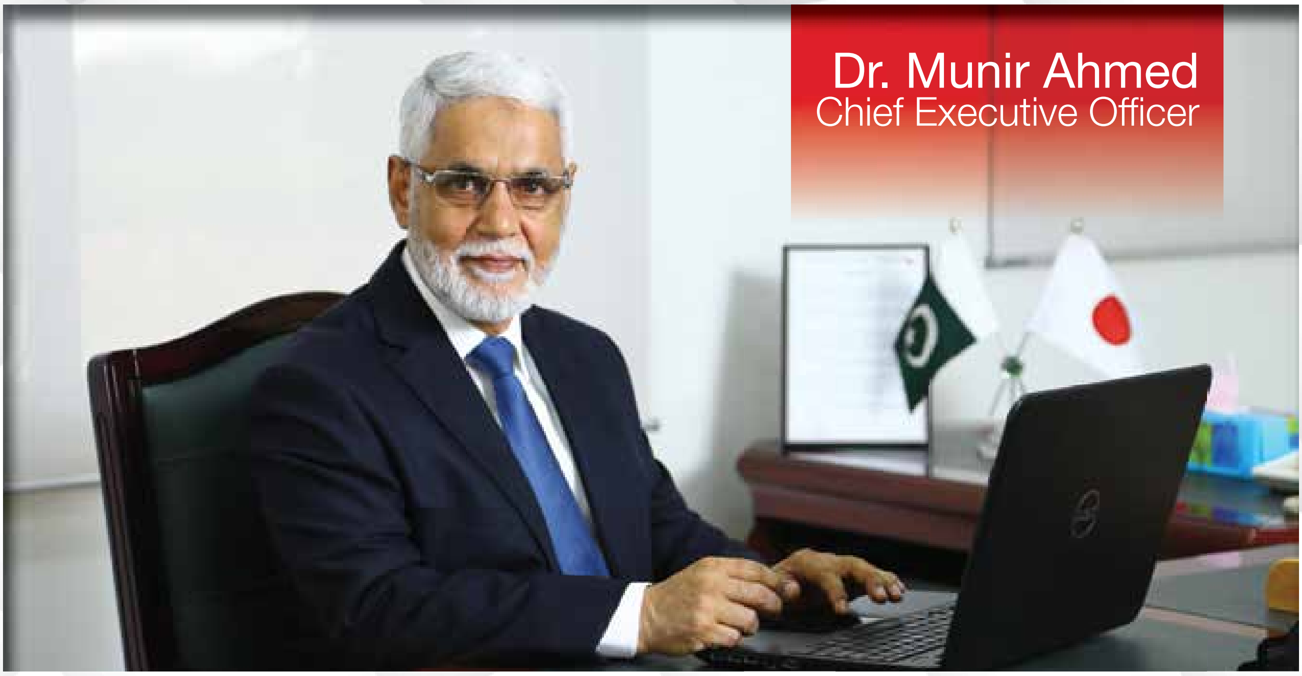
Other Corporate Responsibilities

As Chief Executive Officer
- Arif Habib Corporation Limited

As Chairman
- 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
- AH Aviation (Private) Limited
- Arif Habib Real Estate Services (Private) Limited
- Fatima Cement Limited
- International Builders and Developers (Private) 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 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 to 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. He 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 modernization 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).

Other Corporate Responsibilities

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

As Chairman
- Arif Habib Dolmen REIT Management Limited
- MCB-Arif Habib Savings & Investments Limited
  (Vice Chairman)
- Power Cement Limited

As Director
- Arif Habib Corporation Limited
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Safe Mix Concrete Limited
- Silk Bank Limited

Mr. Muhammad Ejaz
Non-Executive Director

Mr. 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 spear headed several group projects when these were at a critical stage during their execution.

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.

Other Corporate Responsibilities

As Chief Executive
- Arif Habib Dolmen REIT Management Limited

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

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 PricewaterhouseCoopers), where he gained experience of 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 eight years' experience as an Executive Director in cement and fertilizer companies of the group.

Other Corporate Responsibilities

As Chief Executive
- Power Cement Limited
- Safe Mix Concrete Limited

As Director
- Arif Habib Corporation Limited
- Arif Habib Equity (Private) Limited
- Arif Habib Foundation
- Arif Habib Real Estate Services (Pvt.) Limited
- Black Gold Power Limited
- Fatimafert Limited
- Fatima Fertilizer Company Limited
- Fatima Cement Limited
- Javedan Corporation Limited
- Pakarab Fertilizers Limited
- REMMCO Builders & Developers Limited
- Reliance Sacks Limited
- Rotocast Engineering Company (Pvt.) Limited

Mr. Jawaid Iqbal
Independent & Non-Executive Director

Mr. Jawaid Iqbal is a Chartered Financial Analyst and has a Masters degree in Business Administration. He is Chief Executive Officer of Providus Capital (Pvt) Limited which manages equity portfolio of about Rs. 5 billion.

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.

Mr. Rashid Ali Khan
Independent & Non-Executive Director

Mr. Rashid has completed his graduation (BS) in Information Engineering and Masters (MBA) both from Cornell University, Ithaca, New York, USA. He has twenty- seven years of experience in Global Finance Management and Business Development in both OECD countries and Emerging Markets.

He has a multi-tiered professional background in banking, finance, consumer marketing and corporate restructuring at senior executive level; including the implementation of large-scale computer systems and proprietary telecom networks for Citibank in Europe and Saudi Arabia. In addition, he successfully launched Islamic Banking in Pakistan. He founded a successful Telecom Fixed Line business and a Real Estate Development company, both of which have achieved a unique branding in their respective markets.

Other Corporate Responsibilities

As Chairman
- Nayatel Ltd.
- Micronet Ltd.

As Trustee
- Mianwali Development Trust
- Insaf Welfare Trust

As Director
- Bank of Khyber
- NRSP Micro finance Bank Ltd.
- Pakistan Engineering Company Ltd.
- Sukh Chayn Real Estate Development
- Hayatabad Medical Complex
- Elementary Education Foundation
- Kurmung Zor – Home for Street Children

Ms. Tayyaba Rasheed
Independent & Non-Executive Director

Tayyaba Rasheed brings with her more than 15 years of diversified corporate and investment banking experience. Her areas of expertise are Structured Finance, Islamic Finance, Syndications, Sukuk Issuance, Corporate Finance and Debt Capital Markets. She has been instrumental in driving some of the land mark Project Finance and Syndication deals to closure from the platform of National Bank of Pakistan and Faysal Bank Limited. She has worked in senior position at CIBG, NBP and Bank Alfalah where she started her career as Management Trainee Officer.

She holds an MBA degree from IBA and is also qualified CFA and FRM Charter Holder. Ms. Tayyaba also served as visiting faculty in KASBIT, SZABIST and CBM soon after her graduation from IBA. Ms. Tayyaba is also a certified Islamic Banking Professional from NIBAF.

Other Corporate Responsibilities

- DHA Cogen Limited (Director)

Directors' Report

Dear Fellow Shareholders

The Directors of Aisha Steel Mills Limited (ASML) are pleased to present the Annual Report of the Company and the Audited Financial Statements for the year ended June 30, 2018 together with Auditors' Report thereon and a brief overview of financial and operational performance of the Company.

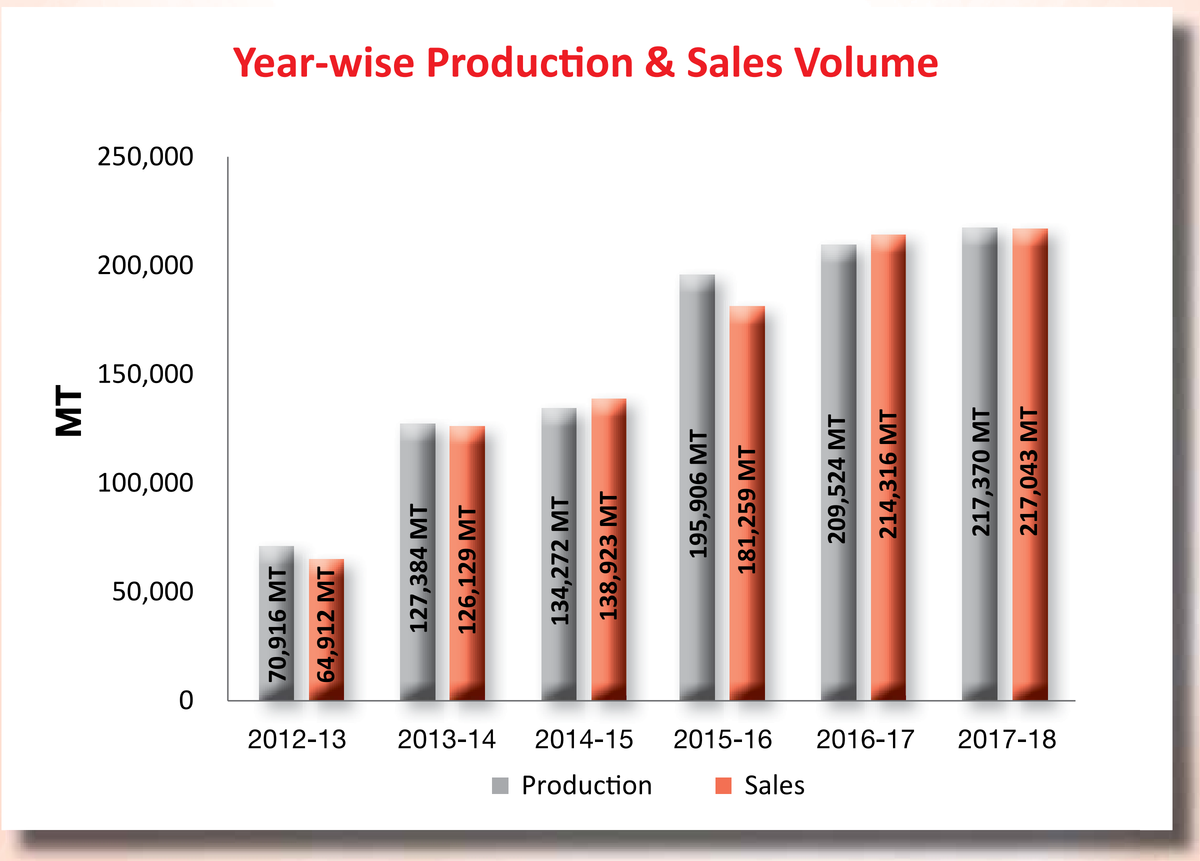
Principal Activities

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

ASML produces Cold Rolled Coils (CRC) of international quality standards from imported Hot Rolled Coils (HRC). The CRC products are being used in industrial, engineering and manufacturing sectors as a premier raw material for further processing into a wide variety of value added products for domestic as well as export markets.

Overview of Operational Performance

The financial year 2016-17 marked the turnaround of the Company. The performance in 2017-18 exhibits consolidation of the operations and improvement in the bottom line. The gradual progress in terms of productivity and sales is presented in the figure below:



The infrastructure related issues held back progress in initial years. The operations since then have been streamlined and the capacity utilization in 2017-18 was close to 99%, about 4% higher than the previous year.

Comparison of performance between 2016-17 and 2017-18 is depicted in the table 1. The increase in productivity in 2017-18 is notable in view of the fact that 86% annealed CRC was produced compared to 77% in the year before. The increase in productivity is clearly visible in the table 2, depicting production at various stages.

Table. 1

Comparison	FY Jul-2016 to Jun-2017	FY Jul-2017 to Jun-18
Average Monthly CRC Production (Tons)	17,460 FH 23% | AN 77%	18,114 FH 14% | AN 86%
Average Monthly CRC Dispatches (Tons)	17,860 FH 22% | AN 78%	18,087 FH 15% | AN 85%
Average Monthly FG Stock (Tons)	15,648	6,798
Production Increased by 4%	**Sales Increased by 1%**	

Table. 2

Production quantities at various stages of operations (weight in tons)

Production Steps / Product Type	Production 2016-17 (Tons)	Production 2017-18 (Tons)	Increase in Productivity
Pickling at PPPL	217,929	228,256	4.7%⇧
Rolling in CRM mode	216,118	228,278	5.6%⇧
Annealing in BAF	166,391	195,644	17.5%⇧
Final output at RCL	209,524	217,371	3.7%⇧
Rolling in SPM mode	166,391	193,381	16.2%⇧
Total Rolling CRM+SPM	382,509	421,659	10.2%⇧

The overall output of the rolling operations increased by more than 10%, setting new bench mark for the mill.

Financial Review and Results

The financial indicators in 2017-18 show improvement in comparison to 2016-17 (table 3). The gross profit increased to 17.5% compared to 14.8% achieved last year. The profit before tax was 10.1% compared to 6.3%. The net profit, however, was slightly lower and was 6.8% compared to 7.2% recorded last year. In terms of absolute numbers, the net sales, gross profit, profit before tax and profit after tax was 34%, 59%, 117% and 26% higher in the year 2017-18 compared to last year results.

Table. 3

Description	2017-18 Rs. in Million	2016-17 Rs. in Million
Gross profit	3,314	2,087
Profit from operations	2,995	1,831
Profit before tax	1,916	882
Profit after tax	1,284	1,020
Earnings per Share (Rupees)		
Basic	1.57	1.74
Diluted	1.54	1.31

Due to the accumulated losses as on June 30, 2018, 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.

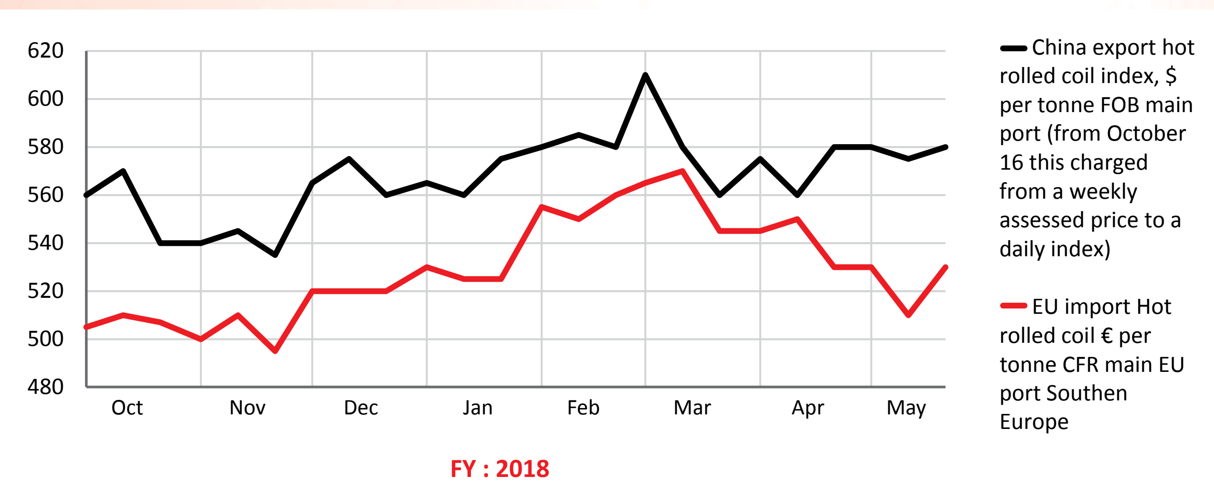
Non-Financial Performance

The management is focused on improving production quality to achieve customer satisfaction. Enhancement of employee skills remains in focus and necessary measures are being taken to ensure continuous improvements. During the year, the Company conducted various training courses, both technical and behavioural for its human resource capital. Company maintains satisfactory relationship with all the stakeholders.

Industry Overview & Market Analysis

China steel export prices sets the tone for global steel markets. China is not only the biggest producer but also the largest steel exporter globally. The Chinese HRC export prices are depicted in Figure below. Since December 2017, the HRC FOB export price have been relatively stable in the range between USD 560 to 580/ ton. It peaked for a short duration in March 2018 and subsequently settled as per the previous range. The EU import prices (in Euro), also shown in Figure below, more or less follow the Chinese market trend.

The stability in the steel market is threatened by the on-going trade war between China and America. If it escalates, the market may witness large fluctuations and even sharp decline in prices. The instability can have negative impact on the local manufacturers.



Local Market Review

The market size of CRC in 2017-18, based on local sales and imports, is estimated at 630,000 tons, showing an increase of about 18% compared to last year. After the imposition of anti-dumping on Chinese and Ukraine mills, the importers have shifted focus to other sources including Russia, South Korea, Japan and Europe. The total imports in 2017-18 were around 250,000 tons. The main source of CRC imports was Russia.

Similar rise in the market size of galvanized coils was also observed. The overall requirement increased to 560,000 tons, registering an increase of about 20% compared to last year.

The rapid devaluation of Rupee against major foreign currencies poses new challenge to the local manufacturers. The long lead time of HRC procurement from international sources and the continuous and rapid decline of Rupee, has to be managed carefully. The management is keeping a close watch on the situation. In the long run, however, the local mills will be able to pass the impact of Rupee devaluation to the end users as the product is an import substitution.

Improvements in the Existing Operations, Expansion Plan and Future Outlook

The Company in the year 2017-18 has achieved 99% capacity utilization. The improvements being made in the existing setup will further improve productivity as well as quality. The new state of the art roll grinder acquired from Germany is now fully functional. This will help in improving thin gauge CRC quality needed for high end white goods and automotive industries.

In order to ensure continuous growth and maintain sizeable presence in the market, the Company had announced expansion plan to increase CRC production to 700,000 tons, out of which 250,000 tons will be galvanized. The details have already been reported in the Annual Report 2017. The expansion plan is well under way and the progress on the same is described next.

The galvanizing line (CGL) is expected to be commissioned in December 2018, in line with the schedule announced. The PPPL line, additional batch annealing furnaces and the rolling mill will be commissioned, in sequence, by April 2019.

At present, the building is at the completion stage. The civil foundation works of the CGL line is in advance stages and sequential erection of the CGL equipment is also under way. The civil foundation work of all other lines is in progress. Erection of PPPL line will commence shortly. Erection of BAF equipment will begin in November 2018. Civil foundation of the rolling mill has started recently and is expected to be completed by November 2018. Erection of equipment will commence in December 2018.

The proposed expansion will optimize cost of production due to economy of scale and also diversify product mix. After successful completion of the project, ASML will become the second largest producer of flat steel products.

It may be kindly noted that due to rapid devaluation of Rupee against major foreign currencies, the equipment being delivered against L/C's established for equipment and services will cost more in the local currency. The rise in local steel and copper items, in particular, will increase local portion of the project cost as well. The cost overrun is planned to be financed through Company's internal resources.

Changes in Nature of Business

There has been no change in the nature of the business of the Company during the year.

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 system 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 Board has also devised a risk management policy in light of which an overall annual review of business risks may be undertaken regularly to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders.

The Company's key business being that of a manufacturing concern, 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 counter-party. 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.

In order to minimize and manage operational risk, the starting point has always been an in depth analysis before making investment in inventory procurement. Supplementing that with hiring 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 39 to the financial statements.

Principal Risk Factors & Mitigants

Risk	Criticality	Mitigants
Foreign Exchange Risk Adverse foreign exchange movement can increase the price of input and reduce profitability.	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.
Business Risk / Off-take Risk Decrease in demand for products may have an adverse impact on the business.	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.
Business Cycle Risk Steel is a cyclical industry thus exposing ASML to adverse price fluctuations during business cycle movements.	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.
Credit Risk There is a risk that Company may not recover trade debts.	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.

Materiality Approach Adopted

The Board of Directors closely monitors all material matters of the Company. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company.

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 financial cost, 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 Finance cost, including exchange losses of Rs. 249.40 million (compared to Rs. 3.11 million in 2017) and excluding unwinding cost on long term loan, which stood at Rs. 949.13 million (compared to Rs. 686.46 million in 2017).

The exchange loss during the period has increased due to weakening of Rupee. The management, proactively, forecasted weakening of Rupee and shifted foreign LC payment model from 'Usance' to 'At Sight'. This shift reduces foreign currency risk on foreign currency liabilities from approximately 120 days to 30 days.

The debt to equity ratio of the Company on June 30, 2018 is 39:61 as against 44:56 as on 30th June 2017.

Corporate Social Responsibility (CSR)

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 to the issues like 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 2017 – 2018, our initiatives included:

i. **Water Well Digging**

ASML believes that basic rights are human rights; in adherence of this belief ASML's management took an initiative to make some arrangements to keep providing clean and safe drinking water to the rural areas of Karachi by initiating the diggings of water wells around rural and financially deprived areas of Port Qasim, Karachi.

ii. **Meat Distribution**

According to a recent report of WFP (World Food Program) around 43% of Pakistanis face food scarcity. To help our country grow out of this scarcity ASML have successfully launched an initiative to slaughter cattle in ASML's plant every quarter and distributing the meat in less privileged areas of Karachi on regular basis.

iii. **Shelter Home Visit**

As a responsible corporate citizen, ASML also pledges to adhere to high standards of ethical values, On Eid Ul Fitar, 2018 the Head of HR in collaboration with the Finance team visited Sunrise Shelter Home (A Shelter Home) to encourage the homeless elderly people to be more vital and active participants of society by spending the Eid Day with them, having lunch and distributing gifts.

iv. **Sporting Activities**

ASML continues to discover and foster new sports talent. The cricket team formed up by the employees plays matches against different organization's cricket teams.

v. **Environment, Health and Safety (EHS)**

Company is pursuing several projects for environmental protection through adoption of cleaner technologies and efficient processes performing our role towards environmental preservation. ASML adhere to high standards of EHS practices 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 (Quality, Health, Safety and Environment) 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 provides retirement benefits to its employees. This includes a non-contributory and unfunded gratuity scheme for permanent 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. 4,612 million during the year towards National Exchequer comprising of income tax, sales tax, custom duty and excise duty.

Corporate Governance

The Company is listed on 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 3.1.3 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 is 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.

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, Mr. Rashid Ali Khan has obtained certification of Director Education from Pakistan Institute of Corporate Governance (PICG). Five Directors had already completed the directors' training / education program earlier whereas two Directors were already exempt from attending the directors training program as per criteria approved under Code of Corporate Governance.

It has always been the Company's endeavor 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.

Composition of Board / Committees

Out of total nine existing Directors, eight Directors are male whereas one Director is female. The composition of existing Board of Directors and its Committees is as follows:

Board of Directors	Category	Audit Committee	Human Resource & Remuneration Committee
Mr. Jawaid Iqbal	Independent	Chairman	Member
Ms. Tayyaba Rasheed		Member	-
Mr. Ahsan Ashraf		-	-
Mr. Rashid Ali Khan		-	Chairman
Mr. Arif Habib (Chairman)	Other Non-executive	-	Member
Mr. Nasim Beg		Member	-
Mr. Kashif A. Habib		Member	-
Mr. Muhammad Ejaz		-	Member
Dr. Munir Ahmed (Chief Executive)	Executive	-	-

Changes in Board Composition and Election of Directors

In accordance with the provisions of Section 159 of the Companies Act, 2017, the three years term of the nine Directors elected in the Annual General Meeting held on October 2014 was completed in October 2017. The Company in its Annual General Meeting held on October 28, 2017 has elected nine Directors, to serve for a three year term commencing from October 31, 2017. Subsequent to the election of Director, a casual vacancy arose. Mr. Bilal Asghar had resigned and was replaced by Ms. Tayyaba Rasheed.

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 2 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. 1,200,000 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 and Committee(s) meetings is annexed as Annexure-II.

Directors Remuneration Policy

Those non-executive directors including independent directors of Aisha Steel Mills Limited who does not hold a senior executive or management position or directorship in any group company may claim meeting fee for attending Board of Directors meeting or any of Boards' sub-committee meeting at the rate approve by Board of Directors from time to time.

Payment of remuneration against assignment of extra services by any director shall be determined by the Board of Directors on the basis of standards in the market and scope of the work and shall be in line as allowed by the Articles of Association of the Company. Levels of remuneration shall also be appropriate and commensurate with the level of responsibility and expertise. However, for an Independent Director, it shall not be at a level that could be perceived to compromise the independence.

Pattern of Shareholding

The ordinary and preference shares of the Company are listed on Pakistan Stock Exchange. There were 10,813 (2017: 10,798) ordinary shareholders and 2,870 (2017: 2,964) preference shareholders of the Company as of June 30, 2018. 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.

During last year, the Board of Directors of the Company had approved the issue of 20% Right Shares in terms of Ordinary Shares for the purpose of expansion of total production capacity. These right shares were offered to Company's ordinary and preference shareholders. During the year under review, 146,578,616 ordinary shares have been allotted against the subject right issue.

Pursuant to a special resolution approved in the Annual General Meeting held on October 27, 2016, the Company had filed a petition in Honourable High Court of Sindh during the last financial year for cancellation of 66,768,583 Ordinary Shares owned by one of the shareholders of the Company namely "Metal One Corporation Japan". The honorable High Court of Sindh in its Order dated 25th June 2018 has allowed the petition and the minutes passed in above referred AGM for reduction of paid-up capital. Subsequent to the Balance Sheet date, SECP has registered and recorded the Order of the Court.

Financial and Business Highlights

The key operating and financial data has been given in summarized form under the caption "Key Operational and Financial Data and its Analysis" (Page Number 90) and graphic representation of the important statistics is presented on (Page Number 104).

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 October 25, 2018 and being eligible, have offered themselves for reappointment for the year ending on June 30, 2019. 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 June 30, 2019 at a fee to be mutually agreed. Approval to this effect will be sought from the shareholders in the forthcoming Annual General Meeting scheduled on October 25, 2018.

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 Act, 2017 and listing regulations have been duly complied with.

Post Balance Sheet Events – Subsequent Events

Subsequent to the Balance Sheet date, SECP has registered and recorded the Order of honorable High Court of Sindh (Court) dated June 25, 2018 (Order) in which the Court has allowed the petition and minutes passed in Annual General Meeting of Aisha Steel Mills Limited held on October 27, 2016 for reduction of Company's paid-up capital by cancellation of 66,768,583 ordinary shares of the Company.

Due to the accumulated losses as on June 30, 2018, 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.

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 36 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 and Production, the Securities and 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 management and 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

Dr. Munir Ahmed
Chief Executive
Karachi: July 31, 2018

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, 2017 to June 30, 2018

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Arif Habib	Chairman	22,568,214	-	-
Dr. Munir Ahmed	Chief Executive	100	-	-
Mr. Nasim Beg	Director	401	-	Represents the right shares subscribed
Mr. Ahsan Ashraf	Director	-	-	-
Mr. Kashif Habib	Director	1,374	-	Represents the right shares subscribed
Mr. Muhammad Ejaz	Director	2	-	Represents the right shares subscribed
Mr. Jawed Iqbal	Director	-	-	-
Mr. Rashid Ali Khan	Newly Appointed Director	100	-	-
Ms. Tayyaba Rasheed	Newly Appointed Director	150	-	-
Mr. Hasib Rehman	Outgoing Director	-	13,925,385	-
Mr. Bilal Asghar	Outgoing Director	-	-	-
Umair Noor Muhammad	Chief Financial Officer	-	-	-
Mr. Manzoor Raza	Company Secretary	-	-	-

Transaction in Ordinary Shares only to the extent of above is made by Directors during the year.

Annexure II

Statement Showing Attendance at Board Meetings From July 01, 2017 to June 30, 2018

Name of Directors	Designation	Total Meetings	Eligible to Attend	Attended	Leaves Granted	Remarks
Mr. Arif Habib	Chairman	6	6	6	-	-
Dr. Munir Ahmed	Chief Executive	6	6	6	-	-
Mr. Nasim Beg	Director	6	6	4	2	-
Mr. Ahsan Ashraf	Director	6	6	5	1	-
Mr. Kashif Habib	Director	6	6	6	-	-
Mr. Muhammad Ejaz	Director	6	6	6	-	-
Mr. Jawed Iqbal	Director	6	6	4	2	-
Mr. Rashid Ali Khan	Director	6	2	2	-	Appointed on October 31, 2017
Ms. Tayyaba Rasheed	Director	6	2	1	1	Appointed on November 23, 2017
Mr. Bilal Asghar	Director	6	4	3	1	Resigned on November 23, 2017
Mr. Hasib Rehman	Director	6	4	-	4	Retired on October 31, 2017

Statement Showing Attendance at Audit Committee Meetings From July 01, 2017 to June 30, 2018

Name of Directors	Designation	Total Meetings	Eligible to Attend	Attended	Leaves Granted	Remarks
Mr. Jawed Iqbal	Chairman	4	2	2	-	Appointed as Chairman on January 1, 2018
Mr. Kashif Habib	Director	4	4	4	-	Resigned as Chairman on January 1, 2018
Mr. Nasim Beg	Director	4	4	3	1	-
Ms. Tayyaba Rasheed	Director	4	2	1	1	Appointed on November 23, 2017
Mr. Bilal Asghar	Director	4	2	2	-	Resigned on November 23, 2017
Mr. Hasib Rehman	Director	4	2	-	2	Retired on October 31, 2017

Annexure II

Statement Showing Attendance at Human Resource and Remuneration Committee Meetings From July 01, 2017 to June 30, 2018

Name of Directors	Designation	Total Meetings	Eligible to Attend	Attended	Leaves Granted	Remarks
Mr. Rashid Ali Khan	Chairman	2	1	1	-	Appointed as Chairman on January 1, 2018 (Member-November 10, 2017)
Mr. Arif Habib	Director	2	2	2	-	Resigned as Chairman on January 1, 2018
Mr. Muhammad Ejaz	Director	2	2	2	-	-
Mr. Jawed Iqbal	Director	2	2	-	2	-
Mr. Hasib Rehman	Director	2	1	-	1	Retired on October 31, 2017

Annexure III

Pattern of Shareholding (Symbol: ASL)
Categories of Shareholders as at June 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	12	150,115,898	18.04
Associated Companies, undertakings and related parties	13	389,299,064	46.77
Executives	-	-	-
Public Sector Companies and Corporations	2	649,000	0.08
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	18	101,516,028	12.20
Mutual Funds	31	23,116,785	2.78
Others	163	39,259,278	4.72
General Public - Local	10,567	127,959,333	15.37
General Public - Foreign	7	382,500	0.05
Total	**10,813**	**832,297,886**	**100.00**

Pattern of Shareholding (Symbol: ASL)
Categories of Shareholders as at June 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Mr. Muhammad Arif Habib	4	150,109,606	18.04
Mr. Muhammad Jawaid Iqbal	1	500	0.00
Mr. Mohammad Kashif	1	5,039	0.00
Mr. Nasim Beg	2	401	0.00
Mr. Muhammad Ejaz	1	2	0.00
Ms. Tayyaba Rasheed	1	150	0.00
Mr. Munir Ahmed	1	100	0.00
Mr. Rashid Ali Khan	1	100	0.00
Associated Companies, undertakings and related parties			
Arif Habib Corporation Limited	3	59,609,716	7.16
Arif Habib Equity (Pvt) Limited	4	261,659,611	31.44
Arif Habib Limited	2	1,235,500	0.15
Metal One Corporation	1	66,768,583	8.02
Ms. Nida Ahsan	1	4	0.00
Mr. Aba Ali Habib	1	25,000	0.00
Mr. Abdus Samad	1	650	0.00
Executives	-	-	-
Public Sector Companies and Corporations	2	649,000	0.08
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	18	101,516,028	12.20
Mutual Funds			
CDC - Trustee PICIC Investment Fund	1	1,103,600	0.13
CDC - Trustee PICIC Growth Fund	1	1,470,997	0.18
CDC - Trustee Unit Trust Of Pakistan	1	353,500	0.04
CDC - Trustee AKD Opportunity Fund	1	5,225,000	0.63
CDC - Trustee NIT-Equity Market Opportunity Fund	1	121,000	0.01
CDC - Trustee First Capital Mutual Fund	1	150,000	0.02
CDC - Trustee National Investment (Unit) Trust	1	172,388	0.02
CDC - Trustee PIML Value Equity Fund	1	335,000	0.04
CDC - Trustee PIML Asset Allocation Fund	1	625,000	0.08
CDC - Trustee MCB Pakistan Stock Market Fund	1	49,500	0.01
CDC - Trustee UBL Stock Advantage Fund	1	271,900	0.03
CDC - Trustee UBL Asset Allocation Fund	1	400,900	0.05
CDC - Trustee JS Islamic Fund	1	31,000	0.00
CDC - Trustee MCB DCF Income Fund	1	1,000	0.00
CDC - Trustee NIT Income Fund - MT	1	2,260,500	0.27
CDC - Trustee Faysal Savings Growth Fund - MT	1	731,500	0.09
CDC - Trustee First Habib Income Fund - MT	1	814,000	0.10
CDC - Trustee Faysal MTS Fund - MT	1	534,500	0.06

Pattern of Shareholding (Symbol: ASL)
Categories of Shareholders as at June 30, 2018 (Continued)

Categories of Shareholders		Shareholders	Shares Held	Percentage
CDC - Trustee UBL Income Opportunity Fund - MT		1	657,000	0.08
CDC - Trustee First Habib Asset Allocation Fund		1	110,000	0.01
MCBFSL - Trustee AKD Islamic Stock Fund		1	500,000	0.06
MCBFSL - Trustee JS Value Fund		1	946,000	0.11
CDC-Trustee HBL Islamic Stock Fund		1	658,500	0.08
CDC - Trustee HBL IPF Equity Sub Fund		1	45,000	0.01
CDC - Trustee Lakson Income Fund - MT		1	105,000	0.01
CDC - Trustee HBL Islamic Equity Fund		1	440,000	0.05
CDC - Trustee HBL Islamic Asset Allocation Fund		1	236,000	0.03
CDC - Trustee Pakistan Income Fund - MT		1	1,290,500	0.16
CDC - Trustee JS Islamic Dedicated Equity Fund (JSIDEF)		1	567,000	0.07
CDC - Trustee UBL Dedicated Equity Fund		1	21,000	0.00
Golden Arrow Selected Stocks Fund Limited		1	2,889,500	0.35
Others		163	39,259,278	4.72
General Public				
a. Local		10,567	127,959,333	15.37
b. Foreign		7	382,500	0.05
	Total	**10,813**	**832,297,886**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
Arif Habib Equity (Pvt.) Limited	261,659,611	31.44
Mr. Muhammad Arif Habib	150,109,606	18.04
Metal One Corporation	66,768,583	8.02
Jubilee Life Insurance Company Limited	61,155,000	7.35

Pattern of Shareholding (Symbol: ASL) as at June 30, 2018

No. of Shareholders	Shareholdings' Slab			Total Shares Held
663	1	to	100	16,086
1634	101	to	500	754,154
1780	501	to	1000	1,692,905
3562	1001	to	5000	10,347,423
1217	5001	to	10000	9,761,581
490	10001	to	15000	6,318,076
275	15001	to	20000	5,076,466
212	20001	to	25000	4,980,173
147	25001	to	30000	4,236,592
72	30001	to	35000	2,375,051
66	35001	to	40000	2,537,470
49	40001	to	45000	2,125,230
105	45001	to	50000	5,194,100
31	50001	to	55000	1,645,592
56	55001	to	60000	3,303,710
21	60001	to	65000	1,322,530
20	65001	to	70000	1,379,500
25	70001	to	75000	1,844,014
15	75001	to	80000	1,159,200
5	80001	to	85000	414,500
9	85001	to	90000	802,500
8	90001	to	95000	746,500
56	95001	to	100000	5,576,500
15	100001	to	105000	1,526,960
19	105001	to	110000	2,061,759
6	110001	to	115000	676,500
10	115001	to	120000	1,187,500
10	120001	to	125000	1,239,500
3	125001	to	130000	382,500
8	130001	to	135000	1,061,600
6	135001	to	140000	832,300
6	140001	to	145000	862,300
14	145001	to	155000	2,094,500
1	155001	to	160000	155,200
5	160001	to	165000	811,500
2	165001	to	170000	340,000
9	170001	to	175000	1,564,888
3	175001	to	180000	533,000
3	180001	to	185000	550,000
2	185001	to	190000	376,000
3	190001	to	195000	585,000
13	195001	to	200000	2,599,000
157	200001	to	151725000	739,248,026
Total 10,813				**832,297,886**

Annexure III

Pattern of Shareholding (Symbol: ASLPS)
Categories of Shareholders as at June 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	5	14,667,767	33.07
Associated Companies, undertakings and related parties	4	8,880,994	20.02
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	4	510,185	1.15
Others	56	18,148,495	40.91
General Public - Local	2,696	1,358,642	3.06
General Public - Foreign	1	2	0.00
Total	**2,776**	**44,357,057**	**100.00**

Pattern of Shareholding (Symbol: ASLPS)
Categories of Shareholders as at June 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Mr. Arif Habib	1	14,662,542	33.06
Mr. Mohammad Kashif	1	3,208	0.01
Mr. Muhammad Ejaz	1	11	0.00
Mr. Nasim Beg / Ms. Zari Beg	2	2,006	0.00
Associated Companies, undertakings and related parties			
Mr. Arif Habib Limited	1	6,000	0.01
Mr. Arif Habib Equity (Pvt.) Ltd.	1	8,874,965	20.01
Ms. Nida Ahsan	1	24	0.00
Mr. Muhammad Shahzad	1	5	0.00
Executives	0	-	-
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			
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
Prudential Stocks Fund Ltd. (03360)	1	1,650	0.00
Others	56	18,148,495	40.91
General Public			
a. Local	2,696	1,358,642	3.06
b. Foreign	1	2	0.00
Totals	**2,776**	**44,357,057**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
Al-Abbas Sugar Mills Limited	16,994,000	38.31
Mr. Arif Habib	14,662,542	33.06
Arif Habib Equity (Pvt.) Ltd.	8,874,965	20.01

Pattern of Shareholding (Symbol: ASLPS)
As at June 30, 2018

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1440	1	to	100	52,092
902	101	to	500	201,446
179	501	to	1000	126,005
203	1001	to	5000	394,527
20	5001	to	10000	143,924
32	10001	to	16995000	43,439,063
Total 2,776				**44,357,057**

Annexure III

Pattern of Shareholding (Symbol: ASLCPS)
Categories of Shareholders as at June 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	-	-	-
Associated Companies, undertakings and related parties	1	250	0.01
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	93.85
Others	2	663	0.02
General Public - Local	89	175,507	6.12
General Public - Foreign	-	-	-
Totals	**94**	**2,870,083**	**100.00**

Pattern of Shareholding (Symbol: ASLCPS)
Categories of Shareholders as at June 30, 2018

Categories of Shareholders		Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children		-	-	-
Associated Companies, undertakings and related parties				
Mr. Abdus Samad		1	250	0.01
Executives		-	-	-
Public Sector Companies and Corporations		-	-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds		-	-	-
Mutual Funds				
CDC - Trustee PICIC Investment Fund		1	1,065,000	37.11
CDC - Trustee PICIC Growth Fund		1	1,628,663	56.75
Others		2	663	0.02
General Public				
a. Local		89	175,507	6.12
b. Foreign		-	-	-
	Total	**94**	**2,870,083**	**100.00**

Share holders holding 5% or more	**Shares Held**	**Percentage**
CDC - Trustee PICIC Investment Fund	1,065,000	37.11
CDC - Trustee PICIC Growth Fund	1,628,663	56.75

Pattern of Shareholding (Symbol: ASLCPS)
As at June 30, 2018

	No. of Shareholders	Shareholdings' Slab			Total Shares Held
	37	1	to	100	901
	34	101	to	500	10,822
	4	501	to	1000	3,372
	11	1001	to	5000	26,019
	3	5001	to	10000	22,556
	2	10001	to	80000	29,500
	1	80001	to	1060000	83,250
	1	1060001	to	1625000	1,065,000
	1	1625001	to	1630000	1,628,663
Total	**94**				**2,870,083**

Additional Information

Strategic Objectives, Strategies, Resources and KPIs

1 Objective: To be first choice of customers

We highly value our customers and focus to build long term relationship with them.

