



**WE DO IT**

ANNUAL REPORT 2022







# WE DO IT

We at ASML, ROLL raw steel, to a perfect shining sheet, incorporating both strength and resilience.

Unwavering support of our stakeholders, visionary leadership and hard work of our committed team is converting dreams into reality.



# CONTENTS

## Company Overview

- 05 Vision and Mission Statement
- 07 Company Information
- 08 Company Profile and Nature of Business
- 16 Business Model
- 18 Code of Business Conduct and Ethical Principles
- 20 Organizational Chart
- 22 Core Values
- 24 Value Chain
- 26 Calendar of Notable Events
- 27 Salient Policies in Place
- 32 Regional and Global Network
- 33 Health and Safety Statistics

## Governance

- 36 Directors' Profile
- 46 Directors' Report
- 55 Statement of Shares Bought and Sold
- 55 Attendance of Directors in Meetings
- 57 Pattern of Shareholding
- 61 Evaluation of Performance of Board of Directors Including Chairman
- 62 Review Report by the Chairman
- 64 CEO's Message
- 66 Forward Looking Statement
- 68 Board and Management Committees
- 73 Additional Information
- 79 Beneficial Ownership & Group Shareholding
- 80 Competitive Landscape & Marketing Position
- 82 Awards and Recognition
- 84 Stakeholders' Engagement
- 88 International Expo and Domestic Exhibition

## Strategy, Risk and Opportunity

- 92 Corporate Strategy
- 93 Strategic Objectives, Strategies, Resources and KPIs
- 97 Risk and Opportunity Report
- 104 SWOT Analysis

## Performance Analysis

- 108 Analysis of Non-Financial and Financial Performance
- 114 Key Operational and Financial Data
- 115 Economic Value Added
- 116 Ratio Analysis
- 122 DuPont Analysis
- 124 Horizontal and Vertical Analysis
- 126 Summary of Cash Flow Statement
- 128 Results Reported in Interim Financial Statements and Final Accounts
- 130 Historical Sales & Production Statement
- 132 Graphical Representation of ASML
- 135 Cash Flow Statement - Direct Method
- 136 Share Price Sensitivity
- 139 Statement of Value Addition and Distribution

## Financial Statements

- 142 Independent Auditors' Review Report to the Members of Aishā Steel Mills Limited
- 143 Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
- 145 Report of Board Audit Committee
- 148 Independent Auditors' Report to the Members
- 152 Financial Statements

## Other Information

- 208 Shareholders' Information
- 209 Notice of 18th Annual General Meeting
- 215 BCR Criteria Index
- 222 Glossary
- 225 Form of Proxy
- 226 Form of Proxy - Urdu
- 236 Directors' Report - Urdu
- 237 CEO's Message - Urdu

# COMPANY OVERVIEW



## Vision

To be a global leader in the flat steel industry, acknowledged by its customers for quality and service excellence.

## Mission

To provide an environment of motivated employees focused on continuous improvement in product and quality, highest business and work ethics, add value to our customers and ensure sustained return on investment to our shareholders.



# COMPANY INFORMATION

## Board of Directors

Mr. Arif Habib, Chairman  
 Dr. Munir Ahmed, Chief Executive  
 Mr. Nasim Beg  
 Mr. Rashid Ali Khan  
 Mr. Samad A. Habib  
 Mr. Jawaid Iqbal  
 Mr. Kashif A. Habib  
 Ms. Tayyaba Rasheed  
 Mr. Arslan Iqbal

## Audit Committee

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

## Human Resource & Remuneration Committee

Mr. Rashid Ali Khan – Chairman  
 Mr. Arif Habib  
 Mr. Kashif A. Habib

## Chief Financial Officer

Umair Noor Muhammad

## Company Secretary

Mr. Manzoor Raza

## Head of Internal Audit

Mr. Muhammad Shahid

## Registered Office

1/F Arif Habib Centre, 23 – M. T. Khan Road,  
 Karachi – Pakistan – 74000  
 Tel: (+92 21) 32468317

## Factory Address

DSU - 45, Pakistan Steel  
 Down Stream Industrial  
 Estate, Bin Qasim, Karachi – Pakistan.  
 Tel: (+92 21) 34740160

## Auditors

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

## Share Registrar Department

CDC Share Registrar Services Limited  
 CDC House, 99-B, SMCHS,  
 Main Shahrāh-e-Faisal, Block B, Karachi - 74400  
 Phone: 0800 – 23275  
 Fax: (+92 21) 34326053  
 Email: info@cdcsrsl.com  
 Website: www.cdcsrsl.com

## Legal Advisor

Ahmed & Qazi  
 Khalid Anwer & Co.  
 Akhund Forbes  
 Mohsin Tayeb Aly & Co.  
 Lex Firma  
 Khalid Jawed & 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  
 United Bank Limited

## Website

www.aishasteel.com



# COMPANY PROFILE AND NATURE OF BUSINESS



Aisha Steel Mills Limited (ASML) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange. ASML is a part of Arif Habib group and is one of 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 coils and hot dipped galvanized coils.

## NATURE OF BUSINESS

ASML is one of the major producers of Flat Steel Products i.e. Cold Rolled steel coils and Hot Dipped Galvanized steel coils in Pakistan. It is a state-of-the-art steel rolling complex with the name-plate capacity of 700,000 tons per annum.

### Products

#### a. Cold Rolled Coils (CRC)

CRC has wide applications in various sectors including auto, engineering, appliances and pipe manufacturing. These sheets and coils are further processed into a wide variety of value added products for domestic as well as industrial applications in different sectors. ASML uses Electrolytic Cleaning Line (ECL) for Auto Grade Sector. These coils are provided as coils or sheet, as per customer demand. Currently, ASML is producing CRC of the following specifications:

Annual Capacity:	450,000 tons
Size (mm):	0.15mm – 3mm
Width (mm):	914, 1000, 1120, 1219
Manufacturing standard:	JIS-G3141, ASTM CS 1008 and equivalent
Grade:	SPCC, SPCD, SPCE, SPCG Quality
Surface Finish:	Matt / Bright

#### b. Hot Dipped Galvanized Coils (HDGC)

ASML started production of HDGC and sheets in SGCC, SGCH and SGCD grades from May 2019. HDGC is used in vast applications including HVAC, pipes, containers, ceilings, light gauge steel structures and canopies. HDGC is available in coils as well as steel sheets as per customer requirement. Currently, ASML is producing HDGC of the following specifications:

Annual Capacity:	250,000 tons
Size (mm):	0.15mm – 3mm
Width (mm):	914, 1000, 1219
Manufacturing standard:	JIS-G3302, ASTM A653 / A653M and equivalent
Spangle:	Zero / Regular
Grade:	SGCC, SGCH, SGCD Quality
Coating thickness	Z06 – Z27 (Anti-finger coating is also available on customer demand).

### Markets

The local and international market of the Company products comprises of various applications of CRC & HDGC flat steel including manufacturing of various automobile parts, manufacturing of refrigerators, centralized air conditioner's ducts and manufacturing of pipes. Our products are sold to customers through a network of dealers whereas sales are also made directly to the end users manufacturing various engineering goods.

According to "Rating Report" issued by VIS Credit Rating Company Limited on March 10, 2022, ASML posted 46.9% increase in volume as compared to FY20.

### Complete report can be accessed at:

[https://docs.vis.com.pk/RatingReports/OP\\_01018903005\\_00010189.pdf](https://docs.vis.com.pk/RatingReports/OP_01018903005_00010189.pdf)



## Machinery and Production Process

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

### 1. Push Pull Pickling Line

This line cleans HRC by using acid solution to eliminate oxide scale and other deposits on the surface. After initiation of commercial operations of the new push pull pickling line from June 26, 2019 the total pickling capacity of ASML accounts to 850,000 tons per annum.

### 2. Cold Rolling Mill

The Rolling Mill is an integral part of the cold rolling complex. In this equipment the cleaned 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 14 heating bells and 14 cooling bells with an annealing capacity of approximately 350,000 tons of annealed 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 the customer specifications.

Production process of HDGC from CRC is as follows:

### 1. Surface Preparation

The Full Hard CRC coils are degreased, pickled and then rinsed to remove impurities and scales to prepare surface for zinc coating.

### 2. Galvanizing

Hot dip galvanizing is the process of coating steel with a layer of zinc by immersing the metal in a bath of molten zinc at a temperature of around 400-450°C (coating thickness Z06-Z27).

## Geographical Location

We are located at:

1. **Registered Office Address:** 1/F 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. **Lahore Liaison Office:** 601-B, 6th Floor. City Tower, Main Boulevard, Gulberg II, Lahore, Pakistan
4. **Multan Liaison Office:** 606-A, 6th Floor. United Mall, Abdali Road, Multan, Pakistan
5. **Rawalpindi Liaison Office:** 514, 5th Floor, Kohistan Tower, Saddar, Rawalpindi

## SIGNIFICANT FACTORS AFFECTING EXTERNAL ENVIRONMENT

### Macro-Economic Factors Affecting Business

#### Global Overview

The Fiscal Year 2021-22 began with the Global economies recovering from reduced disposable income and lower levels of consumer confidence as a result of Covid-19 pandemic. The emergence of new Covid-19 variants has led countries to re-impose mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated.

The outbreak of war in Ukraine has triggered a costly humanitarian crisis. Russia is a major supplier of oil, gas, and metals, and, together with Ukraine, of wheat and corn, the current and anticipated decline in the supply of these commodities has led to rising prices and further supply disruption, hitting vulnerable populations in low-income countries the hardest.

The durable recovery from the pandemic-induced global economic collapse appeared in sight however, the war has created the very real prospect that a large part of the recent gains will be erased. Finding a peaceful resolution to the war and worldwide access to the full complement of Covid-19 tools are essential for speedy recovery.

## Local Economic Environment

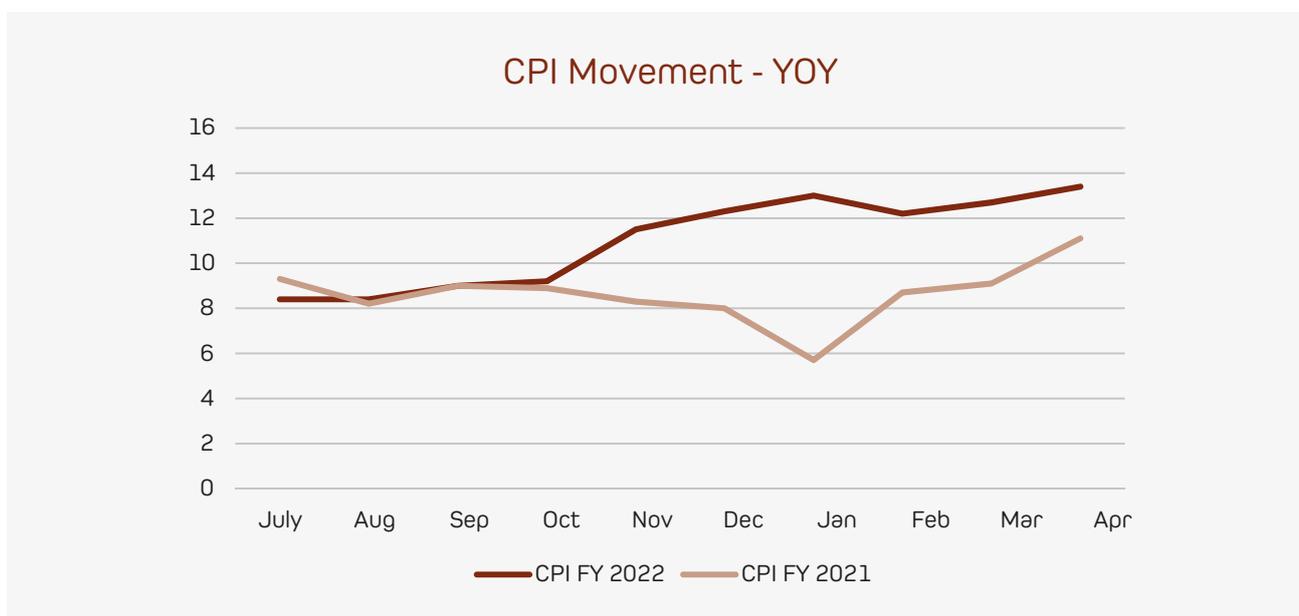
Pakistan's economy continued to demonstrate cycles of boom and bust. The country continued to witness a V-shaped economic recovery for the second consecutive period. The country attained a real GDP growth of 5.97% which is higher than growth of 5.74% recorded last year. Impressive GDP growth rate of almost 6% was overshadowed by ballooning twin fiscal and current account deficits. Political instability, high international fuel & commodity prices and bludgeoning trade deficit exerted immense pressure on foreign exchange reserves resulting in significant depreciation of PKR against USD which in turn contributed towards high inflation.

Delay in reaching an agreement with IMF for release of next tranche resulted in major uncertainty about Pakistan's ability to meet its foreign financial obligations and international rating agencies including Moody's downgraded Pakistan's credit rating outlook from stable to negative.

Recent steps by the government such as partial withdrawal of fuel subsidies and commitment for gradual withdrawal of subsidies on electricity and other utilities are expected to revive the IMF program which is critical to bring back the confidence in Pakistan's economy.

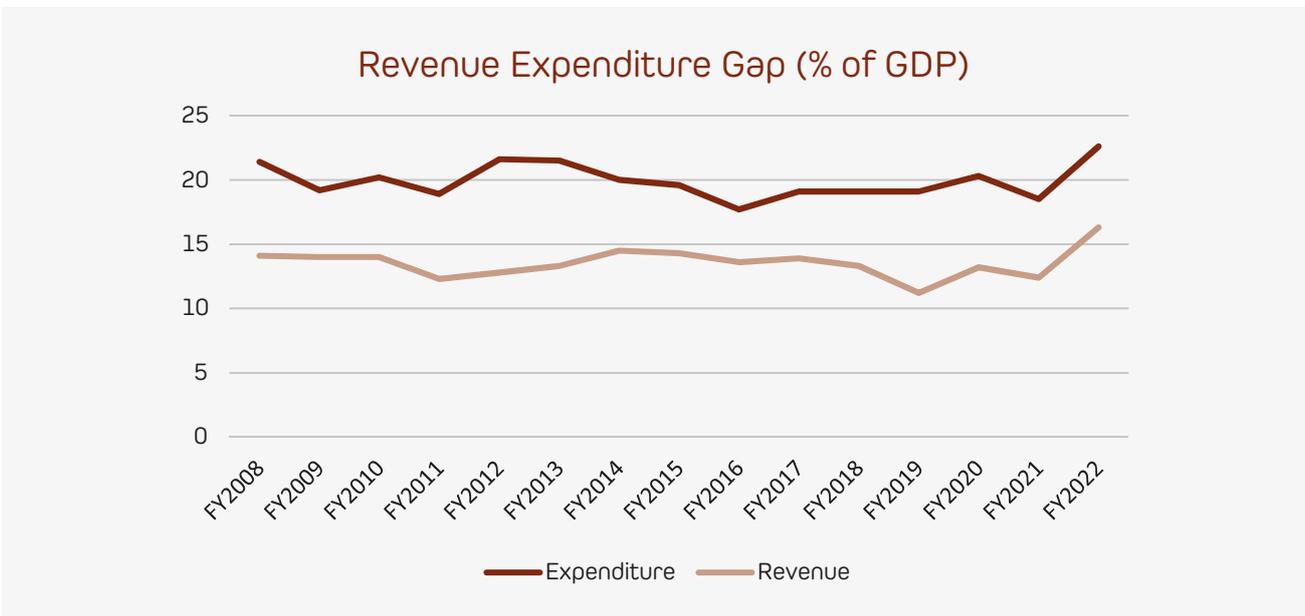
Future outlook is one of austerity whereby belt tightening measures would need to be taken in order to bring back fiscal and current account deficits within manageable limits which is expected to result in curtailment of GDP growth. With another financial year closing, the economic managers are still striving to strike the right balance of achieving broad based GDP growth without putting unsustainable pressure on foreign reserves.

The CPI inflation for the period July-May FY 2022 was recorded at 11.3 percent as against 8.8 percent during the same period last year. The other inflationary indicators like Sensitive Price Indicator (SPI) was recorded at 16.7 percent as against 13.5 percent last year. Wholesale Price Index (WPI) was recorded at 23.6 percent in July-May FY2022 compared to 8.4 percent same period last year.