Strategies to Achieve

- Maintain our edge as quality producer of flat rolled sheets and ensure that our customers enjoy highest degree of quality product along with getting the most value for their money.
- Meet varying needs of customer with regards to product type, size, grades, and standards.

Timeline

Short Term

Resources Allocated

Dedicated Quality control (QC) department has been established, equipped with qualified and experienced professionals and state-of-the-art quality testing equipment. Quality is ensured throughout the process from procurement to production to packing. The Company is equipped with state-of-the-art production facilities which ensure international standard quality is maintained. Further, we keep upgrading our quality control equipment, provided training to our quality control resources and conduct a programme of continuous quality audit.

The Company has initiated expansion plan, which will not only increase the capacity of the mill but will also diversify the product mix. This will enable the Company to more and varied requirements of our customers.

Key Performance Indicators

- Number of dealer partners and customers
- Number of quality related complaints received from Customers
- Diversification / variety of our product portfolio

2 Objective: To operate at maximum efficiency and effectiveness

We aim for achieving maximum capacity utilization year-by-year.

Strategies to Achieve

- Making sure that all production lines are available at all times.
- Plan maintenance of plant such that operational hindrances are minimized.
- Proactive procurement of back-up spares.

Timeline

Short Term

Resources Allocated

In order to extract maximum productivity, efficiency and effectiveness of production lines coordinated efforts of all departments and integration are ensured by regular inter-departmental meetings under direct supervision of CEO. Production plan is closely monitored in accordance with the customer demand, stock levels, and maintenance schedules. Aisha Steel has highly experienced resources that ensure timely and effective preventive maintenance to ensure minimum down-time. Critical backup spares, especially with long lead times, are proactively procured. Further, continuous collective efforts are directed to bring process efficiencies and reduced lag times.

Key Performance Indicators

- Total down-time during the year
- Quantity produced

3	**Objective: To safeguard interest of our shareholders** Our shareholder's interest revolve around good returns, profitability, and growth. We aim to ensure continuous growth of the Company, thus, safeguarding shareholders' interest by improving profits of the Company.	
	Strategies to Achieve • Increasing sales of the Company • Improving margins • Reducing cost of production • Investing in operations of the Company • Reducing financial gearing	**Timeline** Medium Term & Long Term
	Resources Allocated Aisha Steel has dedicated sales team, which closely monitors flat steel market, build customer relationships, increase dealer network and greater reach to end-consumers. Procurement of raw material is closely monitored by dedicated team, which makes procurement decision on the basis of stock levels, material prices and future price estimations. Continuous efforts are made to reduce cost of production, without compromising on quality. In this regard, consumption levels of utilities, chemicals and stores are closely monitored via dedicated equipment installed for this purpose. Any spike in utilizations is investigated and controlled. The Board and management are vigilant for any investment in the Company that is necessary to ensure long term growth of the Company and increase shareholders' wealth.	
	Key Performance Indicators • Profit after tax • Gross profit percentage • Return on Capital Employed • Earnings per Share • Debt to Equity Ratio	
4	**Objective: To keep our people safe and healthy** To provide safe and healthy working environment for our employees.	
	Strategies to Achieve • Enforce "no-tolerance policy" on safety. • Provide continuous safety related trainings. • Periodic maintenance of all equipment to avoid accident. • Availability of first aid treatment, medical facilities and ambulance at all time.	**Timeline** Short Term
	Resources Allocated At Aisha Steel we believe "Safety is not a slogan, it's a way of life". Employee, Health and Safety Department dedicatedly ensures that best practices in health and safety with adequate controls are established and maintained. The company is equipped with fire alarm system and emergency handling situations and exit plan. Regular drills are conducted for emergency evacuation situations. Training and education of employees regarding safety procedures and handling of safety equipment is regularly arranged and rehearsed. The Company is in process of implementation of ISO 9001, 14001 and OHAS 18001 based Integrated Management System.	

Aisha Steel is also equipped with in-house medical facility equipped with all first aid facilities including practicing doctor and necessary medicines. Where required patients are taken to nearby facilities via ambulance available at all times.

Periodic plant maintenance on timely basis is ensured to avoid any accident or hindrances.

Key Performance Indicators

- Instances of accidents
- Response and results of Fire Alarm Drills

5

Objective: To build team of committed and motivated resources.

To induct, build and strengthen team of committed and motivated members.

Strategies to Achieve

- Providing good working conditions.
- Giving performance based compensation and attractive benefit program.
- Providing opportunity for growth.
- Arrangement of regular behavioral and technical trainings.
- Inculcate culture of open two way communication.

Timeline

Short Term & Medium Term

Resources Allocated

We at Aisha Steel believe that a motivated and committed team yields best results with high degree of consistency. We value our employees as our key resource and asset, therefore, every effort is made for keeping them connected, motivated and involved.

For all employees regular in-house behavioral trainings are arranged in consultation with experienced training organizations. The results of these trainings are then monitored with continuous feedbacks and reminding sessions. Technical trainings are also arranged to enhance the skills of our resources.

We believe that feedback helps to improve. Annual anonymous survey regarding overall employee satisfaction, motivation and complains are held. Findings of these surveys are monitored by top management and corrective steps are accordingly taken.

In order to promote team culture and open communication, regular MANCOM meetings are held, wherein, progress of all departments are shared and collective way ahead is decided. Further, town hall meeting of CEO with middle management is also conducted each year to increase communication and close gaps between down the line staff and CEO.

Key Performance Indicators

- Employee turnover ratio
- Results of Employee Satisfaction Survey
- Number of training hours

6

Objective: To be a law abiding and responsible corporate citizen

We aim to comply with the applicable laws and regulations and to maintain high standards of ethics in all activities, and act as responsible citizen of the society by investing in CSR activities.

Strategies to Achieve

- Build qualified and competent team responsible to ensure legal compliances.
- Remain in close coordination with regulators and legal advisors.
- Join hands for continuous CSR Activities and pay back to society.
- Enforce and implement “Code of Ethics” in its true letter and spirit.

Timeline

Short Term & Medium Term

Resources Allocated

Qualified and competent in-house team has been built to ensure compliances of regulatory, secretarial and industrial laws. Internal Audit Function also checks legal compliances.

Close coordination with the regulators is maintained including submission of periodic reports, responding to queries and meeting as and when required. Active engagement with regulators improves level of compliance and clarifies legal requirements. Further, panel of senior legal advisors is maintained to guide on critical matters.

Company has formal "Code of Ethics and Conduct" in place. The compliance of the same is monitored at all times. This enables to ensure that all employees, being representative of the Company, act with high level of integrity and ethics in all affairs.

The Company has formal CSR policy in place which aims to undertake social, philanthropic or community development programs which are in alliance with our business strategies or that which will benefit the broader interests of the community. During the year various CSR activities including water well digging, meat distribution, sporting activities, and shelter home visits were held.

Key Performance Indicators

- Number penalizing orders issued against the Company
- Instances of non-compliances of code of ethics
- Number of CSR activities conducted
- Magnitude of CSR activities conducted

Liquidity Position

Capital structure of the Company has improved over the years. Debt to equity ratio has improved to 39:61 from 44:56 recorded in financial year 2017.

The Company has been settling its financial and operational obligations on timely basis. The working capital is managed by experienced treasury team to ensure availability of liquid funds and minimizing the cost of borrowing of the Company. Repayment of long term loan obtained for financing of the expansion will become due from financial year 2021 and will be financed from proceeds from new production lines.

Operational efficiencies of the Company have been improving as depicted by operating cycle which has reduced to 96.47 days from 102.37 since last year. Accumulated losses have also reduced to Rs. 548 million from Rs. 2,884 million reported in financial year 2016.

Defaults in Payments of Debts

The Company did not default in any repayment of debt during 2018.

Inadequacy in Capital Structure

Capital structure of the Company has significantly improved over the years due to increase in Shareholders' Equity, based on improvements in results of the company. Debt to Equity ratio has improved from 73:27 in 2012 to 39:61 in the current year. The Company managed to obtain financing facilities at competitive rates to finance expansion project, hence managed its gearing at desirable level.

Significant Plans

The Company has entered into the expansion of its existing facilities and diversification of its product lines. In depth details of expansion are covered under "Improvements in the Existing Operations, Expansion plan and Future Outlook" section of Directors' Report.

Other than as mentioned above, there are no plans for any significant restructuring, expansion or discontinuance of operations.

Significant Changes in Objectives and Strategies from Prior Years

There is no significant change in objectives and strategies of the Company from prior years.

Board's Composition

The Board is fully aware of its role and responsibilities; and shows high standards of integrity, credibility and participation for providing policy guidelines in affairs and management of the Company. The Board is diverse in respect of areas of expertise, gender representation and has sufficient mix of independent as well as non-executive directors.

The Board includes Mr. Jawaid Iqbal, Mr. Rashid Ali Khan, Mr. Ahsan Ashraf and Ms. Tayyaba Rasheed as independent directors as they are not connected nor have any pecuniary or any other relationship with the Company, or any of its associated companies, or directors. They are reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest. Further, the Board does not include any foreign director.

Board's Mode of Operation

The Board of Directors has authorized and empowered the CEO to take management decisions for day-to-day decisions. However, the Board closely monitors all material matters of the Company. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company. For all matters presented to the Board, the decisions are made / resolutions are passed after mutual discussions, and where required by voting.

Board Meetings Held Outside Pakistan

During the year, six meetings of the Board of Directors were held. As recommended by SECP Guidelines and to keep the costs in control, the management has conducted all meetings in Pakistan.

Directorships Held by Executive Director

Only Dr. Munir Ahmed, Chief executive serves as the executive director on the board of the Company. He does not hold any other directorship in any other undertaking.

Separate Office of Chairman and Chief Executive Officer

Corporate governance and compliance is at the very core of the Company and therefore for effective governance and leadership structure in the Company, Chairman and Chief Executive are separate offices. Separation of Chairman and CEO roles increases the Board's independence from management and thus leads to better monitoring and oversight.

Role of Chairman

The Chairman of the Board is a non-executive director, responsible to manage and provide leadership to overall proceedings of the Board. He also acts as a liaison between management and the Board and provides independent advice and counsel to the Chief Executive. Moreover, the Chairman ensures that the Directors are aware of the activities of the Company and its management and that sufficient information is provided to enable the Directors to form appropriate judgments.

In concert with the Chief Executive, the Chairman sets the agenda and Chair the meetings of the Board and shareholders as well as recommends an annual schedule for date, time and location of Board and Company meetings together with review and signing of minutes of the meetings.

The Chairman also recommends, in consultation with Directors, the nomination of members of the Committees of the Board. In addition to this, he also assesses and suggests to the Board annually about the effectiveness of the Board as a whole, the Committees and individual Directors. Moreover, he also ensures that after covering the ordinary business of a Board meeting, Directors discuss performance of the Company's management without management being present. Most importantly, he is responsible for avoidance of conflict of interest of Directors.

Role of Chief Executive Officer

Chief Executive of the Company is an Executive Director, responsible for overall day-to-day operations of the Company. Role and responsibilities of the Chief Executive is key and critical to the success of business and operations. This position leads the vision thereby identifying opportunities as well serving as an interface between Board, employees and community. He ensures that Board and employees has up-to-date, sufficient and relevant information and ensures all efforts are in congruence to achieve desired results.

While leading the business, he not only advocates and promotes the organization and its products but also motivates employees. The Chief Executive is responsible for implementation of policies approved by the Board and assists the Board in strategy formulation and deciding the course of action meanwhile creating an art of achieving the desired targets and capitalizing on opportunities with optimum utilization of resources together with safeguarding them. He is also responsible to sail through the threats surrounding the Company as well as ensures operations are carried out with all the strengths.

Primarily all the efforts of the Chief Executive are centripetal in maximizing shareholders' value in a manner in which standards of corporate social responsibility are not compromised. For day to day monitoring of the operations, the Chief Executive sets the budget in consultation with the Chief Financial Officer which is then approved by the Board with design and implementation of focused and prevention based system of internal controls. The new regulatory environment challenges this position that all the activities of the Company are within regulatory and governance framework with utmost alignment with best practices.

The Chief Executive plays a vital role in building a corporate culture and preservation of the Company's image. The game does not end here and continues to challenge this office to identify risks and to design mitigating strategies with the guidance of Board for smooth operations and undertaking initiatives for identifying new arenas for investment and product diversification.

Directors' Orientation and Training Program

The Board of Directors of the Company consists of highly experienced and seasoned professionals with proven history of leadership and strategic direction. Every new Director is given appropriate orientation of the operations, products, markets and applicable laws and regulations. The Company ensures that every Director is well equipped with all the necessary information to assist them in good discharge of their responsibilities and duties. In accordance with the corporate governance requirements, the Company encourages that the Directors required to attend the Directors Training Programme have attended the Program from institutes approved by SECP. Details of Directors certified under Directors' Training Program are as under:

Board of Directors	Certification Status	Institute	Year of Certification
Mr. Arif Habib – Chairman	Exempt	Not Applicable	Not Applicable
Mr. Nasim Beg	Exempt	Not Applicable	Not Applicable
Mr. Kashif A. Habib	Certified	Pakistan Institute of Corporate Governance	2012
Dr. Munir Ahmed (Chief Executive)	Certified	Pakistan Institute of Corporate Governance	2017
Mr. Ahsan Ashraf	Certified	Institute of Business Administration	2016
Mr. Rashid Ali Khan	Certified	Pakistan Institute of Corporate Governance	2018
Mr. Muhammad Ejaz	Certified	Pakistan Institute of Corporate Governance	2014

Business Rationale of Major Capital Expenditure and Projects

During the year the Company has incurred major capital expenditure in connection with expansion of its production facilities. In depth details of expansion, including business rationale of the same are covered under "Improvements in the Existing Operations, Expansion plan and Future Outlook" section of Directors' Report.

Forward Looking Statement

Overall business conditions have improved within the country during the year under review. Manufacturing industry in general and steel industry in particular, has witnessed growth during FY 2018. The local market size witnessed an increase of about 18% and 20% in CRC and Galvanized coils demand, respectively. The market is expected to remain strong in the coming years as well. Overall economic activity, including demand for steel is expected to get boost from projects under China-Pakistan Economic Corridor as well.

Anti-dumping duty on Chinese and Ukrainian mills remained enforced; however, importers have shifted towards Russia, Korea, Japan, South Africa and Europe origin material. As major imports are from Russia, we are considering to move anti-dumping case against the Russian manufacturers.

Due to the risk of devaluation of Pakistani rupee, monitoring Since December 2017, The HRC FOB export price has been relatively stable in the range between USD 560 to 580/ton. It peaked for a short duration in March 2018 and subsequently settled as per the previous range. However, the stability in the steel market is threatened by the on-going trade war between China and America. If it escalates, the market may witness large fluctuations and even sharp decline in prices. The instability can have negative impact on the local manufacturers.

The rapid devaluation of rupee against major foreign currencies poses new challenge to the local manufacturers. The long lead time of HRC procurement from international sources and the continuous and rapid decline of rupee has to be managed carefully. The management plans to keep close watch on the situation. In the long run, however, the local mills will be able to pass the impact of rupee devaluation to the end users as the product is an import substitution.

Moving forward the outlook of the business of the Company looks healthy, and will further strengthen with commissioning of new production lines.

The Company makes projections based on current government policies, market researches, past trends, forecasts of exchange rates, interest rates, HRC prices, and import duties. These factors are estimated to have significant impact on projections of the Company, therefore, are considered while making projections.

Status of Projects

The Company started expansion of its production lines and diversification of its product mix during the year. The galvanizing line (CGL) is expected to be commissioned in November 2018, in line with the schedule announced. The PPPL line, additional batch annealing furnaces and the rolling mill will be commissioned, in sequence, within three to four months after the commissioning of the CGL.

At present, the building is at the completion stage. The civil foundation works of the CGL line is in advance stages and sequential erection of the CGL equipment is also under way. The civil foundation work of all other lines is in progress. The erection of PPPL line will commence shortly. The erection of BAF equipment will begin in November 2018. The civil foundation of the rolling mill started recently and is expected to be completed by November. The erection of equipment will commence in December 2018.

The proposed expansion will optimize cost of production due to economy of scale and also diversify product mix. After successful completion of the project, ASML will become the second largest producer of flat products.

Comparison with last year's Forward looking statement

In line with disclosure of forward looking statements made in FY 2017:

- Status of project completion is as per schedule and target date of completion is as per plan.
- Further, new state-of-the-art roll grinder acquired from Germany is now fully functional. This will help in improving thin gauge CRC quality needed for high end white goods and automotive industries.

Compliance with International Financial Reporting Standards

Preparation and presentation of the financial statements is responsibility of the Management. The management of the Company believes in transparency in reporting and external communications, therefore, follows an unreserved compliance of accounting and reporting standards applicable in Pakistan. These comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017.

Adoption of International Integrated Reporting Framework <IR>

Concept of integrated reporting has emerged in recent years. Currently application of IR is not mandatory on local companies. The Company is in the phase of collecting information and integration of every value, mission, vision, processes and practices with overall objective and standing of the Company which needs to be reported and presented in order to comply with the International Integrated Reporting Framework. This report has is not completely adhered to IR.

JCR-VIS Credit Rating

In 2018, the Company was awarded rating of ‘A-/A-2’ (Single A Minus / A-Two) by JCR-VIS Credit Rating Company Limited. Rating Outlook was assigned as “Stable”.

From the Desk of Chairman

Untiring efforts, dedication and hard work of all team members have started reaping its results, under the able leadership of Dr. Munir Ahmed and continuous guidance and oversight of Board of Directors.

The year 2018 has been impressive for the Company. Aisha Steel achieved its highest ever sales quantity, sales revenue, production and profits. Maximum utilization of plant capacity, effective procurement of HRC, increase in margins and stream lining of operations has been instrumental in this performance. The gross profits and net profits amounted to Rs. 3,314 million (increased by 59%) and Rs. 1,284 million (increased by 26%), respectively.

In 2017, Board approved expansion plan to increase the Company's production capacity to 700,000 tons and diversify its product portfolio with inclusion of galvanized coils. The overall project timelines are intact, with galvanization plant expected to be commissioned by December 2018 and pickling, rolling and other lines are expected to be commissioned by April 2019. The Board closely monitors the progress of all expansion related activities.

During the year, election of Directors took place. The elected board welcomes Mr. Rashid Ali Khan and Ms. Tayyaba Rasheed as part of the team. They have added value to overall performance of Board. The year also witnessed rearrangements in committees of Board. Mr. Javed Iqbal and Mr. Rashid Ali Khan took charge of additional responsibilities as Chairman of Audit committee and Chairman of Human Resource and Remuneration Committee, respectively. The Board, as a whole, understands and remains focused to fulfill its roles and responsibilities for implementation of best corporate practices.

Financial year 2019 brings both opportunities and challenges with it. The key target is to ensure commissioning of all expansion lines within stipulated timelines. Further, maintaining current operational progress and margins also remains key challenge for management. I am confident that the Company will be able to meet these challenges in 2019. I would like to thank all employees, fellow Directors and other stakeholders for their efforts, guidance and support.

Arif Habib
Chairman
Karachi: July 31, 2018

CEO's Message

"Achieving success is HARD, Sustaining success is even HARDER"

The financial year 2017 marked the envisaged turnaround of Aisha Steel Mills Limited. The performance in 2018 further solidified your Company's position, both operationally and financially. The success is attributed to the entire "team Aisha" for their dedication and hard work in making your Company a leading CRC manufacturer.

Aisha Steel recorded its highest sales and production in 2018. The gross margin increased to 17.5% compared to 14.8% achieved last year. The net profit recorded was Rs. 1,284 million, higher by 26% when compared to last year.

To ensure continuous growth and maintain sizeable presence in market, the expansion plan approved by the Board, is in full swing. The CRC production capacity, after the expansion will increase from the existing 220,000 tons to 700,000 tons, including 250,000 tons of galvanized iron. The galvanizing line is expected to be commissioned in December 2018, while the pickling and rolling lines are expected to be commissioned by April 2019. The expansion will further optimize the Company's production cost and will also diversify the product mix.

The local market size witnessed an increase of about 18% and 20% in CRC and Galvanized coils demand, respectively. The market is expected to remain strong in the coming years as well. Anti-dumping duty on Chinese and Ukrainian mills remained enforced; however, importers have shifted towards Russia, Korea, Japan, South Africa and Europe origin material. As major imports are from Russia, we are considering to move antidumping case against the Russian manufacturers in coming days. Due to the risk of devaluation of Pakistani Rupee, monitoring and projecting currency fluctuations and carefully planning HRC procurement has become a critical challenge for the local manufacturers.

Lastly, I would like to thank our shareholders, Board of Directors, employees, bankers and all other stakeholders for their continued trust, guidance and support. With collective team efforts of all our employees and active oversight of the Board, we are confident of making further progress in the year 2019.

Dr. Munir Ahmed
Chief Executive
Karachi: July 31, 2018

CEO's presentation on business outlook, performance, strategy and outlook can be accessed at http://www.aishasteel.com/financial-reports-2/

Risk and Opportunity Report

Key Risks

The management, under the oversight of Board, carries robust assessment of the principal risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity.

Keys risks affecting the Company are tabulated below:

No.	Risk		
1	**Foreign Exchange Risk** Adverse foreign exchange movement can increase the price of input and reduce profitability.	**Strategies to Mitigate** 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.	
		Time Scale Factor	Short Term
		Assessment of Likelihood	Medium
		Magnitude of Its Effects	Moderate
		Sources of Risks	This risk may be originated due to weakening of economic indicators of Pakistan, including foreign exchange reserves, balance of payments and current account deficit.
2	**Business Risk / Off-take Risk** Decrease in demand for products may have an adverse impact on the business.	**Strategies to Mitigate** Currently the demand for CRC exceeds domestic production by a significant amount. Demand is expected to further 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. The management closely monitors the demand of finished products of flat steel within the country. Further, management is also considering exploration of export market.	
		Time Scale Factor	Medium Term
		Assessment of Likelihood	Medium
		Magnitude of Its Effects	Moderate
		Sources of Risks	This risk might be originated from due change in consumption patterns and preferences of local end user of flat steel goods.
3	**Business Cycle Risk** Steel is a cyclical industry thus company may be exposed to adverse price fluctuations during business cycle movements.	**Strategies to Mitigate** 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.	

		Time Scale Factor	Medium Term
		Assessment of Likelihood	Medium
		Magnitude of Its Effects	Moderate
		Sources of Risks	Local flat steel prices are derived from existing pricing trends in international market. The international steel prices are reflection of global demand, supply and policies of government.
4	**Credit Risk** There is a risk that Company may not recover trade debts.	**Strategies to Mitigate**	In order to mitigate the credit risk the management has placed policy of sales against advance payment. 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.
		Time Scale Factor	Short Term
		Assessment of Likelihood	Low
		Magnitude of Its Effects	Minor
		Sources of Risks	Risk may arise due to default in payment from debtors.
5	**Liquidity Risk** There is a risk that Company may encounter difficulty in meeting its financial demand.	**Strategies to Mitigate**	The Company's cash flow management system projects cash inflows and outflows on a regular basis as well as monitors cash position on a daily basis. Keeping in view the financial cost, the Company manages its working capital requirements through KIBOR based funded and non-funded lines with different banks and financial institutions. Further, as part of long-term strategy the fixed assets are maintained out of long term borrowings.
		Time Scale Factor	Medium and Long Term
		Assessment of Likelihood	Low
		Magnitude of Its Effects	Moderate
		Sources of Risks	Risk may arise due to increase in operating cycle of the Company, devaluation of Rupee and decrease in demand of CRC.
6	**Risk of Regulatory Non-Compliance** Non Compliance of applicable laws and regulations, including industrial and secretarial laws, can result in penalty and have adverse impact on reputation of the Company.	**Strategies to Mitigate**	The Board is well versed with it corporate and regulatory requirements. Compliance with all applicable laws and regulations has been built-in as code of conduct of the Company. Further, qualified and experienced team is engaged to ensure compliance with legal frameworks. Periodic trainings are also arranged to remain versed with changes in legal frameworks. Internal Audit Department, under the direction of Audit Committee, also verifies compliance of applicable laws on regular basis.
		Time Scale Factor	Short Term
		Assessment of Likelihood	Low
		Magnitude of Its Effects	Major
		Sources of Risks	Risk may arise due to lack of awareness with changes in legal framework.

7	**Risk Associated with Government Policies** There is a risk that abrupt changes in government policies may affect the Company negatively for e.g. policies facilitating imports.	**Strategies to Mitigate** The Company through its representatives provides valuable suggestions to the regulator, particularly during budgetary process. The management closely monitors economic and legal impacts of government policies and political actions on the Company in general and on flat steel industry in particular.	
		Time Scale Factor	Medium and LongTerm
		Assessment of Likelihood	Medium
		Magnitude of Its Effects	Moderate
		Sources of Risks	Risk majorly arises from revenue collection and generation directions of the government and are reflected by the policies devised accordingly.

Key Opportunities

The management of the Company remains vigilant of the changes in the steel market. This enables identification of potential opportunities and act to realise them. Key opportunities available to the Company are tabulated here:

1	**Increase in Demand of Flat Steel Products** Increase in market size of CRC and GI can increase profitability of the Company.	**Strategies to Capitalize** Currently, the demand for CRC and GI exceeds domestic production by significant quantity, which is met by imports. Demand is further expected to increase due to multiple factors including rising population leading to increased consumption of finished steel goods and change in consumption pattern as a result of increased affluence. In order to capitalize the increasing demand, it is imperative that production is also increased accordingly. In this regard, the Company has entered into expansion of its existing production lines and diversifying its product portfolio.	
		Time Scale Factor	Medium and Long Term
		Assessment of Likelihood	High
		Magnitude of Its Effects	Major
		Sources of Opportunity	Rising demand of flat steel due to bettering economic conditions, favorable government policies and rising population has created opportunity to increase sales of the Company.
2	**Overall Economic Growth** Overall economic growth and improvements in various segments of the country may accelerate steel sector growth.	**Strategies to Capitalize** Growth of overall economy, especially on backing of China Pakistan Economic Corridor (CPEC) is expected to raise demand of steel in the local market. The management understands this opportunity and is directed to ensure that with timely increase in production facilities the same can be capitalized.	
		Time Scale Factor	Medium and Long Term
		Assessment of Likelihood	High
		Magnitude of Its Effects	Major

		Sources of Opportunity	Rising demand due to bettering economic activities backed by CPEC creates opportunity for increasing sales of the Company.
3	**Potential Export Market** The export market of flat steel provides opportunity to capture share in international market of flat steel.	**Strategies to Capitalize** Production of flat steel product of international quality and increase in USD to PKR parity provides opportunity to sell our product in international market in order to earn equitable return and diversify market presence of the Company. The management understands this opportunity, therefore, has started to explore export potential of the Company.	
		Time Scale Factor	Medium and Long Term
		Assessment of Likelihood	High
		Magnitude of Its Effects	Major
		Sources of Opportunity	Increase in USD to PKR parity has made export market lucrative. Further, ability to produce as per international standards further eases capitalization of this opportunity.

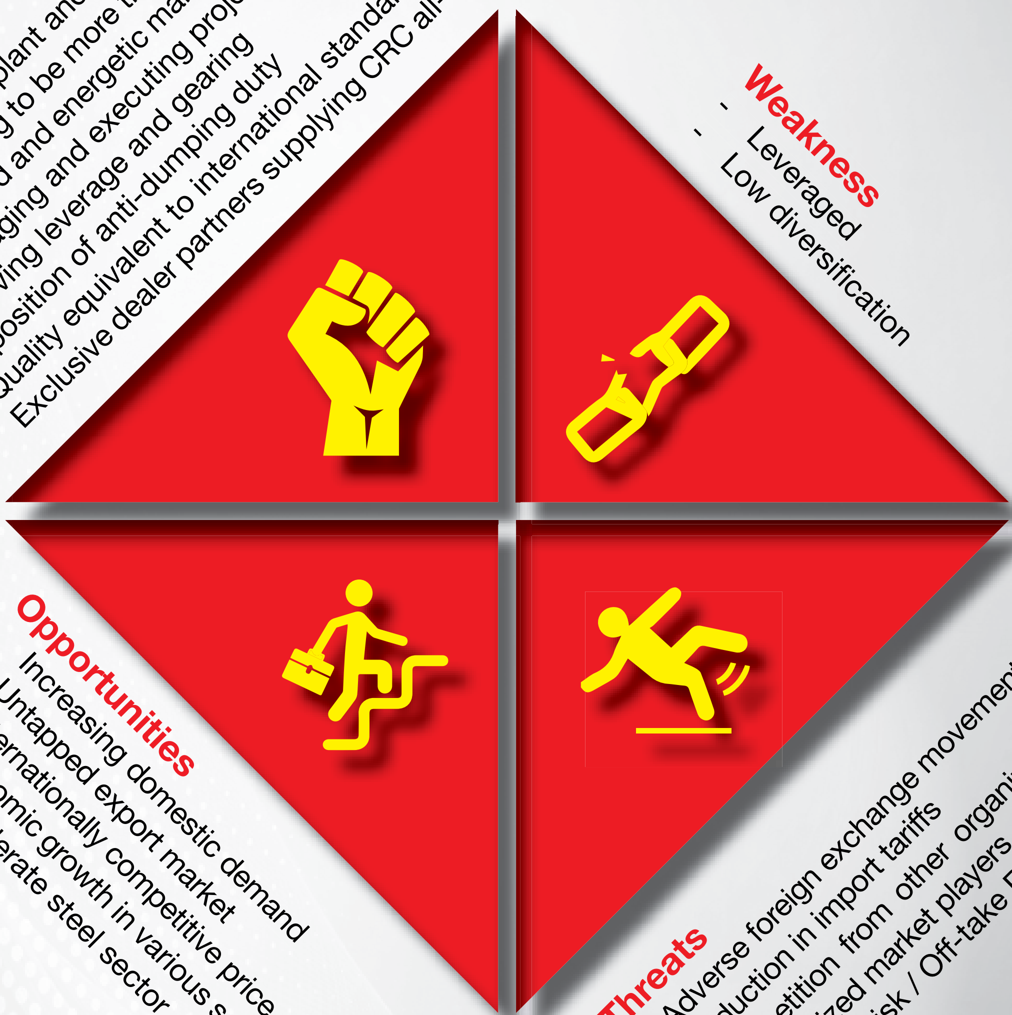
SWOT Analysis

Strengths

- State-of-the-art plant and production facilities
- We are growing to be more than 3 times of our current size
- 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

Weakness

- Leveraged
- Low diversification



Opportunities

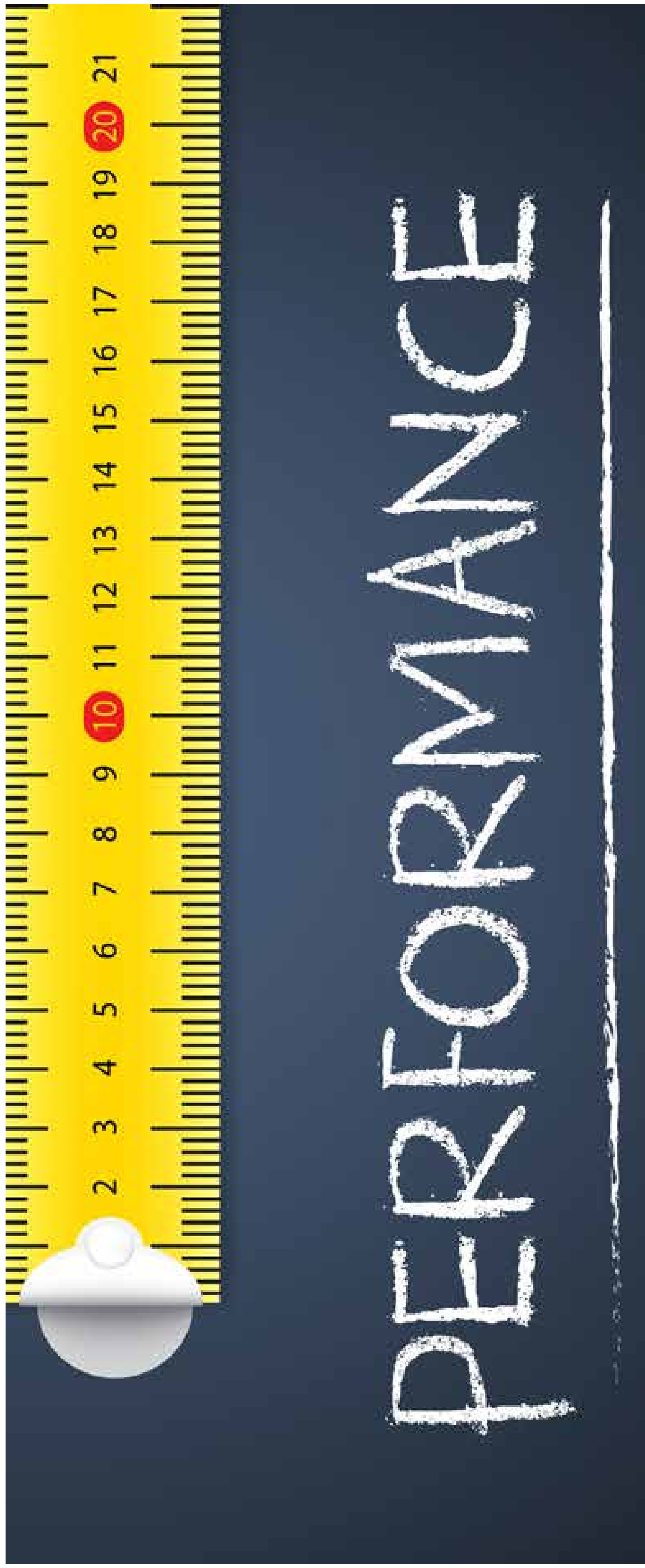
- Increasing domestic demand
- Untapped export market
- Internationally competitive price
- Economic growth in various segments to accelerate steel sector growth

Threats

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

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 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 and the Code of Corporate Governance ("the Code").

The Board during the year ended June 30, 2018 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 committees 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 regulations applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulations in terms of their conduct as directors and exercising their powers and decision making; and

- 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 Aisha Steel has played a key role in ensuring that the Company's objectives are achieved through a joint effort with the management team and guidance and oversight by the Board and its members.

Evaluation of Performance of Board of Directors Including Chairman

Annual Evaluation of Board's Performance and its Committees

Having integrity, fairness, quality of strategic direction and good governance at the core of the Company's operating roots, the Board members take the responsibility in putting up a formal, structured and rigorous process of evaluating overall performance of the Board, individual directors and the committees of the Board. The performance evaluation process is not merely a control mechanism over individual Board members but an efficient tool in identifying areas of improvement. The evaluation mechanism is designed not only to cover the corporate governance compliances but covers all the facets of size, structure, composition, expertise, leadership and responsibilities of the Board.

Accordingly, following procedures have been developed based on emerging and leading practices to assist in the self-assessment of the Board as a whole, its committees as well as individual directors. On an annual basis separate questionnaires for Board and its committees are circulated to all directors which is formally filled by the directors and is submitted anonymously to the Board. The main criteria for the Board's and its committees' evaluation are as follows:

Composition of Board

The Board comprises of appropriate number of directors and appropriate mix of independent and non-independent directors, expertise, skills, experience and diversity. All directors are encouraged to voice their dissenting opinions and are equally involved in Board's decisions.

Structure and Committees

The Board has formed adequate number of committees to streamline delegation of certain key responsibilities. Charter of the committees has been designed with due care and diligence to ensure effective internal control system, reporting of significant matters and transactions and effective communication with the Board. The agendas of committee meetings are flexible to address important issues and provide useful recommendations. Board committee meetings are held at appropriate intervals and their recommendations are placed before the Board on timely basis. Presence of quorum is ensured in every meeting of the Board and its committees.

Vision / Mission, Planning and Oversight

The Board reviews the implementation of strategic and financial plans and has developed and approved clear vision and mission to guide and periodically reviews the same. The Board is well versed with best corporate governance practices and enacts changes where required. The Board meetings are conducted in a manner that ensures open communication and meaningful participation as well as timely resolution of matters concerning the Company.

Board's Effectiveness

The Board members understand and fulfill duties and responsibilities as Director of the Company. Significant matters are placed before the Board by the committees and management. The Board also ensures healthy relationship with the stakeholders through adequate and timely disclosures together with reviewing adequacy of internal controls, potential risks and risk management procedures.

Evaluation of Chairman's Performance

The Chairman demonstrates good leadership by providing equal opportunity for all Board members to voice opinion and ensures maximization of collective synergies of Board members. The Chairman effectively handles the difference of opinions and delegates responsibility among Board members, where required. The overall performance of the Chairman is evaluated based on the effectiveness of the Board meetings, team synergies of the Board members and support of the Board.

Chairman's Review of CEO's Performance

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.

Financial year 2018, counted as fourth year of Dr. Munir Ahmed as Chief Executive of the Company. The Company continued bettering its targets and results from prior year.

During the year the Company sold 217,043 tons of CRC as compared to 214,314 tons sold last year, thus, marking an increase of 34% in terms of revenue and 1% in terms of volume sold. The gross profit margin improved to 17.5% of sales as compared to 14.8% last year. The Company operated at a capacity level of 99% compared to 95% during the previous year.