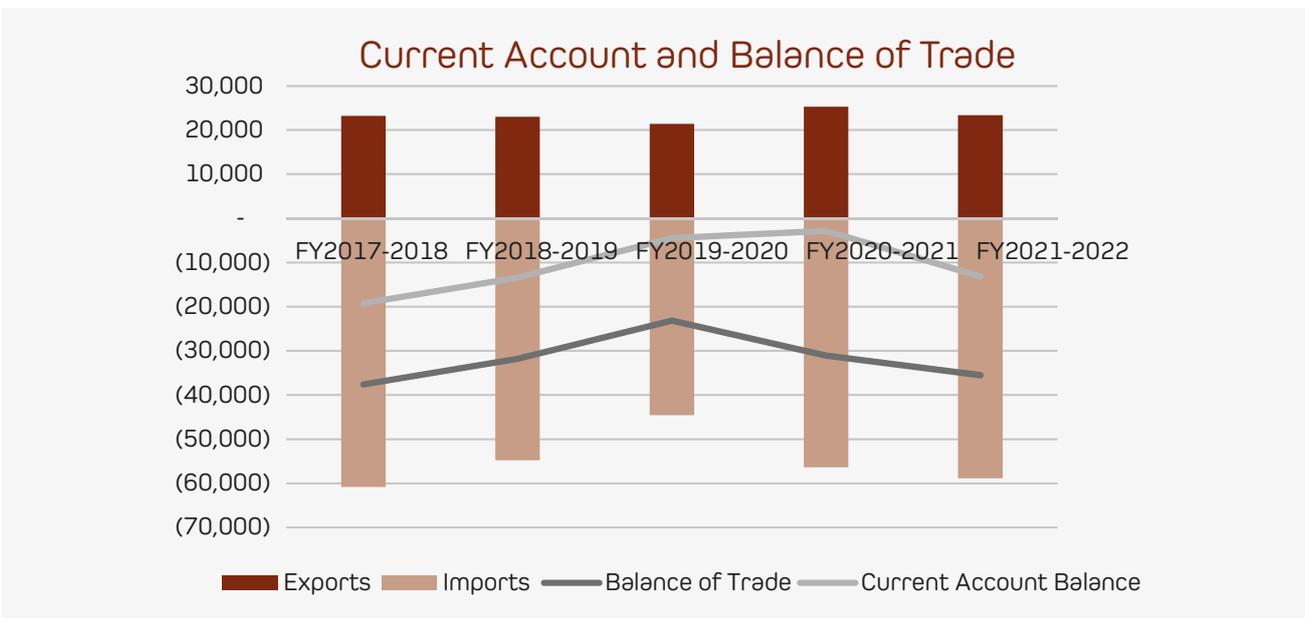


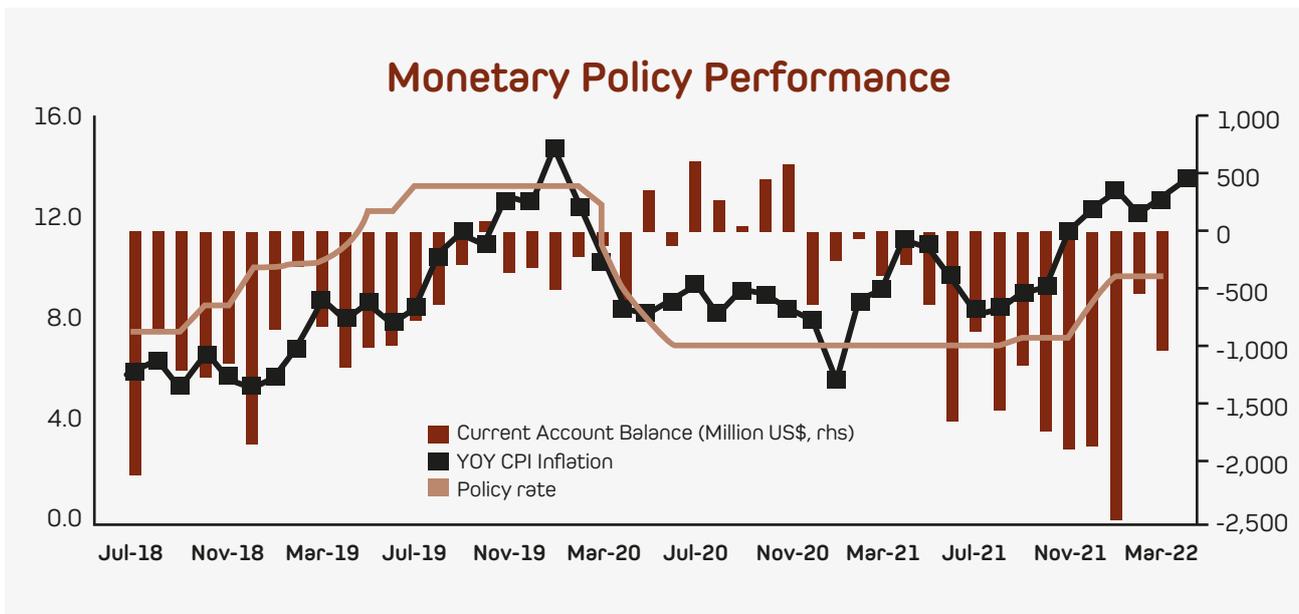
For the outgoing fiscal year, the inflation target was set at 8.0 percent, but abnormal increase in global commodity prices especially crude oil and the edible oil has soared the domestic prices since Pakistan is net importer of these essential items. Consumer Price Index (CPI) in April 2022 stood at 13.4 percent on a year-on-year (YoY) basis which was up from 12.7 percent in the previous month and 11.1 percent in April 2021. The CPI Inflation, recorded at 11.0 percent on average during July-April FY2022 as against 8.6 percent in same period last year.

During FY2022, the overall fiscal deficit increased by 3 percent to (6.3 percent of GDP) as against (6.1 percent of GDP) in the comparable period of FY2021. As International commodity and energy prices continued to rise, providing relief by maintaining domestic oil prices acted as a deterrent potentially increasing the fiscal deficit.



The current account deficit during 10 months of FY2022 stood at USD 13.8 bn compared to a deficit of USD 0.5 bn during the same period last year. This huge deficit was due to surge in global commodity prices which resulted in an upward pressure on import payments.





PS: Economic data has been collected from "Pakistan Economic Survey 2021-22".

### Micro-Economic Factors Affecting Business

ASML is focused on customer satisfaction and aims to provide them with best quality of CRC and HDGC. We target for long-term mutually beneficial relationship which adds value for both customers and ASML. 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

ASML is one of the largest producers of CRC and HDGC in Pakistan. Due to state-of-the-art technology, our quality gives us competitive edge over other producers and importers of CRC and HDGC. ASML, after coordinated team work and able guidance has increased its rolling capacity to 700,000 tons including 250,000 tons of HDGC. This already has and will further strengthen us against the competitors.

### Suppliers

The Company has built strong relationships 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 and premium quality.

## Raw Material

The raw material consists of Hot Rolled Coils (HRC) which is imported from seven different countries across the globe. Prices 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. For production of HDGC, Zinc and its various alloys are also imported.

## Significant changes from prior year

There are no major changes in the organizational overview. The Company remains well poised to capture market opportunities and meet expectations of its local and foreign customers. The durable recovery from the pandemic appeared in sight however, the outbreak of war in Ukraine, emergence of new Covid-19 variants and political instability have erased the recent gains.

ASML stays vigilant to changes in economic environment and the Board meets regularly to discuss the significant developments and set appropriate action plans to ensure achievements of the Companies objectives.

## The Flat Steel Sector

The Flat Steel industry in Pakistan comprises of three local producers Aisha Steel Mills Limited (ASML), International Steels Limited (ISL) and Hadeed Pakistan Private Limited. Flat steel producers import Hot Rolled Coil (HRC) and convert it into Cold Rolled Coil (CRC), Galvanized and Color Coated sheets.

The HRC prices, which fared around US\$ 1,100 per ton at the start of the year faced a gradual decline to almost US\$ 700 per ton near June 2022. The tension between Russia and Ukraine, which erupted to a full-blown war, gave rise to new wave of commodity price increase.

## Political Factors

Political instability in the country also led to a huge increase in economic uncertainty. Uncertainty at individual, firm, and government levels negatively affected the economy. The Board closely monitors the political climate of the country and stays vigilant to the ever developing situation and its implications on ASML.

## Legal Factors

ASML was incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed in Pakistan Stock Exchange (PSX) since 2012. The Company prepares its financial statements in accordance with the accounting and reporting standards as applicable in Pakistan. 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 board promotes a culture of compliance with the applicable framework and with the help of professional legal counsels ensures adherence to the applicable laws, regulation and standards.

## Technological Factors

ASML is a major player in Pakistan's flat steel market and a growing contributor to Pakistan's export. In recent years, the Company, foreseeing prospective market demand trends, has upgraded the state-of-the-art steel rolling complex to a name plate capacity of 700,000 tons per annum. The Company now stands at an advantageous position to meet the rising local and foreign demand.

## Implementation of SAP S/4 HANA

During the year the Company successfully rolled out SAP project and went live on SAP S4 Hana on November 1st, 2021. This significant milestone has optimized tracking of production, maintenance, procurement and sale activities. The implementation of SAP S/4 HANA will enable the management in efficient data management, quicker decision making and accurate forecasting.

## Environmental Factors

Recent years have witnessed increased focus on climate change due to various disasters that took place around the world. Pakistan government also seeks to place greater emphasis on the environmental policies. An ambitious ten billion trees tsunami programme was launched in 2019. ASML also contributed to the environment by reusing water from waste water treatment plant and spreading awareness among employees.

## Imported versus Local Material and Foreign Currency Sensitivity

The cost of HRC comprises around 89% of total cost of CRC and HDGC. HRC is imported from seven different countries across the globe and transactions are denominated in foreign currency. Bills payable and foreign creditors, included under trade and other payables, are exposed to foreign currency risk. Other than HRC and zinc, all other materials are procured locally. Further, the Company has exports and therefore is exposed to foreign currency risk on receivables.

As at June 30, 2022, 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 higher / lower by Rs. 348.94 million (2021: Rs. 229.68 million) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets or liabilities.

## 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.

# Business Model

## What we depend upon (Input)



### Financial Capital

Our business requires financial capital and we pride ourselves with the efficiency with which we allocate it to meet our strategic objectives. This capital consists of Rs. 14.03 bn equity and Rs. 6.31 bn debt.



### Human

Our success is dependent on the commitment and focus of our talented people. We invest in their potential and empower them to leverage opportunities for growth, both for themselves and for our Company. Our family is 670 permanent and 62 contractual employees strong. We take pride in our commitment to promote employees' wellbeing and have taken various initiatives that include:

- 600 training hours invested
- Employee appreciation day



### Social

Our relationship with suppliers, as well as distributors and customers has led us to create impact beyond what we could have achieved on our own. We value our local and international networks, enabling us to produce superior quality products.



### Manufactured and Intellectual Capital

State of the art flat steel manufacturing complex with a name plate capacity of 700,000 MT along with the processes perfected over time are prime contributors to produce superior quality products. We have further implemented SAP S/4 Hana to streamline all processes.



### Natural Resources

To produce, we use hot rolled coils, zinc, various chemicals, water and energy. We seek to preserve the resources we use by using them efficiently. Company is also pursuing towards conserving energy by using solar energy.

## How we do it (Process)

### Procurement



### Manufacturing\*\*



### Packing



### Dealer Network

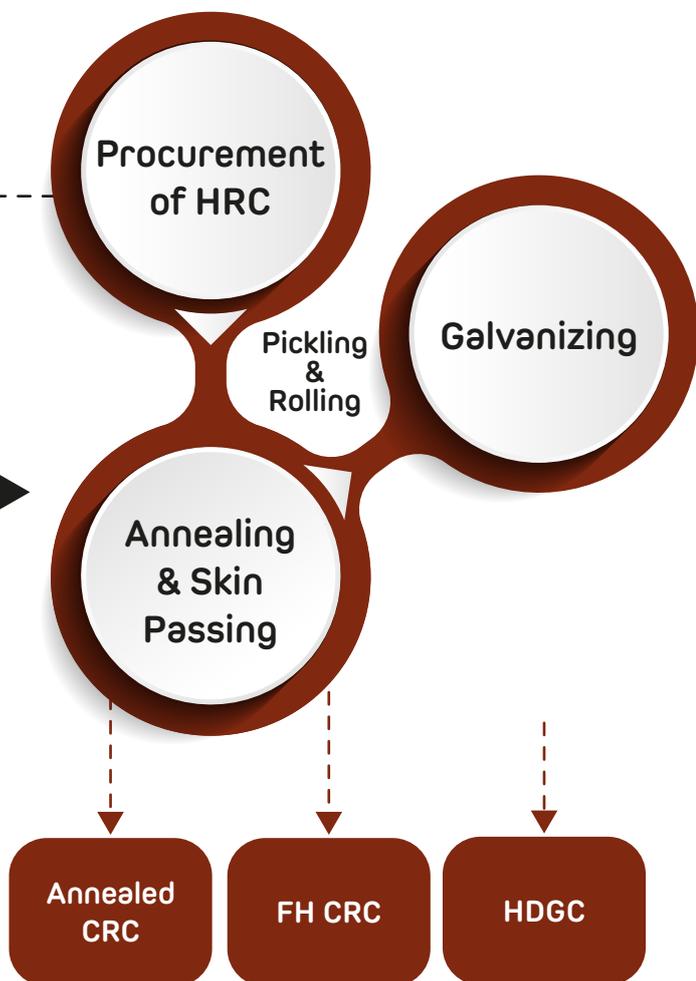


### Shipping



## What we do (Product)

## Value Generated and Added (Output)



### Financial Capital



- For Share Holders:

- PAT – Rs. 1.15 bn
- EPS – Rs. 1.27
- Market Value: (ASL: Rs. 11.05 | ASLPS: Rs. 13.27 | ASLCPS: Rs. 45.15)

- For Wider Stake Holders:

- Contribution to National Exchequer - Rs. 13.3 bn
- Return to providers of finance – Rs. 2.2 bn
- Sales to our local and export customers – Rs. 64.83 bn
- Paid to suppliers, service providers and employees – Rs. 66.59 bn

### Human Capital



- Talent nourishment, growth and retention
- Diversity at workplace
- Safe and Healthy work environment

### Social Capital



- Growing network of vendors, dealers and customers
- Highly satisfied customers
- Trust of Vendors

### Manufactured and Intellectual Capital



- Producing superior quality product
- Increased market share
- Contributing to national economy by substituting imports
- Reduced operating cycle and cost optimization
- Timely and effective reporting

### Natural Capital



- Better utilization of natural resources
- Re-use of water treated from waste water treatment plant
- Conversion to solar energy

\*\* Manufacturing process has been explained in detail on page no. 10 of the Company Information Section.

# Code of Business Conduct and Ethical Principles

## Code of Business Conduct and Ethical Principles

At ASML, 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 compliance with best practices, Code of conduct is in place which is required to be acted upon by all employees including Chief Executive and Directors. Our Code of Conduct contains the following principles:

### 1. Human Resource

ASML believes that a strong and capable 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 reasonably be deemed by others to affect the employee's impartiality, should be declared in writing to the Company.

### 4. Books and Records

Every employee must act in good faith and shall not misrepresent material facts in their internal or external communications and books or records.

### 5. Fair and Ethical Conduct

Every director and employee of the Company shall deal fairly with each other, customers, suppliers and other stakeholders. 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.

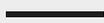
## 11. Protecting Company's Assets

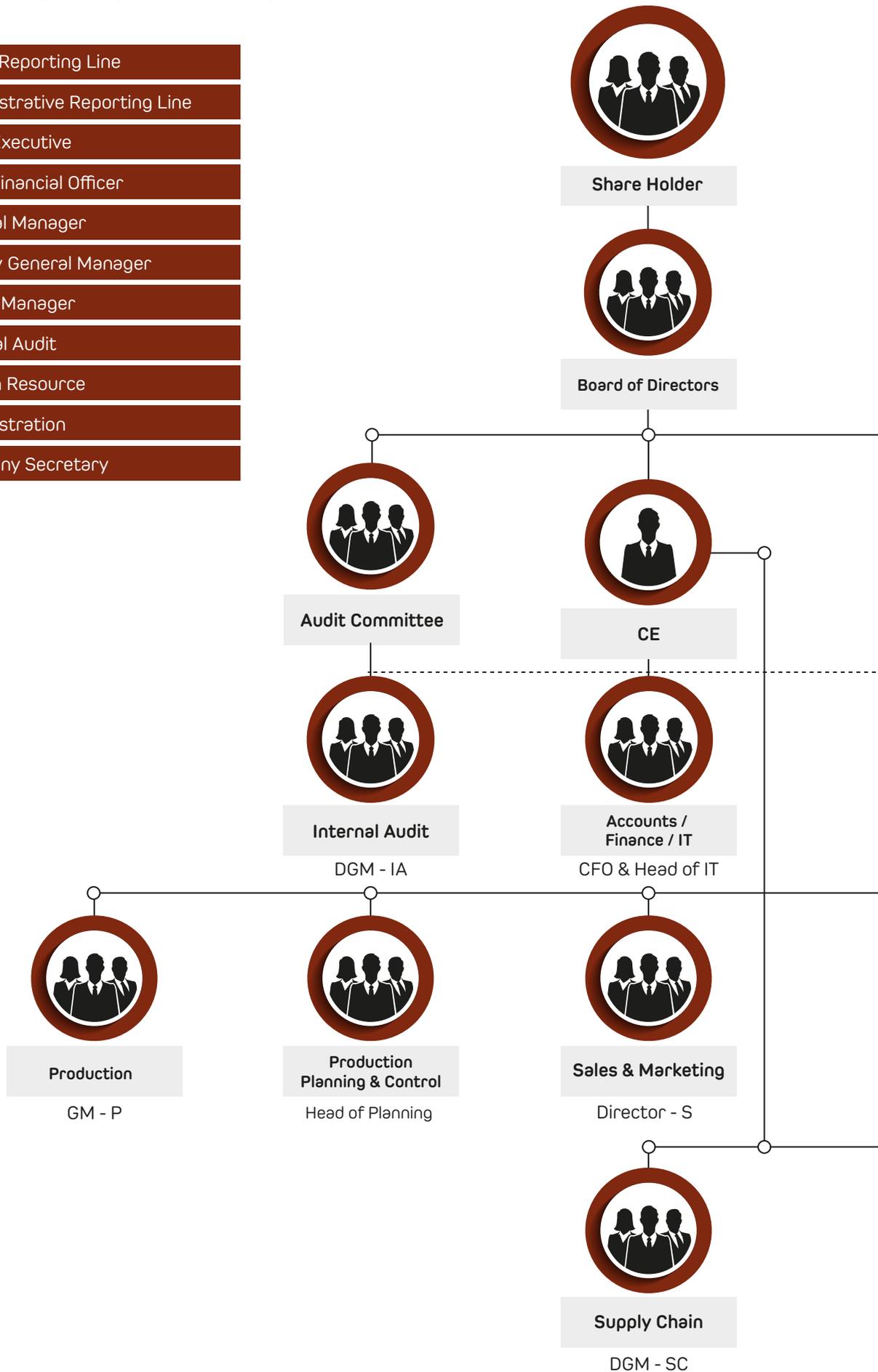
Every employee shall safeguard assets of the Company and their fair and efficient use. All assets of the Company, including utilities and official time of employee, shall be used efficiently and for legitimate business purposes only.

## 12. Non-Retaliation Policy

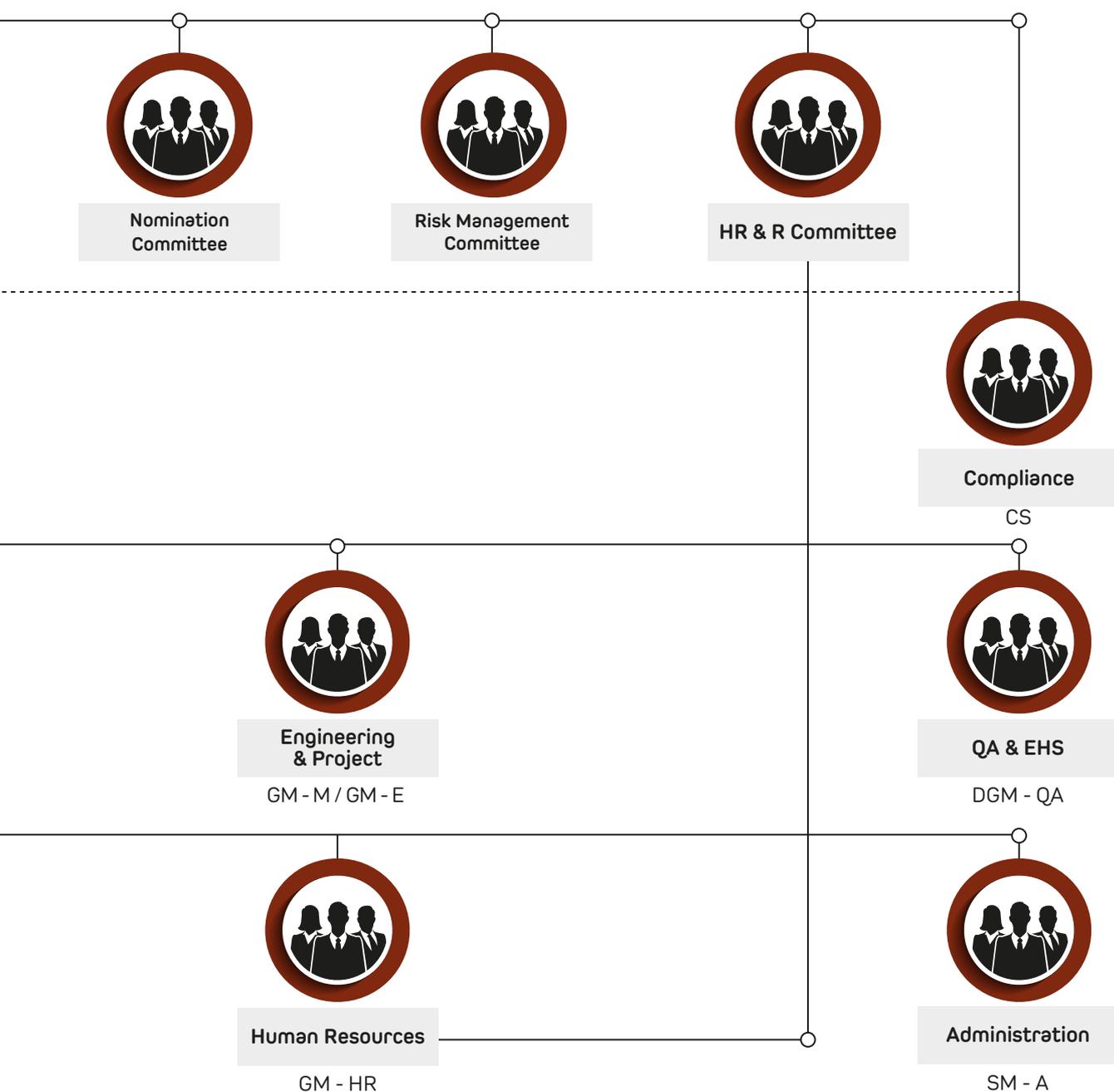
The Company prohibits any retaliation against anyone who reports the misconduct in good faith. Any employee observing any violation may bring the same to the notice of the management in writing.

# Organization Chart

	Direct Reporting Line
	Administrative Reporting Line
CE	Chief Executive
CFO	Chief Financial Officer
GM	General Manager
DGM	Deputy General Manager
SM	Senior Manager
IA	Internal Audit
HR	Human Resource
A	Administration
CS	Company Secretary



S	Sales and Marketing
SC	Supply Chain
P	Production
QA	Quality Assurance
EHS	Employee Health and Safety
M	Mechanical
E	Electrical
HR & R	Human Resource & Remuneration
IT	Information Technology



# CORE VALUES



At ASML 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 behavioral 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 all stakeholders.

# Value Chain



## 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 coils are ready for delivery.

## Production Process of CRC and HDGC

Production Process of CRC and HDGC has been mentioned in "Company Profile and Nature of Business". Please refer page no (10).

# Calendar of Notable Events

**02nd Aug '21**

COVID - 19  
VACCINATION DRIVE

**14th Aug '21**

74th INDEPENDENCE  
DAY CELEBRATIONS

**28th Oct '21**

86th BOD MEETING

**28th Oct '21**

17th ANNUAL  
GENERAL MEETING

**25th Feb '22**

87th BOD MEETING

**02nd Mar '22**

BLOOD DONATION  
DRIVE

**28th Apr '22**

88th BOD MEETING

**07-15 June '22**

EMPLOYEE TRAINING  
WORKSHOP

# Salient Policies In Place

## IT Governance Policy

ASML 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 organizational 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 the organization's objectives.
5. Creating a culture of paperless environment.
6. Determining the distribution of responsibility between the IT department and User department.
7. Assisting in backup and recovery of information.
8. Ensuring effective IT inventory asset management.

## Whistle Blowing Policy

ASML 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 Blowing 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 disclosures are required to be made in writing.
- 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 Whistleblowing 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 there were no whistle blowing incident reported under the mentioned procedure.

## Corporate Social & 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 ASML carry out and in the evaluation of proposals received from our various stakeholders for CSR projects, programs 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 component Companies.

## Policy

ASML 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

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

- Education
- Health
- Community Building

However before committing to any CSR activity, 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

ASML 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, prevention of atmosphere and eco-friendly contributions are necessary for every responsible citizen. At ASML, under the direction of management we continuously make continuous sustainability efforts by educating and counseling our 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 (HRM) is one of the key pillars of the Company. It 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.

The main objectives of Company's HRM policy are as follows:

1. Achieving an effective utilization of human resources in the achievement of goals of the Company.
2. Establishing and maintaining an adequate organizational structure and a desirable working relationship among all the members of ASML by dividing of organization 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 with an organization, by reconciling individual / team with those of an organization in such a manner that the employees feel a sense of involvement, commitment and loyalty towards it.
4. Generating maximum individual / team development within ASML by offering opportunities for advancement to employees through training and on-job education, effective job rotation and by retraining them.
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 unfortunate situations such as illness, old age, disability, death, unemployment etc. so that the employees may work willingly and contribute to achieve goals of ASML.
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.
7. Protecting the environment and contributing towards the economic strength of the country and function as good co-operate citizen.

## 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 as follows:

- Identifying competent resources capable of acquiring, adapting, and fulfilling higher responsibilities.
- Ensuring systematic and rhythmic transition of key positions as and when needed in the long term.
- Providing continuous flow of talented people to meet the organization's need and objectives.

## 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.

ASML is fully committed to grow and achieve its mission, while acting in environmentally responsible manner. To achieve this objective, 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

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

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

### Our Quality Management system includes:

- Analysis of imported HRC 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 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 from 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 CRC 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

ASML has policy for security and safety of the Company's documents and data. The following controls are in place to ensure that records are maintained in their original forms:

- All records shall be kept for at least the minimum period required legally, or for an additional period for administrative and operational purposes.

- All records are owned by the Company and not individuals, and shall be maintained, and retained in an efficient and effective manner to ensure its confidentiality, long-term retention and convenient retrieval.
- All permanent records are preserved separately in a secured area.
- All important documents are recorded digitally and archived on the Company's secured server.
- Authorization is required for record retrieval to ensure confidentiality.
- Any breach of security in record area shall be reported to the management. However, no such breach has been reported in the current year.

## **Conflicts of Interest Policy**

Conflict 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 the directors as the Company believes that a director owes certain fiduciary duties, including the duties of loyalty, diligence and confidentiality 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**

ASML makes full disclosure of all material information to all stakeholders with a view to enhance users' understandability of the Company's management policies and business activities. Further, to provide stakeholders with information necessary to make investment decisions 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 the information.

Our Investor relation policy includes the following:

- Prohibits the selective disclosure of material, non-public information about the Company;
- Sets forth procedures designed to prevent such disclosure; and
- Provides for the broad public distribution of material information.

At all times, ASML will maintain the need for confidentiality about key business and operating strategies and SECP's directive on non-public earnings guidance.

## **Policy for Directors' Remuneration**

Those Non-Executive directors including independent directors of ASML 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 Boards' sub-committee meeting at the rate approved by the 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 with 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.

Where any Executive Director of ASML has been appointed as the director in any other Company he / she shall inform the Board, in writing, regarding his / her appointment in the immediately succeeding board meeting. Further, any fee earned by the Executive Director due to his / her directorship in other entity may be retained by the director, subject to the approval of the Board.

## Policy for Security Clearance of Foreign Director

Where any foreigner is elected / appointed as the director, he / she shall be elected / appointed subject to security clearance from the Ministry of Interior and other authorities as may be required under the applicable laws. Further, the Company shall extend full facilitation and cooperation for obtaining of such clearance.

## Investor Service Centre and Grievances Policy

### Investor Service Centre

ASML share department is operated by CDC Share Registrar Services Limited. 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' Grievance Policy

The Company has an Investors' Grievance Policy in place. Any complaint or observation received either directly by the Corporate Department or during General Meetings are addressed by the Company Secretary. The 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 CDC Share Registrar Services Limited which is the leading name in the field. The Company has many old and loyal shareholders, which indicates the trust of the shareholders in the management of the Company.

## Business Continuity and Disaster Recovery Plan

To ensure the protection of its personnel and assets, along with their ability to function quickly in the event of disaster, ASML has formulated and implemented a comprehensive business continuity and disaster recovery plan. Risks to the Company are continuously monitored and relevant mitigation strategies have been put in place. Key measures taken to ensure business continuity and disaster recovery are enlisted below.

### Business Continuity Planning

- Modern fire-fighting equipment are installed at ASML premises and the safety is further ensured through constant fire alarm evacuation drills and fire extinguisher handling drills.
- Full time and foolproof security, at all ASML's premises is ensured.
- Sufficient insurance coverage has been obtained to reduce the risks affecting business continuity, to an acceptably low level.

### Disaster Recovery Planning

Full data back-up servers are maintained on separate locations to reduce operational disruption and speedy recovery of data in case of a disaster. Moreover, data security is also ensured through real time off-site back up, strong firewall and up-to-date antivirus software.

Further, potential risks to the business continuity are identified on a regular basis and reasonable solutions are determined based on the risk threshold of the Company.

## Related Party Transactions

In compliance with the Company's policy regarding related party transactions, a comprehensive list of all related parties is maintained and updated on a continuous basis. Further, details of transactions entered into with the related parties, nature of relationship and percentage of holding is maintained which is placed first before the Audit Committee and then before the Board of Directors for its review and approval on a quarterly basis. A summary of transactions with related parties specifying the name of related party, nature of relationship and nature of transaction has been appropriately disclosed in note 35.1 of the Financial Statements. Further, the basis of relationship with the related parties with whom the Company has entered into transaction along with the aggregate percentage of their shareholding has been disclosed in note 35.2 of the Financial Statements.

Transactions with related parties are carried at arm's length and no undue advantage is given or taken on such transactions. The interest of the Company however, remains supreme while entering into any transactions / contracts with the associated companies and related parties.