Activities of expansion project are in full swing and is expected to be completed within the stated timelines. The proposed expansion will not only add to the volume of the Company, but will also diversify its product line and further efficiency in production cost.

For financial year 2018 - 19, the prime target is to effectively complete the expansion on time. Further, the Company optimized its volumes and margins during the year, however, the challenge is to maintain maximum capacity utilisation and further optimize the cost.

We expect that the Chief Executive will meet these challenges during the financial year 2018 - 2019.

Board and 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

The Board is assisted by two Committees, namely the Audit Committee and the Human Resource and Remuneration Committee, to support its decision-making in their respective domains.

Audit Committee

Members of Audit Committee on the reporting date:

Name of Director	Designation	Nature of Directorship
Mr. Jawed Iqbal	Chairman	Independent and non-executive
Mr. Kashif Habib	Member	Non-executive
Mr. Nasim Beg	Member	Non-executive
Ms. Tayyaba Rasheed	Member	Independent and non-executive

The Audit Committee comprises of four non-executive Directors, of which two Directors including the Chairman are independent Directors. All members of the committee are qualified, competent and financially literate. During the year, Mr. Hasib Rehman and Bilal Asghar resigned from the committee, while Mr. Jawed Iqbal and Ms. Tayyaba Rasheed joined in. Mr. Kashif Habib, resigned as the chairman of the committee and Mr. Jawed Iqbal was appointed as the new Chairman of the committee.

Frequency of Meetings

Meetings of Audit Committee are held at least once in each quarter. During the year 2017-18, four meetings of the Audit Committee were held. The Head of Internal Audit has been appointed as the Secretary to the committee.

Salient Features and Terms of Reference of Audit Committee

The Board of Directors has approved the terms of reference of the Audit Committee. The Board provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. The committee meets at least once every quarter of the financial year.

The Audit Committee is, among other things, responsible for determination of appropriate measures to safeguard the Company's assets, reviewing the quarterly, half yearly and annual accounts, ensuring coordination between the internal and external auditors, review of preliminary announcements of results prior to publication, reviewing and approving related party transactions, recommending to the Board of Directors the appointment of external auditors by Company's shareholders and considers any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements and consideration of any other issue or matter as may be assigned by the Board of Directors.

At least once a year, the Audit Committee meets the external auditors without the CFO and the Head of Internal Audit being present. Further, at least once a year, the Audit Committee meets the Head of Internal Audit and other members of the internal audit function without the CFO and the external auditors being present. The CFO, the Head of Internal Audit and external auditors attend meetings of the Audit Committee at which issues relating to accounts and audit are discussed. In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee.

Statement Showing Attendance at Audit Committee Meetings From July 01, 2017 to June 30, 2018
Details of attendance at Audit Committee have been mentioned in Annexure II of the Directors' Report.

Human Resource & Remuneration Committee

Members of Human Resource & Remuneration (HR&R) Committee on the reporting date:

Name of Director	Designation	Nature of Directorship
Mr. Rashid Ali Khan	Chairman	Independent and non-executive
Mr. Arif Habib	Member	Non-executive
Mr. Jawed Iqbal	Member	Independent and non-executive
Mr. Ejaz Ahmed	Member	Non-executive

The HR&R Committee comprises of four non-executive Directors, of which two Directors including the Chairman are independent directors. During the year, Mr. Hasib Rehman resigned from the committee and Mr. Rashid Ali Khan joined in. Mr. Arif Habib resigned as the Chairman of the committee and Mr. Rashid Ali Khan was selected as the new chairman of the committee. The Head of Human Resource has been appointed as the Secretary of the committee.

Salient features and Terms of Reference of Audit Committee
The main aim of the committee is to assist the Board and guide the management in the formulation of the market driven HR policies regarding performance management, HR staffing, compensation and benefits that are compliant with the laws and regulations.

The terms of reference of the Committee includes the following:

- Recommending human resource management policies to the Board.
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of the CEO, CFO, Company Secretary and Head of Internal Audit.
- Ensure a proper system of succession planning for top management is in place and the adequacy of the same in the rest of the organization.
- Review the organizational structure and recommend changes, if any, to increase the effectiveness and efficiency of reporting lines and the division of authority and responsibility.
- Review the effectiveness of the recruitment and recommend changes, if any.
- Guide management in development/revision of all employees benefits, policies and rewards.
- Oversee employee development by monitoring HR aspects of organizational learning and development.
- Ensure that the performance management system is achieving its objectives of fairly rewarding employees' performance and is in line with Company's objectives.

The committee meets at least once in a financial year on as required basis or when directed by the Board. The Secretary sets the agenda, time, date and venue for the meeting in consultation with the chairman of the committee. Minutes of HR&R committee are circulated to the Board.

Statement Showing Attendance at Human Resource and Remuneration Committee Meetings from July 01, 2017 to June 30, 2018

Details of attendance at Human Resource and Remuneration Committee have been mentioned in Annexure II of the Directors' Report.

Management Committees

Management Executive Committee (MANCOM)

The 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 and future line of action.

Following are members of MANCOM:

1. Dr. Munir Ahmed, CEO – Chairman
2. Mr. Umair Noor, CFO – Member
3. Mr. Aminullah, Head of Project - Member
4. Mr. Farhatullah Siddiqui, Head of Engineering – Member
5. Mr. Asad Malik, Head of Electrical – Member
6. Mr. Khawar A. Siddiqui, Head of Sales – Member
7. Ms. Hina Akhter, Head of HR and Administration – Member
8. Mr. Ghufran Ahmed, Head of Quality Control – Member
9. Mr. Ali Awan, Head of IT – Member
10. Mr. S. G. D. Badar, Head of Production Planning – Member
11. Mr. Saadat Hussain, Head of Supply Chain – Member

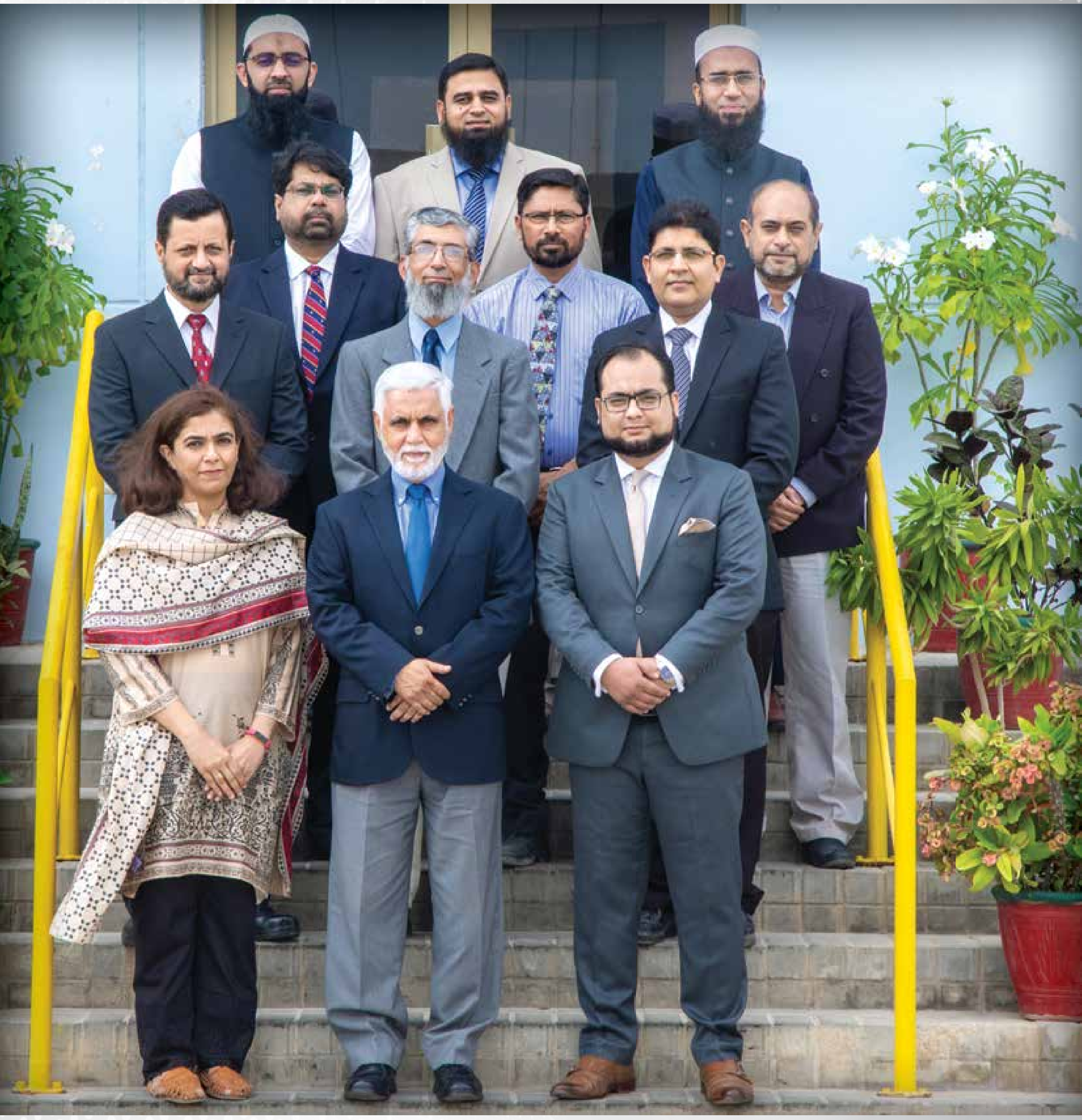
Management HR Committee

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

- 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.

Following are members of Management HR Committee

1. Dr. Munir Ahmed, CEO – Chairman
2. Mr. Umair Noor, CFO – Member
3. Mr. Farhatullah Siddiqui, Head of Engineering – Member
4. Ms. Hina Akhter, Head of HR and Administration – Member



Back Row (Left to Right): Mr. Muhammad Shahid, Mr. Saadat Hussain, Mr. Ali Awan
Middle Row (Left to Right): Mr. S. G. D. Badar, Mr. Khawar A. Siddiqui, Mr. Aminullah, Mr. Farhatullah Siddiqui, Mr. Ghufran Ahmed, Mr. Asad Malik
Front Row (Left to Right): Ms. Hina Akhtar, Dr. Munir Ahmed, Mr. Umair Noor

Salient Policies in Place

IT Governance Policy

Aisha Steel recognizes IT as key resource for business progression and growth and has a well-documented, communicated and implemented IT Governance Framework and Policy that warrants that IT is aligned with the overall goals and strategies. The policy aims to create IT governance structure establishing modus-operandi, roles and responsibility and guidance for overall IT Management Framework including management, implementation and monitoring of IT investments.

The IT Governance Policy consists of:

1. Providing an organized decision making process around IT investment decisions.
2. Reducing system down times and disruptions including planning of system upgradations without affecting operations.
3. Ensuring availability, integrity, security, consistency and accuracy of data and communications.
4. Ensuring sufficiency of IT Infrastructure and investment in IT hardware and software in line with organization's objectives.
5. Creating a culture of paperless environment.
6. Determining the distribution of responsibility between the IT department and user department.

Whistle Blowing Policy

Aisha Steel is committed to conduct its business and work with all stakeholders in a manner that is lawful and ethically responsible. Our Whistle Blowing Policy formalizes the Company's commitment to enable its employees, shareholders and business associates to make fair and prompt disclosure of circumstances where they discover information that shows serious malpractices. The Whistle Blowing Unit comprises of Chief Executive Officer and Head of Internal Audit.

Fundamental elements of our Whistle Blower Policy are highlighted below:

- The complainants are ensured that he / she will not be subjected to any form of detrimental treatment as a result of any disclosure, where the disclosure is made in good faith. However, it should be noted that unfounded allegations made recklessly, maliciously or knowing that they were false can expose the complainant to disciplinary action

- All whistle blowing disclosures made are treated as confidential and the identity of the whistle blower is protected at all stages in any internal matter or investigation.

- Disclosures made anonymously will also be accepted, however, the decision to take them up lies with the Whistle Blowing Unit depending on their nature and urgency.

- For cases which are directly impacting the goodwill of the Company both in financial and non-financial terms, CEO will submit the report to the Audit Committee and Board of Directors. Both shall receive information on each report of concern and can ask for follow-up information on actions taken from CEO.

During the year no whistle blowing incidence was reported under the mentioned procedure.

Corporate Social and Sustainability Responsibility

Corporate Social Responsibility

The objective of this policy is to serve as useful guiding principle to take initiative to contribute to harmonious and sustainable development of society and the earth through all business activities that Aisha Steel carries out and in the evaluation of proposals received from our various stakeholders for CSR projects, programmes and activities.

Arif Habib Group has continuously strived to contribute to the sustainable development of society through the business activities of its components, by actively discharging its Corporate Social Responsibilities in numerous areas of community development in the relevant spheres of the group companies.

Policy

Aisha Steel shall promote its Corporate Social Responsibility (CSR) activities based on the conviction that all business activities must take CSR into consideration. We shall remain vigilant in enforcement of corporate ethics and compliance and constantly work to improve educational and community development programs and strengthen our internal control systems. At the same time, we pursue initiatives related to quality management, environmental preservation, philanthropy and improved communication with all stakeholders.

CSR Policy Guidelines

Aisha Steel shall undertake social, philanthropic or community development programs which are in alliance with its business strategies or that which will benefit the broader interests of the community that includes:

- Education
- Health
- Community Building

Credibility and reputation of the donee seeking assistance must be considered.

(Details of CSR Activities carried during the year have been covered in Directors' Report.)

Sustainability

Aisha Steel actively strives to achieve the desired sustainability outcomes of being an 'active and welcomed member of the community' and of having our contributions to society. We understand sustaining the environment, preservation of energy, careful use of utilities, preservation of environment and eco-friendly contributions are duties of every responsible citizen. At Aisha Steel, under the direction of management we continuously make continuous sustainability efforts by educating and counselling employees regarding importance of environment preservation and inculcating top-down approach and culture towards generating sustainability. We understand that sustainability is not performed periodically, but it is inspired and spread via regular actions in daily life.

HR Management and Succession Planning

The HR management is one of the key pillars of the Company and includes recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth. Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.

The main objectives of company's HRM policy are:

1. Achieving an effective utilization of human resources (besides resources) in the achievement of goals.
2. Establishing and maintaining an adequate organizational structure and desirable working relationship among all the members of Aisha Steel by dividing tasks into functions, positions, jobs and by defining clearly the responsibility, accountability, authority for each job and its relation with other jobs/personnel in the organization.
3. Securing the integration of the individuals and groups within the organization, by reconciling individual / team in such a manner that cultivates a sense of involvement, commitment and loyalty towards it.
4. Generating maximum individual / team development within Aisha Steel by offering opportunities for advancement to employees through training and job education or by effective transfers or by offering retraining facilities.
5. Recognizing and satisfying individual needs and group goals by offering an adequate and equitable remuneration, economic and social security in the form of monetary compensation and protection against such hazard of life as illness, old age, disability, death, unemployment, etc. so that the employees may work willingly and co-operate to achieve goals.

6. Maintaining high morale and better human relations inside the Company by sustaining and improving the conditions which have been established so that employees are retained for longer period.

Succession Planning

Effective succession planning warrants availability of competent internal resource ready to fill-in-the-shoes of predecessors, whenever required. When searching future leaders, we search for people who strive for continuous improvement and demonstrate commitment.

The objectives of succession planning are:

- Identifying competent resources capable of acquiring, adapting and fulfilling higher responsibilities.
- In the long term, ensuring systematic and rhythmic transition of key positions as the need may arise.
- Provide continuous flow of talented people to meet the organization's need.

Social and Environmental Responsibility Policy

Social and Environmental Responsibility Policy directs active commitment towards social work initiatives to contribute to the Company's corporate social responsibility. Being a responsible corporate citizen, the Company actively contributes to various social causes.

Aisha Steel is fully committed to grow and achieve its mission, while acting in environmentally responsible manner. To achieve this result, we:

1. Ensure our product and operations comply with relevant environmental legislation and regulations.
2. Maintain and continually improve our environmental management systems as dictated by specific markets or local regulations.
3. Operate in a manner that is committed to continuous improvement in environmental sustainability through conservation of resources, prevention of pollution, discouraging wastage of food and promotion of environmental responsibility amongst our employees.
4. Ensure emissions of hazardous materials from our Factory are within tolerable limits.

Quality Management

Aisha Steel is committed to produce prime quality cold rolled steel sheets and coils. We assure quality at each stage of production process focusing on customers' satisfaction which is our utmost priority.

Quality management system leads us for the approach of continuous improvement interacting with customers' requirements. Aiming the consistency and accuracy in our finished products, cold rolled sheets and coils are produced from superior quality imported hot-rolled coils.

Our Quality Management System includes:

Analysis of imported HR-Coils (Hot rolled coils) by using testing methodology of visual dimensional, chemical and mechanical properties.

- Acid pickling process of HR-Coils through HCL is carried out prior to cold rolling process by maintaining acid tanks' concentrations, iron contents, temperature and line speed according to standard.
- Cold rolling process having state of the art "Automatic Gauge Controlling System" assures constant thickness throughout the length of coil during process. Moreover, control in thickness articulate through histogram which ascertain consistency and accuracy in fast pace cold rolling process.
- Batch type annealing process incorporates heating temperature ranging 650°C ~700°C with inert atmosphere. The process suppress stresses occurred during cold rolling.
- Electrolytic cleaning process is a part of cold rolled sheet surface degreasing and removing foreign contaminants.
- Skin pass process is utilized for homogenizing microstructure of cold rolled coils after annealing process that improves the mechanical properties of finished coils.
- Cupping, hardness and tensile testing enhance the level of confidence for our cold rolled products which enable us to deliver best quality in the market.

Safety of Records

Aisha Steel has policy for security and safety of all data of the Company. All records shall be kept at least for the period legally required, or for additional period for administrative, operational and legal purposes. The policy highlights that all records are ownership of the Company and not individuals and shall be maintained and retained in efficient and effective manner to ensure its long term retention and convenient retrieval. Further, all permanent records shall be preserved separately and effectively.

Conflicts of Interest Policy

A Conflicts of Interest Policy provides a framework for Directors of the Company to disclose actual, potential or perceived conflicts of interest. The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

The policy is applicable to Directors as the Company believes that a Director owes certain fiduciary duties, including the duties of loyalty, diligence and confidentially to the Company which requires that the Directors act in good faith on behalf of the Company and to exercise his or her powers in stakeholders' best interests and not for their own or others' interest.

Management of Conflict of Interest

The Company stands fully committed to the transparent disclosures, management and monitoring of actual potential or perceived conflicts of interest. All Directors under the policy are obligated and have a duty to avoid actual, potential or perceived conflicts of interest.

Any Director with personal interest, relationship or responsibility which conflicts with the interest of the Company or its shareholders shall excuse himself or herself from any discussions on the matter that would give rise to the conflict of interest and if necessary, from the Board meeting or applicable part thereof.

Stakeholders' Engagement Policy

Aisha Steel seeks to provide external stakeholders with information necessary to make reasoned investment decisions in regard to our equity securities without advantage to any particular investor or analyst and seeks to provide information to current and potential shareholders. Our disclosure practices are designed to give all investors fair access to this information.

Our Investor relation policy:

- prohibits the selective disclosure of material, nonpublic information about the Company;
- sets forth procedures designed to prevent such disclosure; and
- provides for the broad, public distribution of material information regarding Aisha Steel Mills Limited.

At all times Aisha Steel will maintain the need for confidentiality about key business and operating strategies and SECP's directive on nonpublic earnings guidance.

Investor Service Centre and Grievances Policy

Investor Service Centre

Aisha Steel's share department is operated by Central Depository Company of Pakistan (CDC), Registrar Services. It also functions as Investor Service Centre managed by well-experienced team of professionals and equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registrar function. Investor queries may simultaneously be addressed to the team at the Registrar Office and Company Secretary at ASML Registered Office. Contact details for investor queries shall be mentioned on the website http://www.aishasteel.com/shareholder-information/

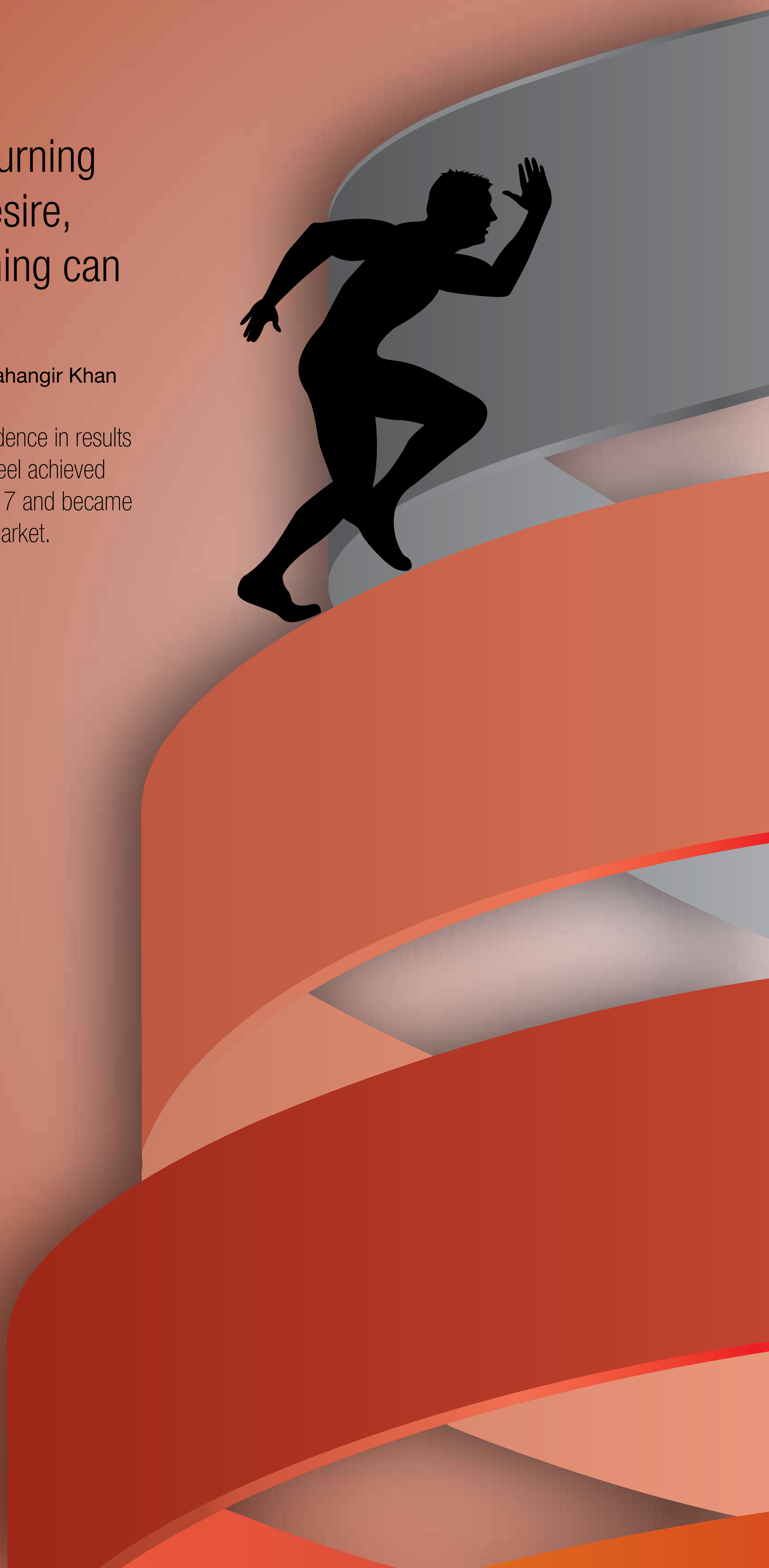
Investors' Grievances Policy

Details of Investors' Grievances Policy has been mentioned under " Stakeholders' Engagement" section.

“If you have a burning ambition and desire, absolutely anything can be achieved.”

Jahangir Khan

With faith in vision, and confidence in results of consistent efforts, Aisha Steel achieved 97% sales capacity in FY2017 and became leader of Cold Rolled Steel market.



Stakeholders' Information

Analysis of Financial and Non-Financial Performance

Overview of Financial Performance

Aisha Steel registered net sales of Rs. 18.90 billion against sales of Rs. 14.07 billion in 2017. The increase in sales resulted majorly due to increase in sales price of CRC. The margins on CRC during the year were also on rise, thus, gross profit increased to 17.5% from 14.8% last year. The increased sales quantity and higher margins resulted gross profit of Rs. 3.31 billion against Rs. 2.09 billion recorded last year.

Selling and distribution cost and administrative expenses remained constant and no major variance was witnessed.

Other charges include provisions for Workers' Profit Participation Fund and Workers Welfare Fund which increased in line with increase in profits.

Other income increased by Rs. 19.22 million, mainly due to increase in sales of operational scrap.

Finance cost increased from Rs. 948.64 million to Rs. 1,078.94 million. Devaluation of PKR against USD caused major increase in finance cost, as exchange loss suffered increased by Rs. 246.29 million. Finance cost on long-term loan decreased by Rs. 45.91 million due to repayment of long-term loan during the year.

Tax charge for the year amounted to Rs. 631.6 million comprising of current tax charge and deferred tax charge amounting to Rs. 288.7 million (2017: Rs. 118.9 million) and Rs. 342.96 million (2017: deferred tax reversal of Rs. 256.9 million) respectively. Current tax charge has increased on account of higher profit as compared to last year whereas realization of carried forward tax losses and minimum tax of prior years resulted in increase in deferred tax charge.

Resultantly, profit after tax rose to Rs. 1,283 million, marking an increase of 26% from last year.

Earnings per share of the current stands at Rs. 1.57 per share as against Rs. 1.74 recorded last year. Despite increased earnings, earnings per share have decreased due to right shares issued by the Company.

Comparison Against Target

Revenue during current year is 2% higher than the targeted revenue of Rs. 18.48 billion, while profit after tax of current year is 29% higher than targeted profit of Rs. 991 million. Higher profit after tax is on account of higher margins earned during the period as compared to targeted margins.

Segmental Reporting of Business Performance

The financial statements of the Company have been prepared on the basis of single reportable segment, i.e. operations relating to CRC business. The Company operates locally and all the sales comprise of sales made within Pakistan. As at June 30, 2018, all assets of the Company, other than raw material in transit of Rs. 785 million, were located within Pakistan.

Significant Changes in Financial Position

Property, plant and equipment comprises of operating assets, capital work in progress and major spare parts and stand-by equipment. Additions to operating assets amounted to Rs. 486.85 million of which Rs. 430.85 million pertains to additions to plant and machinery. Major additions to plant and machinery include costs transferred from capital work in progress amounting to Rs. 17.35 million and include capitalization of Roll Grinding Line amounting to Rs. 227.3 million for improvement in product variety and production of thinner sheets.

Capital work-in-progress amounted to Rs. 1.997 billion. This mainly includes capital expenditure incurred on expansion projects amounting to Rs. 1.99 billion.

Deferred tax asset amounted to Rs. 932 million as at June 30, 2018 as against Rs. 1,358 million in the previous year. Decrease in deferred tax asset is mainly due to realisation of carried forward losses and prior year minimum taxes amounting to Rs. 120 million and Rs. 273 million respectively.

Stock in trade has increased by Rs. 596 million. The increase mainly relates to increase in prices of raw material by 22%, while the quantity has decreased by 10%.

Tax refunds due from Government - Sales tax has decreased from Rs. 299.76 million in 2017 to Rs. 247.54 million in 2018, due to gross margins during the year resulting in adjustment of unadjusted input tax from previous years.

Taxation - payments less provision has increased by Rs. 251 million, mainly because during the year advance income tax of Rs. 539 million has been paid, which has been netted off by tax charge - net of Rs. 290 million.

Long-term finance including current maturity has increased by Rs. 66 million in 2018. During the year repayment of Rs. 250 million has been made, while unwinding of Rs. 130 million has been recorded. Moreover, drawdown net of arrangement fee of Rs. 186 million, against the expansion has also been made.

Staff retirement benefits increased by Rs. 15.8 million on account of gratuity expense recorded during the year due to increase in number of employees and past service cost in accordance with actuarial valuation report. Further, staff retirement benefits of Rs. 6.1 million have been paid to outgoing employees.

Trade and other payables have decreased by 2,351.45 million in 2018. The decrease relates mainly to payment liabilities under letter of credits and payments to foreign vendors.

Accrued mark-up has increased of Rs. 80.527 million. The increase is primarily due to increase in spread in rate of mark-up on long term loan by 3%. Moreover, the KIBOR has also increased during the year.

Short term borrowings have increased by Rs. 2,610.19 million which is mainly due to financing of import of raw materials as the Company has shifted from usance to sight model for procurement of HRC.

Company's net worth as at June 30, 2018 stood at Rs. 8,491.11 million with a breakup value of Rs. 10.20 per share. Details of contingencies and commitments are disclosed in the Note 23 to these financial statements.

Resultantly, the Company's asset base recorded an increase of Rs. 2,241.92 million as compared to last year, which is primarily due to increase in property plant and equipment on account of expansion project.

Overview of Non-Financial Performance

The management is focused on improving production quality to achieve customer satisfaction. Enhancement of employee skills remains in focus and necessary measures are being taken to ensure continuous improvements. During the year, the Company conducted various training courses, both technical and behavioural for its human resource capital. The Company maintains satisfactory relationship with all the key stakeholders.

During the year production of the Company increased by 3.75% to 217,371 tons, while, the sales increased by 1.27% to 217,043. The number of employees of Company increased by 19.41% to 486 employees on June 30, 2018, of which 406 employees are located at factory. The management also focused to improve overall operational efficiencies, the inventory turnover days have reduced to 94 days from 99 days in 2017, further, overall operating cycle has reduced to 96 days from 99 days in 2017. Management believes that there is always room for improvement and remains focused to improve each year.

Key Operational and Financial Data

Operations Summary	2018	2017	2016	2015	2014	2013
	Tons					
Production	217,370	209,524	195,906	134,272	127,384	70,916
Sales	217,043	214,316	181,259	138,923	126,129	64,912

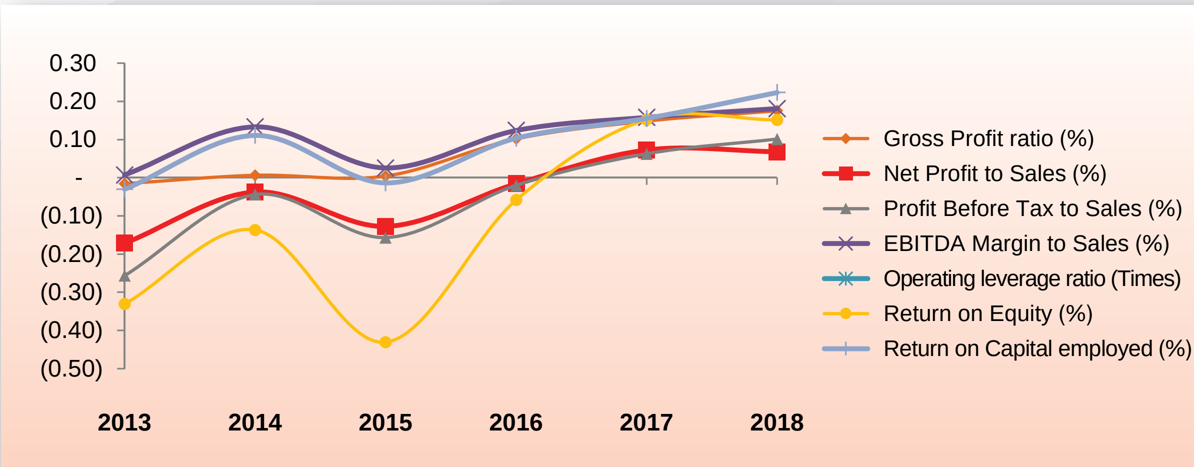
Summary of Statement of Profit & Loss	2018	2017	2016	2015	2014	2013
	Rs. in Million					
Revenue	18,904	14,076	9,634	9,492	9,259	4,342
Cost of sales	15,590	11,988	8,654	9,451	9,200	4,409
Gross profit / (Loss)	3,314	2,087	980	41	59	(68)
Profit / (Loss) from operations	2,995	1,831	829	(115)	890	(224)
Profit / (Loss) before taxation	1,916	882	(192)	(1,488)	(409)	(1,115)
Profit / (Loss) for the year	1,284	1,020	(155)	(1,211)	(347)	(746)

Summary of Financial Position	2018	2017	2016	2015	2014	2013
	Rs. in Million					
Assets						
Non-Current Assets	14,366	11,959	10,884	11,170	11,009	10,486
Current Assets	6,060	6,225	4,468	4,167	5,272	3,864
Total Assets	**20,426**	**18,184**	**15,352**	**15,337**	**16,281**	**14,350**
Equity and Liabilities						
Shareholders' Equity	8,491	6,700	2,655	2,811	2,535	2,252
Non-Current Liabilities	4,934	5,078	5,355	5,628	5,504	5,100
Current Liabilities	7,001	6,406	7,342	6,898	8,242	6,998
Total Equity and Liabilities	**20,426**	**18,184**	**15,352**	**15,337**	**16,281**	**14,350**

Ratio Analysis

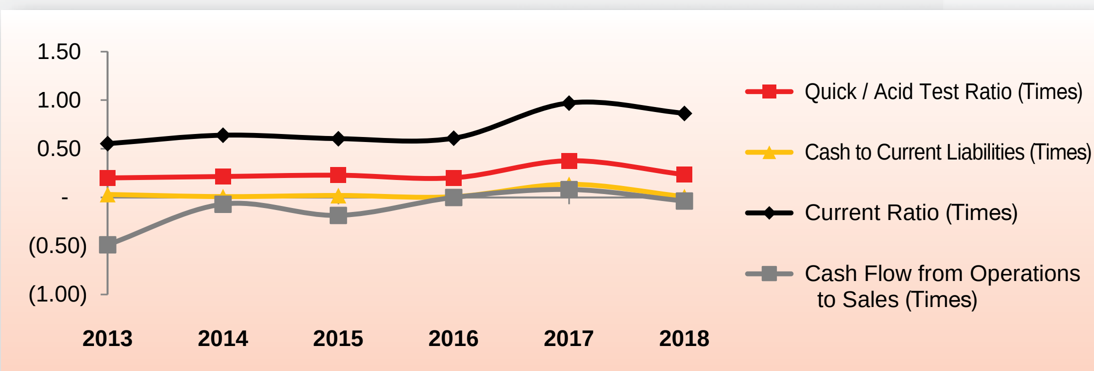
Profitability Ratios

Profitability Ratios	Formula	2018	2017	2016	2015	2014	2013
Gross Profit Ratio (%)	Gross Profit (Loss) / Net Sales	17.53%	14.83%	10.17%	0.43%	0.64%	-1.56%
Net Profit to Sales (%)	Net Profit (Loss) / Net Sales	6.79%	7.25%	-1.61%	-12.76%	-3.75%	-17.18%
Profit Before Tax to Sales (%)	Profit (Loss) Before Tax / Net Sales	10.13%	6.27%	-2.00%	-15.68%	-4.42%	-25.68%
EBITDA Margin to Sales (%)	EBITDA / Net Sales	18.11%	15.81%	12.36%	2.56%	13.33%	0.73%
Operating Leverage Ratio (Time)	Change in EBITDA / Change in Net Sales	0.25	0.23	6.68	(4.25)	0.24	0.03
Return on Equity (%)	Profit (Loss) After Tax / Shareholder's Equity	15.12%	15.22%	-5.85%	-43.08%	-13.69%	-33.12%
Return on Capital Employed (%)	EBIT / Capital Employed	22.31%	15.54%	10.35%	-1.36%	11.07%	-3.04%



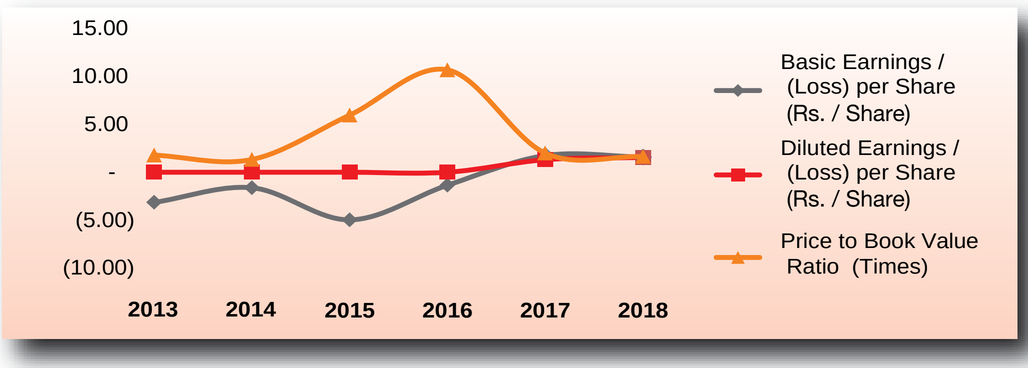
Liquidity Ratios

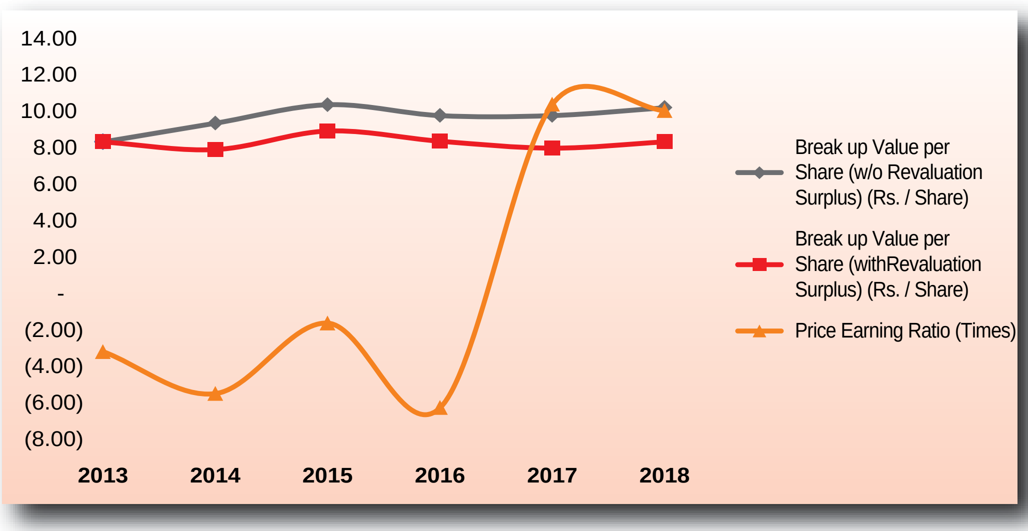
Liquidity Ratios	Formula	2018	2017	2016	2015	2014	2013
Current Ratio (Times)	Current Assets / Current Liabilities	0.87	0.97	0.61	0.60	0.64	0.55
Quick / Acid Test Ratio (Times)	Liquid Assets / Curent Liabilities	0.25	0.38	0.20	0.23	0.21	0.20
Cash to Current Liabilities (Times)	Cash and Bank / Curent Liabilities	0.01	0.13	0.01	0.02	0.01	0.03
Cash Flow from Operations to Sales (Times)	Cash Flow from Operations / Net Sales	(0.04)	0.08	-	(0.19)	(0.07)	(0.49)



Investment / Market Ratios

Investment / Market Ratios	Formula	2018	2017	2016	2015	2014	2013
Basic Earnings / (Loss) per Share (Rs. / Share)	Earnings Attributabe to Ordinary Shareholders / Weighted Average Number of Shares	1.57	1.74	(1.35)	(4.97)	(1.62)	(3.15)
Diluted Earnings / (Loss) per Share (Rs. / Share) (N1)	Diluted Earnings Attributabe to Ordinary Shareholders / Adjusted Weighted Average Number of Shares	1.54	1.31	NA	NA	NA	NA
PriceEarningsRatio (Times)	Market Price / Basic Earnings or (Loss) per share	10.04	10.39	(6.26)	(1.62)	(5.48)	(3.18)
Price to Book Value Ratio (Times)	Market Price / Book Value per share	1.64	1.99	10.68	5.96	1.33	1.79
Dividend Yield Ratio	Total Annual Dividend / Market Price	Since no dividend has been paid, therefore, dividend yield ratio, dividend payout ratio and cash dividend per share ratio are not applicable.					
Dividend Payout Ratio	Total Annual Dividend / Annual Income						
Cash Dividend per Share	Cash Dividend per Share						
Breakup Value per Share (with Revaluation Surplus) (Rs. / Share)	Equity including surplus on revaluation of fixed assets / Number of shares	10.20	9.77	9.77	10.37	9.36	8.33
Breakup Value per Share (w/o Revaluation Surplus) (Rs. / Share)	Equity excluding surplus on revaluation of fixed assets / Number of shares	8.33	7.99	8.36	8.93	7.91	8.33

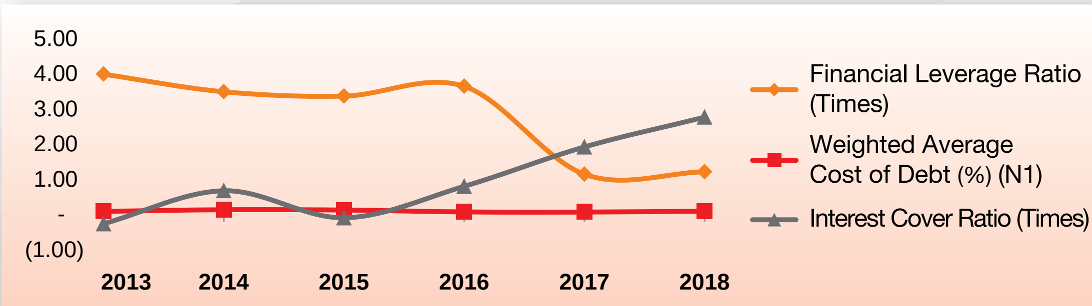




N1 - Due to losses dilution of earnings per share had anti-dilutive effect for financial years 2013, 2014, 2015 and 2016, therefore, the same has not been disclosed and presented.