# Regional and Global Network

## Regional Network

**Karachi**  
Head office  
and Factory

**Lahore**  
Regional Office

**Multan**  
Regional Office

**Rawalpindi**  
Regional Office

## Global Network

**America**

**Canada**

**Belgium**

**Poland**

**South  
Africa**

**Qatar**

**UAE**

**Afghanistan**

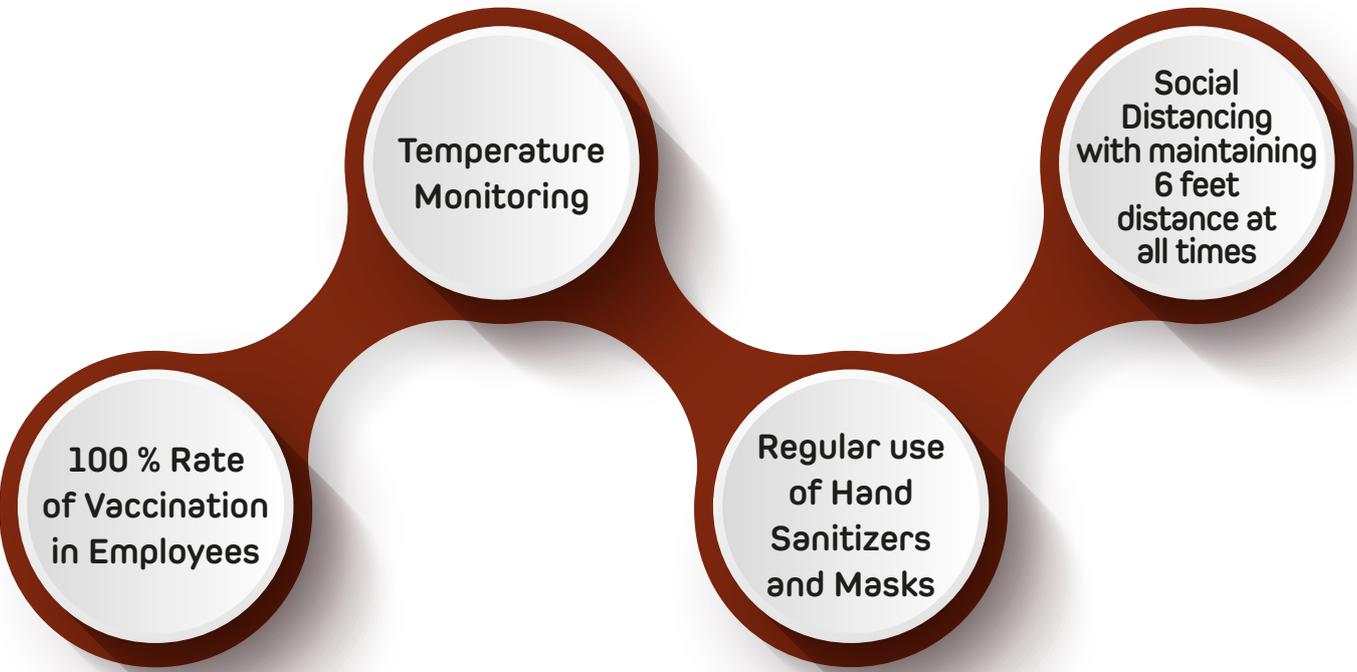
**Switzerland**

**Japan**

# Health and Safety Statistics



# Covid – 19 Protocols



\* July 2021 to June 2022

# GOVERNANCE





“Leadership is having a compelling vision, a comprehensive plan, relentless implementation, and talented people working together.”

– Alan Mulally

# DIRECTORS' PROFILE





## Mr. Arif Habib Chairman

Mr. Arif Habib is the Chief Executive of Arif Habib Corporation Limited, the holding company of Arif Habib Group. He is also the Chairman of Fátima Fertilizer Company Limited, Aisha Steel Mills Limited, Javedan Corporation Limited (the owner of Naya Nazimabad) and Sachal Energy Development (Pvt.) Limited and Arif Habib Dolmen REIT Management 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. He has been a member of the Prime Minister's Economic Advisory Council (EAC) and the Think-Tank constituted by the Prime Minister on COVID-19 related economic issues. He is currently a member of the Prime Minister's Task Force on attracting Foreign Direct Investment (FDI).

Mr. Habib participates significantly in welfare activities. He remains one of the directors of Pakistan Centre for Philanthropy (PCP), Habib University Foundation Karachi Education Initiative (KSBL), Arif Habib Foundation and Naya Nazimabad Foundation as well as trustee of Memon Health & Education Foundation (MMI) and Fatimid Foundation.

## Other Corporate Responsibilities

### As Chairman

- Fátima Fertilizer Company Limited
- Fátimafert Limited
- Pakarab Fertilizers Limited
- Sachal Energy Development (Private) Limited
- Javedan Corporation Limited
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Development and Engineering Consultants (Private) Limited ( Formerly : Arif Habib Real Estate Development Company (Private) Limited )
- Sapphire Bay Development Company Limited
- Arif Habib Foundation
- Naya Nazimabad Foundation
- Black Gold Power Limited
- Essa Textile and Commodities (Pvt.) Limited

### As Director

- Arif Habib Corporation Limited (Chief Executive)
- Arif Habib Equity (Private) Limited
- Arif Habib Consultancy (Private) Limited
- Fátima 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
- Habib University Foundation
- Karachi Education Initiative
- Memon Education Board
- Memon Health and Education Foundation
- Pakistan Centre for Philanthropy



## **Dr. Munir Ahmed** **Chief Executive Officer**

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

He holds 37 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. Samad A. Habib Non-Executive Director

Mr. Samad Habib is the Chief Executive of Javedan Corporation Limited, owner of Naya Nazimabad. He has remained Chairman and Chief Executive Arif Habib Limited, a securities brokerage house, between the period 2004 to 2010.

At Naya Nazimabad, Mr. Samad Habib has worked towards making a positive impact on society providing a quality lifestyle to the middle income families of the city. He is now endeavoring to transform the area to become a self-contained community of tens of thousands of families with the largest residential and commercial precinct development within the city of Karachi.

#### Other Corporate Responsibilities

##### As Chief Executive

- Javedan Corporation Limited
- Safemix Concrete Limited

##### As Chairman

- NN Maintenance Company (Private) Limited

##### As Director

- Arif Habib Corporation Limited
- Arif Habib Dolmen REIT Management Limited
- Arif Habib Equity (Pvt.) Limited
- Arif Habib Foundation
- Arif Habib Development and Engineering Consultants (Private) Limited ( Formerly : Arif Habib Real Estate Development Company (Private) Limited )
- Black Gold Power Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Memon Health and Education Foundation
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Power Cement Limited
- Rotocast Engineering Company (Pvt.) Limited
- Sapphire Bay Development Company Limited
- Sukh Chayn Gardens (Pvt.) Ltd.



## Mr. Nasim Beg Non-Executive Director

Mr. Nasim Beg 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.

He qualified as a Chartered Accountant in 1970 and over the decades has had experience in the business world, including manufacturing, as well as in financial services, within and outside the country. Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of the National Investment Trust, which he joined during its troubled period and played an instrumental role in its modernisation and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies.

Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers.

His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the

company in 1977. He was the founding Chairman of the Institute of Financial Markets of Pakistan, which was sponsored by the Securities & Exchange Commission of Pakistan (SECP). He has served on several committees set up by the SECP for developing the Capital Markets, including the one that authored the Voluntary Pension System. He has also held the Chairmanship of the Mutual Funds Association of Pakistan. In addition, 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

#### As Director

- Arif Habib Corporation Limited
- MCB-Arif Habib Savings & Investments Limited
- Power Cement Limited (Chairman)
- Pakarab Fertilizers Limited
- Naymat Collateral Management Company Limited

#### As Other Officeholder

- Asghari Beg Memorial Trust - Trustee
- Lady Dufferin Hospital - Advisor to Managing Committee
- The Garage School (Safi Benevolent Trust) - Consultant



### Mr. Kashif A. Habib, ACA Non-Executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers).

Mr. Kashif A. Habib is dedicated to improving the country's energy situation and is engaged with experts to make renewable energy a more feasible and accessible solution not just for industry but also the masses.

#### Other Corporate Responsibilities

##### As Chief Executive

- Power Cement Limited

##### As Director

- Arif Habib Corporation Limited
- Fatima Fertilizer Company Limited
- Javedan Corporation Limited
- MCB-Arif Habib Savings & Investments Limited
- Arif Habib Equity (Pvt.) Limited
- Alternates (Private) Limited
- Arif Habib Foundation
- Arif Habib Development and Engineering Consultants (Private) Limited ( Formerly : Arif Habib Real Estate Development Company (Private) Limited )
- Black Gold Power Limited
- Essa Textile And Commodities (Private) Limited
- Fatimafert Limited
- Fatima Cement Limited
- Fatima Packaging Limited
- Nooriabad Spinning Mills (Pvt.) Limited
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Rotocast Engineering Company (Pvt.) Limited
- Safemix Concrete Limited
- Siddqsons Energy Limited



### **Mr. Jawaid Iqbal** **Independent and Non-Executive Director**

Mr. Jawaid Iqbal is a Chartered Financial Analyst and has a Masters degree in Business Administration. He has served on the boards of the companies in finance, power, fertilizer, and steel sectors of Pakistan. Presently, he is Chief Executive Officer of Providus Capital (Pvt) Limited and Providus Investments (Pvt) Limited which invests into listed equities.

#### **Other Corporate Responsibilities**

##### **As Chief Executive**

- Providus Capital (Private) Limited
- Providus Investment (Private) Limited

##### **As Director**

- Ghandhara Nissan Limited
- Tata Textile Mills Limited
- Tata Best Foods Limited
- Pakistan Aluminium Beverage Cans Limited
- Dawood Lawrencepur Limited
- Fatima Gobi Ventures (Private) Limited
- Trans World Associates (Private) Limited



### **Mr. Arslan Iqbal** **Independent & Non-Executive Director**

Mr. Arslan Iqbal is a foreign qualified senior banker with expertise and experience primarily in the Wholesale Banking value chain including Risk Management, Corporate Credit and Project Finance. He has served in various capacities in local / foreign banks with a Banking Career spanning over 18 years and is presently serving as the Chief Risk Officer at a local Bank. He has a well-rounded exposure in local as well as foreign markets across different segments, and is also a subject matter expert on IFRS 9, Credit Modelling, and Risk Management.

He is a member of various organization level committees at his Bank, and is also a Certified Director. Mr. Iqbal, earned a MBA degree from the University of Wales, UK, a Bachelor's degree from a leading business school in Dublin, Ireland and is also a Moody's trained credit professional.

#### **Other Corporate Responsibilities**

##### **As Chief Risk Officer**

- Bank of Punjab



### **Mr. Rashid Ali Khan** **Independent & Non-Executive Director**

Mr. Rashid has completed his graduation (BS) in Information Engineering & Operation Research and Masters in Business administration (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 Limited

##### **As Director**

- Elementary Education Foundation
- Hayatabad Medical Complex
- Pakistan Engineering Company Limited
- Sukh Chayn Real Estate Development



### **Ms. Tayyaba Rasheed** **Independent & Non-Executive Director**

Tayyaba Rasheed, CFA, FRM is currently serving as EVP/ Head of Investment Banking Group at Faysal Bank Limited. She is well qualified with around 20 years of diversified Corporate and Investment Banking experience. She has profound skills in Structured Financing, Infrastructure Financing, Sukuk Issuance, Syndication, Credit Analysis, Capital Markets, Credit Risk, and Islamic Finance. She is a well-known Corporate and Investment Banker with exceptional track record of closing large ticket complex Infrastructure / other deals and advising corporate clients. She has worked at a senior position in Corporate and Investment Banking Group National Bank of Pakistan. She started her career with Bank Alfalah as a Management Trainee Officer.

She holds an MBA degree from IBA and is a CFA, FRM Charter Holder. She successfully secured NIBAF certification for Islamic Banking Certificate Course (IBCC) and underwent a thorough Islamic Finance Training Programme. She holds JAIBP to her credit from Institute of Bankers Pakistan. She has undergone the Directors Training Program and is a certified Independent Director.

#### **Other Corporate Responsibilities**

##### **As Director**

- Arif Habib Dolmen REIT Management Limited
- Naymat Collateral Management Company Limited
- United Brands Limited
- Unity Foods Limited
- Pakistan Railways Freight Transportation Company

# Directors' Report

## Dear Fellow Shareholders

The directors of Aisha Steel Mills Limited (ASML) present herewith, the Annual Report of the Company and the Audited Financial Statements for the year ended June 30, 2022 together with Auditors' Report thereon and a brief overview of the steel market and financial and operational performance of the Company.

## Macroeconomic, Local and Global Environment:

On the back of the commodity boom witnessed in the year 2020-21, the steel prices climbed to levels seldom seen before. However, from the very beginning of the financial year 2021-22, the prices started correcting. The HRC price gradually declined from the peak of US\$ 1,050 per ton, FOB China, observed in May 2021 to US\$ 800 FOB China in December 2021. The declining trend reversed briefly in the period between Jan 2022 to March 2022 due to Russia and Ukraine war. However, the decline resumed after March 2022 and prices since have come down to levels below US\$ 700 per ton.

The resurgence of COVID in China and slow down of western economies have further suppressed international steel demand and prices may come down further.

The local market, in addition to falling international prices had to confront political uncertainty, rapid devaluation of Rupee and rising cost of doing business. These developments shrunk local market size by about 20%. The market is susceptible to emerging challenges in the short term. However, it is expected to stabilize and recover by the second quarter of FY 2022-23.

## Principal Activities

ASML produces Cold Rolled Coils (CRC) and Galvanized Iron Coils (GI) of international quality standards from imported Hot Rolled Coils (HRC). Company's products are used in automotive, 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. The GI products are consumed in various applications, including building accessories, pipes, electrical appliances etc.

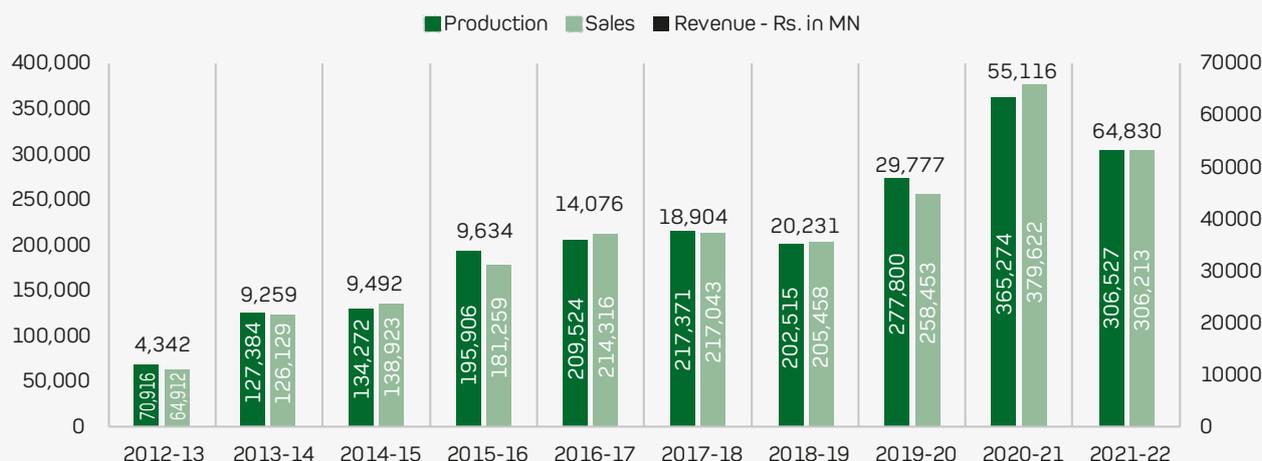
## Company's Performance Highlights

The total quantity sold during the July-2021-June 2022 period, was 306,213 tons. Out of which 30,647 tons were exports to Europe, America, Canada and several other countries. The quantity sold in the corresponding period last year was 379,622 tons, showing a decline of about 19%. The exports during the corresponding period last year were limited to 16,800 tons.

The total quantity produced during the period was 306,527 tons compared to 365,274 tons produced in the corresponding period last year, showing a decrease of about 16%. The production was curtailed due to slow offtake and buildup of finished goods inventory. The average inventory in the July-to-June period increased to 28,012 tons compared to 12,960 tons recorded in the same period last year.

The total revenue for the period was Rs. 64.8 billion compared to Rs. 55.1 billion achieved last year, showing an increase of about 18%.

## Production & Sales



The overall summary of performance is given below:

**FY 2021-22**  
Jul-June

**FY 2020-21**  
Jul-June

Avg. Monthly CRC & GI Production

25,544

30,439

Average Monthly CRC & GI Dispatch

25,518

31,635

Average Monthly FG Stock CRC & GI

28,012

12,960

**Production Decreased by 16%**

**Sales Decreased by 19%**

### The Financial Indicators

The quantity sold during the FY 2021-22 was 19% less compared to the year before but revenue was 18% higher indicating higher selling price per ton in Rupee terms. The declining trend in the international HRC prices resulted in inventory loss compared to gain registered last year. The gross profit margin decreased to 8.5% compared to 20.3% achieved last year. The profit before tax was Rs. 1,275 million compared to Rs. 8,588 million recorded in the previous year. The table below depicts the comparison with the last financial year.

Description	2022	2021
	Rs. In Millions	
Revenue	64,830	55,116
Gross profit	5,514	11,185
Profit from operations	4,697	10,590
Profit before tax	1,275	8,588
Profit after tax	1,146	6,368
<b>Earnings per share in (Rupees)</b>		
Basic	1.27	8.21

Due to the toughening of operating environment, the Board has not considered any distribution to its ordinary shareholders during the year. Your company remains committed to achieve sustainable returns for its shareholders; and it strongly believes that value for shareholders will increase significantly in the long run.

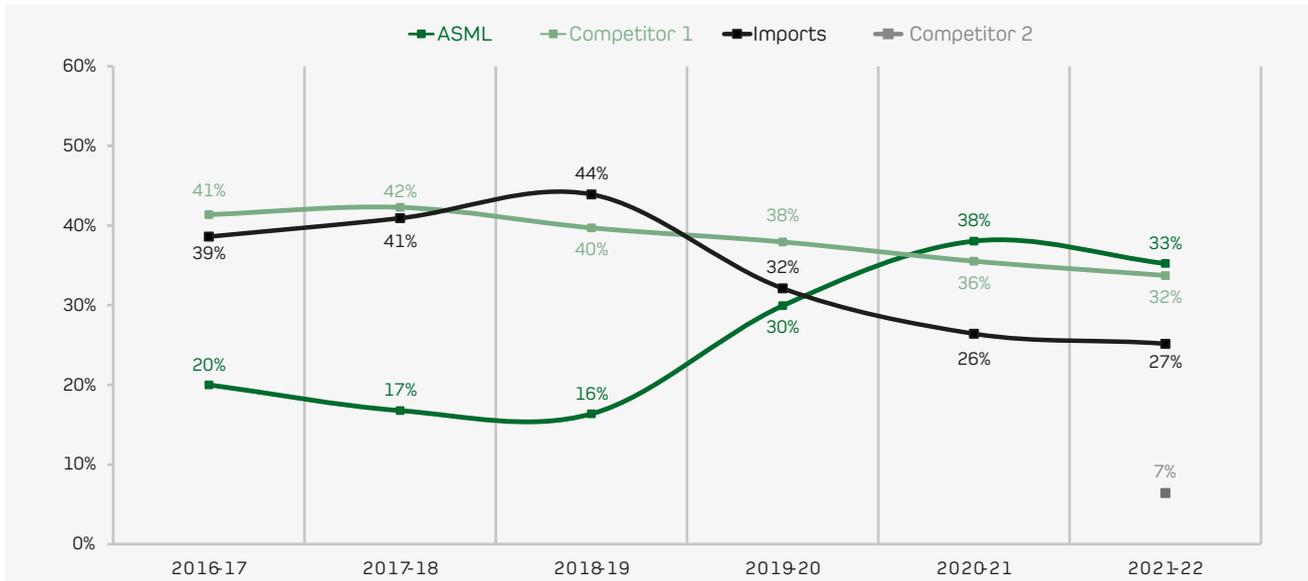
### Non-Financial Performance

Your Company has established itself as one of the leading quality producers, both in CRC and GI coils. It has well defined systems and procedures, as well as an experienced management team to successfully operate this world class facility. Continuous improvement in quality and productivity is the core operational philosophy. We have set and achieved highest customer service and satisfaction standards in the industry. During the year, the Company conducted various training courses, both technical and behavioral for its human resource capital. Company adheres to all legal and regulatory stipulations and maintains strong relationship with all the stakeholders

The CRSM recovery, following the fire accident in January 2020, is in progress. The skin pass operations were restored within 35 days after the initial revamping. The rolling operations, which require substantially higher rolling forces, will be initiated after major overhaul under supervision of Steel Plantech Company of Japan (SPCO), the designers and manufacturers of the equipment. The parts needed to restore CRSM have been finalized and are in ordering stage. The complete rehabilitation will take about two years. This however does not have adverse impact on our current production and sales as the demand is adequately met.

### Existing Operations and Market Share

In the local market, ASML is considered at par with the largest manufacturer of CRC and GI and is expected to play an increasingly important role in meeting both CRC and GI requirement of the industry.



The market share of ASML, in the year 2021-22 dropped to about 33% compared to 38% achieved in the previous year. The imports stood at 27%, about the same as the year before. The competitor's share in the local market also decreased to 32% compared to 36% achieved last year. The new cold rolling facility, set up in Lahore accounted for the balance 7%. ASML exported around thirty thousand tons of CRC and GI to many countries including America, Canada, Belgium, Poland, South Africa and middle-eastern countries. Our presence in the international market is expected to increase in future.

### Future Outlook

The outlook in the long term is bright. However, in the short term, the market need to adjust to the challenging current economic outlook. The political uncertainty, balance of payment crises, sharp currency depreciation and high cost of doing business are likely to continue to hamper the growth. We can foresee an uptake in demand subject to economic and political stability regaining grounds.

### Nature of Business

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

### Raw Material Procurement

Procurement of quality HRC at the right price is of vital significance in CRC / GI business. Higher management of the Company is directly involved in the procurement of HRC and is making every effort to ensure timely availability at optimal price. All efforts are being made to diversify Company's procurement sources. Currently, ASML imports HRC from eight different countries across the globe.

### Risk Management

The Company follows prudent risk management practices. The Board has devised a risk management policy and regularly reviews 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. The system is geared to identify and analyze the opportunities and risks at an early stage, their measurement and the use of suitable instruments to manage and monitor risks.

The Company's key business being that of a manufacturing concern, 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 a focus on quality, basing its decisions on product mix requirements, customer demand and market analysis.

The Company manages its risks 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 no. 38 to the annexed audited financial statements.

### Principal Risk Factors & Mitigants

Risk	Criticality	Mitigants
<p><b>Inventory Pile Up Risk</b> The main raw material and the primary cost component of CRC/GI business is Hot Rolled Coil (HRC). Presently HRC is not produced locally and has to be imported from quality manufacturers across the world. All these mills operate on advance order basis. Typically, order has to be placed two to three months in advance. Allowing for shipping and clearance time, HRC inventory exposure of up to four month is normal for the business cycle. In case of abnormal price decline and subsequent slow lifting of the end users, the possibility of inventory pile up and the resulting loss is a real possibility.</p>	High	Inventory pile up risk is mitigated by optimizing order quantities in line with market demand. Continuous monitoring of international market trends and timely adjustment at the local level can minimize inventory pile up risk.
<p><b>Dumping Risk</b> Traders / Investors import CRC / GI when the price differential increases.</p>	Medium	CRC / GI import risk is mitigated by adopting market-based pricing policy. Representations are made with custom authorities to adopt policies to curb dumping. Enhancement in production capacities by local producers and competitive currency should also lessen the risk.
<p><b>Work Equipment Operational Risk</b> Risk of injuries during machinery operations.</p>	Medium	Risk is mitigated by acquisition of state-of-the-art plant & machinery, hiring quality operators and implementation of tried and tested systems. Safety designs, controls and defined protocols are in place. Regular maintenance of plant and trainings of staff are conducted.
<p><b>Credit Risk</b> There is a risk that Company may not recover trade debts.</p>	Low	More than 95% of sales are made against advances received. Further, credit is extended only to reliable customers for a period of less than a week.

## Materiality Approach Adopted

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

## Environment, Health & Safety

As a responsible corporate citizen, ASML pledges to adhere to highest standards of EHS policy and it is one of the top priorities of the Company. The policies were further reviewed in view of the unfortunate accident at CRSM and additional safety measures have been put in place to avoid such accidents in future. Measures included are training of employees, audit of fire hydrant and firefighting system by a foreign firm, addition in firefighting resources and equipment and update in SOPs with pictorial representation and their translation in Urdu language. Strict compliance is mandatory, and the employees are trained to follow regulations as a habit. Training sessions including mock evacuation drill are conducted to keep employees familiar with all the SOPs.

ASML aspires to be Pakistan's steel industry's benchmark for environment performance by focusing on climate change mitigation and resource efficiency.

## Corporate Social Responsibility (CSR)

Steel sector is the growing engine of economy of Pakistan and we at ASML are tactically geared towards a robust steel sector portfolio in which we cater to the needs of our customers along with cognizant concern towards the environment and making sure that our people are committed to be and remain active socially responsible citizen. We have vigorously striven to contribute to the society and make the world a better place to live. At ASML, we believe that by imparting quality education to the masses, we can contribute to our society which in turn strengthens the economic growth of our Country. ASML supports Research, Conferences, Trade Fairs, Workshops and other events. We will continue to focus in the area of human health, schooling for less privilege.

During the year, ASML's management carried out a Blood Donation Drive at its premise in collaboration with Indus Hospital. Working towards a skilled Pakistan, ASML also joined hands with Hunar Foundation by participating in a Job Fair to initiate a movement to skill the motivated illiterate, semi-literate and literate young Students.

## ASML: An Employer of Choice

- **Diversity and Inclusion**

Your Company takes pride in being an equal opportunity employer and therefore provides employment opportunities on merit irrespective of gender, creed, religion or any other affiliation. ASML is committed to creating a diverse work culture. In addition to equality, your Company also provides employment opportunities to persons with special needs.

- **Gratuity Scheme**

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

- **Industrial Relations**

Your Company believes in providing an equitable, fair and merit-based environment. We believe that if 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.

- **Sporting and Other Activities**

ASML nurtures an energetic and proactive behavior among the employees and puts faith in inculcating national pride. Various activities are organized for employees during the year including Employee Appreciation Day, Independence Day celebrations, Interdepartmental Cricket Tournament etc. Basic first aid & medical emergency handling session for employees was also conducted during the year.

## **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. 13.3 billion 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 no. 2.13 to the annexed Audited Financial Statements. Preparation of accounts and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards (IFRS) as notified by the Companies Act, 2017, Islamic Financial Accounting Standards (IFAS) as notified by the Companies Act, 2017, and provisions of and directives issued under the Companies Act, 2017, 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.

The Board hereby reaffirm that there is no doubt whatsoever about the Company's ability to continue as a going concern, that there has been no material departure from the best practices of corporate governance as detailed in the applicable rules and regulations, and that the company has adequate internal financial controls in place.

Seven directors including the Chief Executive Officer has completed the Directors' Training / Education Program whereas two directors were already exempt from attending the Directors Training Program as per criteria mentioned 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 eight elected directors, seven 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	Nomination Committee	Risk Management Committee
Mr. Arif Habib (Chairman)	Other Non-executive	-	Member	Chairman	Chairman
Mr. Samad Habib		-	-	Member	-
Mr. Kashif Habib		Member	Member	-	Member
Mr. Nasim Beg		Member	-	-	-
Dr. Munir Ahmed (Chief Executive & deemed Director)	Executive	-	-	-	Member
Mr. Jawaid Iqbal	Independent	Chairman	-	-	-
Ms. Tayyaba Rasheed (Female Director)		Member	-	-	-
Mr. Arslan Iqbal		-	-	-	-
Mr. Rashid Ali Khan		-	Chairman	-	-

## Changes in Board Composition and Election of Directors

The Company in its Annual General Meeting held on October 28, 2020 has elected eight directors, to serve for a three year term commencing from October 31, 2020. The total strength of the post-election Board of Directors of the Company is eight (8) elected directors and the CEO of the Company who is a deemed director under section 188(3) of the Act. In accordance with the provisions of Section 161 of the Companies Act, 2017, the three years term of the elected directors will be completed in October 2023.

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

All directors including the Chief Executive, Chief Financial Officer and Executives of the Company were informed by 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 and form of shares and nature of transaction within 7 days of such transaction to the Company Secretary.

A statement showing the Company's shares bought and sold by its directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor family members is annexed as Annexure-I. Except as disclosed in Annexure - I, there has been no trading in Company's shares by any "Executive" of the Company which are CEO, CFO, Head of Internal Audit, Company Secretary and other employees designated as General Managers in the Company, being 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.

Where any Executive director of Aisha Steel Mills Limited has been appointed as the director in other Companies, he shall inform the Board in writing regarding his appointment in the immediately succeeding Board meeting. Further, any fee earned by the Executive director due to his / her directorship in other entity may be retained by the director himself / herself, subject to approval of the Board.

The Chief Executive is the only Executive director on the Board. Directors are also entitled to receive travel related expense reimbursements for attending the meeting. Disclosure with respect to remuneration package of Chief Executive and Executives, and payments made to Non-Executive directors as per aforementioned policy for attending Board of Directors meetings and other expenses is presented in note no. 36 to the annexed Audited Financial Statements. During the year under review, Mr. Rashid Ali Khan and Ms. Tayyaba Rasheed (both Non-Executive directors) were paid amounts of Rs.0.81 million and Rs.0.15 million respectively for attending Board of Directors and Committees meetings and other meeting related expenses.

### Pattern of Shareholding

The ordinary and preference shares of the Company are listed on Pakistan Stock Exchange. There were 12,045 (2021: 8,091) ordinary shareholders and 2,391 (2021: 2,474) preference shareholders of the Company as of June 30, 2022. 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 the year under review, the Company issued 153,028,516 Ordinary shares (ASL) against preferential dividend to the entitled preference shareholders (ASLPS & ASLCPS) in accordance with the approval by the shareholders of the Company in last year's Annual General Meeting held on October 28, 2021.

### 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 114) and graphical representation of the important statistics is presented on (Page Number 132).

### 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.

### Auditors

The present external auditors M/s. A. F. Ferguson & Co., Chartered Accountants, shall retire at the conclusion of Annual General Meeting on October 28, 2022 and being eligible, have offered themselves for reappointment for the year ending on June 30, 2023. 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, 2023 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 28, 2022.

### Compliance with Secretarial Practices

During the financial year under review, the secretarial and corporate requirements of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 have been duly complied with.

## Post Balance Sheet Events – Subsequent Events

In its meeting held on September 27, 2022, the Board of Directors has proposed preferential dividend for the year ended June 30, 2022 on Cumulative Preference Shares ASLPS and ASLCPS, amounting to Rs. 52 million and Rs. 0.2 million respectively, in line with the terms and conditions of respective Preference Shares.

Subject to the approval by members at the Annual General Meeting to be held on October 28, 2022, effect of the above dividend distribution and related appropriation to reserves shall be reflected in the next year's financial statements.

## Related Party Transactions

In order to comply with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, 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 no. 35 to 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 for the faith and trust reposed by our business partners and financial institutions. We are grateful to the Ministry of Finance, Ministry of Industries and Production, Ministry of Commerce, the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, National Tariff Commission, 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 been immensely helpful for the continued growth of the Company.