Capital Structure Ratios

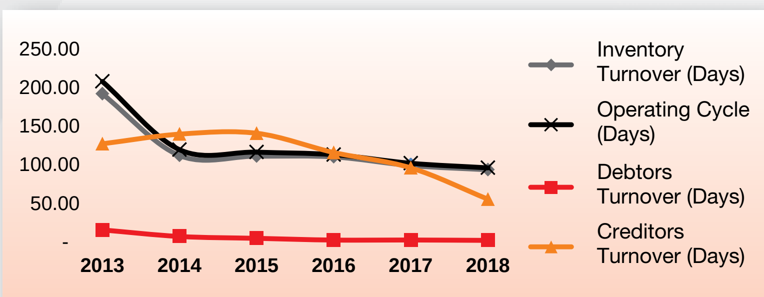
Capital Structure Ratios	Formula	2018	2017	2016	2015	2014	2013
Financial Leverage Ratio (Times)	Total Debt/ Total Equity	1.22	1.15	3.65	3.38	3.50	4.00
Weighted Average Cost of Debt (%) (N1)	Total Interest / Total Debt	10%	8%	8%	14%	15%	10%
Debt to Equity Ratio (%)	Total Long Term Debt / Equity	39:61	44:56	69:31	67:33	69:31	73:27
Interest Cover Ratio (Times)	Profit from operations / Finance Cost	2.78	1.93	0.81	(0.08)	0.69	(0.25)
Market Value per Share (Symbol: ASL)							
- High (Rs. / Share)		23.94	29.63	10.76	11.27	10.36	11.74
- Low (Rs. / Share)		14.85	7.65	6.80	6.15	7.50	8.60
- Closing (Rs. / Share)		15.77	20.34	7.73	8.42	8.60	9.04
Total Volume Traded (Number of Shares in millions)		1,276.43	2,670.00	44.14	32.00	16.84	1.25

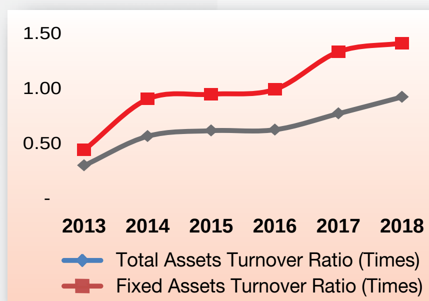


N1 - The weighted average cost of debt has been calculated on the basis of average debt outstanding.

Activity Ratios

Activity Ratios	Formula	2018	2017	2016	2015	2014	2013
Total Assets Turnover Ratio (Times)	Net Sales / Total Assets	0.93	0.77	0.63	0.62	0.57	0.30
Fixed Assets Turnover Ratio (Times)	Net Sales / Total Fixed Assets	1.41	1.34	0.99	0.95	0.91	0.44
Inventory Turnover	Cost of Goods Sold / Average Inventory	3.88	3.67	3.30	3.27	3.24	3.80
Inventory Turnover (Days)	Average Inventory / Cost of Goods Sold x 365	93.98	99.40	110.66	111.63	112.48	192.32
Debtors Turnover	Sales / Average Receivable	146.74	122.72	125.94	70.84	48.35	45.46
Debtors Turnover (Days)	Average Receivables / Sales x 365	2.49	2.97	2.90	5.15	7.55	16.06
Creditors Turnover	Cost of Goods Sold / Average Creditors	6.54	3.79	3.14	2.58	2.60	3.48
Creditors Turnover (Days)	Average Creditors / Cost of Goods Sold x 365	55.85	96.42	116.35	141.31	140.16	127.63
Operating Cycle (Days)	Days in Inventory + Days in Receivables	96.47	102.37	113.56	116.78	120.03	208.38





Comments on Ratio Analysis

Profitability Ratios

Profitability ratios of the Company reflect steady growth over the years. Sales and profits have continuously improved each year. During the year gross profit margins have increased due to higher margins earned on back of increase in CRC prices in international market. In comparison with 2017, net profit margins have decreased due to realization of deferred tax income in 2017 on prior year minimum tax paid up to 2017 and realisation of carried forward tax losses. Return on equity and return on capital employed have also improved year by year, due to increased margins, higher sales volumes, production cost efficiencies, higher capacity utilization and efficient raw material procurement planning.

Liquidity Ratios

Over the years, the liquidity ratios of the Company have improved due to higher profits, increased sales volumes, better margins and increased operational efficiencies. During the current year, slight decline in liquidity ratios is due to increase in short term borrowings, which have increased as in order to minimize risk of exchange rate fluctuation the Company has shifted from credit from supplier to credit from local financial institutions.

Investment / Market Ratios

The investment / market ratios depict increase in investor's confidence over the years, which are reflected by increase in trading volume of shares at Pakistan Stock Exchange. During the year the Income of the Company has increased, however, the earnings per share have slightly decreased as rights issued by the Company have increased the number of shares. Over 6 years, price earnings ratio and price to book ratio have improved, however, slight dip during current financial year has been caused by decrease in share price because of macro-economic conditions and under-performance of stock market.

Capital Structure Ratios

Capital structure of the Company has significantly improver over the years due to increase in shareholders' equity, based on improvement in results. The Company managed to obtain borrowing at competitive rate, however, weighted average cost of debt has slightly increased due to revision in rates of long-term loan and increase in KIBOR.

Activity Ratios

The activity ratios depicted enhancement in operational efficiencies over the years. During the year, the Company managed to further reduce its operating cycle by further controlling both inventory turnover and debtors turnover days. Thus, strengthening its operational, as well as, financial position and bettering its production and sales volume.

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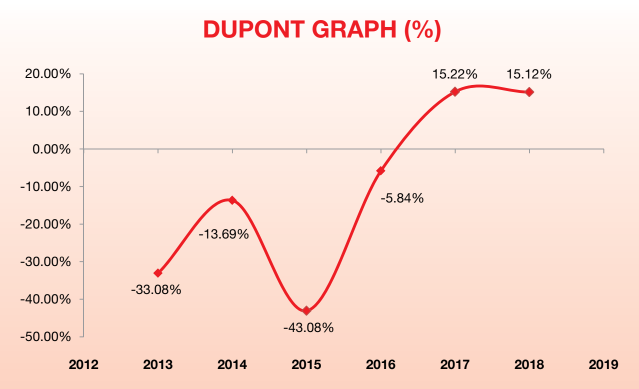
DuPont Analysis

DuPont Trend Analysis

	DUPONT ANALYSIS (Rs. in Million)	2018	2017	2016	2015	2014	2013
A	Non-current liabilities	4,934	5,078	5,355	5,628	5,504	5,100
B	Current Liabilities	7,001	6,406	7,342	6,898	8,242	6,998
C = A+B	**Total Liabilities**	**11,935**	**11,484**	**12,697**	**12,526**	**13,746**	**12,098**
D	Non-current Assets	14,366	11,959	10,884	11,170	11,009	10,486
E	Current Assets	6,060	6,225	4,468	4,167	5,272	3,864
F = D + E	**Total Assets**	**20,426**	**18,184**	**15,352**	**15,337**	**16,281**	**14,350**
G = C -F	**Owners' Equity**	**8,491**	**6,700**	**2,655**	**2,811**	**2,535**	**2,252**
H	Sales	18,904	14,076	9,634	9,492	9,259	4,342
I	Total Cost	17,620	13,056	9,789	10,703	9,606	5,088
J = H - I	**Net Profit / (Loss)**	**1,284**	**1,020**	**(155)**	**(1,211)**	**(347)**	**(746)**
K = J / H	**Net Profit / Loss Margin (%)**	**6.79%**	**7.25%**	**-1.61%**	**-12.76%**	**-3.75%**	**-17.18%**
L = H / F	**Assets Turnover (Times)**	**0.93**	**0.77**	**0.63**	**0.62**	**0.57**	**0.30**
M = F / G	**Leverage Factor (Times)**	**2.41**	**2.71**	**5.78**	**5.46**	**6.42**	**6.37**
N = K x L	**Return on Assets (%)**	**6.29%**	**5.61%**	**-1.01%**	**-7.90%**	**-2.13%**	**-5.19%**
O = M x N	**Return on Equity (%)**	**15.12%**	**15.22%**	**-5.84%**	**-43.08%**	**-13.69%**	**-33.08%**

Analysis



- The Profit margin of the Company has substantially improved since 2013 from loss of 17.18% to profit of 7.25% in 2017. In 2018, the net profit margin has slightly decreased to 6.79%, due to recognition of deferred tax income on minimum turnover tax paid by the Company and carried forward tax losses. This depicts improvement in overall operations of the Company.
- Asset Turnover has improved gradually year by year, which shows incremental approach to growth and focus to better utilization of resources each year. Further, growth of return on assets each year also substantiates the fact that resources have been better utilized.

Conclusion

The overall DuPont analysis depicts improvement in performance of the Company. From year 2013 to 2017, return on equity has increased to 15.12% from loss of 33.08%. During the year, return on equity dipped slightly mainly due to issuance of fresh equity for expansion and slight decrease in net profit margin.

Horizontal Analysis

Statement of Financial Position	2018		2017		2016		2015		2014		2013	
	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%
Assets												
Non-Current Assets	14,366	20%	11,959	10%	10,884	-3%	11,170	1%	11,009	5%	10,486	7%
Current Assets	6,060	-3%	6,225	39%	4,468	7%	4,167	-21%	5,272	36%	3,864	234%
Total Assets	**20,426**	**12%**	**18,184**	**18%**	**15,352**	**0%**	**15,337**	**-6%**	**16,281**	**13%**	**14,350**	**31%**
Equity and Liabilities												
Shareholders' Equity	8,491	27%	6,700	152%	2,655	-6%	2,811	11%	2,535	13%	2,252	-25%
Non-Current Liabilities	4,934	-3%	5,078	-5%	5,355	-5%	5,628	2%	5,504	8%	5,100	-14%
Current Liabilities	7,001	9%	6,406	-13%	7,342	6%	6,898	-16%	8,242	18%	6,998	246%
	20,426	**12%**	**18,184**	**18%**	**15,352**	**0%**	**15,337**	**-6%**	**16,281**	**13%**	**14,350**	**31%**

Statement of Profit & Loss	2018		2017		2016		2015		2014		2013	
	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%
Revenue	18,904	34%	14,076	46%	9,634	1%	9,492	3%	9,259	113%	4,342	100%
Cost of sales	(15,590)	-30%	(11,987)	-39%	(8,654)	-8%	(9,451)	-3%	(9,200)	-109%	(4,409)	-100%
Gross profit / (loss)	**3,314**	**59%**	**2,087**	**113%**	**980**	**2,290%**	**41**	**31%**	**59**	**-188%**	**(68)**	**-100%**
Selling and distribution cost	(19)	0%	(19)	-5%	(20)	-47%	(38)	-6%	(36)	-100%	(18)	-100%
Administrative expenses	(192)	-2%	(188)	-20%	(157)	-27%	(124)	-11%	(140)	-11%	(157)	-1%
Other expenses	(143)	-122%	(65)	-100%	-	0%	-	0%	-	0%	-	-100%
Other Income	35	119%	16	36%	25	317%	6	99%	1,007	5200%	19	53%
Profit / (Loss) from operations	**2,995**	**63%**	**1,831**	**121%**	**829**	**820%**	**(115)**	**-113%**	**890**	**499%**	**(224)**	**-91%**
Finance cost	(1,079)	-14%	(949)	-7%	1,021	26%	(1,373)	-6%	(1,299)	-46%	891	5840%
Profit / (Loss) before taxation	**1,916**	**117%**	**882**	**558%**	**(192)**	**-87%**	**(1,488)**	**-264%**	**(409)**	**-63%**	**(1,115)**	**-744%**
Taxation	(632)	-558%	138	273%	37	87%	277	347%	62	83%	369	702%
Profit / (Loss) for the year	**1,284**	**26%**	**1,020**	**754%**	**(155)**	**-87%**	**(1,211)**	**-249%**	**(347)**	**-53%**	**(746)**	**-766%**

Comments on Horizontal Analysis

Statement of Financial Position

Non-Current Assets increased as compared to 2017 due to expansion of existing production facility and revaluation of land and building.

Share holders' equity increased as compared to 2017 due to issuance of right shares for expansion of production facilities and profit earned by the Company. Non-current liabilities have decreased due to repayment of long-term loan during the year.

Statement of Profit and Loss

Each year revenue has depicted increasing trend and has substantially increased during 2018. Rise in revenue has been due to higher selling prices and increased sales volume.

Gross profit has increased since 2012 due to higher sales volume and increased margins. Further, the Company has also improved operational efficiencies and cost per ton have been optimized because of maximum capacity utilization.

Net Profit has also increased every year due to increase in gross profit margin. Finance cost has increased in 2018 due to higher exchange losses suffered.

Vertical Analysis

Statement of Financial Position	2018		2017		2016		2015		2014		2013	
	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%
Assets												
Non-Current Assets	14,366	70%	11,959	66%	10,884	71%	11,170	73%	11,009	68%	10,486	73%
Current Assets	6,060	30%	6,225	34%	4,468	29%	4,167	27%	5,272	32%	3,864	27%
Total Assets	**20,426**	**100%**	**18,184**	**100%**	**15,352**	**100%**	**15,337**	**100%**	**16,281**	**100%**	**14,350**	**100%**
Equity and Liabilities												
Shareholders' Equity	8,491	42%	6,700	37%	2,655	17%	2,811	18%	2,535	16%	2,252	16%
Non-Current Liabilities	4,934	24%	5,078	28%	5,355	35%	5,628	37%	5,504	34%	5,100	36%
Current Liabilities	7,001	34%	6,406	35%	7,342	48%	6,898	45%	8,242	51%	6,998	49%
	20,426	**100%**	**18,184**	**100%**	**15,352**	**100%**	**15,337**	**100%**	**16,281**	**100%**	**14,350**	**100%**

Statement of Profit & Loss	2018		2017		2016		2015		2014		2013	
	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%	Rs. in Million	%
Revenue	18,904	100%	14,076	100%	9,634	100%	9,492	100%	9,259	100%	4,342	100%
Cost of sales	(15,590)	-82%	(11,987)	-85%	(8,654)	-90%	(9,451)	-100%	(9,200)	-99%	(4,409)	-102%
Gross profit / (loss)	**3,314**	**18%**	**2,087**	**15%**	**980**	**10%**	**41**	**0%**	**59**	**1%**	**(68)**	**-2%**
Selling and distribution cost	(19)	0%	(19)	0%	(20)	0%	(38)	0%	(36)	0%	(18)	0%
Administrative expenses	(192)	-1%	(188)	-1%	(157)	-2%	(124)	-1%	(140)	-2%	(157)	-4%
Other expenses	(143)	-1%	(65)	0%	-	0%	-	0%	-	0%	-	0%
Other Income	35	0%	16	0%	25	0%	6	0%	1,007	11%	19	0%
Profit / (Loss) from operations	**2,995**	**16%**	**1,831**	**13%**	**829**	**9%**	**(115)**	**-1%**	**890**	**10%**	**(224)**	**-5%**
Finance cost	(1,079)	-6%	(949)	-7%	(1,021)	-11%	(1,373)	-14%	(1,299)	-14%	(891)	-21%
Profit / (Loss) before taxation	**1,916**	**10%**	**882**	**6%**	**(192)**	**-2%**	**(1,488)**	**-16%**	**(409)**	**-4%**	**(1,115)**	**-26%**
Taxation	(632)	-3%	138	1%	37	0%	277	3%	62	1%	369	8%
Profit / (Loss) for the year	**1,284**	**7%**	**1,020**	**7%**	**(155)**	**-2%**	**(1,211)**	**-13%**	**(347)**	**-4%**	**(746)**	**-17%**

Comments on Vertical Analysis

Statement of Financial Position

Total equity showed an increasing trend from 2013 to 2018. The shareholders' equity has increased due to issuance of right shares, increase in profitability of the Company and repayment of debts.

The non-current assets depicted mix trend, during 2018 the share of non-current assets in total assets increased because of on-going expansion of production facilities of the Company.

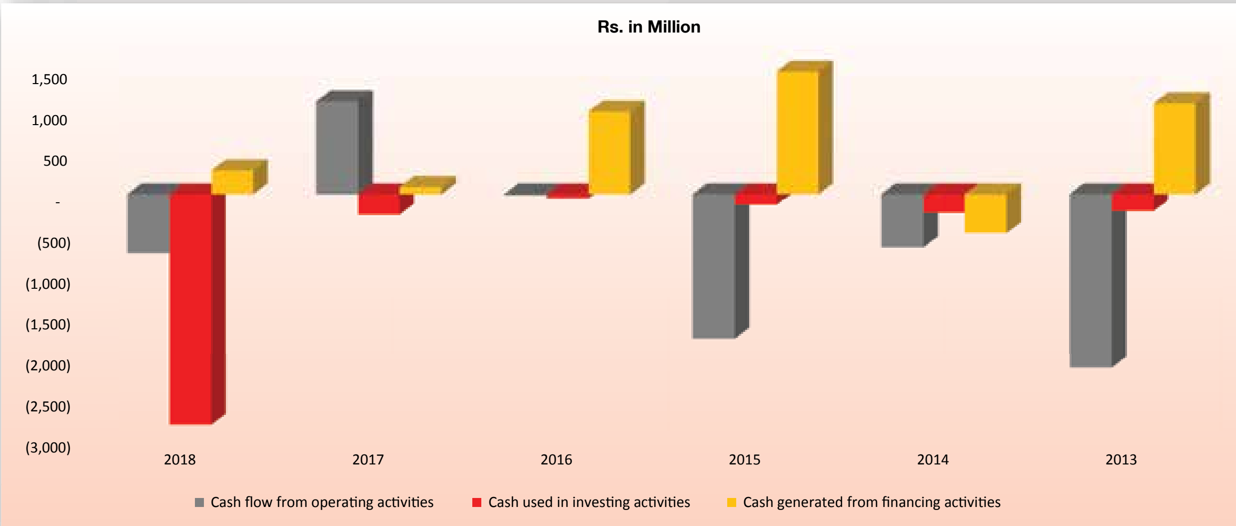
Statement of Profit and Loss

The gross profit margin shows increasing trend, since 2013 it has improved from loss of 2% to profit of 18% in 2018. Higher sales volume, better operational efficiencies, better utilization of resources and effective procurement decision resulted in higher gross profit margins.

Finance cost to sales ratio has decreased every year. The decline is due to repayment of long-term debts, increased profitability, decrease in KIBOR rates and improved treasury planning. Finance cost has increased in 2018 due to higher exchange losses suffered.

Summary of Cash Flow Statement

	2018	2017	2016	2015	2014	2013
	Rs. in Million					
Cash generated from / (used in) operations	395	1,918	879	(650)	888	(482)
Income tax paid	(540)	(80)	(127)	28	(289)	(233)
Mark-up on loans paid	(583)	(703)	(764)	(1,145)	(1,252)	(1,417)
Return on bank deposits received	12	3	4	5	5	14
Staff retirement benefit paid	(6)	(8)	(8)	(4)	(6)	(2)
(Increase) / decrease in long-term loans and advances	(2)	-	-	-	2	-
(Increase) / decrease Increase in long-term deposits	(1)	-	2	-	1	(1)
Net cash (used in) / generated from operating activities	**(725)**	**1,130**	**(14)**	**(1,766)**	**(651)**	**(2,121)**
Purchase of property, plant and equipment	(2,822)	(256)	(61)	(138)	(241)	(202)
Purchase of intangibles	-	-	-	(1)	-	(11)
Sale proceeds from disposal of property, plant and equipment and intangible assets	5	3	7	5	11	2
Net proceeds from other investments	-	-	-	-	-	1
Net cash used in investing activities	**(2,818)**	**(253)**	**(54)**	**(134)**	**(230)**	**(210)**
Proceeds from issue of share capital	148	2,177	-	1,475	237	-
Long term loan (repaid) / obtained - net	(64)	(800)	(10)	(10)	(394)	24
Short-term borrowings obtained / (repaid)	175	(1,288)	1,038	67	(317)	1,090
Repayment of sponer's Loan	-	-	(18)	(35)	-	-
Increase / (decrease) in liabilities against assets subject to finance leases	34	(2)	(3)	-	(4)	(5)
Net cash generated from / (used in) financing activities	**293**	**87**	**1,007**	**1,497**	**(478)**	**1,109**
Net (decrease) / increase in cash and cash equivalents	(3,250)	964	939	(403)	(1,359)	(1,222)
Cash and cash equivalents at beginning of the year	(1,574)	(2,537)	(3,476)	(3,073)	(1,714)	(492)
Cash and cash equivalents at end of the year	**(4,824)**	**(1,573)**	**(2,537)**	**(3,476)**	**(3,073)**	**(1,714)**



Comments on Cash Flow Analysis

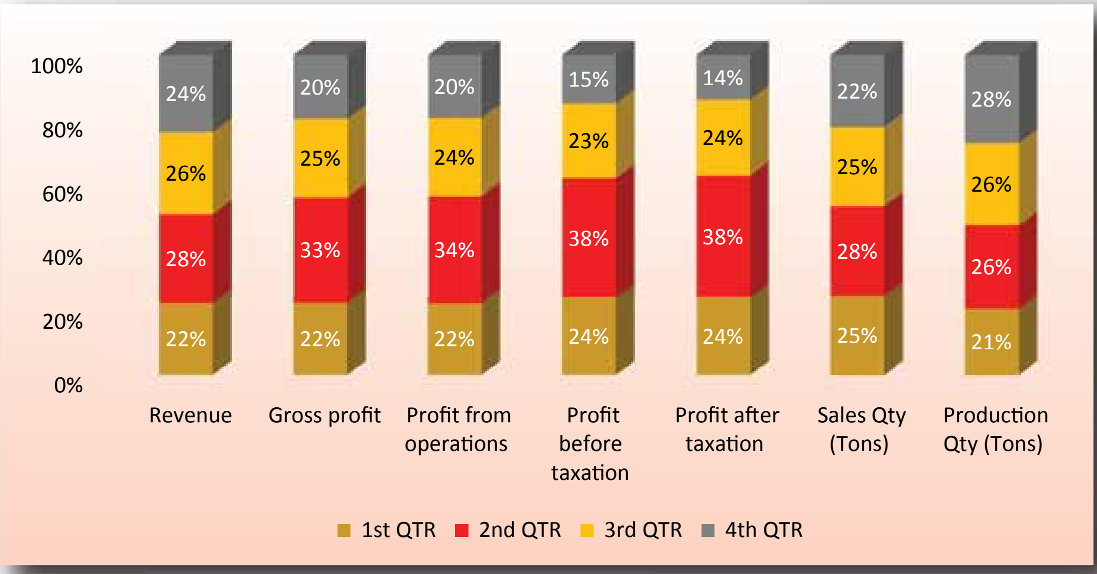
Cash flows from operating activities showed a mix trend over the years. In 2017 cash generated from operations amounted to Rs. 1,917.96 million which decreased to Rs. 395.34 million in 2018 due to significant decrease in payable against import of raw materials. Advance income tax paid at import stage in 2018 has also contributed to the increase in net cash used in operating activities.

Net cash used in investing activities depicts cash utilization on account of fixed capital expenditure. In current year, significant increase in fixed capital expenditures mainly represents capital work-in-progress on expansion project.

Cash flows from financing activities exhibit a mix trend and depend on net cash requirements. Major financing cash flows include receipts against right subscription and payment of long-term syndicate loan.

Results Reported in Interim Financial Statements and Final Accounts

FY 2018	1st QTR	2nd QTR	3rd QTR	4th QTR	FY 2018
			Rs. in '000		
Revenue	4,238,592	5,271,723	4,841,180	4,552,412	18,903,907
Cost of sales	(3,492,917)	(4,174,830)	(4,028,858)	(3,893,148)	(15,589,753)
Gross profit	**745,675**	**1,096,893**	**812,322**	**659,264**	**3,314,154**
Selling and distribution cost	(4,292)	(4,056)	(5,263)	(5,517)	(19,128)
Administrative expenses	(44,611)	(44,768)	(54,598)	(48,278)	(192,255)
Other expenses	(34,985)	(52,365)	(34,517)	(21,728)	(143,595)
	(83,888)	(101,189)	(94,378)	(75,523)	(354,978)
Other income	8,716	8,069	13,625	4,935	35,345
Profit from operations	**670,503**	**1,003,773**	**731,569**	**588,676**	**2,994,521**
Finance cost	(211,103)	(284,586)	(282,490)	(300,762)	(1,078,941)
Profit before taxation	**459,400**	**719,187**	**449,079**	**287,914**	**1,915,580**
Taxation	(150,172)	(227,016)	(144,293)	(110,117)	(631,598)
Profit aftertaxation	**309,228**	**492,171**	**304,786**	**177,797**	**1,283,982**
Sales Quantity (Tons)	53,503	61,192	53,923	48,752	**217,370**
Production Quantity (Tons)	44,863	56,717	55,725	59,738	**217,043**



Quarterly Results Analysis

Quarter 1

The sales quantity achieved, in first quarter was 53,503 tons compared to 48,738 tons for the corresponding period last year, an increase of about 10%. The total production for the period was 44,863 tons compared to 43,692 tons, showing an increase of 2.68%. The capacity utilization was 82% and 79%, respectively. Revenue generated during the quarter was Rs. 4,239 million compared to Rs. 2,547 million achieved in first quarter of 2017, showing an increase of 66.4%. Gross profit percentage of 18% was witnessed, compared to 13% in corresponding quarter of last year.

Higher selling prices achieved in the local market improved the bottom line. The Company posted an after-tax profit of Rs. 309 million in the first quarter of 2018, compared to Rs. 85 million in first quarter of 2017.

Quarter 2

Company achieved 28% of its total revenue during second quarter of 2018, owing to 61,192 tons sold during this quarter, average sales price increased by 9% since first quarter. The international steel market remained strong in the Sep–December 2017 period. The iron ore prices fluctuated in a narrow range between USD 65 to 75, C&F China. The HRC, FOB China prices increased gradually from USD 520 in July 2017 to USD 600 in September 2017; however, the HRC price retreated to levels around USD 575 remained stable in the 2nd quarter. Total production during second quarter was 56,717 tons. Gross profit percentage of 21% was witnessed, compared to 11% in corresponding quarter last year.

Higher sales value achieved in the local market improved the bottom line. Company posted an after-tax profit of Rs. 492 million in the 2nd quarter of the current financial year compared to profit of Rs. 464 million in second quarter of 2017.

Quarter 3

The international steel market remained stable, at USD 575 FOB China, from December 2017 to mid-February 2018. It peaked at USD 620 in early March 2018 before dropping back to USD 575 towards the end of March 2018. The sales quantity achieved in the 3rd quarter was 53,923 tons. Total production during third quarter was 55,725 tons. Company achieved 26% of its annual revenue during third quarter, as the average price increased by 4% since second quarter.

Company posted an after-tax profit of Rs. 305 million during third quarter, compared to profit of Rs. 421 million achieved in corresponding last year. Gross profit percentage of 17% was witnessed, compared to 21% in corresponding quarter last year.

Quarter 4

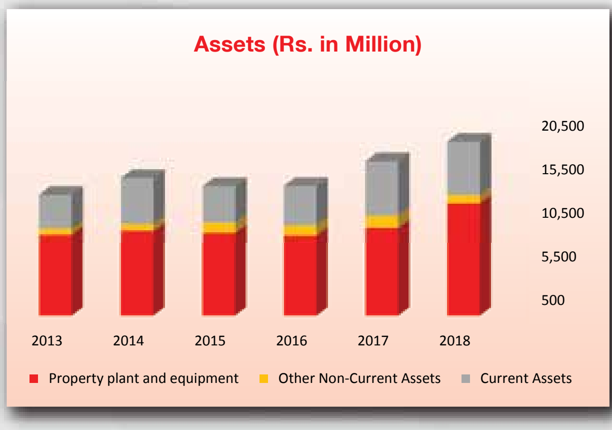
The sales quantity achieved, in last quarter was 48,752 tons. The total production for the period was 59,738 tons. The revenue generated during the quarter was Rs. 4,552 million compared to Rs. 3,302 million achieved in last quarter of 2017, showing an increase of 37.8%. Gross profit percentage of 14% was witnessed, compared to 12% in corresponding quarter last year. Sales, in comparison to third quarter, decreased by 10% due to slow market response in holy month of Ramadan. The Company posted an after-tax profit of Rs. 178 million in the last quarter of 2018.

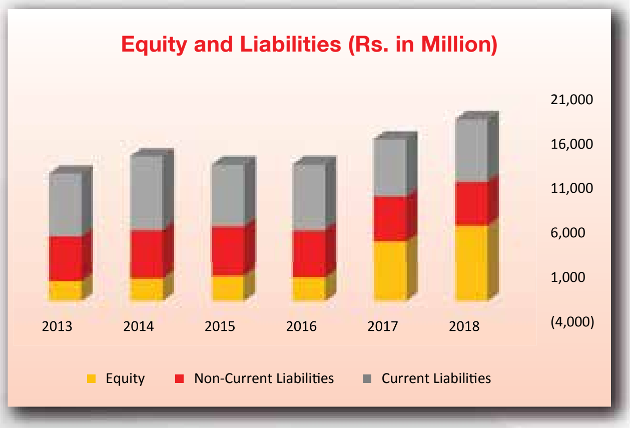
Comparison of Result with Interim Accounts

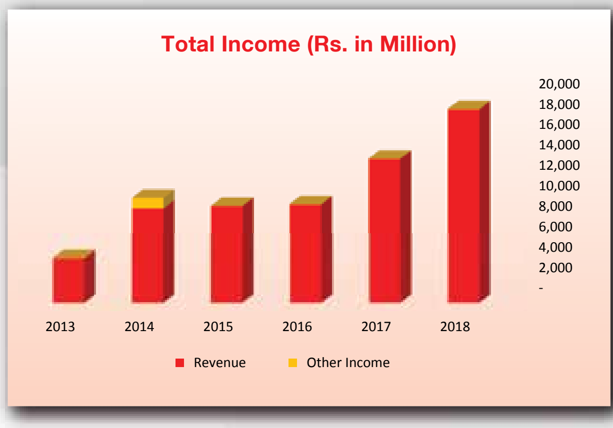
The international steel market exhibited rising trend in the 1st quarter of the financial year 2017-18. The HRC prices increased from USD 520 to about USD 550 FOB China. The HRC, FOB China prices increased to USD 600 in September 2017. However, the HRC price retreated to levels around USD 575 and remained stable in the 2nd and 3rd quarter. Since December 2017, the HRC FOB export price has been relatively stable in the range between USD 560 to 580. It peaked for a short duration in March 2018 and subsequently settled as per the previous range.

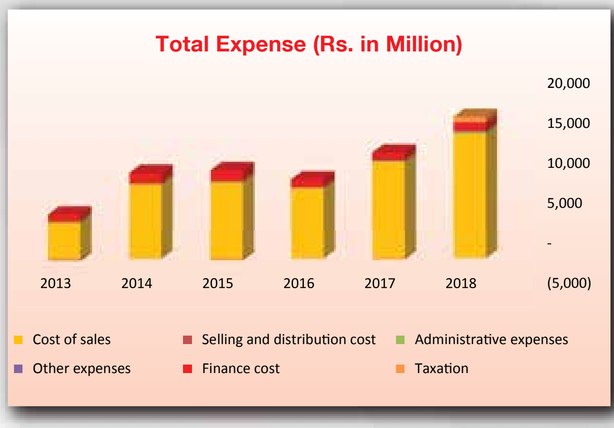
During second half company recorded revenue of Rs. 9.39 billion, compared to Rs. 9.510 billion recorded in first half of 2018. Sales quantity decreased by 10% in second half, while average sales price increased by 10% as compared to average sales price during first half. Spike of raw material price witnessed in second half, resulted in fall in gross margin of second half to 16% from 19% gross margin recorded in December 2017. Overall gross margin of 18% was recorded for FY 2018. Company's production in second half was 115,463 tons, as compared to 101,580 tons produced till December 2017. Overall production for FY 2018 equates to 217,043 tons.