The directors acknowledge the hard work put in by employees of the Company and look forward to their continued commitment. 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



**Mr. Arif Habib**  
Chairman

Karachi:  
September 27, 2022

# Annexure I

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

From 1st July 2021 to 30th June 2022

Name of Directors	Designation	Shares bought	Shares sold	Remarks
Mr. Arif Həbib	Chairman	-	-	-
Dr. Munir Ahmed	Chief Executive	-	-	-
Mr. Nəsim Beg	Director	-	-	-
Mr. Səməd Həbib	Director	-	-	-
Mr. Kəshif Həbib	Director	-	-	-
Mr. Jəwəid Iqbəl	Director	-	-	-
Mr. Rəshid Ali Khən	Director	-	-	-
Ms. Təyyabə Rəsheed	Director	-	-	-
Mr. Arslən M. Iqbəl	Director	-	-	-
Mr. Umair Noor	CFO	-	-	-
Mr. Mənzoor Rəzə	Company Secretary	-	-	-
Mr. Məhəmməd Shəhid	Head of Internal Audit	-	5,000	-

# Annexure II

Statement showing attendance at Board Meetings

From 1st July 2021 to 30th June 2022

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Həbib	Chairman	4	4	3	1	-
Dr. Munir Ahmed	Chief Executive	4	4	4	-	-
Mr. Nəsim Beg	Director	4	4	4	-	-
Ms. Təyyabə Rəsheed	Director	4	4	4	-	-
Mr. Kəshif Həbib	Director	4	4	3	1	-
Mr. Arslən M. Iqbəl	Director	4	4	3	1	-
Mr. Jəwəid Iqbəl	Director	4	4	3	1	-
Mr. Rəshid Ali Khən	Director	4	4	4	-	-
Mr. Səməd Həbib	Director	4	4	4	-	-

## Statement showing attendance at Audit Committee Meetings

From 1st July 2021 to 30th June 2022

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Jawaid Iqbal	Chairman	4	4	3	1	-
Mr. Kashif Habib	Director	4	4	3	1	-
Mr. Nasim Beg	Director	4	4	3	1	-
Ms. Tayyaba Rasheed	Director	4	4	4	-	-

## Statement showing attendance at Human Resource & Remuneration Committee Meeting

From 1st July 2021 to 30th June 2022

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Rashid Ali Khan	Chairman	2	2	2	-	-
Mr. Arif Habib	Member	2	2	2	-	-
Mr. Kashif Habib	Member	2	2	2	-	-

## Statement showing attendance at Risk Management Committee Meeting

From 1st July 2021 to 30th June 2022

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman	1	1	1	-	-
Dr. Munir Ahmed	Member	1	1	1	-	-
Mr. Kashif Habib	Member	1	1	1	-	-

## Statement showing attendance at Nomination Committee Meeting

From 1st July 2021 to 30th June 2022

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman	1	1	1	-	-
Mr. Samad Habib	Director	1	1	1	-	-

# Annexure III

## Pattern of Shareholding (Symbol: ASL)

Categories of Shareholders as at June 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	12	187,075,881	20.23
Associated Companies, undertakings and related parties	10	432,390,230	46.75
NIT and ICP	1	328,084	0.04
Banks Development Financial Institutions, Non-Banking Financial Institutions	7	26,899,823	2.91
Insurance Companies	9	5,907,056	0.64
Modarabas and Mutual Funds	30	33,781,575	3.65
General Public - Local	11,468	159,573,297	17.25
General Public - Foreign	337	3,105,301	0.34
Others	171	75,739,562	8.19
<b>Total</b>	<b>12,045</b>	<b>924,800,809</b>	<b>100.00</b>

## Pattern of Shareholding (Symbol: ASL)

Categories of Shareholders as at June 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
Muhammad Arif Habib	4	187,062,031	20.23
Mohammad Kashif	1	9,924	0.00
Muhammad Jawaid Iqbal	1	500	0.00
Nasim Beg / Zari Beg	2	2,976	0.00
Tayyaba Rasheed	1	150	0.00
Rashid Ali Khan	1	100	0.00
Munir Ahmed	1	100	0.00
Arslan Muhammad Iqbal	1	100	0.00
<b>Associated Companies, undertakings and related parties</b>			
Arif Habib Equity (Pvt) Limited	4	311,444,302	33.68
Arif Habib Corporation Limited	1	94,213,762	10.19
Arif Habib Limited	1	23,857,132	2.58
Fatima Fertilizer Company Limited	2	2,625,000	0.28
Sharmin Shahid	1	250,000	0.03
Nida Ahsan	1	34	0.00
NIT and ICP	1	328,084	0.04
Banks Development Financial Institutions, Non-Banking Financial Institutions	7	26,899,823	2.91
Insurance Companies	9	5,907,056	0.64
Modarabas and Mutual Funds	30	33,781,575	3.65
<b>General Public</b>			
a. Local	11,468	159,573,297	17.25
b. Foreign	337	3,105,301	0.34
Others	171	75,739,562	8.19
<b>Total</b>	<b>12,045</b>	<b>924,800,809</b>	<b>100.00</b>

## Pattern of Shareholding (Symbol: ASL)

Categories of Shareholders as at June 30, 2022

Shareholders holding 10% or more	Shares Held	Percentage
Arif Habib Equity (Pvt) Limited	311,444,302	33.68
Muhammad Arif Habib	187,062,031	20.23
Arif Habib Corporation Limited	94,213,762	10.19

## Pattern of Shareholding (Symbol: ASL)

As at June 30, 2022

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1,637	1	to	100	59,080
2,319	101	to	500	895,051
1,786	501	to	1,000	1,642,412
3,302	1,001	to	5,000	9,320,356
1,094	5,001	to	10,000	8,823,812
405	10,001	to	15,000	5,284,117
1,425	15,001	to	500,000	99,412,704
41	500,001	to	1,600,000	37,407,646
26	1,600,001	to	9,175,000	94,535,628
8	9,175,001	to	94,215,000	338,370,416
1	94,215,001	to	127,545,000	127,541,392
1	127,545,001	to	201,510,000	201,508,195
<b>12,045</b>				<b>924,800,809</b>

## Pattern of Shareholding (Symbol: ASLPS)

Categories of Shareholders as at June 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	4	2,809,672	6.33
Associated Companies, undertakings and related parties	4	38,960,072	87.83
NIT and ICP	1	121,208	0.27
Banks Development Financial Institutions, Non-Banking Financial Institutions	5	206,850	0.47
Insurance Companies	4	325,423	0.73
Mudarabas and Mutual Funds	-	-	0.00
General Public - Local	2,233	1,026,934	2.32
General Public - Foreign	1	2	0.00
Others	49	906,896	2.04
<b>Total</b>	<b>2,301</b>	<b>44,357,057</b>	<b>100.00</b>

## Pattern of Shareholding (Symbol: ASLPS)

Categories of Shareholders as at June 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
Muhammød Arif Høbib	1	2,804,458	6.32
Mohammød Køshif	1	3,208	0.01
Nøsim Beg / Zøri Beg	2	2,006	0.00
<b>Associated Companies, undertakings and related parties</b>			
Arif Høbib Corporation Limited	1	34,856,499	78.58
Arif Høbib Equity (Pvt) Ltd	1	3,991,549	9.00
Arif Høbib Limited	1	112,000	0.25
Nidø Ahsøn	1	24	0.00
NIT and ICP	1	121,208	0.27
Banks Development Financial Institutions, Non-Banking			
Financial Institutions	5	206,850	0.47
Insurance Companies	4	325,423	0.73
Modørabø and Mutual Funds	-	-	0.00
<b>General Public</b>			
a. Local	2,233	1,026,934	2.32
b. Foreign	1	2	0.00
Others	49	906,896	2.04
<b>Total</b>	<b>2,301</b>	<b>44,357,057</b>	<b>100.00</b>

Share holders holding 10% or more	Shares Held	Percentage
Arif Høbib Corporation Limited	34,856,499	78.58

## Pattern of Shareholding (Symbol: ASLPS)

Categories of Shareholders as at June 30, 2022

No. of Shareholders	Shareholdings' Sløb			Total Shares Held
1,227	1	to	100	43,515
735	101	to	500	164,735
147	501	to	1,000	103,495
155	1,001	to	5,000	309,356
14	5,001	to	10,000	100,887
3	10,001	to	15,000	36,803
12	15,001	to	95,000	619,428
6	95,001	to	2,805,000	4,130,790
1	2,805,001	to	3,995,000	3,991,549
1	3,995,001	to	3,486,000	34,856,499
<b>2,301</b>				<b>44,357,057</b>

## Pattern of Shareholding (Symbol: ASLCPS)

Categories of Shareholders as at June 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	1	250	0.18
Associated Companies, undertakings and related parties	-	-	0.00
NIT and ICP	-	-	0.00
Banks Development Financial Institutions, Non-Banking Financial Institutions	-	-	0.00
Insurance Companies	-	-	0.00
Modarabas and Mutual Funds	-	-	0.00
General Public – Local	87	135,507	98.25
General Public – Foreign	-	-	0.00
Others	2	2,163	1.57
<b>Total</b>	<b>90</b>	<b>137,920</b>	<b>100.00</b>

## Pattern of Shareholding (Symbol: ASLCPS)

Categories of Shareholders as at June 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
Abdus Samad	1	250	0.18
Associated Companies, undertakings and related parties	-	-	0.00
NIT and ICP	-	-	0.00
Banks Development Financial Institutions, Non-Banking Financial Institutions	-	-	0.00
Insurance Companies	-	-	0.00
Modarabas and Mutual Funds	-	-	0.00
<b>General Public</b>			
a. Local	87	135,507	98.25
b. Foreign	-	-	0.00
Others	2	2,163	1.57
<b>Total</b>	<b>90</b>	<b>137,920</b>	<b>100.00</b>

Share holders holding 10% or more	Shares Held	Percentage
Tahir Yaqoob	83,250	60.36

## Pattern of Shareholding (Symbol: ASLCPS)

Categories of Shareholders as at June 30, 2022

No. of Shareholders	Shareholdings' Slab			Total Shares Held
39	1	to	100	901
33	101	to	500	10,322
3	501	to	1,000	2,735
12	1,001	to	5,000	28,156
2	5,001	to	10,000	12,556
1	10,001	to	85,000	83,250
<b>90</b>				<b>137,920</b>

# 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 also 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, including Audit Committee, 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 and its Committees

The Board and its committees, including audit committee, 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 a 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 and its Committees' Effectiveness

The Board and its committee members understand and fulfil duties and responsibilities as director of the Company and member of the committee. 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.

# Review Report by the Chairman

## On the overall performance of Board and effectiveness of the role played by the Board in achieving the Company's objectives

The Board of Directors ("the Board") of Aisha Steel Mills Limited consists of members having diversified experience of corporate sector. It has complied with all relevant rules and regulations. The Board 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") and the rule book of the PSX where the Company is listed.

The Board during the year ended June 30, 2022 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 have adequate skill, experience and knowledge to manage the affairs of the Company;
- The Board has ensured that 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 and adopted 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 Committee, Human Resource and Remuneration Committee, Nomination Committee and Risk and Management 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 is assessed regularly 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 accordance with the relevant laws and regulations applicable on the Company, and the Board has always prioritized compliance with all the applicable laws and regulations in terms of their conduct as directors and exercising their power 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 ASML 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.

# CEO's Message

The International commodity boom witnessed in the financial year 2020-21, started correcting from the very beginning of the financial year 2021-22. The HRC price peaked near US\$ 1,100/ton in May 2021 reached levels around US \$ 800/ton by December 2021. In the quarter between Jan 2022 to March 2022, the prices briefly firmed up due to supply concerns arising from Russia and Ukraine war. However, the prices since have come down sharply to levels below US\$ 700/ton. The resurgence of COVID in China and slow down of western economies have further suppressed demand and steel prices remain under stress.

The local steel price have softened as well. An overall slowdown in demand, for an extended period, is a cause of major concern. The current political and economic challenges are becoming ominous. The erosion of Rupee against all major currencies is unprecedented. The high discount rate, rising energy cost, import restrictions are all contributing to increased cost of doing business leading to further slowdown of demand and subsequently production activities. The sluggish auto and construction sectors may shrink our market size by about 25%. The market will settle down after interim measures taken by the government are rationalized with long-term policies put in place.

## Company's Performance Highlights

The total quantity sold during the July-2021-June 2022 period, was 306,213 tons. Out of which 30,647 tons were exports to Europe, America, Canada and several other countries. The quantity sold in the corresponding period last year was 379,622 tons, showing a decline of about 19%. The exports during the corresponding period last year were limited to 16,800 tons.

The total quantity produced during the period was 306,527 tons compared to 365,274 tons produced in the corresponding period last year, showing a decrease of about 16%. The production curtailed due to slow offtake and buildup of finished goods inventory. The average inventory in the July-to-June period increased to 28,012 tons compared to 12,960 tons recorded in the same period last year.

The total revenue for the period was Rs. 64.8 billion compared to Rs. 55.1 billion achieved last year, showing an increase of about 18%.

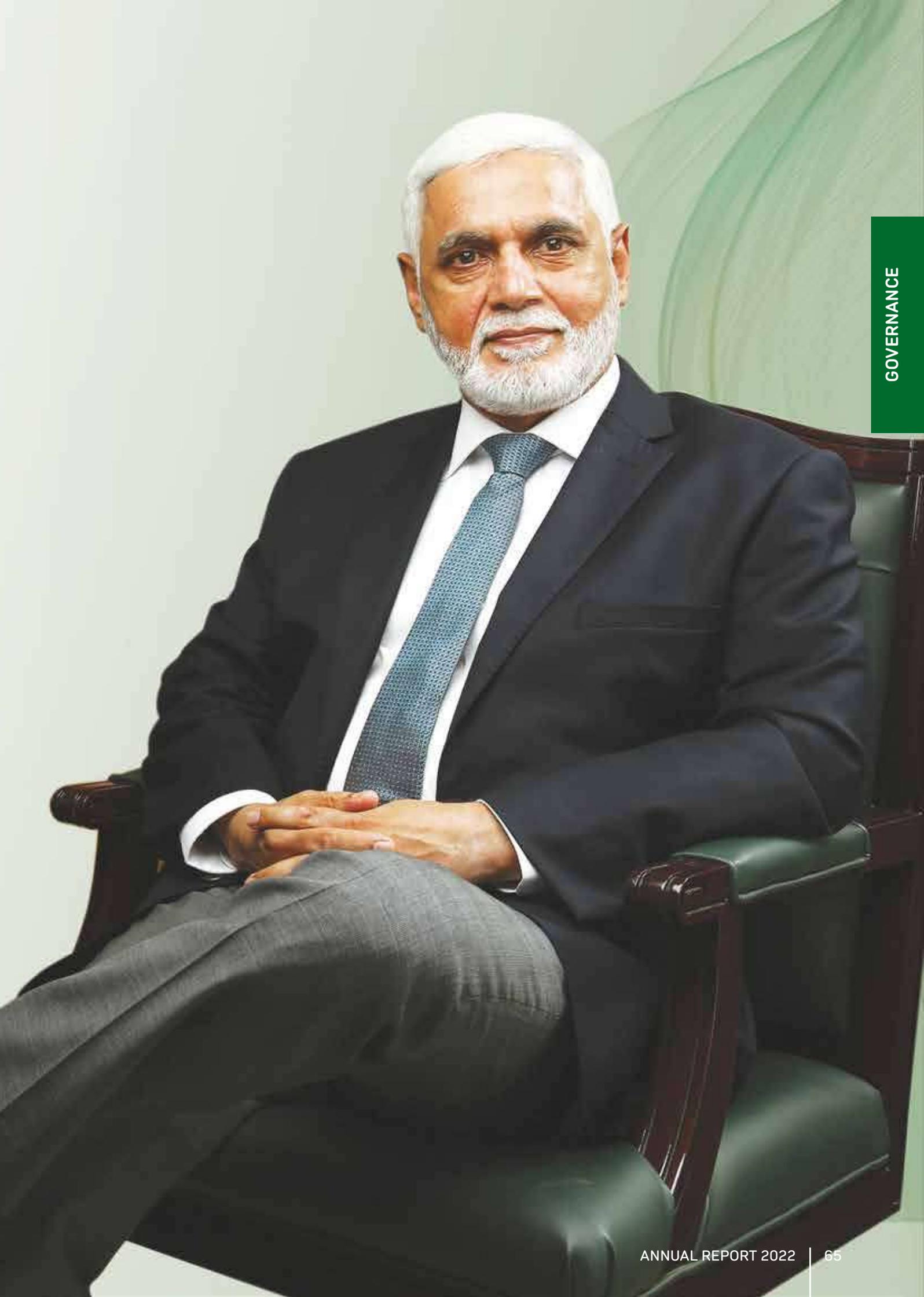
The team ASML remains committed and focused. All efforts being made to further improve, quality, productivity and product range. The positive feedback and recommendations received from the international customers will help us focus on new products development.

I would like to acknowledge and thank our shareholders, sponsors, Board of Directors, employees, customers, banks, and all the stake holders for their continued support, trust, and guidance that keeps us going. With collective team efforts of our employees and active oversight of the Board, we are confident of making substantial progress in years to come.



**Dr. Munir Ahmed**  
Chief Executive Officer  
Karachi: September 27, 2022





# Forward Looking Statement

The year under review witnessed a V-shaped economic recovery for the second consecutive period. However, such high growth for an import led economy is at the cost of depleting exchange reserves and widening current account deficit. Political instability, high international fuel and commodity prices and bludgeoning trade deficit exerted immense pressure on foreign exchange reserves resulting in significant depreciation of PKR against USD which in turn contributed towards high inflation. Delay in reaching an agreement with IMF for release of next tranche resulted in major uncertainty about Pakistan's ability to meet its foreign financial obligations and international rating agencies including Moody's downgraded Pakistan's credit rating outlook from stable to negative. Rupee depreciated significantly by 31% to Rs. 206.4 to USD from Rs. 157.5 last year.

The Fiscal Year 2021-22 begun with the Global economies recovering from reduced disposable income and lower levels of consumer confidence as a result of Covid-19 pandemic. On the back of the commodity boom witnessed in the year 2020-21, the steel prices climbed to levels seldom seen before. However, from the very beginning of the financial year 2021-22, the prices started correcting. The HRC price gradually declined from the peak of US\$1050 per ton, FOB China, observed in May 2021 to US\$ 800 FOB China in December 2021. However, the decline continued after March 2022 and prices since have come down to levels below US\$ 700 per ton. The resurgence of COVID in China and slow down of western economies have further suppressed international steel demand and prices may come down further. The re-emergence of new COVID variants and its timely control still plays an important role in defining future directions at the global scale.

Further, ASML has achieved overall local market share of 33% in the current year. Moving forward the outlook of the business of your Company looks healthy, and will further strengthen with continuity of business-friendly policies of the government.

## Financial Projections

Based on the historical trends, enhanced capacity and diversified product portfolio, the Company expects to perform well in future.

The rising trend in Company's revenue is likely to follow in the upcoming year. As mentioned above, the prices of HRC are likely to fall but efficient inventory management would be vital in avoiding loss. Your Company has expanded its international customer base during the year and strives to further expand in new markets, without compromising on its domestic market lead.

## Sources of Information Used for Forecast

Projections are developed based on the historical trends and future expectations of the same. Macro and micro-economic indicators, local market demand, regulatory frameworks, monetary and fiscal policy, exchange rate fluctuations, internal capacity, and other variables form the basis of projections and forecasts. Further, internal functions also serve as key source of primary information, therefore, input is received from all departments including production, sales, human resource, engineering, electrical and administration.

Data from above sources is corroborated and compiled for preparation of annual budgets and forecasts. These budgets serve as formal plan and target for the Company, once approved by the Board.

For any new ventures and expansions, detailed studies and evaluations are made, due diligence is carried, and feasibilities are developed. These are discussed in detail with experts on legal and technical grounds before such ventures are approved by the Board.

## Response to Challenges and Uncertainties Likely to Arise

The Company is focused to maintain its lead in the local CRC market along with magnifying its place in the local galvanized steel market, as well as broadening its export market base. The challenge remains to produce quality material to meet the expectations of both local and international customers. The Company with its state-of-the-art equipment, and qualified, capable and dedicated team, expects to be able to swiftly handle this challenge.

Further, the Company expects dumping of flat steel in Pakistan, thereby eradicating local margins. The management closely monitors any such activity and applies to National Tariff Commission for tariff support.

## Status of Projects

This was the third year after completion of the expansion project. After successfully moving through the learning curve, we were able to establish quality mark in the galvanized products while maintaining our position as market leader in CRC. It is highly encouraging to see that your Company has achieved market share of 33% in the current year. The additional capacity, wider product mix and high-quality standards had opened up export possibilities. During the year, we have achieved export of Rs. 6.26 billion.

In the early second half of FY 2020, unfortunately, the cold rolling and skin passing mill (CRSM) of the Company met with a fire accident. The equipment above ground was seriously damaged. However, our engineers were able to revamp the skin pass operations in just 35 days and production of annealed CRC commenced. In order to continue our rolling operations, which require substantially higher rolling forces, the Company has decided to initiate a major overhaul under supervision of Steel Plantech Company of Japan (SPCO), the designers and manufacturers of the equipment. The parts needed to restore CRSM have been finalized and are in ordering stage. The complete rehabilitation will take about two years.

## Company's Performance against Last Year's Projections

The budgeted sales and cost of goods sold were fixed at Rs. 94.76 billion and Rs. 86.45 billion, respectively. During the year, your Company achieved sales of Rs. 64.83 billion and cost of goods sold of Rs. 59.32 billion. The lower than expected sales were due to contraction in local demand for the Company's product. Due to uncertain and challenging local and international market conditions coupled with political instability which led to economic uncertainty in the country resulted in the Company falling short of its target.

The depreciation in the Pak Rupee against US\$ led to an exchange loss of Rs. 1.12 billion against budgeted loss of Rs. 328 million. The significantly high discount rate during the year resulted in severe escalation of the finance cost, and hindered in achieving the budgeted targets.

# 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 are Non-Executive directors.

## Board Committees

The Board is assisted by four Committees, namely the Audit Committee, Human Resource & Remuneration Committee, Nomination Committee and Risk Management 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. Jawaid Iqbal	Chairman	Independent and Non-Executive
Mr. Kashif A. 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.

### Frequency of meetings

Meetings of Audit Committee are held at least once in each quarter. During the year 2021 - 22, 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, 2021 to June 30, 2022

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. Kashif A. Habib	Member	Non-Executive

The HR&R Committee comprises of three Non-Executive directors, of which Chairman is an independent director. The Head of Human Resource has been appointed as the Secretary of the Committee.

#### Salient Features and Terms of Reference of Human Resource & Remuneration 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, 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 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 meetings are circulated to the Board.

## Statement Showing Attendance at Human Resource & Remuneration Committee Meetings from July 01, 2021 to June 30, 2022

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

### Nomination Committee

#### Members of Nomination Committee on the reporting date:

Name of Director	Designation	Nature of Directorship
Mr. Arif Habib	Chairman	Non-Executive
Mr. Samad A. Habib	Member	Non-Executive

The Nomination Committee comprises of two Non-Executive directors. The Company Secretary has been appointed as the Secretary of the Committee.

### Salient Features and Terms of Reference of Nomination Committee

The aims of the Committee is to consider and making recommendations to the Board in respect of the Board's committees and the chairmanship of the Board's committees; and keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary, in accordance with the laws and regulations.

#### The Terms of Reference of the Committee includes the following:

- Review of composition and structure of committees in line with the applicable laws.
- Review of attendance and participation of the committee members.
- Make recommendations to the Board for filling the casual vacancies in committees, if any.
- Review the effectiveness of the sub-committees and recommend changes, if any.
- Ensure that the sub-committees are achieving respective objectives.

The Committee meets on an annual basis to review the chairmanship, composition and structure of sub-committees, unless there arise a need to fill any casual vacancy in between. The Secretary is to set the agenda, time, date and venue for the meeting in consultation with the Chairman of the Committee. Minutes of meetings are circulated to the Board after approval.

### Statement Showing Attendance at Nomination Committee Meeting from July 01, 2021 to June 30, 2022

Details of attendance at Nomination Committee have been mentioned in Annexure II of the Directors' Report.

### Risk Management Committee

#### Members of Risk Management Committee on the reporting date:

Name of Director	Designation	Nature of Directorship
Mr. Arif Habib	Chairman	Non-Executive
Dr. Munir Ahmed	Member	Executive
Mr. Kashif A. Habib	Member	Non-Executive

The Risk Management Committee comprises of two Non-Executive directors and one Executive director. The Company Secretary has been appointed as the Secretary of the Committee.

### Salient Features and Terms of Reference of Risk Management Committee

The main aim of the Committee is to guide the management to carry out a review of effectiveness of risk management procedures and present a report to the Board.

#### The Terms of Reference of the Committee includes the following:

- Monitoring and review of all material controls (financial, operational, compliance).
- Risk mitigation measures are robust and integrity of financial information is ensured.
- Appropriate extent of disclosure of Company's Risk framework and internal control system in Directors' Report.
- To present a document to the Board for annual overall review of business risks 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 Committee meets at least once in a financial year on as required basis or when directed by the Board. The Secretary is to set the agenda, time, date and venue for the meeting in consultation with the chairman of the committee. Minutes of meetings are circulated to the Board after approval.

### Statement Showing Attendance at Risk Management Committee Meeting from July 01, 2021 to June 30, 2022

Details of attendance at Risk Management 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 Muhammad, CFO & Head of IT
3. Mr. Farhatullah Siddiqui, Head of Engineering
4. Mr. Asad Malik, Head of Electrical & Instrumentation
5. Mr. Farhan Saeed, General Manager Plant & Operations
6. Mr. Khawar A. Siddiqui, Director Sales & Marketing
7. Ms. Hina Akhtar, Head of Human Resources
8. Mr. Ghufran Ahmed, Head of Quality Control
9. Mr. Saadat Hussain, Head of Supply Chain
10. Mr. Amir Nisar, Head of Administration
11. Mr. Altaf Hussain, Head of Planning & Control
12. Mr. Muhammad Shahid, Head of Internal Audit

## 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 Muhammad, CFO & Head of IT
3. Mr. Farhatullah Siddiqui, Head of Engineering
4. Ms. Hina Akhtar, Head of Human Resource
5. Mr. Farhan Saeed, General Manager Plant & Operations



Back Row (Left to Right) : Mr. Altaf Hussain, Mr. Farhan Saeed, Mr. Umair Noor Muhammad,  
Mr. Khawar A. Siddiqui, Mr. Farhatullah Siddiqui

Front Row (Left to Right) : Dr. Munir Ahmed, Ms. Hina Akhtar

# Additional Information

## Liquidity and Cash Management

During the year, the Company has successfully managed the liquidity position through close monitoring of the funding requirements and effective management of its financial resources. As at June 30, 2022, short-term borrowings of Rs. 15.87 billion (2021: Rs. 6.79 billion) and long-term finance of Rs. 4.83 billion (2021: Rs. 6.01 billion) are outstanding. Decrease in long-term borrowing is due to repayment of debt. The average short-term borrowing have increased during the year due to working capital requirements of the Company.

Currently, finance facilities of more than Rs. 4.1 billion are unutilized. The Company has a history of meeting its financial commitments on a timely basis. The management is confident that the Company will not face any liquidity issues ahead, as the Company has sustainable growth with increased revenues, product diversification and enhanced capacity.

## Strategy to Overcome Liquidity Problems

The Company primarily generates funds from sales, while funding from borrowings are kept as secondary source of funding. The cash flow risk is managed via effective and rigorous cash flow forecasting, close monitoring of working capital levels, and planning ahead to have sufficient resources to meet financial obligations when due. In order to minimize liquidity risk and ensure optimum utilization of funds, the management monitors cash flows on a daily basis and adjusts the borrowing level in line with the working capital requirements of the Company.

## Financing Arrangements

ASML enjoys healthy and cordial business relationships with its financiers and lenders. Thus, the Company has obtained short-term and long-term borrowing at attractive rates. Long-term loan obtained during the period amounted to Nil (2021: Rs. 138.9 million). Further, long term loan of Rs. 1.45 billion (2021: Rs. 2.05 billion) was repaid during the year, in line with repayment terms.

The Company paid all its debts on a timely basis as per the terms agreed with the financiers. Further, the cash flow forecast provides confidence in ASML's ability to discharge the outstanding borrowings on a timely basis as well.

## Adequacy in Capital Structure

Equity of the Company decreased by 2.98% to Rs. 14.04 billion on account of dividend paid during the year. Equity mainly comprises of ordinary share capital of Rs. 9.24 billion representing 924.8 million ordinary shares. Major shareholders of the Company are Arif Habib Equity (Private) Limited, Mr. Arif Habib and Arif Habib Corporation Limited owning 32.54%, 19.59% and 13.32% of share capital of the Company, respectively.

## Ownership Structure

As at June 30, 2022 shares of ASML are majorly held by below shareholders, detailed disclosure of ownership structure has been included as Annexure III of the Directors' Report (Page Number 57).

Name of Shareholder	% Owned
Arif Habib Equity (Private) Limited	32.54%
Mr. Arif Habib	19.59%
Arif Habib Corporation Limited	13.32%

## Group Companies and Operating Structure

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

Group Companies	Nature of Relationship
Arif Habib Corporation Limited	Mr. Arif Habib, Mr. Nasim Beg, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Arif Habib Equity (Pvt.) Limited	Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Arif Habib Consultancy (Pvt.) Limited	Mr. Arif Habib and Mr. Nasim Beg are directors in both companies.
Arif Habib Dolmen REIT Management Limited	Mr. Arif Habib and Mr. Samad A. Habib are directors in both companies.
Arif Habib Foundation	Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Black Gold Power Limited	Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Fatima Fertilizer Company Limited	Mr. Arif Habib and Mr. Kashif A. Habib are directors in both companies.
Javedan Corporation Limited	Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
MCB-Arif Habib Savings And Investments Limited	Mr. Nasim Beg and Mr. Kashif A. Habib are directors in both companies.
Naya Nazimabad Foudation (Formerly: Karachi Sports Foundation)	Mr. Arif Habib is director in both companies.
Pakarab Fertilizers Limited	Mr. Arif Habib, Mr. Nasim Beg, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Pakistan Opportunities Limited	Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Power Cement Limited	Mr. Nasim Beg, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Rotocast Engineering Company (Pvt.) Limited	Mr. Samad A. Habib and Mr. Kashif A. Habib are directors in both companies.
Sachal Energy Development (Pvt.) Limited	Mr. Arif Habib is director in 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.

## Significant Plans

The Company in 2019, successfully installed Continuous Galvanizing Line, Push Pull Pickling Line, Cold Rolling Mill and Batch Annealing Furnaces. Since the completion of the expansion project and addition of GI in the product mix, ASML's local market share has increased to 33%. The management now is focused to achieve maximum capacity utilization, and increase local and export market share. New offices in Multan and Rawalpindi were established in the preceding year to increase its outreach and the customer base while gearing up all the efforts to further penetrate the international market.

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. Arslan Iqbal 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, four 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 Directors

Only Dr. Munir Ahmed, Chief Executive serves as the Executive director on the board of the Company.

## 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 have 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 consent with 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 and the Nomination Committee of the Board, 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 atleast once in a year, 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**

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 and serving as an interface between the Board, employees and community. He ensures that the 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. 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 the Board for smooth operations and undertaking initiatives for identifying new areas 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
Mr. Samad A. Habib	Certified	Pakistan Institute of Corporate Governance	2014
Dr. Munir Ahmed (Chief Executive)	Certified	Pakistan Institute of Corporate Governance	2017
Mr. Arslan Iqbal	Certified	Lahore University of Management Sciences	2019
Mr. Rashid Ali Khan	Certified	Pakistan Institute of Corporate Governance	2018
Ms. Tayyaba Rasheed	Certified	Institute of Cost and Management Accountants of Pakistan	2019
Mr. Jawaid Iqbal	Certified	Pakistan Institute of Corporate Governance	2019

### Business Rationale of Major Capital Expenditure and Projects

ASML has a systematic procedure for evaluating capital expenditure requirements. The management after detailed evaluations and assessments recommends the capital expenditure to the Board for its approval. Before recommending any project to the Board rigorous financial analysis including assessment of payback period, net present value, profitability are assessed. Further, capital expenditure requirements for upcoming year are budgeted and presented to the Board for approval.

During the year, net capital expenditure of Rs. 1.18 billion has been incurred. Additions to operating assets, major spare parts and capital work in progress amounts to Rs. 438.67 million, Rs. 834.06 million and Rs. 301.09 million respectively. These additions were off-set by disposal proceeds received during the year.

### Issues Raised in Last Annual General Meeting

The Company's seventeenth AGM was held on October 28, 2021. During the AGM, the shareholders inquired about general matters relating to the Company which were responded appropriately and to the satisfaction of the inquirer by the directors present in the meeting.

On a question by a shareholder, Chairman updated that one of the major achievement of the Company during the year is increase in local market share from 30% to 37% in comparison to last year. He added that the imports were restricted to 27% compared to 32% last year. Various questions were asked by the members regarding the financial performance, capacity utilisation, sales, outlook and other matters which were responded by the Chairman and the CEO to the satisfaction of the members.

### 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.

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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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.

### **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 is not completely adhered to IR.

### **Company's Credit Rating**

In the year 2022, the Company was awarded rating of 'A-/A-2' (Single A Minus / A-Two) by VIS Credit Rating Company Limited. Rating Outlook was assigned as "Stable".