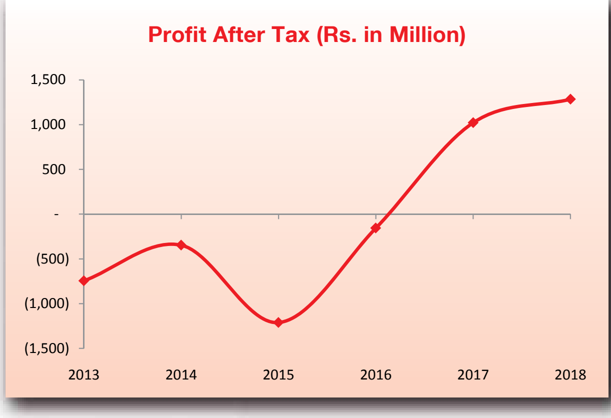
Graphical Representation of Aisha Steel

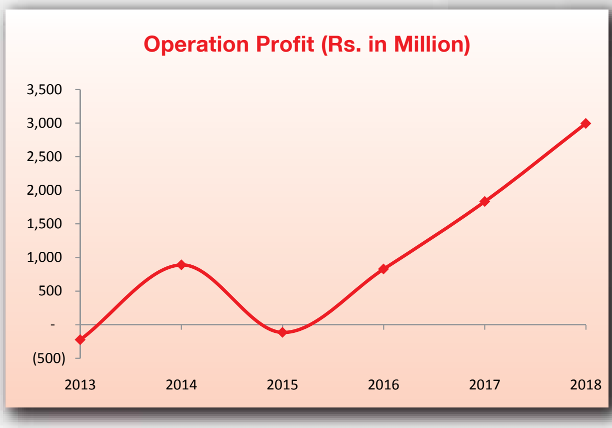


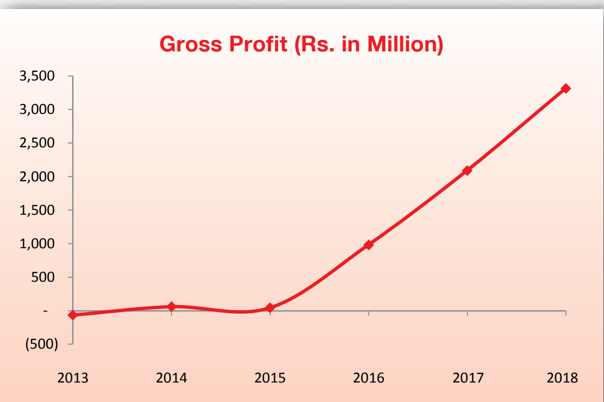


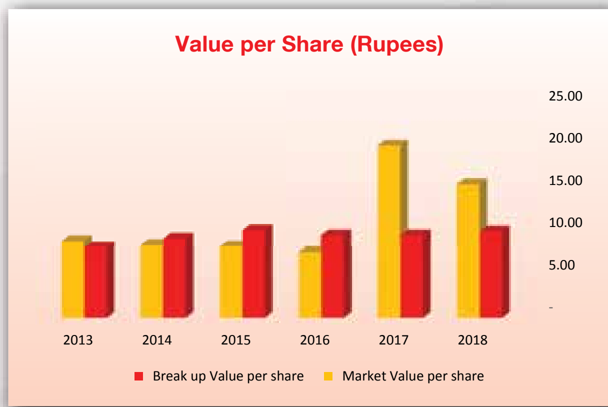


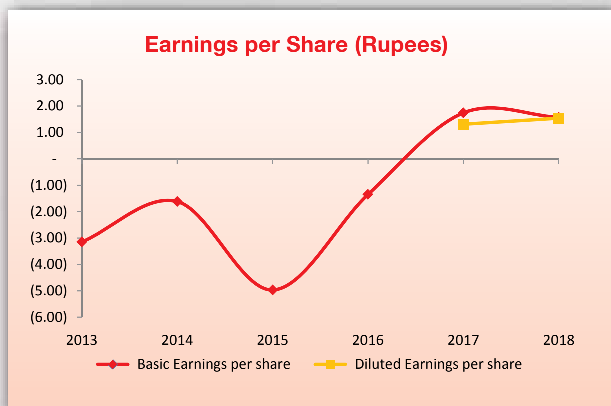


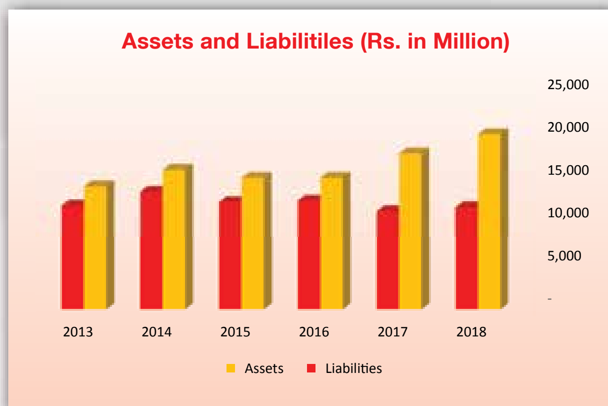


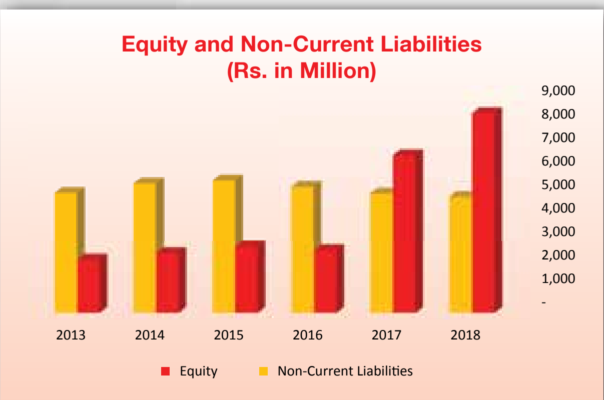


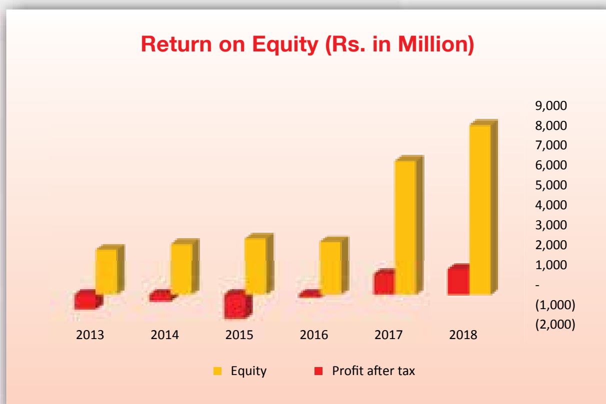

Gross Profit (Rs. in Million)
3,500
3,000
2,500
2,000
1,500
1,000
500
-
(500)
2013
2014
2015
2016
2017
2018

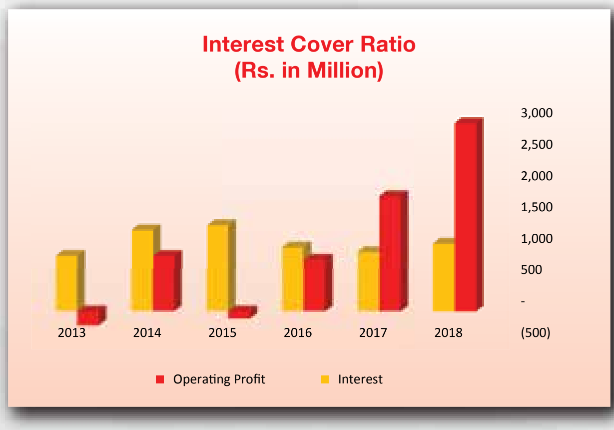

Value per Share (Rupees)
25.00
20.00
15.00
10.00
5.00
-
2013
2014
2015
2016
2017
2018
Break up Value per share
Market Value per share

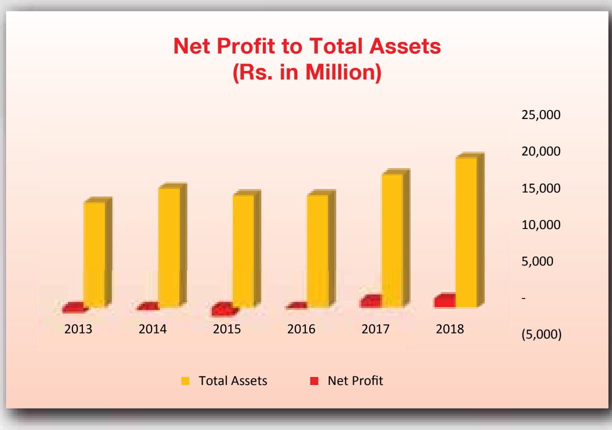

Earnings per Share (Rupees)
3.00
2.00
1.00
-
(1.00)
(2.00)
(3.00)
(4.00)
(5.00)
(6.00)
2013
2014
2015
2016
2017
2018
Basic Earnings per share
Diluted Earnings per share

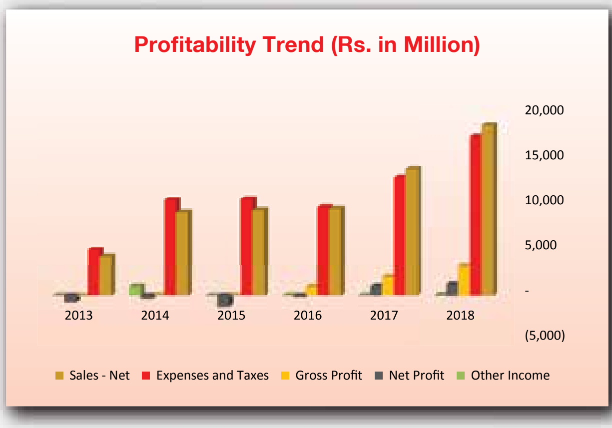

Assets and Liabilitiles (Rs. in Million)
25,000
20,000
15,000
10,000
5,000
-
2013
2014
2015
2016
2017
2018
Assets
Liabilities


Equity and Non-Current Liabilities
(Rs. in Million)
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
2013
2014
2015
2016
2017
2018
Equity
Non-Current Liabilities


Return on Equity (Rs. in Million)
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
(1,000)
(2,000)
2013
2014
2015
2016
2017
2018
Equity
Profit after tax


Interest Cover Ratio
(Rs. in Million)
3,000
2,500
2,000
1,500
1,000
500
-
(500)
2013
2014
2015
2016
2017
2018
Operating Profit
Interest


Net Profit to Total Assets
(Rs. in Million)
25,000
20,000
15,000
10,000
5,000
-
(5,000)
2013
2014
2015
2016
2017
2018
Total Assets
Net Profit


Profitability Trend (Rs. in Million)
20,000
15,000
10,000
5,000
-
(5,000)
2013
2014
2015
2016
2017
2018
Sales - Net
Expenses and Taxes
Gross Profit
Net Profit
Other Income

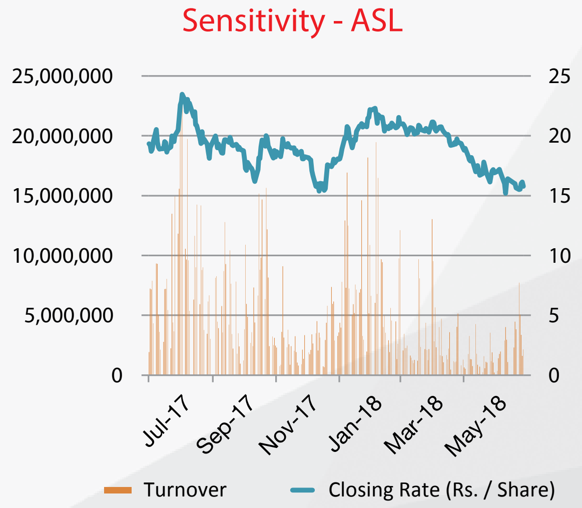
Cash Flow Statement – Direct Method

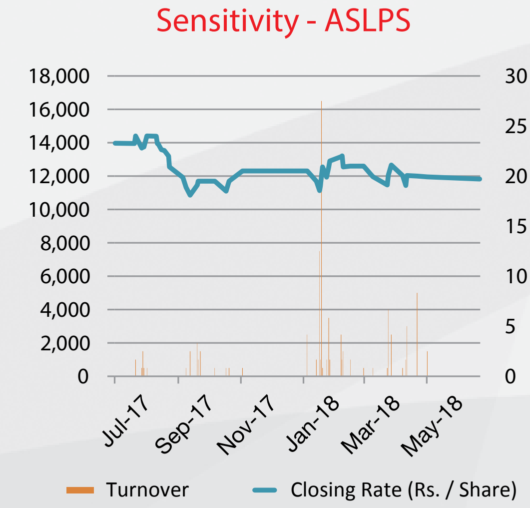
	2018	2017
	Rs. in '000	
CASHFLOW STATEMENT - DIRECT METHOD		
Cash received from customers	18,950,739	14,000,799
Cash paid to suppliers / service providers and employees	(18,558,497)	(12,082,579)
Income tax paid	(539,692)	(80,139)
Mark-up on loans paid	(583,462)	(703,403)
Return on bank deposits received	11,627	3,485
Staff retirement benefits paid	(6,080)	(8,023)
Net cash (used in) / generated from operating activities	(725,365)	1,130,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,822,417)	(256,224)
Sale proceeds from disposal of property, plant and equipment	4,799	3,012
Net cash used in investing activities	(2,817,618)	(253,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from rights issue	147,545	2,176,616
Repayment of long-term finance	(250,000)	(800,000)
Long term loan obtained	185,771	-
Short-term borrowings obtained / (repaid)	175,000	(1,288,417)
Decrease in liabilities against assets subject to finance leases	33,649	(2,246)
Net cash (used in) / generated from financing activities	(291,965)	85,953
Net (decrease) / increase in cash and cash equivalents	(3,251,018)	962,881
Cash and cash equivalents at beginning of the year	(1,573,524)	(2,536,405)
Cash and cash equivalents at end of the year	(4,824,542)	(1,573,524)

N1 - No specific funds have been maintained by the company, wherein, separate cash flow statement may be required.

Share Price Sensitivity

Months	Ordinary Shares (Symbol: ASL)			Preference Shares (Symbol: ASLPS)			Preference Shares (Symbol: ASLCPS)		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
Jul-17	20.90	18.24	139,354, 500	24.00	22.5	1,000	-	-	-
Aug-17	23.94	17.80	240,548,500	23.99	21.66	3,000	-	-	-
Sep-17	20.40	18.24	109,369,000	19.86	18.10	6,500	-	-	-
Oct-17	20.44	15.83	152,868,000	19.50	18.50	1,500	-	-	-
Nov-17	19.88	17.95	54,313,000	20.50	20.50	500	-	-	-
Dec-17	18.59	14.85	65,491,000	-	-	-	-	-	-
Jan-18	21.80	17.51	171,039,500	21.44	18.11	33,500	-	-	-
Feb-18	22.70	20.15	121,513,000	22.00	20.90	7,000	-	-	-
Mar-18	21.69	19.96	74,469,000	21.00	19.10	5,500	-	-	-
Apr-18	21.61	18.95	69,171,000	21.10	19.05	12,000	-	-	-
May-18	19.40	16.00	31,030,500	20.00	19.75	1,500	-	-	-
Jun-18	17.54	15.00	47,264,500	-	-	-	-	-	-
			1,276,431,500			72,000			-





Following are the main factors which can impact the share price of any script in the stock exchange:

Devaluation of Pakistani Rupee

Being importer of HRC (raw material), devaluation of PKR means increase in cost of raw material of the Company. In short term, this may impact the profitability of the Company, however, in longer run the impact is passed through. Devaluation of PKR can also impact the sentiments of foreign investors, thus, impact the volumes and share price of the Company.

Change in Government Policies

Any change in government policies related to flat steel in general and CRC in particular, may affect the share price of the Company. If policy change is positive then share price will increase, else vice versa.

Law and Order Situation

Unstable law and order situation often results in disruption of business activities and hinder supply chain that negatively impacts Company's performance. It also disturbs confidence of stock market investors, therefore, may impact the share price of Company.

Plant Operations and Expansion

Operating plant at maximum capacity and minimum turbulence leads to reduced cost and higher production. Issues at production negatively affect the performance and may also affect share price. Further, completion of expansion, increase in capacity and diversification of products may also affect the share price of Company.

Consumer Demand

Increase in demand of flat steel goods may impact the price of Company's product, thus, may increase margins and profitability of the Company.

Variation in Costs

An increase in the costs of Company may affect the margins and resultantly will impact the profits and EPS. Therefore, variation of cost may affect the share price.

Stakeholders' Engagement

We value all our stakeholders greatly, as they are the reason we exist. Stakeholder engagement process includes effective communication, harmony and compliance with laws and regulations.

Shareholders

Our shareholders' interest revolves around good returns, profitability, growth and regulatory compliance. We aim to ensure continuous growth thus, safeguarding shareholders' interest by improving profitability. To achieve this goal, we are constantly striving for operational excellence

Annual General Meetings, statutory reporting, disclosure of information via stock exchange and timely updates on Company's website are the most effective means of engagement with our shareholders.

Investors' Grievance Policy

Investors' grievance policy is in place and any complain or observation received either directly by the corporate department or during general meetings are addressed by the Company Secretary. Shareholders are given the information as desired by them as per the law well in time. All the written complaints are replied in writing. Our share registrar is Central Depository Company of Pakistan Limited (CDC) which is the leading name in the field. Company has many old and loyal shareholders, which shows the trust of the shareholders in the management of the Company.

Investors' Section

To keep transparency in the relationship between the Company and its shareholders, the website of the Company (http://www.aishasteel.com/) contains all the major financial information needed for investors' decision making in a separate tab of "Investor Information".

AGM Proceedings

Although general clarifications were sought by the shareholders on Company's published financial statements during the 13th Annual General Meeting of the Company held on October 27, 2017, however, no significant issue was raised.

Steps taken to ensure Board understands views of Majority Shareholders

In order to develop understanding of the views of majority shareholders about the Company, the Board encourages presence of all Directors at the meetings of the Company, via face-to-face interactions and question answer sessions.

Steps taken to encourage Minority Shareholders

In order to encourage representation of minority shareholders at general meetings and in compliance of regulatory requiments, the Company offers the video conferencing facility to shareholders holding an aggregate 10% or more shareholding residing in any other city, upon receipt of intimation from the shareholders at least 7 days prior to date of meeting.

Our Customers

At Aisha Steel, we highly value our customers and focus to build long term business relationship with them. Our customers' expectations are focused on product quality and pricing. Our sales and marketing team remain in touch with customers and resolve their issues on priority basis. We engage our customers through one-to-one meetings, market visits, communications and dealer conferences.

Our Suppliers

Strong supplier network is key for effective working capital management and timely availability of raw material. Our supply chain team, under leadership of CEO, conducts market surveys, explores new options and diversifies vendors to create options in available resources.

Banks and Lenders

We value our relationship with our financial partners and lenders. Financial risk management and business sustainability are main interests of our financial partners. Periodic briefings, quarterly financial reporting, Head Office and SITE visits are the main modes of engagements.

Employees

Employees are our backbone. We understand that their issues revolve around work life balance, training and development and fair rewards. Aisha Steel strives continuously to enhance and update capabilities, skills, education and motivation of each employee by providing continuous trainings and to inculcate culture of open two-way communication which encourages expression of every individual's potential and compensate them according to their abilities and performance. We have personal loan schemes, training schemes and long-term employee reward schemes in place to value our human capital. Employee engagements are exercised via annual talk-with-the-CEO, sports activities, Eid Milan party and Independence Day celebrations. A motivated and committed employee adds value to overall efficiency and success of the organization.

Regulators

We are highly committed to ensure compliance with laws and regulations. Engagement with regulators includes submission of periodic reports, responding to queries and meeting as and when required. Active engagement with regulators improves level of compliance.

Institutional Investors and Analysts

Institutional investors and analysts regularly obtain briefings and financial reports from management. Formal meetings are also arranged whenever needed. Without compromising confidentiality, they are provided with the required information whenever required. Clear communication with analyst and institutional investors facilitates in clearing any misconception or rumour in the market.

Summary of Analyst Briefing

On September 14, 2017, Tundra Fonder, a Swedish asset manager specializing in frontier markets and new emerging markets, analyzed case study of Aisha Steel Mills Limited and published their analysis.

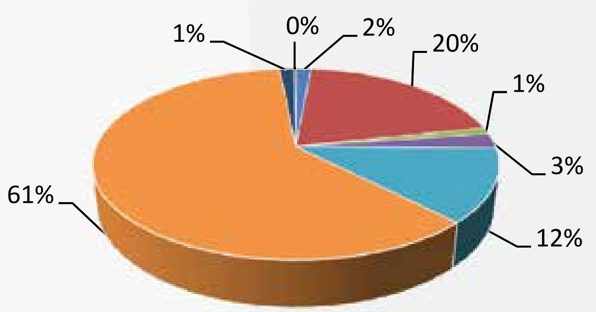
"ASML is one of two companies manufacturing flat steel with a capacity of 220,000 tonnes (~27% market share). Pakistan's combined Cold Rolled (CR) and Galvanized Coil (GC) annual demand is estimated at 1.25 m tonnes compared to production capacity of ~800,000 tonnes. The remaining demand is met by imports. As Pakistan's economy grows, rising demand for steel from white good manufacturers and auto assemblers is expected to reach 1.85m tonnes by 2022. Considering the significant level of imports and the growth prospect for flat steel, ASML has decided to expand its capacity by 2.2x to 0.7m tonnes (56% of current domestic demand). The upcoming expansion includes GC line, a value added product, which is expected to improve gross margins for the Company going forward. In order to promote the local industry, National Tariff Commission of Pakistan imposed a five-year anti-dumping duty on low cost / low quality CR and GC from China and Ukraine in the range of 6% –40%. A move which, has not only significantly increased the pricing power of domestic players (i.e. ASML), but is also expected to increase operating margins for the industry (20-22%). ASML, in an import substitution play, is set to deliver an additional 480,000 tonnes of flat steel to the domestic market by FY19. Furthermore, a favorable regulatory regime promoting domestic manufacturing is likely to increase profitability for the industry as a whole and for Aisha Steel in turn."

Complete analysis can be read at (http://www.tundrafonder.se/en/nyheter-en/tundra-case-aisha-steel/).

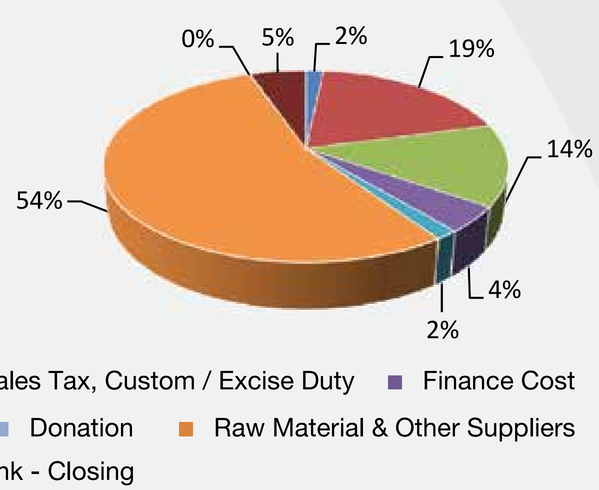
Statement of Value Addition and Distribution

Wealth Created	2018 Rs. in million	2018 %	2017 Rs. in million	2017 %
Receipts from Customers	18,951	83%	14,001	86%
Other Receipts	40	0%	19	0%
Issuance of right shares	148	1%	2,177	13%
Cash & Bank - Opening	861	4%	45	0%
Long Term Loan	186	1%	-	0%
Short Term Loan	2,610	11%	-	0%
Income Tax Refund	-	0%	-	0%
	22,796	**100%**	**16,242**	**100%**
Wealth Distributed				
To Employees				
Salaries, Wages & Other Benefits	325	2%	272	2%
To Government				
Income Tax, Sales Tax, Custom / Excise Duty	4612	20%	3110	19%
To Providers of Capital				
Repayment of borrowings	250	1%	2235	14%
Finance Cost	583	3%	703	4%
To Suppliers				
Capital Expenditure	2822	12%	256	2%
Raw Material & Other Suppliers	13,850	61%	8790	54%
To Society				
Donation	308	1%	15	0%
Retained in Business				
Cash & Bank - Closing	46	0%	861	5%
	22,796	**100%**	**16,242**	**100%**

2018



2017



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
Ordinary and Preference shares are listed on 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 which 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 Company's 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 compiled with all applicable provisions, filled all returns/forms and furnished all the relevant information as required under the Companies Act, 2017 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listed Companies (Code of Corporate Governance) Regulations, wherever applicable.

Book Closure Dates
The Share Transfer Books of the Company will be closed from October 19, 2018 to October 25, 2018 (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 Thursday, October 18, 2018 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 is 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 at 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 June 30, 2018 along with categories of shareholders are given on page 51 to 58.

“Focus on the long term, and always do what’s right to grow the company and not make short-term decisions. And outlast everyone one”

Adam D’Angelo

In FY2018 Aisha Steel laid foundation stone to grow further, both vertically and horizontally. After expansion, our capacity will increase to 700,000 tons, alongwith diversified product portfolio.

Annual Financial Statements

pwc A·F·FERGUSON&Co.

Independent Auditor's Review Report to the Members of Aisha Steel Mills Limited

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Aisha Steel Mills Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

AFFerguson & Co.

Chartered Accountants
Karachi

Dated: September 27, 2018

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>

KARACHI ▪ LAHORE ▪ ISLAMABAD

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

For the Year Ended June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 9 (Nine) as per the following:

   a. Male Directors : 8
   b. Female Director: 1

The composition of board is as follows

Category	Names
Independent Directors	Mr. Jawaid Iqbal Ms. Tayyaba Rasheed Mr. Ahsan Ashraf Mr. Rashid Ali Khan
Other Non-Executive Directors	Mr. Arif Habib Mr. Nasim Beg Mr. Kashif A. Habib Mr. Muhammad Ejaz
Executive Directors	Dr. Munir Ahmed

3. The directors have confirmed that none of them is serving as a director on more than the prescribed number of listed companies as allowed under applicable Code of Corporate Governance, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. 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.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year, Mr. Rashid Ali Khan has obtained certification of Director Education from Pakistan Institute of Corporate Governance (PICG). Five directors had already completed the directors' training / education program earlier whereas two directors were already exempt from attending the directors training program as per criteria approved under Code of Corporate Governance.
10. The board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee :

Mr. Jawaid Iqbal	Chairman
Mr. Kashif A. Habib	Member
Mr. Nasim Beg	Member
Ms. Tayyaba Rasheed	Member

b) HR and Remuneration Committee:

Mr. Rashid Ali Khan	Chairman
Mr. Arif Habib	Member
Mr. Muhammad Ejaz	Member
Mr. Jawaid Iqbal	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committee was as per following:

    a) Audit Committee – Meeting is to be held at least once in every quarter – 4 (Four) meetings of the committee were held during the financial year.

    b) HR and Remuneration Committee - Meeting is to be held at least once in every financial year – 2 (Two) meetings of the committee were held during the financial year.

15. 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.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board

Dr. Munir Ahmed
Chief Executive

Mr. Arif Habib
Chairman

Karachi: July 31, 2018

Report of the Board Audit Committee

The Audit Committee of the Company comprises of four non-executive directors. The Head of Internal Audit and the external auditors attend Audit Committee meetings. The Chief Financial Officer (CFO) attends the Audit Committee meeting by invitation. The Audit Committee also separately meets the external auditors at least once a year without the presence of the Management.

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2017-2018. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. Four meetings of the Audit Committee were held during the financial year ended 30 June 2018 which were presided by the Chairman, Audit Committee.

2. The Chairman of audit committee is a Chartered Financial Analyst and has a Master degree in Business Administration lending sufficient financial and accounting insight to the proceedings of the Audit Committee.

3. The Company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the Pakistan Stock Exchange, Code of Corporate Governance, Company's code of conduct and values and the best practices of governance throughout the year.

4. The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed by the external auditors of the Company.

5. Appropriate accounting policies have been consistently applied. All core and other applicable International Financial Reporting Standards (IFRS) accounting standards were followed in preparation of financial statement of the Company on a going concern assumption basis, for the financial year ended June 30, 2018 which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.

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

7. The financial statements comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

8. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board.

9. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) attended Audit Committee meetings by invitation;

10. The CEO and the CFO have endorsed the financial statements of the Company along with Directors' Report. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and design and effectiveness of internal control system of the Company.

11. The Audit Committee has reviewed and approved all related party transactions.

12. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

13. The Committee has reviewed the Annual Report and concluded that it is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy.

14. 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.

15. No cases of complaints regarding accounting, internal controls, audit matters or Whistle Blowing events were received by the Committee.

16. Understanding and Compliance with Company Code of Business Practice and Ethics has been affirmed by the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.

17. Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company 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 Company, along with maintenance of confidentiality of all business information

18. The Chairman of audit committee attended AGM held on 28 October, 2017 to answer questions on the audit committee's activities and matters within the scope of the audit committee's responsibilities.

19. All Directors have access to the Company Secretary. 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. The annual secretarial compliance certificates are being filed regularly within stipulated time.

20. All members of the Board Audit Committee engaged in a formal process to self-evaluate the Committee's performance for the year ended June 30, 2018 through and online questionnaire. All members of the Board Audit Committee are satisfied with the overall performance of the Board.

Internal Audit

1. The internal control framework has been effectively implemented through an independent in-house internal audit function established by the Board which is independent of the external audit function.

2. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

3. 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 with the Audit Committee before the start of the financial year.

4. 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.

5. Internal audit reports systems 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.

6. The Audit Committee reviews the findings of the internal audits completed during the year, discussed 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.

7. 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 and that the function has all necessary access to management and the right to seek information and explanations.

8. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

1. 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 June 30, 2018 and shall retire on the conclusion of the 14th Annual General Meeting.

2. 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 for October 25, 2018 and have indicated their willingness to continue as auditors.

3. 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 the Auditors' Report on financial statements under the listing regulations and shall accordingly be discussed in the next Audit Committee Meeting.

4. 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 Committee has recommended to the Board that a resolution to reappoint M/s A. F. Fergusons & Co., Chartered Accountants for the year 2018-2019 be proposed at the forthcoming Annual General Meeting.

Chairman – Audit Committee
Karachi: July 31, 2018


200
280
400
410
360
apr.
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aug.
sep.

Audited Financial Statements 2018

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Independent Auditor's Report to the Members of Aisha Steel Mills Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Aisha Steel Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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▪ KARACHI ▪ LAHORE ▪ ISLAMABAD

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(i)	**Deferred tax asset**	
	The Company has booked deferred tax asset of Rs. 932.9 million as at June 30, 2018 as disclosed in note 9 to the financial statements that mainly include carry forward losses and alternate corporate tax. 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 based on certain key assumptions such as capacity utilisation, gross margin percentage, inflation and interest rates (Karachi Interbank Offer Rate). Deferred tax asset valuation is considered a key audit matter because the amounts involved are material, the complexities of the calculation of future taxable profits, the evaluation of the impact of tax planning opportunities, and the inherent uncertainty involved in forecasting taxable profits available in future periods.	Our audit procedures included the following: • obtained understanding of the Company's process of preparing financial projections; • tested internal controls over management's valuation of deferred tax assets; • obtained financial projections from client as approved by the Board of Directors; • involved tax specialists knowledgeable in Pakistan specific tax legislation and regulatory matters in testing management's forecasted taxable income projections, including evaluation of available evidence related to management's judgements for the amounts of deferred tax assets recognised; • audited management's estimates of projected taxable income by performing a retrospective review of the projections used in the prior year assessment, and considered the results of this retrospective review in evaluating the current year taxable income projections; and • reviewed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.

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Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(ii)	**First time application of the fourth schedule to the Companies Act, 2017**	
	The financial statements of the Company for the year ended June 30, 2018 are the first financial statements prepared in accordance with the requirements of the Companies Act, 2017 (the Act). The Act has brought certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes include recognition of surplus on revaluation of fixed assets in equity and additional disclosures. Particularly, change in the requirement relating to surplus on revaluation of fixed assets is accounted for as change in accounting policy that also required inclusion of an additional statement of financial position at the beginning of the earliest period presented as disclosed in note 4 to the financial statements. In view of the significant change in accounting and disclosures, we consider it as a key audit matter.	Our audit procedures included the following: • considered the management's process to identify the necessary amendments required in the Company's financial statements; • evaluated the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the Act and our understanding of the Company's operations and business; • ensured the presentation and disclosure requirements of accounting and reporting framework relating to change in accounting policy for surplus on revaluation of fixed assets; and • assessed the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(iii)	**Capitalisation of property, plant and equipment**	
	The Company has incurred significant capital expenditure during the year ended June 30, 2018, which primarily comprise of the Expansion Project amounting to Rs. 1.991 billion as disclosed in note 5.2 to the financial statements. The Project is under construction and is appearing under Capital Work-in Progress. The incurrence of capital expenditure involves appropriateness of the Expansion Project costs and determining which costs meet the criteria for capitalisation under the accounting and reporting standards. This Expansion Project represents significant transaction during the year and involved management judgement relating to capitalisation of costs. The matter is therefore considered as a key audit matter.	Our audit procedures included the following: • assessed the design, implementation and operating effectiveness of key internal controls over the purchase and accounting of the assets comprising the Expansion Project; • tested the costs capitalised with the relevant underlying documentation; • verified the capitalisation of borrowing costs based on the relevant criteria and compared interest rates to loan agreements, recalculating the interest capitalisation rate and assessing the calculation of interest capitalised in capital work-in-progress; • assessed the nature of capitalised costs to ensure whether assets capitalised meet the recognition criteria set out in IAS 16; • reviewed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards; and • validated the existence of capitalised Expansion Project assets through physical verification on a sample basis.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Syed Fahim ul Hasan.

A F Ferguson & Co.

Chartered Accountants
Karachi

Date: September 27, 2018

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	Re-stated 2017	Re-stated 2016
		Rupees '000		
ASSETS				
Non-current assets				
Property, plant and equipment	5	13,373,822	10,542,575	9,688,793
Intangibles	6	7,412	9,143	11,246
Long-term loans and advances	7	4,697	2,673	2,983
Long-term deposits	8	47,426	46,349	46,294
Deferred tax	9	932,904	1,358,102	1,134,496
		14,366,261	11,958,842	10,883,812
Current assets				
Stores and spares	10	112,006	96,298	180,743
Stock-in-trade	11	4,312,261	3,715,962	2,813,517
Trade debts	12	105,243	152,075	76,998
Advances, deposits and prepayments	13	405,930	525,675	386,731
Other receivables	14	145,834	139,761	142,265
Tax refunds due from Government - Sales tax		247,539	299,762	350,588
Taxation - payments less provision		685,149	434,098	472,905
Cash and bank balances	15	45,565	861,392	44,716
		6,059,527	6,225,023	4,468,463
Total assets		20,425,788	18,183,865	15,352,275
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	16			
Ordinary shares		8,322,979	6,856,039	2,717,357
Cumulative preference shares		472,272	472,892	2,439,944
Difference on conversion of cumulative preference shares into ordinary shares		(1,313,789)	(2,171,630)	-
		7,481,462	5,157,301	5,157,301
Subscription money against rights issue		-	2,176,616	-
		7,481,462	7,333,917	5,157,301
Accumulated loss		(548,080)	(1,858,071)	(2,883,779)
Surplus on revaluation of fixed assets		1,557,724	1,224,627	381,821
		8,491,106	6,700,473	2,655,343
Liabilities				
Non-current liabilities				
Long-term finance	17	4,848,164	5,032,184	5,320,004
Liabilities against assets subject to finance leases	18	33,836	4,477	4,435
Staff retirement benefit	19	51,536	40,876	30,965
		4,933,536	5,077,537	5,355,404
Current liabilities				
Trade and other payables	20	1,209,923	3,561,377	2,772,572
Accrued mark-up	21	238,452	157,925	196,033
Short-term borrowings	22	5,045,107	2,434,916	3,869,538
Current maturity of long-term finance	17	500,000	250,000	500,000
Current maturity of liabilities against assets subject to finance leases	18	7,664	1,637	3,385
		7,001,146	6,405,855	7,341,528
Total liabilities		11,934,682	11,483,392	12,696,932
Contingencies and commitments	23			
Total equity and liabilities		20,425,788	18,183,865	15,352,275

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

Chief Financial Officer | **Chief Executive** | **Director**

STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	Re-stated 2017
		Rupees '000	
Revenue	24	18,903,907	14,075,876
Cost of sales	25	(15,589,753)	(11,988,484)
Gross profit		3,314,154	2,087,392
Selling and distribution cost	26	(19,128)	(19,386)
Administrative expenses	27	(192,255)	(187,933)
Other expenses	28	(143,595)	(65,382)
Other income	29	35,345	16,127
Profit from operations		2,994,521	1,830,818
Finance cost	30	(1,078,941)	(948,642)
Profit before taxation		1,915,580	882,176
Taxation	31	(631,598)	137,973
Profit for the year		1,283,982	1,020,149
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of staff retirement benefit	19	(954)	(4,975)
Gain on revaluation of land and buildings		442,301	1,216,851
Impact of deferred tax		(82,241)	(365,055)
		360,060	851,796
Other comprehensive income for the year		359,106	846,821
Total comprehensive income for the year		1,643,088	1,866,970
		Rupees	
Earnings per share			
- Basic	32.1	1.57	1.74
- Diluted	32.2	1.54	1.31

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

Chief Financial Officer	Chief Executive	Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		Rupees '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	395,343	1,917,965
Income tax paid		(539,692)	(80,139)
Mark-up on loans paid		(583,462)	(703,403)
Return on bank deposits received		11,627	3,485
Staff retirement benefit paid		(6,080)	(8,023)
(Increase) / decrease in long-term loans and advances		(2,024)	310
Increase in long-term deposits		(1,077)	(55)
Net cash (used in) / generated from operating activities		(725,365)	1,130,140
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,822,417)	(256,224)
Sale proceeds from disposal of property, plant and equipment		4,799	3,012
Net cash used in investing activities		(2,817,618)	(253,212)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from rights issue - net		147,545	2,176,616
Repayment of long-term finance	17.1	(250,000)	(800,000)
Long-term loan obtained - net		185,771	-
Short-term borrowings obtained / (paid)		175,000	(1,288,417)
Increase / (decrease) in liabilities against assets subject to finance leases		33,649	(2,246)
Net cash generated from financing activities		291,965	85,953
Net (decrease) / increase in cash and cash equivalents		(3,251,018)	962,881
Cash and cash equivalents at beginning of the year		(1,573,524)	(2,536,405)
Cash and cash equivalents at end of the year	34	(4,824,542)	(1,573,524)

Cash flow statement based on direct method has also been included in the financial statements in note 35.

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

Chief Financial Officer **Chief Executive** **Director**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	SHARE CAPITAL	RESERVES			SUBSCRIPTION MONEY AGAINST RIGHT ISSUE	TOTAL
		Capital		Revenue		
		Share premium	Surplus on revaluation of fixed assets	Accumulated loss		
	Rupees '000					
Balance as at July 1, 2016 as previously reported	5,157,301	-	-	(2,883,779)	-	2,273,522
Impact of re-statement - note 4	-	-	381,821	-	-	381,821
Balance as at July 1, 2016 - restated	5,157,301	-	381,821	(2,883,779)	-	2,655,343
Incremental depreciation net of deferred tax transferred	-	-	(8,990)	10,534	-	1,544
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	-	-	851,796	(4,975)	-	846,821
	-	-	851,796	1,015,174	-	1,866,970
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	-	1,224,627	(1,858,071)	2,176,616	6,700,473
Balance as at July 1, 2017 as previously reported	5,157,301	-	-	(1,858,071)	2,176,616	5,475,846
Impact of re-statement - note 4	-	-	1,224,627	-	-	1,224,627
Balance as at July 1, 2017 - restated	5,157,301	-	1,224,627	(1,858,071)	2,176,616	6,700,473
Incremental depreciation net of deferred tax transferred	-	-	(26,963)	26,963	-	-
Total comprehensive income for the year ended June 30, 2018						
- Profit for the year ended June 30, 2018	-	-	-	1,283,982	-	1,283,982
- Other comprehensive income for the year ended June 30, 2018	-	-	360,060	(954)	-	359,106
	-	-	360,060	1,283,028	-	1,643,088
Subscription money received	-	-	-	-	155,128	155,128
Issuance costs	-	-	-	-	(7,583)	(7,583)
Net subscription money	-	-	-	-	147,545	147,545
Issuance of right shares	1,465,787	858,374	-	-	(2,324,161)	-
Share premium set off - note 16.4	858,374	(858,374)	-	-	-	-
Balance as at June 30, 2018	7,481,462	-	1,557,724	(548,080)	-	8,491,106

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

Chief Financial Officer **Chief Executive** **Director**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on May 30, 2005 as a public limited company under the repealed 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.

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

a) The Company is undertaking an Expansion Project to increase its current production capacity of Cold Rolled Coils (CRC) from 220,000 metric tonnes to 450,000 metric tonnes and installing production line of Galvanized Iron (GI) of 250,000 metric tonnes. The expected cost of expansion is Rs 5.4 billion. The Company is financing the installation of GI production line through equity whereas CRC production capacity expansion is being financed with debt equity ratio of 60 : 40. The equity for GI and CRC expansion project has already been raised through right issue of Rs 2.345 billion (refer note 16.5) while debt financing arrangements of Rs 3.24 billion have also been formalised (refer notes 17.3 & 17.4). The Expansion Project is expected to be completed by August 2019.

b) Due to applicability of the Companies Act, 2017 amounts reported for the previous period are restated. For detailed information please refer note 3.1.3(a) and note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

3.1.1 Statement of compliance

The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The preparation of financial statements in conformity with IFRS 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.1.2.

3.1.2 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 matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

(i) Taxation

(ii) 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 the financial statements.

3.1.3 Changes in accounting standards and interpretations

a) Standards, interpretations and amendments to published approved accounting standards that are effective and 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 the first year of adoption, comparative information need not be provided.

  The change has been disclosed in note 17.

- The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets as more fully explained in note 4, change in nomenclature of primary statements, etc.
  Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in:

  - elimination of duplicative disclosures with the IFRS disclosure requirements; and
  - incorporation of significant additional disclosures.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these financial statements.

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018 that may have an impact on the financial statements of the Company.

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 ‘Leases’ - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognsied. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

3.2 Overall valuation policy

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

3.3 Property, plant and equipment

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

Depreciation is charged to profit or loss by applying straight-line method whereby the cost less residual value is written off over its estimated useful life. The revalued amounts 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.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss and other comprehensive income, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset' s original cost, net of tax, is reclassified from the revaluation surplus on land and building to retained earnings.

The Company accounts for impairment, where indications 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 or loss.

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

3.4 Intangibles

Intangibles are stated at cost less amortisation. Carrying amounts of intangibles are subject to impairment review at each statement of financial position 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.

3.5 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.

3.6 Stock-in-trade

Stock-in-trade is stated at the lower of cost and 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 comprise of 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.

3.7 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 statement of financial position 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.

3.8 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.

3.9 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the Company becomes party to the 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 profit or loss, together with any changes in the fair value of the hedged liability that are attributable as the hedged risk.

3.10 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 fair value of leased assets and present value of minimum lease payments, each determined at the inception of lease. The corresponding lease obligations, net of finance charge, 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 liability. The finance cost is charged to profit or loss and is included under finance costs.

3.11 Trade and other payables

Trade and other payables are obligations 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.

3.12 Provisions

Provisions are recognised in the statement of financial position 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 statement of financial position date and adjusted to reflect current best estimate.

3.13 Foreign currencies

Transactions in foreign currencies are recorded in Pak Rupee at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupee using the exchange rates approximating those prevailing at the statement of financial position date. Exchange differences are taken to profit or loss currently.

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

3.14 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 statement of financial position 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.

3.15 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise of 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.

3.16 Staff retirement benefits - defined benefit plan

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors, such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the statement of financial position 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.

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 statement of financial position 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 or loss.

3.17 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 profit or loss on a straight line basis over the ijarah term.

3.18 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.

3.19 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 profit or loss.

4. CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of land and building stands amended as follows:

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss and other comprehensive income, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss and other comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on land and building to retained earnings.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at June 30, 2017			As at June 30, 2016		
	As previously reported	As re-stated	Re-statement	As previously reported	As re-stated	Re-statement
	Rupees '000					
Effect on statement of financial position						
Surplus on revaluation of fixed assets	1,224,627	-	1,224,627	381,821	-	381,821
Share capital and reserves	-	(1,224,627)	(1,224,627)	-	(381,821)	(381,821)
	1,224,627	(1,224,627)	-	381,821	(381,821)	-
Effect on statement of changes in equity						
Capital reserve	-	1,224,627	1,224,627	-	381,821	381,821

	For the year ended June 30, 2017		
	As previously reported	As re-stated	Re-statement
	Rupees '000		
Effect on statement of profit or loss and other comprehensive income			
Gain on revaluation of land and building - net of deferred tax	-	851,796	851,796

There was no cash flow impact as a result of the retrospective application of chane in accounting policy

	Note	2018	2017
		Rupees '000	

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
Operating assets	5.1	10,505,571	10,009,887
Capital work in progress - at cost	5.2	1,996,649	12,721
Major spare parts and stand-by equipment	5.3	871,602	519,967
		13,373,822	10,542,575

5.1 Operating assets

	Leasehold land	Building and civil works on leasehold land	Plant and machinery - notes 5.1.1 & 5.1.2	Electrical equipments	Office equipments	Furniture and fixtures	Motor vehicles Owned	Motor vehicles Held under finance lease	TOTAL
	Rupees '000								
Net carrying value basis									
Year ended June 30, 2018									
Opening net book value (NBV)	1,250,000	1,195,737	6,984,333	558,973	13,008	2,150	-	5,686	10,009,887
Additions (at cost) - notes 5.1.1 & 5.1.2	-	11,789	430,851	7,500	5,498	-	6,231	24,985	486,854
Revaluation - note 5.1.3	149,937	292,364	-	-	-	-	-	-	442,301
Disposals (at NBV) - note 5.1.5	-	-	-	-	(47)	-	(5,285)	(912)	(6,244)
Amortisation / depreciation charge	(24,937)	(42,296)	(298,273)	(49,857)	(6,305)	(721)	(25)	(4,813)	(427,227)
Closing net book value (NBV)	1,375,000	1,457,594	7,116,911	516,616	12,154	1,429	921	24,946	10,505,571
Gross carrying value basis									
At June 30, 2018									
Cost or revalued amount	1,375,000	1,457,594	8,615,408	801,450	68,031	15,559	990	31,586	12,365,618
Accumulated depreciation	-	-	(1,498,497)	(284,834)	(55,877)	(14,130)	(69)	(6,640)	(1,860,047)
Net book value (NBV)	1,375,000	1,457,594	7,116,911	516,616	12,154	1,429	921	24,946	10,505,571
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)	-	12,964	129,950	973	5,926	63	-	1,708	151,584
Revaluation - note 5.1.3	770,463	116,190	-	-	-	-	-	-	886,653
Disposals (at NBV)	-	-	-	-	(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
Useful lives in years	**60**	**20 - 33**	**3 - 33**	**10 - 33**	**3 - 5**	**5**	**5**	**5**	

5.1.1 These include costs transferred from capital work in progress amounting to Rs. 17.35 million (2017: Rs. 14.69 million) - note 5.2.

5.1.2 These include capitalisation of Roll Grinding Line during the year amounting to Rs. 227.3 million for improvement in product variety and production of thinner sized sheets.

5.1.3 During the year, the Company's leasehold land measuring 50 acres located at plot no. DSU-45, Steel Mill, Downstream Industrial Estate, Bin Qasim, Karachi and the buildings thereon were revalued resulting in a surplus of Rs. 442.30 million. The valuation was carried out by an independent valuer - K. G. Traders (Private) Limited on June 30, 2018 on the basis of present market value for similar sized plots in the 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 the same valuer on June 30, 2017. 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);
- 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, 2018 would have been Rs. 204.52 million (2017: Rs. 209.66 million) and Rs. 911.63 million (2017: Rs. 932.4 million) respectively.

5.1.4 Forced sales value of leasehold land and building on leasehold land is Rs. 1.17 billion and Rs. 1.16 billion respectively.

5.1.5 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of immoveable property	Total area (in acres)	Covered area (in sq. yards)
Downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi	Cold rolling mill complex	50	242,000

Cold rolling mill complex includes Push Pull Pickling Line, Cold Rolling Skin Pass Mill, Batch Annealing Furnace, Electrolytic Cleaning Line, Roll Grinding Line, Recoiling Line and Pre-Engineering Building.

5.1.6 The details of operating assets sold, having net book value in excess of Rs. 500,000 each are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain / (loss)	Mode of disposal	Particulars of purchaser
	←	Rupees '000			→		
Motor Vehicle	1,106	-	1,106	1,106	-	Company Policy	Mr. Mohsin Lodhi (Ex - Employee)

5.2 Capital work in progress

	2018				2017			
	Balance as at July 1, 2017	Additions during the year	Transfers	Balance as at June 30, 2018	Balance as at July 1, 2016	Additions during the year	Transfers	Balance as at June 30, 2017
	Rupees '000							
Expansion Project - note 5.2.2								
Civil works & prefabricated building	-	304,540	-	304,540	-	-	-	-
Plant and machinery	-	893,256	-	893,256	-	-	-	-
Advances to suppliers	-	701,333	-	701,333	-	-	-	-
Others - note 5.2.1	-	91,823	-	91,823	-	-	-	-
	-	1,990,952	-	1,990,952	-	-	-	-
Others								
Civil works & prefabricated building	5,512	-	(5,512)	-	8,249	5,623	(8,360)	5,512
Plant and machinery	3,670	1,055	(3,670)	1,055	-	3,670	-	3,670
Advances to suppliers	3,539	9,277	(8,174)	4,642	3,992	5,877	(6,330)	3,539
	12,721	10,332	(17,356)	5,697	12,241	15,170	(14,690)	12,721
Total	12,721	2,001,284	(17,356)	1,996,649	12,241	15,170	(14,690)	12,721

5.2.1 This includes directly attributable expenditure for the development, construction and operation of the Expansion Project. Further, borrowing costs amounting to Rs. 1.48 million (2017: Rs. Nil) were capitalised at the internal rate of return of 17.43% per annum on specific borrowings obtained for financing the Expansion Project.

5.2.2 This includes Rs. 1,440 million in relation to Cold Rolled Coils production line and Rs. 551 million in relation to Galvanized Iron production line.

5.3 Major spare parts and stand-by equipment

	2018	2017
	Rupees '000	
Balance at beginning of the year	519,967	309,719
Additions during the year	532,868	349,908
Transfers made during the year	(181,233)	(139,660)
Balance at end of the year	871,602	519,967

6. INTANGIBLES

Gross carrying value basis

	2018	2017
Cost	20,620	20,620
Accumulated amortisation	(13,208)	(11,477)
Net book value	7,412	9,143

Net carrying value basis

	2018	2017
Opening net book value	9,143	11,246
Amortisation for the year	(1,731)	(2,103)
Closing net book value	7,412	9,143

6.1 Amortisation is charged at the rate of 10% to 33.33% (2017: 10% to 33.33%) per annum.

7. LONG-TERM LOANS AND ADVANCES - considered good

	2018				2017
	Motor vehicles	Shares	Personal	Total	Total
	Rupees '000				
Due from executives	152	137	1,047	1,336	799
Due from employees	-	430	2,931	3,361	1,874
	152	567	3,978	4,697	2,673

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

	2018			2017
	Executives	Employees	Total	Total
	Rupees '000			
Balance at July 1	799	1,874	2,673	2,983
Disbursements	1,047	2,931	3,978	3,449
Repayments	(510)	(1,444)	(1,954)	(3,759)
Balance as at June 30	1,336	3,361	4,697	2,673

7.2 Loans to employees have been given to meet their contingency needs in accordance with the Company's policy and are repayable within a period of four to five years. Advances to employees have been given to facilitate purchase of shares of the Company allotted to employees at the time of listing of the Company.

7.3 The maximum aggregate amount of loans and advances due from executives and employees at the end of any month during the year was Rs. 3.3 million (2017: Rs. 2.9 million).

7.4 Long term loans and advances due from a single executive or employee dose not exceed Rs. 1 million as at June 30, 2018.

7.5 Long term loans and advances have been carried at cost as the effect of carrying these balances at amortised cost is not considered to be material for these financial statements.

	2018	2017
	Rupees '000	

8. LONG-TERM DEPOSITS

	2018	2017
Security deposits:		
- Energy, power and fuel sector	32,586	35,073
- Financial institutions, banking and leasing companies	8,883	6,247
- Hotels and clubs	2,000	2,000
- Steel sector	2,260	1,299
- Others	1,697	1,730
	47,426	46,349

9. DEFERRED TAX

	2018	2017
Debit balances arising in respect of:		
- carried forward losses - note 9.1	2,603,252	2,699,340
- minimum tax - note 9.2	27,720	300,720
- alternative corporate tax	149,970	149,970
- provision for staff retirement benefit	14,945	12,263
- liability against assets subject to finance lease	-	128
Credit balances arising in respect of:		
- property, plant and equipment	(1,661,311)	(1,660,780)
- surplus on revaluation of fixed assets	(158,563)	(78,975)
- long-term finance - note 9.3	(42,209)	(64,538)
- liability against assets subject to finance lease	(875)	-
- intangibles	(25)	(26)
	932,904	1,358,102

9.1 The Company has an aggregate amount of Rs. 8.98 billion (2017: Rs. 9 billion) in respect of tax losses as at June 30, 2018. 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. 2.60 billion (2017: Rs. 2.70 billion) including an amount of Rs. 2.25 billion (2017: 2.16 billion) on unabsorbed tax depreciation, amortisation and initial allowance of Rs. 7.77 billion (2017: Rs. 7.19 billion). The amount of this benefit has been determined based on the financial projections 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.

9.2 The Company has recognised deferred tax asset on minimum tax paid in tax years 2013 to 2016 based on the advice of its tax advisor that the Company has the right to carry forward the minimum tax paid and adjust it against taxable profits of future years. During the year, the Company adjusted the minimum tax of Rs. 273 million paid in previous years with the tax liability computed on its current year taxable income. However, 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. Hence, according to this case law, if no tax is paid / payable by the Company due to taxable loss, the Company does not have a right to carry forward the minimum tax. The management based on the advice of its tax advisor is of the view that this matter is subject to appeal in the Supreme Court and valid legal grounds are available to substantiate the carry forward of minimum tax in Company's case.

9.3 This represents the deferred tax impact of gain recorded as a result of extinguishment of old financial liability and recognition of new financial liability at fair value. This is consequent to the restructuring of the Company's finance facilities as fully explained in note 17.2.

10. STORES AND SPARES

	2018	2017
	Rupees '000	
Stores [including in transit of Rs. Nil (2017: Rs. 9.38 million)]	81,343	75,421
Spares	30,663	20,877
	112,006	96,298

11. STOCK-IN-TRADE

	2018	2017
Raw material [including in transit Rs. 758 million (2017: Rs. Nil)]	2,528,435	2,497,450
Work in process	396,844	132,970
Finished goods [including coil end sheets Rs. 59.14 million (2017: Rs. 16.42 million)]	1,381,704	1,079,210
Packing and other materials	5,278	6,332
	4,312,261	3,715,962

12. TRADE DEBTS - Considered good

	2018	2017
	Rupees '000	
The age analysis of trade debts is as follows:		
Not yet due	105,243	128,641
1 to 180 days	-	23,434
	105,243	152,075

13. ADVANCES, DEPOSITS AND PREPAYMENTS

	2018	2017
Advances - considered good		
- executives	1,619	628
- other employees	769	298
- suppliers and others	176,862	298,185
Receivable from Government - note 13.2	213,486	213,486
Prepayments	13,194	13,078
	405,930	525,675

13.1 Advances due from a single executive or employee dose not exceed Rs. 1 million as at June 30, 2018.

13.2 This comprises of the following which has been paid to the Collector of Customs and the Nazir of the High Court of Sindh in the form of pay orders during the year:

	Opening balance	Returned during the year	Closing balance
	Rupees '000		
Custom duty	155,580	-	155,580
Regulatory duty	26,889	-	26,889
Sales tax thereon	31,017	-	31,017
	213,486	-	213,486

The amounts in respect of customs duty and sales tax have been paid by the Company under protest on the basis of assessment by the Collector of Customs. During 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 was subject to nil customs duty. However, the Collector of Customs assessed these imports under HS code 7208.3890, being non-alloy steel, which was subject to 5% customs duty under the said SRO.

The Company, in line with the practice adopted by other importers, filed petition in the High Court of Sindh 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 High Court of Sindh through a pay order or by depositing post dated cheques for the same. As at June 30, 2018, post dated cheques deposited with the Nazir of the High Court of Sindh amount to Rs. 16.16 million in respect of custom duty and Rs. 2.75 million in respect of sales tax thereon.

Regulatory duty at the rate of 12.5% and sales tax at the rate of 17% thereon had also been paid to Collector of Customs under protest on the basis of the same assessment, as per S.R.O. 246 (I)/2015 dated March 27, 2015, which was an amendment to the S.R.O. 568 (I)/2014 dated 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 opinion of legal advisor of the Company, the issue in question is subjudice in the High Court of Sindh 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.

14. OTHER RECEIVABLES

	2018	2017
	Rupees '000	
Receivable from Etimaad Engineering (Private) Limited - note 14.1	138,485	138,485
Margin on import letters of credit	298	-
Others	7,051	1,276
	145,834	139,761

14.1 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 recovered Rs. 99.37 million from Etimaad on January 5, 2012 through encashment of its advance payment bank guarantee which was taken at the time of award of contract.

At present, the Company is in dispute with the contractor in respect of the outstanding balance of advances. Initially Etimaad had filed a winding up petition against the Company in the High Court of Sindh alleging that the Company has failed to clear its unpaid invoices of Rs. 230 million. 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 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. Accordingly, the Honourable High Court upheld the Company's contention and disposed of the said Suit and the matter was referred to the Arbitrator to be appointed with the 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 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.

	2018	2017
	Rupees '000	
15. CASH AND BANK BALANCES		
With banks on		
- Current accounts	36,407	833,268
- PLS savings accounts - note 15.1	8,759	27,778
Cash in hand	399	346
	45,565	861,392

15.1 At June 30, 2018 the rates of mark up on PLS savings accounts ranged from 3.20% to 6.00% (2017: 3.75% to 5.75%) per annum.

16. SHARE CAPITAL

Authorised share capital

2018	2017		2018	2017
(Number of shares)			Rupees '000	
900,000,000	900,000,000	Ordinary and Cumulative Preference Shares of Rs. 10 each	9,000,000	9,000,000

Issued, subscribed and paid-up capital

Ordinary shares

2018	2017			
685,603,943	271,735,676	Ordinary Shares of Rs. 10 each Opening	6,856,039	2,717,357
146,578,616	-	Shares issued as right shares	1,465,786	-
20,500	27,706,825	Cumulative Preference Shares (PSX Symbol - ASLPS) of Rs. 10 each converted to Ordinary Shares of Rs. 10 each during the year - note 16.3	205	277,068
94,827	386,161,442	Cumulative Preference Shares (PSX Symbol - ASLCPS) of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the year - note 16.4	949	3,861,614
832,297,886	685,603,943	Ordinary shares of Rs. 10 each Closing	8,322,979	6,856,039

Cumulative Preference Shares (PSX Symbol - ASLPS)

2018	2017			
44,377,557	72,084,382	Cumulative Preference Shares of Rs. 10 each Opening	443,776	720,844
(20,500)	(27,706,825)	Cumulative Preference Shares of Rs. 10 each converted to Ordinary Shares of Rs. 10 each during the year - note 16.3	(205)	(277,068)
44,357,057	44,377,557	Cumulative Preference Shares of Rs. 10 each Closing	443,571	443,776

Cumulative Preference Shares (PSX Symbol - ASLCPS)

2018	2017			
(Number of shares)				
2,911,583	171,910,029	Cumulative Preference Shares of Rs. 10 each Opening	29,116	1,719,100
(41,500)	(168,998,446)	Cumulative Preference Shares of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the year - note 16.4	(415)	(1,689,984)
2,870,083	2,911,583	Cumulative Preference Shares of Rs. 10 each Closing	28,701	29,116

Total cumulative Preference Shares of Rs. 10 each (PSX Symbols - ASLCPS and ASLPS)	472,272	472,892

16.1 539,389,308 (2017: 451,452,870) Ordinary Shares, 23,548,732 'ASLPS' (2017: 23,542,732) and Nil 'ASLCPS' (2017: Nil) Cumulative Preference Shares of Rs. 10 each as at June 30, 2018 are held by related parties.

16.2 Pursuant to Share Purchase Agreement executed on March 31, 2016 between the Arif Habib Group [consisting of Mr. Arif Habib, Arif Habib Corporation Limited and Arif Habib Equity (Private) Limited] and Metal One Corporation (Japan) (the 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 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 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 the High Court of Sindh on December 29, 2016 for reduction of share capital of the Company. The Honourable High Court of Sindh in its order dated June 25, 2018 has allowed the petition and minutes passed in Annual General Meeting of the Company held on October 27, 2016 for reduction of paid-up capital. As required by section 93 of the Companies Act, 2017, the Company filed the application for registration of order of reduction and consequently subsequent to the year end, the SECP through its letter dated July 13, 2018 has acknowledged the registration of the High Court order for reduction of share capital. The reduction in capital will take effect from the date of acknowledgement.

16.3 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 44,357,057 (2017: 44,377,557) 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. 619.54 million (2017: Rs. 567.05 million) is not accounted for in these financial statements.

16.4 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 holder 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; and
    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. 298.17 million (2017: Rs. 295.64 million) is not accounted for in these financial statements.

During the year, the Company has allotted 94,827 (2017: 386,161,442) Ordinary Shares (PSX symbol - ASL) against conversion of 41,500 (2017: 168,998,446) Cumulative Preference Shares (PSX Symbol - ASLCPS) in the ratio of 2.285 Ordinary Shares for each Cumulative Preference Share.

The Board of Directors in their meeting held on February 12, 2018 resolved to set off share premium amounting to Rs. 858.37 million against difference on conversion of cumulative preference shares (PSX Symbol - ASLCPS) into Ordinary Shares.

As at June 30, 2018, difference on conversion of cumulative preference shares (PSX Symbol - ASLCPS) into ordinary shares is as follows:

	2018	2017
	Rupees '000	
Cumulative Preference Shares (PSX Symbol - ASLCPS) of Rs. 10 each converted to Ordinary Shares	1,690,399	1,689,984
Ordinary shares of Rs. 10 each allotted against conversion of Cumulative Preference Shares (PSX Symbol - ASLCPS)	(3,862,562)	(3,861,614)
Difference on conversion of cumulative preference shares into ordinary shares	(2,172,163)	(2,171,630)
Share premium set off	858,374	-
	(1,313,789)	(2,171,630)

16.5 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 Project as explained in note 2. These right shares have been issued to Company's existing ordinary and preference shareholders. Total amount raised through the rights issue is Rs. 2.345 billion comprising of Rs. 1.466 billion in respect of Ordinary Share capital and Rs. 0.879 billion in respect of share premium respectively. In this respect, the Company has allotted 146,578,616 Ordinary Shares during the year.

Issuance costs totalling Rs. 21.1 million were incurred in relation to above right issue which has been netted with the subscription money received and accordingly accounted for as a deduction from equity on allotment of ordinary shares.

	Note	2018	2017
		Rupees '000	

17. LONG-TERM FINANCE – secured

	Note	2018	2017
Opening	17.2		
- long-term finance		5,032,184	5,320,004
- current maturity of long-term finance		250,000	500,000
		5,282,184	5,820,004
Impact of unwinding - finance cost		129,807	262,180
Amount repaid		(250,000)	(800,000)
		5,161,991	5,282,184
Less: Current maturity shown under current liabilities		(500,000)	(250,000)
		4,661,991	5,032,184
Expansion Project			
- Syndicate Term Finance (STF)	17.3	146,000	-
- Musharaka facility	17.4	100,000	-
		246,000	-
Arrangement fee paid		(60,229)	-
Impact of unwinding - finance cost		402	-
		186,173	-
		4,848,164	5,032,184

17.1 Following are the changes in the long-term finance (i.e. for which cash flows have been classified as financing activities in the statement of cashflows):

	2018	2017
	Rupees '000	
Balance as at July 1	5,020,004	5,820,004
Disbursements during the year	246,000	-
Repayment	(250,000)	(800,000)
Balance as at June 30	5,016,004	5,020,004

17.2 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 Murabaha	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

The Company entered into restructuring agreement with the lenders on January 19, 2014. As per the terms of agreement, the above mentioned facilities and the corresponding accrued mark-up thereon (frozen mark-up) amounting to Rs. 222.28 million have been restructured as one syndicate loan. Repayment of principal amounting to Rs. 250 million were made in the current year and subsequently, twelve unequal semi-annual installments have to be paid, which are as follows:

- Rs. 250 million each for the next two 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. During the year, first addendum to the restrucuring agreement has been formalised since the Company's profit after tax has become positive. As per the first addendum to the restructuring agreement, the mark-up rate has been increased from 2.74% below six months KIBOR to six months KIBOR plus 0.2%.

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, 2018.

This liability includes share of a related party amounting to Rs. 201.3 million (2017: Rs. 223.3 million).

17.3 This represents draw down from STF facility for Expansion Project. During the year, the Company entered into STF agreement with various banks amounting to Rs 1.925 billion to finance the Expansion Project. STF is repayable in 10 consecutive semi-annual installments payable in arrears from December 2020 to June 2025. STFA carries mark up at 6 months KIBOR plus 1.9% per annum to be determined on semi-annual basis. It is secured against pari passu charge on all present and future Company's fixed assets, accounts receivable, interest in any insurance claim and the rights and benefits under the Expansion Project Documents.

17.4 This represents draw down from Musharaka facility for Expansion Project. During the year the Company has entered into Musharaka agreement with various banks, under Islamic mode of financing, amounting to Rs 1.315 billion to finance the Expansion Project. It is repayable in 10 consecutive semi-annual installments in arrears from December 2020 to June 2025. The Musharaka facility is subject to 6 months KIBOR prevailing one day before the first Musharaka contribution date, plus a margin of 1.9% per annum to be determined on semi-annual basis. It is secured against pari passu charge on all present and future Company's fixed assets, accounts receivable, interest in any insurance claim and the rights and benefits under the Expansion Project Documents.

17.5 Further, corporate and personal guarantees have been provided by related parties for due payment of all or any amounts required to satisfy Project Cost Overruns for the above STF facility and Musharaka facility.

17.6 The facilities for opening letters of credit and guarantees as at June 30, 2018 amounted to Rs. 3.23 billion (2017: Rs. 5.69 billion) of which the amount remained unutilised at year end was Rs. 1.44 billion (2017: Rs. 1.86 billion). Corporate and personal guarantees provided by related parties against LC facility amounted to Rs. 4.1 billion (2017: Rs. Nil) out of which the amount remained unutlised at year end was Rs. 4.1 billion (2017: Rs. Nil).

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

	2018	2017
	Rupees '000	
Payable during:		
2017-18	-	1,867
2018-19	9,895	1,889
2019-20	7,905	1,803
2020-21	7,630	702
2021-22	7,338	457
2022-23	14,482	-
Minimum lease payments - note 18.1	47,250	6,718
Less: Finance charge not due	5,750	604
	41,500	6,114
Less: Current portion shown under current liabilities	7,664	1,637
	33,836	4,477
Present value of finance lease liabilities		
Not later than one year	7,664	1,637
Later than one year and not later than 5 years	33,836	4,477
	41,500	6,114

18.1 These represent liabilities for vehicles acquired under lease arrangements. Finance charge ranging from 8.06% to 9.02% (2017: 8.06% to 11%) per annum have been used as discounting factor.

19. STAFF RETIREMENT BENEFIT - Gratuity

19.1 As stated in note 3.16, 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 valuation of the scheme was carried out as at June 30, 2018.

	2018	2017
	Rupees '000	
19.2 Statement of financial position reconciliation		
Present value of defined benefit obligation	51,536	40,876
19.3 Movement in the present value of defined benefit obligation		
Obligation as at July 1	40,876	30,965
Current service cost	12,857	11,005
Interest expense	2,929	1,954
Remeasurements	954	4,975
Benefits paid	(6,080)	(8,023)
Obligation as at June 30	51,536	40,876
19.4 Expense recognised in profit and loss account		
Current service cost	12,857	11,005
Interest cost	2,929	1,954
	15,786	12,959
19.5 Remeasurement recognised in other comprehensive income		
Experience losses	954	4,975
19.6 Net recognised liability		
Balance as at July 1	40,876	30,965
Expense for the year	15,786	12,959
Benefits paid	(6,080)	(8,023)
Remeasurement recognised in other comprehensive income	954	4,975
Balance as at June 30	51,536	40,876

	2018	2017
19.7 Actuarial assumptions		
Discount rate used for year end obligation	9.00%	7.75%
Expected rate of increase in salaries	8.00%	6.75%
Retirement age (years)	60	60

19.8 Mortality was assumed to be SLIC (2001-2005) set back one year (2017: SLIC 2001-2005 set back one year).

19.9 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 in thousand)		
Discount rate at June 30	1%	(4,649)	5,545
Future salary increases	1%	4,412	(3,788)

19.10 There is no significant change in the obligation if life expectancy increases by 1 year.

19.11 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 statement of financial position.

19.12 The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the previous period.

19.13 Historical information for the four years is as follows:

	2018	2017	2016	2015
	Rupees '000			
Present value of the defined benefit obligation	51,536	40,876	30,965	22,962
Experience adjustments - (gain) / loss	954	4,975	2,939	(1,186)

19.14 The average duration of the defined benefit obligation is 9.9 years.

20. TRADE AND OTHER PAYABLES

	2018	2017
	Rupees '000	
Creditors:		
- local	112,108	78,285
- foreign	-	588,434
Bills payable	757,193	2,549,662
Accrued liabilities	219,499	128,658
Retention money	133	133
Advance from dealers	95,461	197,954
Security deposit from dealers	8,000	8,500
Withholding tax	17,529	9,751
	1,209,923	3,561,377

21. ACCRUED MARK-UP

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

22. SHORT-TERM BORROWINGS

	2018	2017
	Rupees '000	
Secured:		
Short-term running finance - note 22.1	4,870,107	2,434,916
Unsecured:		
Short-term finance facility - note 22.3	175,000	-
	5,045,107	2,434,916

22.1 The lender wise balance of short-term loan and running finance facilities obtained by the Company are as follows:

	2018	2017
	Rupees '000	
National Bank of Pakistan	643,225	1,142,216
Bank Islami Pakistan Limited	524,082	576,869
Summit Bank Limited	429,634	319,075
Askari Bank Limited	689,460	-
The Bank of Punjab	367,073	1,441
Sindh Bank Limited	405,844	13,677
Habib Metropolitan Bank Limited	822,086	332,096
MCB Bank Limited	297,567	49,542
JS Bank Limited	691,136	-
	4,870,107	2,434,916

22.2 Facilities for running finance available from above banks amount to Rs. 5.36 billion (2017: Rs. 2.78 billion). The rates of mark-up range between 1 month KIBOR plus 1% to 3 months KIBOR plus 3% (2017: 3 months KIBOR plus 1.5% to 3 months KIBOR plus 3%) per annum. 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.

22.3 The short-term finance facility of a running finance nature for working capital financing 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 months KIBOR plus 3% per annum.

23. CONTINGENCIES AND COMMITMENTS

23.1 CONTINGENCIES

23.1.1 The details of dispute with Etimaad Engineering (Private) Limited are explained in note 14.1. Based on the legal opinion, no provision has been recognised in these financial statements for the contingency relating to this dispute.

23.1.2 The Finance Act 2017 and 2018 had imposed super tax for rehabilitation of temporary displaced persons under section 4B of the Income Tax Ordinance, 2001 due to which super tax was applicable on the Company. The super tax charge for tax years 2017 and 2018 amounts to Rs. 28.05 million and Rs. 75.44 million respectively. The Company had filed a petition in the Sindh High Court against the levy of super tax challenging the legality of such imposition through the Finance Acts, and has obtained a stay order against recovery of the same. The management based on the legal advice of its advisor is of the view that the said imposition will be reversed by the Sindh High Court and consequently, has not recorded the super tax provision amounting to Rs. 103.29 million.

23.1.3 The Finance Act, 2017 has introduced tax on every public company at the rate of 7.5% of its accounting 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. The Company has not distributed any dividend to date. The Company has filed a petition in the High Court of Sindh challenging the applicability of the above. The High Court of Sindh has granted stay order to the Company in this regard. The Company, based on the advice of their consultant, believe that Company is not exposed to any tax liability in this respect.

23.2 COMMITMENTS

23.2.1 Commitments for capital expenditure outstanding as at June 30, 2018 amounted to Rs. 554.3 million (2017: Rs. 24.2 million).

23.2.2 Commitments outstanding for expansion project of galvanized coils production line as at June 30, 2018 amounted to Rs. 3.42 billion (2017: Rs. Nil).

23.2.3 Commitments for rentals under ijarah arrangements amounted to Rs. 3 million (2017: Rs. 8.9 million) payable as follows:

	2018	2017
	Rupees '000	
Not later than 1 year	1,235	2,645
Later than 1 year but not later than 5 years	1,735	6,213
	2,970	8,858

24. REVENUE

	2018	2017
Gross revenue	22,347,447	16,635,574
Less: Sales tax	(3,222,540)	(2,398,886)
Rebates and discounts	(4,529)	(8,294)
Dealers commission	(216,471)	(152,518)
Net revenue - note 24.1	18,903,907	14,075,876

24.1 This includes sale of coil end sheets - scrap net of sales tax amounting to Rs. 572.95 million (2017: Rs. 431.52 million) and revenue from toll manufacturing services amounting to Rs. Nil (2017: Rs. 0.85 million).

24.2 During the year, sales to one dealer accounts for more than 10% of net revenue amounting to Rs. 2.24 billion (2017: Nil).

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

25. COST OF SALES

	2018	2017
	Rupees '000	
Raw material consumed	14,626,168	10,825,969
Salaries, wages and benefits - note 25.1	226,308	184,650
Utilities	418,491	404,269
Depreciation	423,122	389,134
Stores, spares and consumables	227,388	216,527
Packing charges	109,589	84,226
Repairs and maintenance	44,903	36,598
Travelling and conveyance	35,953	29,310
Insurance	16,891	15,829
Material handling charges	8,978	11,875
Security charges	6,045	6,968
Consultancy charges	2,070	2,355
Rent, rates and taxes	2,585	1,965
Communication	1,454	1,341
Ujrah payments	526	856
Others	5,650	3,504
	16,156,121	12,215,376
Work in process - opening	132,970	25,742
	16,289,091	12,241,118
Work in process - closing	(396,844)	(132,970)
Cost of goods manufactured	15,892,247	12,108,148
Finished goods - opening	1,079,210	959,546
Finished goods - closing	(1,381,704)	(1,079,210)
	(302,494)	(119,664)
	15,589,753	11,988,484

25.1 Salaries, wages and benefits include Rs. 11.84 million (2017: Rs. 9.72 million) in respect of defined benefit plan.

26. SELLING AND DISTRIBUTION COST

	2018	2017
	Rupees '000	
Salaries and benefits - note 26.1	14,863	13,856
Rent, rates and taxes	696	1,539
Travelling and conveyance	1,444	1,308
Utilities	209	231
Insurance	321	236
Communication	601	689
Depreciation and amortisation	292	270
Printing, stationery and office supplies	123	110
Others	579	1,147
	19,128	19,386

26.1 Salaries and benefits include Rs. 0.2 million (2017: Rs. 0.16 million) in respect of defined benefit plan.

27. ADMINISTRATIVE EXPENSES

	2018	2017
	Rupees '000	
Salaries, allowances and benefits - note 27.1	83,638	73,953
Rent, rates and taxes	13,227	29,247
Depreciation and amortisation	5,544	5,126
Repairs and maintenance	19,862	20,091
Travelling & conveyance	15,621	14,962
Utilities	3,962	4,391
Communication and information technology	16,995	12,141
Printing and stationery	2,332	2,083
Insurance	6,104	4,493
Legal and professional charges	9,081	9,233
Auditors' remuneration - note 27.2	3,107	2,343
Ujrah payments	447	2,621
Security charges	2,477	2,933
Others	9,858	4,316
	192,255	187,933

27.1 Salaries, allowances and benefits include Rs. 3.75 million (2017: Rs. 3.08 million) in respect of defined benefit plan.

27.2 Auditors' remuneration

	2018	2017
	Rupees '000	
Audit fee	1,250	1,250
Fee for half year audit and other certifications	1,559	809
Out-of-pocket expenses	298	284
	3,107	2,343

28. OTHER EXPENSES

	2018	2017
Workers' Welfare Fund	39,263	18,004
Workers' Profits Participation Fund	102,887	47,378
Loss on disposal of property, plant and equipment	1,445	-
	143,595	65,382

29. OTHER INCOME

	2018	2017
Income from financial assets		
Return on PLS savings accounts	11,627	3,485
Income from non-financial assets		
Gain on disposal of property, plant and equipment	-	256
Scrap sales	23,718	12,386
	35,345	16,127

	2018	2017
	Rupees '000	

30. FINANCE COST

	2018	2017
Mark-up expense:		
- long-term finance	371,423	284,956
- Impact of unwinding on long term finance	129,807	262,180
- short-term borrowings	271,089	335,350
- usance and other charges on import letter of credit	21,879	44,989
Guarantee commission	797	1,666
Finance lease charges	1,737	540
Exchange loss	249,403	3,110
Bank and other charges	32,806	15,851
	1,078,941	948,642

31. TAXATION

	2018	2017
Current		
- for the year	289,443	118,946
- prior year	(802)	-
Deferred	342,957	(256,919)
	631,598	(137,973)

31.1 Reconciliation between tax expense and accounting profit

	2018	2017
Accounting profit before tax	1,915,580	882,176
Tax at applicable tax rate of 30% (2017: 31%)	574,674	273,475
Tax effect of permanent differences	7,481	2,962
Minimum tax	-	(300,720)
Tax credit	(43,085)	(25,616)
Effect of change in tax rate	32,880	-
Prior year reversal	(802)	-
Others	60,450	(88,074)
	631,598	(137,973)

31.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analysed as follows:

Tax year	Provision for taxation	Tax assessed
	Rupees '000	
2017	118,946	118,946
2016	-	-
2015	86,447	86,447

32. EARNINGS PER SHARE

32.1 BASIC

	2018	2017
	Rupees '000	
Profit after taxation attributable to ordinary shareholders	1,283,982	1,020,149
Adjustment for cumulative preference share dividend	(55,024)	(133,675)
Profit after taxation for calculation of basic earnings per share	1,228,958	886,474
Weighted average number of ordinary shares outstanding at year end (in thousand)	784,880	509,860
	Rupees	Rupees
Basic earnings per share	1.57	1.74

32.1.1 Reconciliation of weighted average number of shares:

	2018	2017
Number of shares as on July 01	685,604	271,736
Right shares issued during the year	146,579	-
Adjustment for cash element in right shares	(44,281)	-
Shares issued against conversion of preference shares	115	413,868
Adjustment of bonus element	-	29,051
Adjustment of timing factor	(3,137)	(204,795)
	784,880	509,860

32.2 DILUTED

	2018	2017
Profit after taxation attributable to ordinary shareholders	1,283,982	1,020,149
Weighted average number of ordinary shares outstanding at year end (in thousand)	784,880	509,860
Adjustment for conversion of convertible preference shares	51,032	268,194
Weighted average number of potential ordinary shares outstanding at year end (in thousand)	835,912	778,054
	Rupees	Rupees
Diluted earnings per share	1.54	1.31

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.

	2018	2017
	Rupees '000	
33. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,915,580	882,176
Add / (less): Adjustments for non-cash charges and other items		
Depreciation and amortisation	428,958	394,530
Finance lease charges	1,737	540
Mark up charges	664,391	665,295
Unwinding of long term finance	129,807	262,180
Provision for staff retirement benefits	15,786	12,959
Return on PLS savings accounts	(11,627)	(3,485)
Loss / (gain) on disposal of fixed assets	1,445	(256)
	1,230,497	1,331,763
Profit before working capital changes	3,146,077	2,213,939
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(15,708)	(21,643)
Stock-in-trade	(596,299)	(902,445)
Trade debts	46,832	(75,077)
Advances, deposits and prepayments	119,745	(138,944)
Other receivables	(6,073)	2,504
Tax refunds due from Government - Sales tax	52,223	50,826
	(399,280)	(1,084,779)
Decrease / (increase) in current liabilities		
Trade and other payables	(2,351,454)	788,805
	(2,750,734)	(295,974)
Cash generated from operations	395,343	1,917,965

34. CASH AND CASH EQUIVALENTS

	2018	2017
	Rupees '000	
Cash and bank balances	45,565	861,392
Short-term borrowings	(4,870,107)	(2,434,916)
	(4,824,542)	(1,573,524)

35. CASH FLOW STATEMENT - DIRECT METHOD

	2018	2017
Cash Flows from Operating Activities		
Cash received from customers	18,950,739	14,000,799
Cash paid to suppliers / service providers and employees	(18,558,497)	(12,082,579)
Income tax paid	(539,692)	(80,139)
Mark-up on loans paid	(583,462)	(703,403)
Return on bank deposits received	11,627	3,485
Staff retirement benefits paid	(6,080)	(8,023)
Net cash (used in) / generated from operating activities	(725,365)	1,130,140
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,822,417)	(256,224)
Sale proceeds from disposal of property, plant and equipment	4,799	3,012
Net cash used in investing activities	(2,817,618)	(253,212)
Cash Flows from Financing Activities		
Proceeds from rights issue	147,545	2,176,616
Repayment of long-term finance	(250,000)	(800,000)
Long term loan obtained	185,771	-
Short-term borrowings obtained / (paid)	175,000	(1,288,417)
Decrease in liabilities against assets subject to finance leases	33,649	(2,246)
Net cash generated from financing activities	291,965	85,953
Net (decrease) / increase in cash and cash equivalents	(3,251,018)	962,881
Cash and cash equivalents at beginning of the year	(1,573,524)	(2,536,405)
Cash and cash equivalents at end of the year - note 34	(4,824,542)	(1,573,524)

36. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Name of company	Nature of transaction	2018	2017
			Rupees '000	
Associated companies	Arif Habib Corporation Limited	- Finance facility utilised	175,000	2,126,000
		- Repayment of finance facility utilised	-	2,698,885
		- Markup on finance facilities	21,669	82,699
		- Markup on finance facilities paid	23,392	64,645
		- Guarantee commission	2,332	1,666
		- Guarantee commission paid	1,999	625
	Power Cement Limited	- Purchase of construction material	636	105
		- Payment made against Purchase of construction material	709	972
		- Sale of asset	46	-
	Rotocast Engineering Co. (Private) Limited	- Rent and maintenance	7,489	-
		- Rent and maintenance paid	7,489	-
	Metal One Corporation	- Purchase of raw material	8,106,813	4,921,616
		- Payment against purchase of raw material	9,664,418	4,661,990
	International Complex Project Limited	- Ordinary shares issued against Cumulative Preference Shares	-	2,770,248
		- Cancellation of Cumulative Preference Shares converted	-	1,365,816
		- Share deposit money against rights issue	-	1,390,138
		- Repayment of finance facility utilised	-	750,000
	Javedan Corporation Limited	- Expenses against sponsorship	500	-
Other related parties	Mr. Arif Habib	- Ordinary shares issued against Cumulative Preference Shares	-	1,275,451
		- Cancellation of Cumulative Preference Shares converted	-	558,184
		- Finance facility utilised	-	840,000
		- Repayment of finance facility utilised	-	840,000
	Silk Bank Limited	- Bank charges paid	11,924	-
		- Markup on finance facility	18,856	-
		- Markup on finance facility paid	24,303	-
Key management compensation	Chief Executive Officer, Chief Financial Officer & Company Secretary	- Salaries and other employee benefits	15,414	14,976
	Chief Financial Officer & Company Secretary	- Post retirement benefits paid	438	1,872
	Non-Executive Director	- Meeting and other expenses	352	-
	Chief Executive Officer	- Sale of assets	-	1,090

36.2 Raw material is purchased from Metal One Corporation, Japan - an associated company, based on negotiated terms and conditions. Metal One Corporation is registered under the laws of Japan, having its registered address at JP Tower 7-2, Marunouchi 2-chome Chiyoda-ku Tokyo, 100-7032, Japan, owns 8.02 % (2017: 9.74 %) of the Company's Ordinary Shares as detailed in note 16.2.

Mr. Shuichi Iwata is the Chief Executive Officer, President and Director of Metal One Corporation. Metal One Corporation is not a listed entity and hence its audit report on the latest financial statements is not available.

36.3 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreements in place.

S. No.	Company Name	Basis of relationship	Aggregate % of Shareholding
1)	Mr. Arif Habib	Shareholder	19%
2)	Arif Habib Corporation Limited	Shareholder Common Directorship	7%
3)	Metal One Corporation	Shareholder	8%
4)	Power Cement Limited	Group Company Common Directorship	N/A
5)	Rotocast Engineering Co. (Private) Limited	Group Company	N/A
6)	Javedan Corporation Limited	Group Company Common Directorship	N/A
7)	Silk Bank Limited	Common Directorship	N/A

36.4 The status of outstanding balances with related parties as at June 30, 2018 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	Chief Executive		Executives	
	2018	2017	**2018**	2017*
	Rupees '000			
Managerial remuneration	6,490	6,330	63,795	39,313
Retirement benefits	-	-	14,143	11,895
Reimbursable expenses	-	-	4,583	4,060
Lease rentals	3,204	2,368	5,124	3,715
	9,694	8,698	87,645	58,983
Number of persons	1	1	22	19

** Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017.*

37.1 The Chief Executive Officer 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.

37.2 In addition to above, an amount of Rs. 0.35 million was paid to a non-executive director for attending Board of Directors meetings and other expenses.

38. NUMBER OF EMPLOYEES

	2018	2017
38.1 Number of employees at June 30		
- Permanent	417	369
- Contractual	69	38
	486	407

38.1.1 This includes 406 (2017: 323) number of factory employees.

	2018	2017
38.2 Average number of employees during the year		
- Permanent	397	363
- Contractual	43	43
	440	406

38.2.1 This includes 363 (2017: 324) number of factory employees.

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 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.

39.2 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	-	-	-	-	47,426	47,426	47,426
Loans to employees	-	-	-	-	4,697	4,697	4,697
Trade debtors	-	-	-	105,243	-	105,243	105,243
Other receivables	-	-	-	145,834	-	145,834	145,834
Cash and bank balances	8,759	-	8,759	36,806	-	36,806	45,565
2018	8,759	-	8,759	287,883	52,123	340,006	348,765
FINANCIAL LIABILITIES							
At amortised cost							
Long-term finance	500,000	4,848,164	5,348,164	-	-	-	5,348,164
Short-term finance	5,045,107	-	5,045,107	-	-	-	5,045,107
Liabilities against assets subject to finance leases	7,664	33,836	41,500	-	-	-	41,500
Trade and other payables	-	-	-	1,209,923	-	1,209,923	1,209,923
Accrued mark-up	-	-	-	238,452	-	238,452	238,452
2018	5,552,771	4,882,000	10,434,771	1,448,375	-	1,448,375	11,883,146
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

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 the Company to interest rate risk.

At June 30, 2018, the Company has variable interest bearing financial liabilities of Rs. 10.43 billion (2017: Rs. 7.72 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. 208.7 million (2017: Rs. 154.46 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

ii. Foreign exchange risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. At June 30, 2018 trade and other payables exposed to foreign currency risk amount to Rs. 0.76 billion (2017: Rs. 2.55 billion). Further, as at June 30, 2018, the Company has exposure against open letters of credit of Rs. 0.76 billion (2017: Rs. 0.91 billion) denominated in foreign currencies.

As at June 30, 2018, if the Pakistani Rupee had weakened / strengthened by 5% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 37.86 million (2017: Rs. 76.49 million) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated as financial assets or liabilities.

The Company manages the risk through settlement of foreign currency liabilities based on the projected trend of future foreign currency fluctuations.

The following table summarises the financial currency exposure as on June 30, 2018 and 2017 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 liabilities	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, 2018 - (Rupees in billion)	0.76	0.61	0.68	0.75	0.77	0.84	0.91
June 30, 2017 - (Rupees in billion)	0.91	0.73	0.82	0.90	0.92	1.00	1.09

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. 348.77 million (2017: Rs. 1,202.25 million), the financial assets exposed to the credit risk amounts to Rs. 291.15 million (2017: Rs. 336.91 million). The carrying values of financial assets which are neither past due nor impaired are as under:

	2018	2017
	Rupees '000	
Deposits	47,426	46,349
Other receivables	7,349	1,276
Loans to employees	4,697	2,673
Trade debts	105,243	152,075
Cash and bank balances	45,565	861,392
	210,280	1,063,765

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			2018	2017
	Short term	Long term	Rating Agency	Rupees '000	
K-Electric Limited	A1+	AA	PACRA	33,000	33,000
Pakistan State Oil Company Limited	A1+	AA	PACRA	1,590	1,590
Others	-	-	-	20,185	13,035
				54,775	47,625

Other receivables also include an amount of Rs. 138.5 million (2017: Rs. 138.5 million) receivable from Etimaad Engineering (Private) Limited, which is past due and is considered good.

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

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

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

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

	Rating		Rating agency	2018	2017
	Short term	Long term		Rupees '000	
Allied Bank Limited	A1+	AAA	PACRA	220	135
Askari Bank Limited	A1+	AA+	PACRA	306	54
Bank Alfalah Limited	A1+	AA+	PACRA	4,028	4,655
Bank Al-Habib Limited	A1+	AA+	PACRA	15,290	14,361
Bank Islami Pakistan Limited	A1	A+	PACRA	2,970	1,356
Habib Bank Limited	A-1+	AAA	JCR-VIS	276	213
Faysal Bank Limited	A1+	AA	PACRA	445	441
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	29	8,482
JS Bank Limited	A1+	AA-	PACRA	74	90
MCB Bank Limited	A1+	AAA	PACRA	157	61
Meezan Bank Limited	A-1+	AA	JCR-VIS	10,501	6,020
National Bank of Pakistan	A-1+	AAA	PACRA	5,006	1,537
Silk Bank Limited	A-2	A-	JCR-VIS	1,277	3,166
Sindh Bank Limited	A-1+	AA	JCR-VIS	576	556
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	805	1,368
Summit Bank Limited	A-1	A-	JCR-VIS	111	800,103
The Bank of Khyber	A1	A	PACRA	2,561	564
Dubai Islamic Bank Limited	A1+	AA-	JCR-VIS	334	-
The Bank of Punjab	A1+	AA	PACRA	200	17,817

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 statement of financial position 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.

40. 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, 2018 and at June 30, 2017 were as follows:

	2018	2017
	Rupees '000	
Total borrowings	10,393,271	7,717,100
Cash and bank	(45,565)	(861,392)
Net debt	10,347,706	6,855,708
Equity	8,491,106	5,475,846
Total capital	18,838,812	12,331,554
Debt to capital ratio	0.55	0.56

41. CAPACITY AND PRODUCTION - in metric tonnes

	2018	2017
Annual name plate capacity	220,000	220,000
Production - note 41.1	217,370	209,524

41.1 The production capacity utilisation during the year has remained at 99% (2017: 95%). The Company operated the plant considering the market demand and supply of the product.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on July 31, 2018.

Chief Financial Officer	Chief Executive	Director

Notice of Fourteenth Annual General Meeting

Notice is hereby given that the Fourteenth Annual General Meeting of the Shareholders of Aisha Steel Mills Limited ("the Company") will be held on Thursday, October 25, 2018 at 05:30 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 Thirteenth Annual General Meeting held on October 28, 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 June 30, 2018.
3) To appoint the Auditors for the year ending June 30, 2019 and fix their remuneration. The Board of Directors have recommended for reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants as external auditors.

Special Business

4) To consider and if deemed fit, pass the following resolutions as Special Resolution with or without any amendments, modifications or alteration respectively for increase in authorized share capital of the Company and related alterations in the Memorandum and Articles of Associations:

RESOLVED that

a) The Authorized Share Capital of the Company be and hereby increased from Rs. 9,000,000,000/- (Rs. Nine Billion only) divided into 900,000,000 Ordinary / Preference shares of Rs. 10/- each to Rs. 11,000,000,000 (Rs. Eleven Billion only) divided into 1,100,000,000 Ordinary / Preference shares of Rs. 10/- each.

b) The Memorandum and Articles of Association of the Company be and are hereby altered for the increase in Authorized Share Capital from Rs. 9,000,000,000/- to Rs. 11,000,000,000 by substituting clause V of the Memorandum of Association and clause 4 of the Articles of Association as under;

The Authorized Capital of the Company is Rs. 11,000,000,000 (Pakistan Rupees Eleven Billion Only) which may be utilized 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 Companies Act, 2017 and the rules and regulations made by the Securities and Exchange Commission of Pakistan from time to time. The Preference Shares will carry such rights and privileges and be subject to such conditions as provided in the Company's Articles of Association. The Company shall have power to increase, reduce, consolidate, sub-divide or re-organize the capital of the Company and divide the shares in the capital and kinds thereof for the time being into several classes in accordance with the provisions of the Companies Act, 2017 and the rules and regulations made by the Securities and Exchange Commission of Pakistan from time to time.

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

Any Other Business

5) 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

Manzoor Raza
Company Secretary

Karachi: October 04, 2018

Notes:

1. Share transfer books of the Company will remain closed from October 19, 2018 to October 25, 2018 (both days inclusive). Transfers received in order at the office of our registrar, M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi, by the close of business on Thursday, October 18, 2018 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 January 26, 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 August 18, 2011 and SRO 831(I)/2012 dated July 05, 2012, SRO 19(I)/2014 dated January 10, 2014 and SRO 275(I)/2016 dated March 31, 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 June 30, 2018 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, Annual Report of the Company for the year ended June 30, 2018 is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests 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" has also been made available on the Company's website (http://www.aishasteel.com/).

Statement under section 134(3)

This statement sets out the material facts concerning the Special Business listed at agenda item no. 4 to be transacted at the forthcoming Fourteenth Annual General Meeting of the Company to be held on October 25, 2018.

Agenda Item No. 4

The present Authorized Share Capital of the Company is Rs. 9,000,000,000 divided into 900,000,000 Ordinary / Preference shares of Rs. 10/- each. In order to provide the Company with adequate leverage for capitalization of reserves by issuing bonus shares and funding of future growth and expansion plans in years to come, the Board of Directors has proposed to increase the Share Capital of the Company by Rs. 2,000,000,000 divided into 200,000,000 Ordinary / Preference shares of Rs.10/- each, from existing Share Capital of Rs. 9,000,000,000/- to Rs. 11,000,000,000/- . Further, reference of the Companies Ordinance, 1984 in the existing clause V of the Memorandum of Association and clause 4 of the Articles of Association has been proposed to be amended to refer the Companies Act, 2017, to bring it in line with the current statute.

For this purpose a Special Resolution is proposed in the forthcoming Annual General Meeting with respect to increase in Authorized Share Capital and related alterations in the Memorandum and Articles respectively.

The Directors of the Company have no interest in this business except to the extent of their respective shareholding in the Company.


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پراکسی فارم

چودھویں سالانہ جنرل اجلاس

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

میں مسمّٰی / مسمّاۃ ____________ ساکن ____________ ضلع ____________ بحیثیت ممبر عائشہ اسٹیل ملز لمیٹڈ،
مسمّٰی / مسمّاۃ ____________ ساکن ____________ کو بطورِ مختار (پراکسی) مقرر کرتا ہوں تا کہ وہ میری
جگہ اور میری طرف سے کمپنی کے سالانہ اجلاسِ عام جو بتاریخ 25 اکتوبر، 2018 بروز جمعرات منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط: ____________ بروز/ بتاریخ ____________ 2018

گواہان:

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

دستخط ۵ روپے
ریوینیو اسٹیمپ

نوٹ:

- وہ رُکن جسے یہ اجلاس یا اجلاس میں ووٹ کا حق حاصل ہے وہ کسی ناگزیر صورتحال میں اپنی جگہ کسی دوسرے (مخصوص) شخص کو یہ حق دے سکتا ہے کہ وہ رُکن اُس کی پراکسی استعمال کرتے ہوئے، اُس کے بجائے اجلاس میں شریک ہوسکتا ہے، خطاب کرسکتا ہے یا ووٹ کا اندراج کرسکتا ہے۔
- پراکسی ثابت کرنے کے لئے اُسے اپنا اصل پاسپورٹ اور فولیو نمبر سے دکھانا لازمی ہے تا کہ اجلاس میں شرکت کی اجازت سے قبل اُس کی شناخت کی جاسکے۔
- مؤثر 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، شاہراہِ فیصل، کراچی، پاکستان، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رُکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رُکن کی صورت میں اصل اونر اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائیریکٹر کی قرارداد، پاور آف اٹارنی، شناختی کارڈ اور پاسپورٹ کی تصدیقی شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

Form of Proxy

14th Annual General Meeting

The Company Secretary
Aisha Steel Mills Limited
Arif Habib 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 Fourteenth Annual General Meeting of the Company to be held on Thursday, October 25, 2018 and/or any adjournment thereof.

Signed this ____________ day of __________ 2018.

Witnesses:

1. Name: ________________________________
   Address: ________________________________
   CNIC No: ________________________________
   Signature: ________________________________

2. Name: ________________________________
   Address: ________________________________
   CNIC No: ________________________________
   Signature: ________________________________

Signature on
Rs. 5/
Revenue Stamp

NOTES:

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

Terms of Glossary

AGM	Annual General Meeting
ASML / Aisha Steel	Aisha Steel Mills Limited
At Sight Model	Import purchase model under which no trade credit is obtained and payment is made to supplier on date of receipt of import documents
BAC	Board Audit Committee
BCP	Business Continuity Planning
Board/BOD	Board of Directors
CCG	Code of Corporate Governance
CDC	Central Depository Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPEC	China Pakistan Economic Corridor
CRC	Cold Rolled Coil
CSR	Corporate Social Responsibility
CWIP	Capital Work in Progress
EBIT	Earnings before Interest and Taxation
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization
EPS	Earning Per Share
FBR	Federal Board of Revenue
FY	Fiscal Year
GDP	Gross Domestic Product
GI	Galvanized Iron
GIDC	Gas Infrastructure Development Cess
GoP	Government of Pakistan
HoD	Head of Department
HR	Human Resource
HR&RC	Human Resources & Renumeration Committee
HRC	Hot Rolled Coil
HSE	Health, Safety and Environment
IAS	International Accounting Standards
IBA	Institute of Business Administration
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFC	International Finance Corporation
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
ISL	International Steels Limited
ISO	International Standards Organization
IT	Information Technology
KE	Karachi Electric
KIBOR	Karachi Interbank Offer Rate
MANCOM	Management Committee

MOC	Metal One Corporation Limited
MoM	Month on Month
MT	Metric Ton(s)
NBV	Net Book Value
PACRA	Pakistan Credit Rating Agency
PAT	Profit after tax
PICG	Pakistan Institute of Corporate Governance
PSX	Pakistan Stock Exchange
SECP	Securities and Exchange Commission of Pakistan
SHC	Sindh High Court
SPCC	Commercial Quality
SPCD	Drawing Quality
SPCE	Deep Drawing Quality
SPCG (IF Grade)	Extra Deep Drawing Quality
US$/USD	United States Dollar
Usance Model	Import purchase model under which trade credit is obtained, usually payment is made after 90 days of receipt of import documents
YoY	Year on Year

چیئرمین کی ڈیسک سے

ڈاکٹر منیر احمد کی زیرِ قیادت، بورڈ آف ڈائریکٹرز کی مسلسل رہنمائی اور نگرانی میں تمام ٹیم ممبرز کی جانب سے کی جانے والی انتھک محنت کے نتائج ظاہر ہونے لگے ہیں۔

سال 2018 کمپنی کے لئے شاندار رہا۔ عائشہ اسٹیل ملز نے اپنی تاریخ کی سب سے زیادہ فروخت کی تعداد، فروخت کی آمدنی، پیداوار اور منافع حاصل کیا۔ پلانٹ کی صلاحیت کے زیادہ سے زیادہ استعمال، HRC کی موثر خریداری، مارجن میں اضافہ، اور عملیاتی طریقوں میں بہتری نے اس کارکردگی میں کلیدی کردار ادا کیا۔ مجموعی منافع 3,314 ملین روپے (59% اضافے کے ساتھ) اور نیٹ منافع 1,283 ملین روپے (26% اضافے کے ساتھ) رہا۔

سال 2017 میں، بورڈ نے پیداواری صلاحیت میں کو 700,000 ٹن تک بڑھانے اور گیلوینائزڈ کوائلز کی شمولیت کے ذریعے پراڈکٹ پورٹ فولیو کو متنوع بنانے کی غرض سے کمپنی کے توسیعی منصوبے کی منظوری دی۔ منصوبہ کی تکمیل مجموعی مقررہ مدت میں متوقع ہے۔ گیلوینائزیشن پلانٹ کی تکمیل دسمبر 2018 اور پکلنگ، رولنگ اور دیگر لائنوں کی تکمیل اپریل 2019 تک متوقع ہے۔ بورڈ توسیع کے تمام عمل پر کڑی نظر رکھے ہوئے ہے۔

سال کے دوران، ڈائریکٹرز کا انتخاب عمل میں لایا گیا۔ بورڈ کے منتخب شدہ ممبران، راشد علی خان صاحب اور طیبہ رشید صاحبہ کو بطور ٹیم ممبر خوش آمدید کہتے ہیں۔ ان کی شمولیت سے بورڈ کی مجموعی کارکردگی میں اضافہ ہوا۔ سال کے دوران، بورڈ کی کمیٹیوں میں تبدیلیاں کی گئیں۔ جاوید اقبال صاحب اور راشد علی خان صاحب نے بالترتیب بطور سربراہ آڈٹ کمیٹی اور سربراہ افرادی قوت و تنخواہ کمیٹی کے اضافی ذمہ داریاں سنبھالیں۔ بورڈ، بحیثیتِ مجموعی، اپنی ذمہ داریوں سے بخوبی آگاہ ہے اور بہترین کارپوریٹ اصولوں کو بروئے کار لانے کے لئے کوشاں ہے۔

سال 2019 کمپنی کے لئے ترقی کے مواقع اور چیلنجز دونوں لے کر آ رہا ہے۔ کمپنی کا کلیدی ہدف تمام توسیعی لائنوں کی بروقت تکمیل ہے۔ علاوہ ازیں، موجودہ عملیاتی ترقی کی رفتار اور مارجن کو برقرار رکھنا، انتظامیہ کے لئے ایک چیلنج ہے۔ مجھے پورا یقین ہے کہ کمپنی سال 2019 میں ان چیلنجز پر پورا اتر پائے گی۔ میں تمام ملازمین، ڈائریکٹرز اور دیگر اسٹیک ہولڈرز کی محنت، رہنمائی اور حمایت کا بھی مشکور ہوں۔

عارف حبیب

چیئرمین

کراچی: 31 جولائی 2018

چیف ایگزیکٹو آفیسر کا پیغام

کامیابی حاصل کرنا مشکل ہے، لیکن اسے برقرار رکھنا اس سے بھی مشکل ہے

مالی سال 2017 عائشہ اسٹیل ملز لمیٹڈ کے لیے بہت زبردست ثابت ہوا۔ سال 2018 میں کمپنی کے حالات، مالی اور عملیاتی دونوں طور پر مزید مستحکم ہوئے۔ اس کامیابی کا تمام تر سہرا "ٹیم عائشہ" کے سر ہے کہ جن کی انتھک محنت کے باعث آپ کی کمپنی CRC کی ایک نمایاں تیار کنندہ بن گئی ہے۔

سال 2018 میں عائشہ اسٹیل نے ریکارڈ پیداوار اور فروخت کی۔ کل منافع کی شرح گزشتہ سال کے 14.8% کے مقابلے میں بڑھ کر 17.5% ہوگئی۔ کل منافع 1,284 ملین روپے ریکارڈ کیا گیا جو کہ گزشتہ سال کے مقابلے میں 34% زیادہ ہے۔

مسلسل ترقی کو یقینی بنانے اور مارکیٹ میں ایک نمایاں مقام بنائے رکھنے کے لئے، بورڈ کا منظور کردہ توسیعی منصوبہ اپنی پوری رفتار سے جاری ہے۔ اس توسیع کے بعد پیداواری صلاحیت موجودہ 220,000 ٹن CRC سے بڑھ کر بشمول 250,000 ٹن گیلوینائزڈ آئرن کے، 700,000 ٹن ہوجائے گی۔ گیلوینائزلائن کی تکمیل دسمبر 2018 تک متوقع ہے، جبکہ پکلنگ اور رولنگ لائنز کی تکمیل اپریل 2019 تک متوقع ہے۔ اس توسیع سے کمپنی کی پیداواری صلاحیت میں مزید بہتری آئے گی اور پراڈکٹ مکس بھی مزید متنوع ہوگا۔

مقامی مارکیٹ میں CRC اور گیلوینائزڈ کوائلز کی مانگ میں بالترتیب 18% اور 20% اضافہ دیکھا گیا۔ آنے والے سالوں میں بھی مارکیٹ مستحکم رہنے کی توقع ہے۔ چینی اور یوکرائنی ملز پر عائد اینٹی ڈمپنگ ڈیوٹی بدستور نافذ ہے۔ البتہ درآمد کنندگان روس، کوریا، جاپان، جنوبی افریقہ اور یورپ کی جانب منتقل ہوگئے ہیں۔ چونکہ زیادہ تر درآمدات روس سے ہورہی ہیں، لہٰذا ہم آنے والے دنوں میں روسی تیار کنندگان کے خلاف اینٹی ڈمپنگ کیس دائر کرنے کا ارادہ رکھتے ہیں۔ روپے کی قدر میں ہونے والی کمی کے باعث، مقامی تیار کنندگان کے لئے کرنسی کے تبادلے کی نگرانی اور اس کا تخمینہ لگانا اور HRC کی خریداری کی محتاط منصوبہ بندی ایک چیلنج کی صورت اختیار کرگیا ہے۔

آخر میں، میں تمام حصص داران، بورڈ آف ڈائریکٹرز، ملازمین، بینکرز، اور دیگر اسٹیک ہولڈرز کے مسلسل بھروسے، رہنمائی اور اعتماد پر ان کا شکریہ ادا کرنا چاہتا ہوں۔ ملازمین کی مشترکہ کوششوں اور بورڈ کی فعال نگرانی کے ساتھ، ہم سال 2019 میں مزید ترقی کے لئے پر اعتماد ہیں۔

ڈاکٹر منیر احمد

چیف ایگزیکٹو آفیسر

کراچی: 31 جولائی 2018

تہہ دل سے مشکور ہیں۔ ہم وزارت خزانہ، وزارت صنعت و پیداوار، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کے بھرپور تعاون اور رہنمائی پر انکے شکر گزار ہیں جن کی بدولت کمپنی کی موجودہ شکل ممکن ہوئی۔

کسی بھی ادارے کی کارکردگی اس کے لوگوں کی جانب سے کی جانے والی محنت کی آئینہ دار ہوتی ہے۔ کمپنی کے ڈائریکٹرز، ملازمین اور انتظامیہ کی جانب سے کی جانے والی انتھک محنت کا اعتراف کرتے ہیں اور سال رواں کے دوران توسیعی منصوبے کی آزمائشی بنیادوں پر کام کے آغاز پر ان کی خدمات کے معترف ہیں اور منصوبہ کی بروقت تکمیل کے لیے پر امید ہیں۔ ہم آڈٹ اور دیگر کمیٹیوں کی شراکت داری اور اہم نوعیت کے معاملات میں انتظامیہ کی حمایت اور رہنمائی کے لئے ان کے فعال کردار پر ان کے مشکور ہیں۔

بورڈ کی جانب سے

کراچی 31 جولائی 2018

ڈاکٹر منیر احمد

چیف ایگزیکٹو

عارف حبیب

چیئرمین

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی ضرورت کے مطابق آڈٹ کمیٹی بورڈ کی منظوری کے تحت اپنے آپریشنز (عملیات) جاری رکھے گی۔ کمیٹی کی تشکیل اور اس کے ٹرمز آف ریفرنس بھی اس رپورٹ کے ساتھ منسلک ہیں۔

آڈیٹرز

کمپنی کے موجودہ بیرونی آڈیٹرز، M/s. A. F. Ferguson & Co., چارٹرڈ اکاؤنٹنٹس، 27 اکتوبر 2018 کو ہونے والے سالانہ عام اجلاس کے اختتام پر ریٹائر ہوجائیں گے۔ اور اہلیت رکھنے کے باعث دوبارہ تقرری کے لیے اپنی خدمات پیش کرنا چاہتے ہیں۔ یہ بیرونی آڈیٹرز، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس پاکستان (ICAP) میں اطمینان بخش ریٹنگ رکھتے ہیں جو کہ کوالٹی کنٹرول ریویو پروگرام کے تحت حاصل کی گئی ہے۔ آڈٹ کمیٹی کی سفارشات کو مدنظر رکھتے ہوئے یہ بورڈ M/s. A. F. Ferguson & Co. چارٹرڈ اکاؤنٹنٹس کی 30 جون 2019 کو ختم ہونے والے مالی سال کے لئے باہمی طور پر طے کی گئی فیس کے عوض دوبارہ تعیناتی تجویز کرتا ہے جس کی منظوری 27 اکتوبر 2018 کو ہونے والے سالانہ عام اجلاس میں حصص داران سے لی جائے گی۔

سیکریٹیریٹل طریقوں کی تعمیل

پاکستان اسٹاک ایکسچینج کے موجودہ لسٹنگ قوانین کے وضع کردہ فارم کے تحت، کمپنی سیکریٹری نے سیکریٹیریل کمپلائنس سرٹیفکیٹ رجسٹرار آف کمپنیز کے روبرو جمع کرایا ہے جو تصدیق کرتا ہے کہ کمپنیز ایکٹ 2017 کے تحت سیکریٹیریل اور کارپوریٹ تقاضے، لسٹنگ کے قوانین سے ہم آہنگ ہیں۔

بیلنس شیٹ کے بعد کے واقعات

بیلنس شیٹ کی تاریخ کے بعد، SECP نے سندھ ہائی کورٹ کا 25 جون 2018 کا فیصلہ رجسٹرار ریکارڈ کیا جس کی رو سے پٹیشن منظور اور 27 اکتوبر 2016 کو ہونے والے سالانہ عام اجلاس میں کمپنی کے پیڈ اپ کیپٹل میں 66,768,583 آرڈینری حصص کی کمی کی گئی۔

30 جون 2018 تک کے جمع شدہ خساروں، کمپنی کی قرضوں کی جانب عائد ذمہ داریوں اور کمپنی کی جاری شدہ توسیع کے لئے کیش فلو کی ضروریات کے باعث بورڈ نے کسی بھی قسم کی تقسیم سے گریز کیا ہے۔

متعلقہ پارٹی کی ٹرانزیکشنز

لسٹنگ قوانین کی تعمیل کے لئے، کمپنی نے تمام متعلقہ پارٹی کی ٹرانزیکشنز، آڈٹ کمیٹی اور بورڈ کے روبروان کے جائزے اور منظوری کے لئے پیش کیں۔ یہ ٹرانزیکشنز، آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کے متعلقہ اجلاسوں میں منظور کی گئیں۔ متعلقہ پارٹی کی ٹرانزیکشنز کی تفصیلات آڈٹ شدہ مالیاتی گوشواروں کے نوٹ 36 میں پیش کی گئی ہیں۔

اعتراف

ڈائریکٹرز، کمپنی کے حصص داروں کے مسلسل اعتماد اور حمایت پر شکر گزار ہیں۔ ہم اپنے کاروباری شراکت داروں، بینکرز اور مالیاتی اداروں کے بھی تہہ دل سے مشکور ہیں۔ ہم وزارت خزانہ، وزارت صنعت و پیداوار، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، سینٹرل

بورڈ میٹنگز میں شمولیت (حاضری)

مالی سال کے دوران جو لوگ کمپنی کے ڈائریکٹر تھے، ان کے نام اور بورڈ اور میٹنگز میں ان کی حاضریوں کا گوشوارہ Annexure-2 کے ساتھ منسلک کیا گیا ہے۔

ڈائریکٹرز کی تنخواہ کی پالیسی

وہ نان ایگزیکٹو ڈائریکٹرز بشمول عائشہ اسٹیل ملز لمیٹڈ کے آزاد ڈائریکٹرز جو کوئی اور سینئر یا ایگزیکٹو عہدہ پر موجود نہیں ہیں یا گروپ کی کسی اور کمپنی میں ڈائریکٹرشپ نہیں سنبھالتے، بورڈ آف ڈائریکٹرز کے منظور شدہ نرخ کے حساب سے وقتاً فوقتاً بورڈ آف ڈائریکٹرز کی میٹنگ یا اسکی کسی ذیلی کمیٹی کی میٹنگ میں شرکت کی تنخواہ طلب کر سکتے ہیں۔

کسی بھی ڈائریکٹر کی جانب سے ادا کی جانے والی کسی بھی اضافی خدمت کے معاوضے کا تعین بورڈ آف ڈائریکٹرز کریں گے اور وہ معاوضہ کام کی نوعیت، مارکیٹ کے معیار اور کمپنی کے آرٹیکل آف ایسوسی ایشن پر مبنی ہوگا۔ معاوضہ کی درجہ بندی مناسب اور ذمہ داری اور تجربے کی بنیاد پر ہو گی۔ لیکن، ایک آزاد ڈائریکٹر کے لئے، یہ درجہ بندی اس کی آزاد حیثیت کے سمجھوتے سے مشروط نہ ہوگی۔

حصص داری کا طریقہ کار

کمپنی کے آرڈینری اور پریفرنس شیئرز پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں 30 جون 2018 کو آرڈینری حصص داران کی تعداد 10,813 (سال 2017 میں 10,798) اور پریفرنس حصص داران کی تعداد 2,870 (سال 2017 میں 2,964) تھی کمپنی کی حصص داری اور حصص داری کی اقسام کی تفصیل بشمول ڈائریکٹرز اور ایگزیکٹوز کے حصص کے، اگر کوئی ہیں، Annexure-3 میں بیان کئے گئے ہیں۔

گزشتہ سال کے دوران بورڈ آف ڈائریکٹرز نے پیداواری صلاحیت میں توسیع کی غرض سے آرڈینری شیئرز کی مد میں 20% رائٹ شیئرز کے اجراء کی منظوری دی تھی۔ یہ رائٹ شیئرز، کمپنی کے آرڈینری اور پریفرنس حصص داران کو پیش کیے گئے تھے۔ سال کی اختتام پر رائٹ شیئر کی مد میں 146,578,616 آرڈینری شیئرز رکھے گئے۔

27 اکتوبر 2016 کو ہونے والی سالانہ عام اجلاس میں منظور کی گئی مخصوص قرارداد کی روشنی میں کمپنی نے گزشتہ مالی سال کے دوران۔ اثاثہ جات کے بدلے ادا کئے جانے والے شیئرز کیپٹل کی عدم موجودگی کی بناء پر میٹل ون کارپوریشن جاپان نامی ایک آرڈینری حصص دار کے 66,768,583 حصص کی منسوخی کے لیے سندھ ہائی کورٹ میں ایک پٹیشن دائر کی۔ سندھ ہائی کورٹ نے اپنے آرڈر بتاریخ 25 جون 2018 میں اسکی اجازت دی اور اوپر ذکر کی گئی سالانہ عام میٹنگ میں پیڈ اپ کیپٹل میں کمی کا حکم جاری کیا۔ بیلنس شیٹ کی تاریخ کے بعد SECP نے کورٹ کا آرڈر ریکارڈ کرلیا۔

مالیاتی اور کاروباری جھلکیاں

کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ صفحہ 56 پر بعنوان "مالیاتی اور کاروباری جھلکیاں" سے دیا گیا ہے۔ چھ سال ایک نظر میں کے عنوان سے بیان کی گئی ہیں اور اسکی گراف کے ذریعے نمائندگی صفحہ 59 پر کی گئی ہے۔

بورڈ کمیٹیوں کی تشکیل

کل 9 ڈائریکٹرز میں سے 8 مرد ہیں جبکہ ایک خاتون ڈائریکٹر ہیں۔ موجودہ بورڈ آف ڈائریکٹرز اور ان کی کمیٹیوں کی تشکیل درج ذیل ہے:

بورڈ آف ڈائریکٹرز	قسم	آڈٹ کمیٹی	افرادی قوت اور تنخواہ کمیٹی
جاوید اقبال صاحب	آزاد	چیئرمین	ممبر
طیبہ رشید صاحبہ	آزاد	ممبر	-
احسن اشرف صاحب	آزاد	-	-
راشد علی خان صاحب	آزاد	-	چیئرمین
عارف حبیب صاحب (چیئرمین)	دیگر۔ نان ایگزیکٹو	-	ممبر
نسیم بیگ صاحب	دیگر۔ نان ایگزیکٹو	ممبر	-
کاشف۔ اے۔ حبیب	دیگر۔ نان ایگزیکٹو	ممبر	-
محمد اعجاز	دیگر۔ نان ایگزیکٹو	-	ممبر
ڈاکٹر منیر احمد (چیف ایگزیکٹو)	ایگزیکٹو	-	-

بورڈ کی تشکیل میں تبدیلیاں اور ڈائریکٹرز کا چناؤ

کمپنیز ایکٹ 2017 کے سیکشن 159 کے تحت، اکتوبر 2014 میں ہونے والے سالانہ عام اجلاس میں چنے گئے 9 ڈائریکٹرز کی تین سالہ مدت اکتوبر 2017 میں ختم ہوگئی۔ کمپنی نے 28 اکتوبر 2017 کو ہونے والے سالانہ عام اجلاس میں 31 اکتوبر 2017 سے تین سالہ مدت کے لئے 9 ڈائریکٹرز کا چناؤ کیا۔ ڈائریکٹر کے چناؤ کے بعد، بلال اصغر صاحب کے استعفیٰ کے باعث خالی ہونے والی اسامی پر طیبہ رشید صاحبہ کو چنا گیا۔

ڈائریکٹرز اور ایگزیکٹوز کی جانب سے کمپنی کے حصص میں تجارت

سال کے دوران، سوائے ان کے کہ جن کی تفصیلات، ضمیمہ۔1 میں درج کی گئی ہیں، کمپنی کے کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور دیگر ایگزیکٹوز یا ان کے شریک حیات اور نابالغ بچوں کی جانب سے کمپنی کے حصص کی تجارت نہیں کی گئی۔

اس کے علاوہ متعلقہ افراد کو مطلع کیا جاتا ہے کہ کمپنی کے حصص میں اپنی یا شریک حیات کی جانب سے کی جانے والی تجارت، قیمتیں، حصص کی تعداد، CDC گوشوارہ اور اس جیسی بقیہ ٹرانزیکشنز کے بارے میں فوری طور پر 2 یوم کے اندر کمپنی سیکریٹری کو تحریری طور پر مطلع کریں۔ جن ملازموں کی سالانہ تنخواہ ڈائریکٹرز کی جانب سے طے شدہ حد 1,200,000 روپے سے تجاوز کرتی ہے انہوں نے عائشہ اسٹیل ملز لمیٹڈ کے شیئرز میں کوئی بھی تجارت نہیں کی سوائے ان کے جن کا نام Annexure-1 میں لکھا ہے۔

ملازمت کے یکساں مواقع اور ملازمت برائے خصوصی افراد

ہم یکساں مواقع فراہم کرنے میں فخر محسوس کرتے ہیں۔ اسی لئے ملازمت کے لئے جنس، عقیدہ اور مذہب سے قطع نظر، میرٹ پر مبنی مواقع فراہم کرتے ہیں۔ کمپنی نے سب سے زیادہ تعداد میں خواتین انجینئرز کو ملازمت فراہم کی ہے، اور ہم یہ بتاتے ہوئے فخر محسوس کر رہے ہیں کہ یہ خواتین آپ کی کمپنی کی ترقی میں اپنا کردار بخوبی ادا کر رہی ہیں۔ برابری کے علاوہ، کمپنی خصوصی افراد کے لئے ملازمت کو مواقع فراہم کرنے کا ارادہ بھی رکھتی ہے۔

ملکی معیشت (خزانے) میں حصہ

آپ کی کمپنی ملکی معیشت میں اپنے کردار کو بہت سنجیدگی کی نظر سے دیکھتی ہے اور اس ضمن میں اپنی ذمہ داریاں صحیح انداز، شفاف طریقے اور درست وقت پر ادا کرتی ہے۔ رواں سال کمپنی نے قومی خزانے میں 4,612 ملین روپے، انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز ڈیوٹی کی مد میں جمع کرائے ہیں۔

کارپوریٹ گورننس

کمپنی پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کا بورڈ اور انتظامیہ لسٹڈ کمپنیوں کے لئے مقرر کردہ کارپوریٹ گورننس کے کوڈ آف کنڈکٹ پر عمل کرنے کے لئے پرعزم ہیں اور اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔

بورڈ یہ مطلع کرنا چاہتا ہے کہ کمپنی کی مناسب بکس آف اکاؤنٹس برقرار رکھی جاتی ہیں اور سوائے نئے اکاؤنٹنگ معیارات اور پرانے معیارات میں کی جانے والی ترمیم کے علاوہ، اکاؤنٹنگ کی مناسب پالیسیاں اپنائی جا چکی ہیں اور مسلسل لاگو کی جاتی ہیں، جن کا ذکر مالیاتی گوشواروں کے نوٹ 3.1.3 میں کیا جا چکا ہے۔ اکاؤنٹس اور اکاؤنٹنگ کے تخمینے کی تیاری مناسب اور محتاط فیصلوں پر مبنی ہے۔ مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے عالمی معیارات، جو پاکستان میں قابل اطلاق ہیں، کی پیروی کی جاتی ہے۔ اندرونی کنٹرول کا نظام، بشمول مالیاتی کنٹرول اچھی طرح تشکیل دیا گیا ہے جسے موثر طریقے سے لاگو کیا گیا ہے۔ کمپنی کے پیش کردہ مالیاتی گوشوارے، موجودہ معاملات میں اس کی صحت، اسکے آپریشنز کے نتائج، اور ایکویٹی کی تبدیلی کی بالکل درست تصویر پیش کرتے ہیں۔ کمپنی کے ذمہ کوئی قابل ذکر واجب الادا ٹیکسز، ڈیوٹیز لیویز اور چارجز نہیں ہیں۔ گریجویٹی کی مد میں بھی کمپنی کے ذمہ کوئی واجب الادا ذمہ داری نہیں ہے۔

کوڈ کی تعمیل کے تحت، بورڈ اس بات کی تصدیق کرتا ہے کہ کمپنی کے going concern کی صلاحیت جاری رہنے میں شک کی کوئی گنجائش نہیں ہے اور یہ کی کارپوریٹ گورننس کی لسٹنگ کے تحت وضع کردہ قواعد و ضوابط سے کوئی روگردانی نہیں کی گئی ہے۔

سال کے دوران، راشد علی خان صاحب نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس سے ڈائریکٹرز ایجوکیشن کا سرٹیفیکیٹ حاصل کیا۔ اس سے قبل 5 ڈائریکٹرز، تعلیمی / تربیتی پروگرام برائے ڈائریکٹرز مکمل کر چکے ہیں جبکہ دو ڈائریکٹرز کو کارپوریٹ گورننس کے کوڈ کے تحت ڈائریکٹرز پروگرام میں شرکت سے چھوٹ حاصل ہے۔

کمپنی کی ہمیشہ یہ کوشش رہی ہے کہ بہتر کارپوریٹ گورننس اور یکساں اور شفاف طریقوں کے ذریعے کارپوریٹ گورننس میں ید طولیٰ حاصل کیا جا سکے اور اس سلسلے میں بہت سے قوانین پر پہلے سے ہی عملدرآمد کیا جا رہا ہے۔

۲۔ گوشت کی تقسیم

ورلڈ فوڈ پروگرام کی حالیہ رپورٹ کے مطابق %34 پاکستانی غذائی قلت کا شکار ہیں، اس قلت سے باہر لانے کے لئے عائشہ اسٹیل ملز لمیٹڈ نے کامیابی سے ہر سہ ماہی میں مویشیوں کے ذبح کے اقدامات کئے ہیں اور کراچی کے مالی طور پر محروم علاقوں میں باقاعدگی سے اسکا گوشت تقسیم کیا جاتا ہے۔

۳۔ شیلٹر ہوم کا دورہ

ایک ذمہ دار شہری کی حیثیت سے، اخلاقی اقدار کے اعلیٰ معیار کی پاسداری کا عہد کرتی ہے۔ عید الفطر 2018 کے موقع پر ہیڈ آف ایچ۔ آر نے، فنانس ٹیم کے ہمراہ سن رائز شیلٹر ہوم (ایک شیلٹر ہوم) کا دورہ کیا اور عید کا دن ان کے ساتھ گزارا، ان کے ساتھ کھانا کھایا اور تحائف دیئے تاکہ بے گھر بزرگ افراد کی معاشرے کے ایک اہم اور فعال رکن بننے کے لئے حوصلہ افزائی کی جاسکے۔

۴۔ کھیلوں کی سرگرمیاں

عائشہ اسٹیل ملز لمیٹڈ کھیلوں کے نئے ٹیلنٹ کو دریافت اور تیار کرنے کے لئے کوشاں ہے۔ ملازمین پر مشتمل کرکٹ ٹیم مختلف اداروں کی کرکٹ ٹیموں سے میچ کھیلتی رہتی ہے۔

۵۔ ماحول، صحت اور حفاظت (EHS)

کمپنی صاف ٹیکنالوجی اور موثر کارکردگی کے طریقوں کو اپنا کر اور اس جیسے کئی منصوبوں کے ذریعے ماحولیات کے تحفظ کے لئے اپنا کردار ادا کر رہی ہے۔ ایک ذمہ دار شہری کی حیثیت سے عائشہ اسٹیل ملز لمیٹڈ EHS پالیسی کے اعلیٰ معیارات کے حصول کا عہد کرتی ہے اور اسے کمپنی کی اولین ترجیح قرار دیتی ہے۔ ملازمین سے قواعد وضوابط پر سختی سے اور معمول کے طور پر عملدرآمد اس کے ضامن ہیں۔ حفاظتی آگاہی کے فروغ کے لئے جنوری 2017 میں ہر ڈپارٹمنٹ میں QHSE پالیسی نافذ کی گئی۔

اس کے علاوہ، پروگراموں اور مشقوں کے ذریعے ملازمین میں ذاتی اور ماحولیاتی تحفظ کا شعور اجاگر کیا جاتا ہے۔

ہمارا ماننا ہے کہ ایسی سرگرمیاں کام کے ایک محفوظ ماحول کے حصول کی طرف اچھی کوشش ہیں۔

تجارتی تعلقات

آپ کی کمپنی قابلیت پر مبنی، شفاف اور یکساں مواقع پیش کرنے پر یقین رکھتی ہے۔ ہمارا ماننا ہے کہ مستقل اور عارضی ملازمین کے ساتھ یکساں اور قابل احترام رویہ انکی حوصلہ افزائی میں مددگار، اور ماحول کو بہتر اور پرسکون بنانے میں سودمند ثابت ہوسکتا ہے۔ ہم آنے والے سالوں میں اس نقطہ نظر کو برقرار رکھنا چاہتے ہیں۔

گریجویٹی اسکیم بطور ریٹائرمنٹ منافع

کمپنی اپنے ملازمین کے لئے بعد از ریٹائرمنٹ فوائد کا منصوبہ رکھتی ہے۔ اس میں تمام ملازمین کے لئے غیر معاون اور غیر فنڈڈ گریجویٹی اسکیم شامل ہے۔

پر گہرا اثر ہو، چاہے انفرادی طور پر یا اجتماعی طور پر، مادی نوعیت کے معاملات سمجھے جاتے ہیں۔

کیپٹل کی نظامت اور لیکویڈیٹی

کمپنی کا کیش فلو کا نظام نہ صرف مستقل طور پر کیش کے آنے اور جانے کی صورتحال بتاتا ہے بلکہ روزانہ کی بنیاد پر کیش کی پوزیشن بھی ظاہر کرتا ہے۔ مالیات کی قیمت کو مدنظر رکھتے ہوئے کمپنی ورکنگ کیپٹل کی ضروریات KIBOR کی بنیاد پر مختلف بینکوں اور مالیاتی اداروں کی فنڈ شدہ اور غیر فنڈ شدہ ذرائع سے پورا کرتی ہے۔ طویل المدتی حکمت عملی کے تحت فکسڈ اثاثہ جات (Fixed Assets) طویل المدتی قرضوں سے خریدے جاتے ہیں۔

سال کے دوران، قرضوں کی اوسط قیمت، ترسیلات زر کے نقصانات کو ملانے کے بعد 249.40 ملین روپے (بالمقابل سال 2017 کے 3.11 ملین روپے) اور طویل المدتی قرضہ کی ان وائنڈنگ نکالنے کے بعد 949.13 ملین روپے (بلامقابل سال 2017 کے 666.46 ملین روپے) رہی۔

اس عرصے کے دوران روپے کی قدر میں کمزوری کے باعث ترسیلات زر کی مد میں ہونے والے نقصان میں اضافہ ہوا ہے۔ انتظامیہ نے پہلے ہی اس کی پیشن گوئی کے بعد، LC ماڈل کو "usance" سے "at sight" پر منتقل کرلیا تھا۔ اس منتقلی کی وجہ سے بیرونی کرنسی کے واجبات کے خطرے میں تقریباً 120 دن سے 30 تک کی کمی ہوئی۔

30 جون 2018 کو کمپنی کا ڈیٹ / ایکویٹی کا تناسب 39:61 ہے بالمقابل 30 جون 2017 کے جو 44:56 تھا۔

کارپوریٹ معاشرتی ذمہ داری

بطور ایک ابھرتی ہوئی کمپنی، عائشہ اسٹیل ملز لمیٹڈ کے پاس معاشرے میں تعمیری اثرات کو فروغ دینے کا نادر موقع ہے۔ ہم اس امکان کو سنجیدگی سے لیتے ہیں اور اسکی جانب اپنے کردار کو اپنی ذمہ داری سمجھتے ہیں۔ ہم اپنی CSR کی کوششوں کو کارپوریٹ ذمہ دارانہ شہریت کے طور پر پیش کرتے ہیں جس میں ہر گزرتے سال کے ساتھ اضافہ ہو رہا ہے۔ اس کے مطابق، ہمارا یقین ہے کہ CSR بھی کاروبار کی طرح ضروری ہے۔ صرف اتنا کہنا ہے کہ ہماری کمپنی اتنا ہی متحرک ہوسکتی ہے جتنا عوام اور وہ معاشرہ ہے جس میں ہم کام کر رہے ہیں۔ اگر ہم اپنے مشن کو پورا کرنے کی جانب پیش قدمی کرنا چاہتے ہیں تو ہمیں اس طرح آگے بڑھنا ہوگا کہ ہم آس پاس کی دنیا کی بہتری بھی برقرار رکھیں۔

عائشہ اسٹیل ملز لمیٹڈ میں ہم ضرورتمندوں کے لئے تعلیم، ماحول اور صحت کے مسائل کو حل کر کے ماحول کو بہتر بنانے پر یقین رکھتے ہیں۔ اپنی CSR کو کاروباری حکمت عملی سے جوڑ کر اپنے اسٹیک ہولڈرز کی قدر بڑھانے اور عوام میں اپنے کارپوریٹ برانڈ کے تصور کو بہتر بنانے کی جانب کوشاں ہے۔

سال 2017-2018 کے دوران ہمارے اقدامات مشتمل تھے:

ا۔ پانی کے کنووں کی کھدائی

عائشہ اسٹیل ملز لمیٹڈ یقین رکھتی ہے کہ بنیادی حقوق، انسانی حقوق ہی ہیں۔ اور اسی یقین کے تحت عائشہ اسٹیل ملز لمیٹڈ کی انتظامیہ نے کراچی کے مضافات میں پینے کے صاف پانی کے انتظام کے لئے، پورٹ قاسم کے مالی بدحال علاقوں میں کنویں کھدوائے ہیں۔

عملیاتی خطرات کو کم کرنے اور ان کی تنظیم کے لئے، ہمیشہ عالمی سطح پر خریداری کی مد میں کی جانے والی سرمایہ کاری کی شروعات گہرے تجزیہ سے کی جاتی ہے۔ اس کے علاوہ قابل اور تجربہ کار پیشہ ور افراد کو ملازمت دینے، بجٹ اور اندرونی اختیارات کو لاگو کرنے، خریداری، پیداوار، فروخت اور کارپوریٹ گورننس سیگمنٹ کی کارکردگی کی مسلسل جانچ، اور حسب ضرورت اصلاحی اقدامات عمل میں لائے جاتے ہیں۔

فنانشل اسٹیٹمنٹ کے نوٹ نمبر 39 میں رسک مینجمنٹ پر مفصل خصوصیاتی رپورٹ اور مقداری جائزہ پیش کیا گیا ہے۔

خطرے کے بنیادی عوامل اور ان کی کمی کے طریقے

خطرات	شدت	کمی کے طریقے
غیر ملکی زرمبادلہ کا خطرہ غیر ملکی زرمبادلہ کی منفی نقل وحرکت لاگت میں اضافے اور منافع میں کمی کا سبب بن سکتی ہے	درمیانی	چونکہ پراڈکٹ درآمد کا متبادل ہے لہٰذا غیر ملکی زرمبادلہ کے خطرے کو نچلے درجے پر رکھا گیا ہے۔ CRC کے نام سے تیار کردہ اشیاء کی قیمت بین الاقوامی مارکیٹ سے منسلک ہے، جو امریکی ڈالر میں دی جاتی ہے، لہٰذا کمپنی کو زرمبادلہ کے منفی اتار چڑھاؤ سے محفوظ رکھتی ہے
کاروباری خطرہ / آف ٹیک کا خطرہ پراڈکٹ کی طلب میں کمی کا کاروبار پر منفی اثر ہوسکتا ہے	درمیانی	فی الوقت، CRC کی موجودہ طلب مقامی پیداوار سے بہت زیادہ ہے۔ ملک کی معاشی ترقی، بڑھتی ہوئی آبادی کے باعث اسٹیل سے تیار شدہ اشیاء کے استعمال میں اضافے، بڑھتے ہوئے ارتقائی عمل کے نتیجے میں کھپت کے طریقوں میں ردوبدل اور کئی دیگر عوامل کے باعث طلب میں اضافہ متوقع ہے۔
کاروباری سائیکل کا خطرہ اسٹیل ایک دوری صنعت ہے لہٰذا عائشہ اسٹیل ملز لمیٹڈ کو کاروباری سائیکل کے دوران قیمتوں کے منفی اتار چڑھاؤ سے خطرہ درپیش ہے	درمیانی	اسٹیل کی صنعت کے سائیکلک مزاج کے باوجود HRC اور CRC کے درمیان فرق نسبتاً مستحکم ہے۔ ماضی کے اوسط کی بنیاد پر HRC اور CRC کے درمیان ۷۵ امریکی ڈالر فی میٹرک ٹن کا فرق موجود ہے۔ اسکے ساتھ ساتھ ٹیرف کی حفاظت سے اضافی فرق ملتا ہے
کریڈٹ کا خطرہ کمپنی کو تجارتی قرضہ واپس نہ ملنے کا خطرہ درپیش ہے	ہلکا	90% سے زیادہ فروخت پیشگی وصولی کے بعد کی جاتی ہیں۔ علاوہ ازیں، کریڈٹ صرف قابل اعتبار صارفین کو ایک ماہ سے کم مدت کے لئے ہی دیا جاتا ہے

مادیت کے طریقوں پر عمل درآمد

بورڈ آف ڈائریکٹرز کمپنی کے تمام مادی معاملات پر گہری نگاہ رکھتا ہے۔ عمومی طور پر، جن معاملات کا کمپنی کی کارکردگی اور اس کے منافع بخش ہونے

مارکیٹ کے بڑھتے ہوئے حجم اوراس میں ایک مضبوط جگہ بنانے کے لئے کمپنی نے CRC کی پیداواری صلاحیت میں 700,000 ٹن اضافہ کا اعلان کیا ہے جس میں سے 250,000 ٹن گیلوینائزڈ ہوگا۔ اس کی تفصیلات سالانہ رپورٹ 2017 میں پہلے ہی بتائی جا چکی ہیں۔ بتائے گئے توسیعی منصوبے پر کام ہمہ جہت انداز میں جاری ہے جس کی پیشرفت آگے بتائی گئی ہے۔

گیلوینائزنگ لائن (CGL) شیڈول کے مطابق دسمبر 2018 تک شروع ہونے کا امکان ہے جبکہ اپریل 2019 تک PPPL لائن، اضافی فرنس اور رولنگ مل بھی شروع کردی جائیں گی۔

فی الحال، بلڈنگ تکمیل کے مرحلے میں ہے۔ CGL لائن کی بنیادوں کا کام اگلے مرحلے میں پہنچ گیا ہے جبکہ CGL کے سامان کی ترتیب وار تعمیر بھی جاری ہے۔ دیگر لائنوں کا کام بھی جاری ہے۔

تجویز شدہ توسیع وسیع پیداواری فوائد کی وجہ سے پیداواری لاگت کو کم کرے گی اور پراڈکٹ مکس کو بھی متنوع بنائے گی۔ منصوبہ کی کامیاب تکمیل کے بعد، عائشہ اسٹیل فلولیٹڈ، فلیٹ اسٹیل تیار کرنے والی ملک کی دوسری سب سے بڑی مل بن جائے گی۔

واضح رہے کہ روپے کی قدر لگاتار گراوٹ کے باعث، سامان اور خدمات جن کی ترسیل L/C کے عوض کی جارہی ہے ان کی قیمت مقامی کرنسی میں زیادہ پڑے گی۔ مقامی اسٹیل اور تانبے کی اشیاء میں اضافہ، خاص طور پر، منصوبے کے مقامی خرچ کو بھی بڑھائے گا۔ بڑھ جانے والی لاگت کو کمپنی کے اندرونی ذرائع سے پورا کیا جائے گا۔

کام کی نوعیت میں تبدیلیاں

سال کے دوران کمپنی کے کام کی نوعیت میں کوئی تبدیلی رونما نہیں ہوئی ہے۔

رسک مینجمنٹ (خطرات سے بچاؤ کا انتظام)

کمپنی خطرات سے بچاؤ کے لئے محتاط طریقہ انتظام پر عمل کرتی ہے۔ بورڈ، کمپنی کے پیش نظر خطرات پر مستقل نظر رکھتا ہے اور اس کے بارے میں گفتگو بھی کرتا ہے۔ کمپنی کا خطرات سے بچاؤ کا نظام اس طرح تشکیل دیا گیا ہے کہ ہر تنظیمی مرحلے پر خطرات کی جانب متوازن نقطہ نظر رکھا جاسکے۔ خطرات کی شروعات میں ہی نشاندہی اور تجزیہ، ان کی پیمائش اور مناسب آلات کے ذریعے ان کی نگرانی اور تنظیم کی جاسکے۔

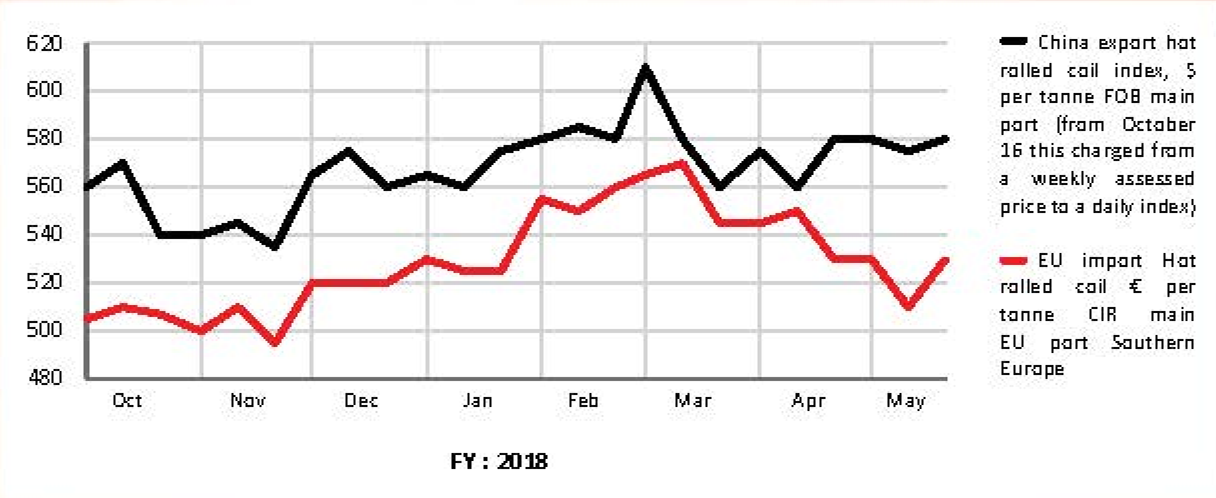
بورڈ نے خطرات کی تنظیم کی ایک پالیسی بھی تیار کی ہے جس کی روشنی میں کاروبار کو درپیش خطرات کا مستقل بنیادوں پر مجموعی سالانہ تجزیہ کیا جائیگا تاکہ انتظامیہ خطرات کی نشاندہی، متعلقہ تنظیم، اثاثہ جات، وسائل، کمپنی کی ساکھ اور اسکے حصص داروں کے مفاد کی حفاظت کا اندرونی انتظام کرسکے۔

کمپنی چونکہ بنیادی طور پر مینوفیکچرنگ ہے لہذا اس کی خطرات کی تنظیم کا نظام پیداوار اور فروخت، دونوں کی حکمت عملی پر مشتمل ہے۔ خام مال کی خریداری سے لے کر، کمپنی ہمیشہ وسائل متنوع بنانے کی پالیسی پر عمل پیرا رہی ہے۔ فیصلوں کی بنیاد پراڈکٹ مکس کی ضروریات، صارف کی طلب اور مارکیٹ کے تجزیہ پر رکھی جارہی ہے۔

کمپنی اپنے خطرات کی تنظیم انوینٹری لیول پر اسٹاک کے انتخاب، خریدار/ڈیلرز کی جانب سے شفاف فنڈز کے کریڈٹ/رسید کو یقینی بناتے ہوئے اور حالات کی گنجائش کے مسلسل تجزیہ کے ذریعے کرتی ہے۔ علاوہ ازیں، کمپنی نے اپنے نمائندوں کے ذریعے کسٹمرز اور تیار کنندہ دونوں جانب سے شعبہ کی ترقی، کسٹمرز کی آگاہی اور کسٹم اور ٹیرف کے معاملات کو حل بنانے کے لئے اپنا کردار ادا کیا ہے۔

اضافہ ہوا جو بتدریج کم ہو کر پرانی حدود میں واپس آ گئی۔ EU کی درآمدی قیمتوں (یورو میں) میں بھی تقریباً چینی مارکیٹ کا رجحان نظر آتا ہے۔ جو کہ Fig.2 میں دیکھا جا سکتا ہے۔

امریکا اور چین کے مابین جاری تجارتی جنگ سے اسٹیل مارکیٹ کے استحکام کو خطرہ ہے۔ اگر یہ جاری رہی تو مارکیٹ بڑے اتار چڑھاؤ کا سامنا کر سکتی ہے اور قیمتوں میں نمایاں کمی بھی ہو سکتی ہے۔ اس عدم استحکام کا مقامی تیار کنندگان پر منفی اثر رونما ہو سکتا ہے۔



مقامی مارکیٹ کا جائزہ

سال 2017-18 کے دوران، مقامی فروخت اور درآمدات کو مدنظر رکھتے ہوئے CRC مارکیٹ کے حجم کا تخمینہ 630,000 ٹن لگایا گیا ہے جو گزشتہ سال کی نسبت 18% زیادہ ہے۔ چین اور یوکرائن پر اینٹی ڈمپنگ کے نفاذ کے بعد درآمد کنندگان کا رخ اب جنوبی کوریا، روس، جاپان اور دیگر یورپی ممالک کی طرف ہے۔ 2017-18 میں درآمدات کا کل حجم 250,000 ٹن رہا جس کا زیادہ تر حصہ روس سے درآمد کیا گیا۔

گیلوینائزڈ کوائل کی مارکیٹ میں بھی اسی طرح کا اضافہ دیکھا گیا۔ مجموعی طلب 20% اضافے کے ساتھ 560,000 ٹن رہی۔

غیر ملکی کرنسیوں کے مقابلے میں روپے کی گرتی ہوئی قدر کے باعث مقامی تیار کنندگان کو نیا امتحان درپیش ہے۔ عالمی ذرائع سے HRC کی خریداری میں درکار وقت اور روپے کی قدر میں مسلسل گراوٹ کو بہت احتیاط سے سنبھالنا ہوگا۔ انتظامیہ اس صورتحال پر کڑی نظر رکھے ہوئے ہے۔ بصورت دیگر، چونکہ CRC درآمد متبادل اشیاء ہے لہٰذا، مقامی کارخانے طویل المدتی بنیادوں پر روپے کی قدر میں گراوٹ کا اثر عام صارف تک منتقل کرنے کے قابل ہوں گے۔

موجودہ سیٹ اپ میں بہتری، توسیعی منصوبہ اور مستقبل کا نظریہ

کمپنی 2017-18 کے دوران 99% پیداواری صلاحیت کے استعمال کے قابل رہی۔ موجودہ سیٹ اپ میں کی جانے والی بہتری نہ صرف پیداواری صلاحیت، بلکہ کوالٹی کے معیار کو بھی بہتر بنانے میں معاون ثابت ہوگی۔ جرمنی سے درآمد شدہ نیا رول گرائینڈر اب پوری طرح قابل استعمال ہے۔ اس کی مدد سے آٹو موٹیو انڈسٹری اور دیگر اعلیٰ درجہ کی اشیاء کی ضروریات کے لئے درکار thin guage CRC کا معیار بہتر کرنے میں بھی مدد ملے گی۔

مالیاتی جائزہ اور نتائج

مالی سال 18-2017 کے دوران مالیاتی اعداد و شمار میں 17-2016 کی نسبت بہتری دیکھی گئی۔ دیکھیے ٹیبل 03 مجموعی منافع کی شرح بڑھ کر %17.5 تک پہنچ گئی جو گزشتہ مالی سال میں %14.8 ریکارڈ کی گئی تھی۔ ٹیکس سے پہلے کے منافع کی شرح %6.3 کے مقابلے میں %10.1 رہی۔ جبکہ نیٹ منافع کی شرح گذشتہ سال کے %7.2 کی مقابلے میں معمولی کمی کے بعد %6.8 ریکارڈ کی گئی۔ مطلق اعداد و شمار میں فروخت (نیٹ سیلز)، مجموعی منافع، ٹیکس سے پہلے اور بعد کے منافع کی شرح گذشتہ سال کے مقابلے میں %34، %59، %117 اور %26 زیادہ ریکارڈ کی گئی۔

ٹیبل۔ 03

2016-2017 ملین روپوں میں	2017-2018 ملین روپوں میں	تفصیل
2,087	3,314	مجموعی منافع
1,831	2,995	عملیات کا منافع
882	1,916	ٹیکس سے پہلے کا منافع
1,020	1,284	ٹیکس کے بعد کا منافع
	(روپوں میں) فی حصص آمدنی	
1.74	1.57	Basic
1.31	1.54	Diluted

30 جون 2018 تک ہونے والے مجموعی نقصانات، قرضوں کے حوالے سے عائد ذمے داریوں، اور کمپنی کی جاری توسیع کے پیش نظر کیش فلو کی ضروریات کے باعث، بورڈ نے کسی قسم کی تقسیم کو مد نظر نہیں رکھا ہے۔

غیر مالیاتی کارکردگی

کمپنی کی انتظامیہ کی توجہ پیداواری معیار کو بہتر بنانے پر مرکوز ہے تا کہ کسٹمرز کو مطمئن کیا جا سکے۔ ملازمین کی صلاحیتوں میں مسلسل بہتری توجہ کا مرکز ہے اور اس کے لئے تمام ضروری اقدامات کئے جا رہے ہیں۔ سال کے دوران کمپنی نے اپنی افرادی قوت کیلئے مختلف تکنیکی اور تربیتی کورسز کا انعقاد کیا۔ کمپنی اپنے تمام اسٹیک ہولڈرز کے ساتھ اطمینان بخش تعلقات قائم رکھنے کیلئے کوشاں ہے۔

صنعتی جائزہ اور مارکیٹ کا تجزیہ

اسٹیل کی عالمی قیمتوں کا تعین چین کی اسٹیل برآمدات سے ہوتا ہے۔ چین دنیا بھر میں نہ صرف اسٹیل کی سب سے زیادہ پیداوار کرتا ہے بلکہ اسٹیل کا سب سے بڑا درآمد کنندہ بھی ہے۔ چینی (HRC) کی برآمدی قیمتیں fig-2 میں ظاہر کی گئی ہیں۔ دسمبر 2018 سے HRC FOB کی قیمتیں قدرے مستحکم ہوئی ہیں جو کہ 560_580 امریکی ڈالر فی ٹن کے درمیان رہیں۔ ماہ مارچ میں اس کی قیمت میں

بنیادی ڈھانچے کے مسائل کے باعث ابتدائی کچھ سالوں میں کمپنی کی کارکردگی سست روی کا شکار رہی مگر پھر عملیات میں بہتری آنا شروع ہوئی اور 18-2017 کے دوران پیداواری صلاحیت کا استعمال 99% تک پہنچ گیا جو کہ گزشتہ مالی سال کے مقابلے میں 4% زیادہ ہے۔

سال 17-2016 اور 18-2017 کی کارکردگی کا موازنہ ٹیبل 01 میں پیش کیا گیا ہے۔ 18-2017 کے دوران پیداوار میں نمایاں اضافہ دیکھا گیا۔ اینیلڈ CRC کی مجموعی پیداوار 86% تک پہنچ گئی جو گزشتہ سال 77% تھی۔ پیداوار میں ہونے والا اضافہ ٹیبل 02 میں پیش کیے گئے پیداواری عمل کے مختلف مراحل کے نتیجوں سے عیاں ہے۔

ٹیبل۔01

مقابلہ	مالی سال جولائی 2016۔جون 2017	مالی سال جولائی 2017۔جون 2018
ماہانہ اوسط CRC پیداوار (ٹن)	17,460 FH 23% | AN 77%	18,114 FH 14% | AN 86%
ماہانہ اوسط CRC ترسیل (ٹن)	17,860 FH 22% | AN 78%	18,087 FH 15% | AN 85%
ماہانہ اوسط FG اسٹاک (ٹن)	15,648	6,798
4% پیداوار میں اضافہ	1% فروخت میں اضافہ	

ٹیبل۔02

پیداوار کے مختلف مراحل کے دوران پیداوار کا مجموعہ (ٹن میں)

پراڈکٹ کی نوعیت/ پیداوار مراحل	پیداوار 2016-2017 (ٹن)	پیداوار 2017-2018 (ٹن)	پیداوار میں اضافہ
PPPL کی پیداوار	217,929	228,256	4.7% ⇧
CRM کی پیداوار	216,118	228,278	5.6% ⇧
BAF کی پیداوار	166,391	195,644	17.5% ⇧
RCL کی پیداوار	209,524	217,371	3.7% ⇧
SPM کی پیداوار	166,391	193,381	16.2% ⇧
CRM+SPM کی پیداوار	382,509	421,659	10.2% ⇧

رولنگ کے عمل کی مجموعی پیداوار میں 10% کا اضافہ ہوا جو مل کا نیا پیداواری معیار ہے۔

ڈائریکٹرز رپورٹ

محترم ممبران گرامی

بورڈ آف ڈائریکٹرز عائشہ اسٹیل ملز لمیٹڈ کی جانب سے 30 جون 2018 کو اختتام پذیر ہونے والے مالیاتی سال کے آڈٹ شدہ گوشوارے اور کمپنی کی عملیاتی (آپریشنل) اور مالیاتی کارکردگی پر مختصر تجزیہ پیش خدمت ہے۔

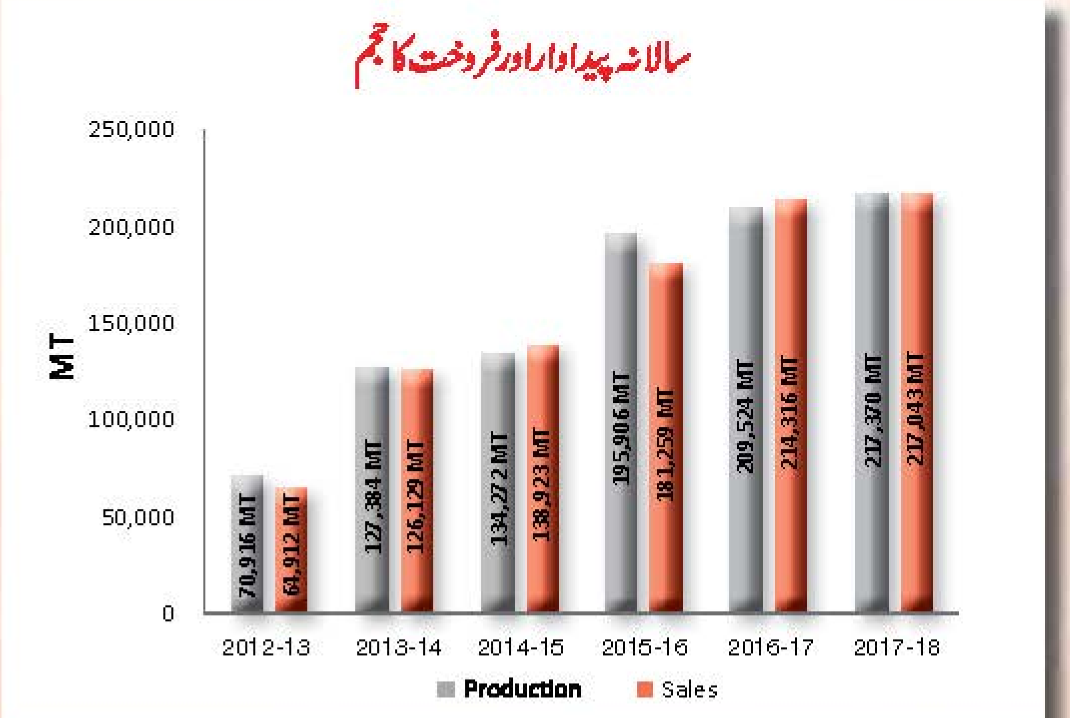
بنیادی سرگرمیاں

عائشہ اسٹیل ملز 220,000 میٹرک ٹن سالانہ کی پیداواری صلاحیت کے ساتھ کولڈ رولنگ کی جدید سہولیات سے آراستہ ہے جو کہ فلیٹ رولڈ اسٹیل کی صنعت میں پاکستان کی سب سے بڑی نجی سرمایہ کاریوں میں سے ایک ہے۔

عائشہ اسٹیل ملز لمیٹڈ درآمد شدہ ہاٹ رولڈ کوائلز (HRC) سے بین الاقوامی معیار کی کولڈ رولڈ کوائلز (CRC) تیار کرتا ہے۔ CRC مصنوعات، صنعتی، انجینئرنگ اور تعمیرات کے شعبہ جات میں بطور بنیادی خام مال استعمال کی جارہی ہیں جنہیں مزید پروسسنگ کے بعد بہت سی مقامی اور برآمدی مارکیٹ کے لئے استعمال کیا جاتا ہے۔

عملیاتی (آپریشنل) کارکردگی کا جائزہ

مالی سال 17-2016 کمپنی کے لئے غیر معمولی رہا۔ 18-2017 میں کمپنی نے عملیات کی بہتری کی جانب پیش قدمی کو استحکام بخشا۔ پیداوار اور فروخت کی بتدریج بہتری گراف 01 میں پیش کی گئی ہے۔



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