The rating report can be accessed at [https://docs.vis.com.pk/RatingReports/OP\\_01018903005\\_00010189.pdf](https://docs.vis.com.pk/RatingReports/OP_01018903005_00010189.pdf)

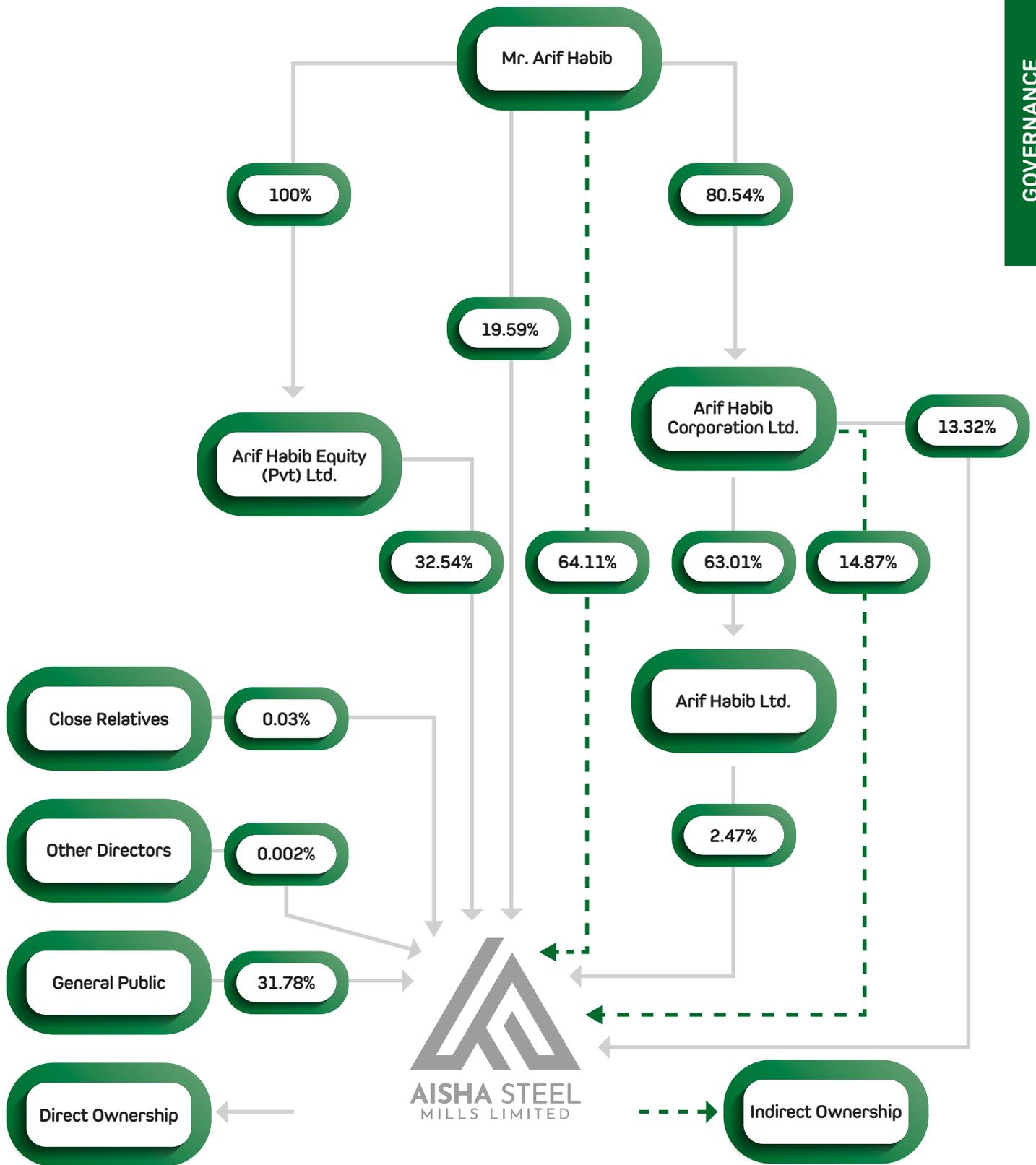
### **Pandemic Policy**

Given the developing situation of the coronavirus in Pakistan since 2020, Aisha Steel Mills Limited established various strict policies to control the potential spread of coronavirus. The Company took several measures, including:

- Installation of sanitization tunnels at all the entry gates.
- Provision of sanitizers through out.
- Development and Installation of COVID-19 awareness boards and posters for employees and visitors.
- Monitoring of body temperature of all entrants with non-contact infrared thermometers at entrance gates.
- Installed hand washing facilities at entrance and work stations.
- Distribution of face masks and hand gloves to employees and visitors to ensure their health safety at work place.
- Enforcement of hand wash at gate by every entrant.
- Enforcement of maintenance of social distance of 6 feet as advised by World Health Organization (WHO) in company's premises via floor marking.
- Conducting COVID-19 tests along with quarantine period for suspected cases.
- Deep cleaning and disinfection of work stations.
- Initiation of work from home facility for all business support staff with necessary IT arrangements to ensure smooth operations.
- Conducting of online meetings for business activities and key decisions.
- Strict compliance with Government SOPs at factory to prevent spread of the virus. With the help of above mentioned timely and practical actions, Company was able to reduce short-term risks to the health and safety of employees and long-term costs to the businesses.

# Beneficial Ownership and Group Shareholding

As at June 30, 2022



# Competitive Landscape and Marketing Position

ASML is one of the major producers of Flat Steel products i.e. Cold Rolled and Hot Dipped Galvanized coils in Pakistan. It is a state-of-the-art steel rolling complex with rolling capacity of 700,000 tons per annum. ASML produces Cold Rolled Coils (CRC) and Hot Dipped Galvanized Coils (HDGC) of international quality from imported Hot Rolled Coils (HRC). Our CRC is used in automotive, 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. HDGC is used in various applications, including building accessories, pipes, electrical appliances etc.

The Company expanded its annual production capacity from 220,000 tons to 700,000 tons at the end of FY 2019. During the year, with the versatile product mix, improved quality, and long-term customer trust the Company achieved a sales revenue of Rs. 64.83 Billion (FY2021: 55.12 Billion). Further, the Company has also increased its outreach in international market and expects to further build-up on exports, while maintaining the lead in domestic market.

Our focus remains on designing business strategies that ensures sustainable growth in our market share. We trust our Quality Management System and customer centric approach in expanding our share in the local market. Meanwhile, we also endeavour to develop new markets and meet demands of our international customers as well.

## Power of Suppliers

Strong supplier network is key for effective working capital management and timely availability of raw material, general supplies, spares and consumables. For continuous sustainable growth, ASML is maintaining a supplier base where relationships are beyond "solely commercial" towards strong business partnership. We have developed multiple sources for supply of key components and materials, both locally and internationally.

Our supply chain team closely co-ordinates with suppliers and resolves their issues on priority basis. Company ensures to pay its suppliers on a timely basis. Further, the supply chain team conducts market surveys, explores new options, and diversifies vendors (where required) to create flexibility in available resources.

Our success and performance is dependent on the uninterrupted supply of quality products from our trustworthy suppliers. This trust has been developed over the period through successful completion of contractual obligations by both ASML and our suppliers.

## Power of Customers

At ASML, we highly value our customers and focus to build long-term business relationships with them. We remain responsive to our customers' needs and provide high quality products which meet their requirements. Our sales and marketing team remains 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 success and performance is dependent upon the loyalty of our strong customer base, which has been developed through years of quality supplies and services.

## Competition and Rivalry

Over the years, ASML has maintained major share in the domestic flat-steel market. We believe in healthy competition which keeps us on our toes to maintain and increase our market share and retain our valuable customer base.

Being an import substitute industry, we strive to serve our national objective, by maximizing local production and minimizing imports and thus, saving foreign exchange of the country. Being subjected to unhealthy dumping, National Tariff Commission has imposed Anti-Dumping Duty against dumped imports from certain countries.

Our state-of-the-art production facilities, strong customer base, competitive team and visionary guidance makes us a quality organization capable of staying ahead of the competition.

### **Threat of New Entrants**

Highly capital-intensive industry, imported raw material, volatile market situation, limited technical resources and strong supply chain acts as a barrier to new entrants, therefore, risk of new entrants is minimum. However, Pakistan is net importer of flat-steel, therefore, any new entrant will act as import substitute rather than risking market share of existing producers.

### **Threat of Substitute Products**

The threat of substitute products does not exist in our products.

# Awards and Recognition



## Best Corporate Report Award

Best Corporate Report Awards are governed by the joint Evaluation Committee of The Institute of Chartered Accountants of Pakistan (ICAP) and The Institute of Cost and Management Accountants of Pakistan (ICMAP). The competition is intended to promote excellence and transparency in corporate reporting.

Aisha Steel Mills Limited has had the honor of participating in the competition for four consecutive years which is consistent with it being successfully awarded every year. ASML secured 2nd Position for Best Corporate Reports of 2019, 2020 and 2021 while it was awarded a Merit certificate for the corporate report for FY2018. Further, the Company's Annual Report for the year ended June 30, 2018 also received Merit Certificate in Best presented Annual Report Awards and SAARC Anniversary Awards for Corporate Governance Disclosure, 2018.

## Brand of the Year Award

Aisha Steel Mills Limited was awarded the Brand of the Year Award 2021. The brand of the year award is a distinctive and premier recognition for a brand recognized as a champion in its industry category based on current year market standing and consumer preference. It honors only that single brand in each category every year which dominantly led through all the levels of the selection criteria.



# Stakeholders' Engagement

Our stakeholders are the reason we exist, therefore, we consider engagement with them as highly valuable and important. Stakeholder engagement process includes transparent and effective communication, handling stakeholders' grievances appropriately and their timely resolution and compliance with laws and regulations.

## Shareholders

### Management of Engagement

Our shareholders' interest revolves around good returns, profitability, growth, sustainability and regulatory compliance. We aim to ensure continuous growth, thus, safeguarding shareholders' interest by improving profits.

### Process of Engagement

Annual General Meetings, Extra Ordinary General Meetings, Corporate Briefing Sessions, Statutory Reporting, disclosure of information, and timely updates on the Company's website are most effective means of engagement with our shareholders.

### Investors' Grievance Policy

The Company has an Investors' Grievance Policy in place. Any complaint or observation received either directly by the Corporate Department or during general meetings are addressed by the Company Secretary. The 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 CDC Share Registrar Services Limited which is the leading name in the field. The Company has many old and loyal shareholders, which shows the trust of the shareholders in the management of the Company.

### Investors' Section

We believe timely, updated and complete information is of utmost importance to the investors. Therefore, the Company operates with a dynamic website (<http://www.aishasteel.com>), which is continuously updated to include any changes that may arise and also contains all the major financial information needed for investors' decision making in a separate tab of "Investor Information".

### AGM Proceedings

The Company's seventeenth AGM was held on October 28, 2021. During the AGM, the shareholders inquired about general matters relating to the Company which were responded appropriately and to the satisfaction of the inquirer by the directors present in the meeting.

On a question by a shareholder, Chairman updated that one of the major achievement of the Company during the year is increase in local market share from 30% to 37% in comparison to last year. He added that the imports were restricted to 27% compared to 32% last year. Various questions were asked by the members regarding the financial performance, capacity utilisation, sales, outlook and other matters which were responded by the Chairman and the CEO to the satisfaction of the members.

### Steps Taken to Ensure Board understands views of Majority Shareholders

In order to increase understanding of our stakeholders, including majority and minority shareholders, the Company conducted its Corporate Briefing Sessions on November 26, 2021 through video conferencing facility. The session provided an opportunity to a variety of stakeholders including major shareholders, minority shareholders, banks and investment companies to connect with the Company. ASML welcomes such sessions and expects to conduct more of such sessions in the future.

Further, 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.

## Steps Taken to Encourage Minority Shareholders

In order to encourage representation of minority shareholders at general meetings and on the basis of SECP's Circular No. 10 of 2014, the Company provides 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.

## Effect and Value of Engagement to ASML

Continuous support of shareholders is of prime importance for ASML to achieve its vision and mission.

## Our Customers

### Management of Engagement

At ASML, we highly value our customers and focus to build long-term business relationships with them. Our customers' expectations are focused on product quality and pricing.

### Process of Engagement

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.

## Effect and Value of Engagement to ASML

Our success and performance is dependent upon the loyalty of our strong customer base, which has been developed through years of quality supplies and services provided to them by ASML.

## Our Suppliers

### Management of Engagement

Strong supplier network is key for effective working capital management and timely availability of raw material, general supplies, spares and consumables. For our continuous sustainable growth, ASML is maintaining a supplier base where relationships are beyond "solely commercial" towards strong business partnership.

### Process of Engagement

Our supply chain team closely co-ordinates with suppliers and resolve their issues on priority basis. Company ensures to pay its suppliers on a timely basis. Further, the supply chain team conducts market surveys, explores new options, and diversifies vendors (where required), to create flexibility in available resources.

## Effect and Value of Engagement to ASML

Our success and performance is dependent upon the uninterrupted supply of quality products from our trustworthy suppliers. This trust has been developed over the period through successful completion of contractual obligations by both ASML and our suppliers.

## Banks and Lenders

### Management of Engagement

We value our relationship with our financial partners and lenders who are engaged by the Company for obtaining short-term and long-term financing, negotiating of borrowing rates, issuance of letter of credits and guarantees, payments to local and foreign suppliers and other operational matters. Financial risk management and business sustainability always remains in focus with our financial partners.

### Process of Engagement

Periodic briefings, quarterly financial reporting, head office and factory visits are the main modes of engagements. Banks and other institutes help us in obtaining loans at competitive rates and advise on strategic issues.

## Effect and Value of Engagement to ASML

Likewise our shareholders, bankers and lenders are also capital providers, enabling us to achieve our mission and vision. High quality engagement with them has helped the Company to continue its operations during its toughest days and has also enabled ASML to strike better financing deals.

### Employees

#### Management of Engagement

Our employees are our backbone. We understand that their issues revolve around work life balance, training and development, fair rewards together with professional and personal growth.

#### Process of Engagement

ASML strives to continuously enhance and update capabilities, skills, education and motivation of each employee by providing continuous trainings, and to inculcate culture of open and two way communication which encourages expression of every individual's potential and compensate them according to their abilities and performance. We have personal loan, training, long-term employee reward, employee retirement benefits, medical facilities, subsidized meals and free of cost transportation in place to create value for our human resource capital. Employee engagements are also exercised via annual talk with the CEO, sports activities, eid milan party, independence day celebrations. A motivated and committed employee adds value to the overall process and success of the organization.

## Effect and Value of Engagement to ASML

ASML values its human resource capital as an important asset as it has a direct impact on the long-term sustainability of the Company's success. The above mentioned engagement activities and employee benefits have improved our productivity and reduced employee turnover.

### Regulators

#### Management of Engagement

As a responsible corporate citizen, we are highly committed to abide by the applicable laws and regulations.

#### Process of Engagement

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.

## Effect and Value of Engagement to ASML

Laws and regulations applicable to ASML, may affect ASML and its performance.

### Institutional Investors and Analysts

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

### Summary of Analyst Briefing

#### VIS Credit Rating Company Limited (VIS)

VIS has been publishing its rating report on ASML since 2012. The rating report is based on capital market based research and provides an independent credit rating. On March 10, 2022, VIS published a rating report for Aisha Steel Mills Limited, the extracts of which have been reproduced below:

“Flat steel industry’s offtake in FY21 depicted strong growth, following contraction posted in FY20. Given pandemic-induced lockdowns in Q4’FY20, the FY21 opened with a strong quarter wherein there was an element of pent up demand, while a stimulus package laden with incentives for construction industry also helped prop up the offtake during the year; accordingly, two listed flat steel companies, International Steels Limited (ISL) and Aisha Steel Mills Limited (ASL) posted 17.6% and 46.9% increase in volumetric offtake respectively. Nevertheless, full volumetric offtake for FY21 remained 25% lower than the high posted in FY18.”

[https://docs.vis.com.pk/RatingReports/OP\\_01018903005\\_00010189.pdf](https://docs.vis.com.pk/RatingReports/OP_01018903005_00010189.pdf)



(VIS is operating as a ‘Full Service’ rating agency, providing independent rating services in Pakistan, duly approved by Securities & Exchange Commission of Pakistan and State Bank of Pakistan).

### **Frequency of Engagement with All Stakeholders**

Frequency of engagement with ASML’s stakeholders is upon the requirement or as per applicable regulatory framework or to fulfil contractual obligations or on requirement basis.

Further, ASML also conducts Corporate Briefing Sessions, to increase its understanding of the views of its stakeholders.

# International Expo and Domestic Exhibition

## Pakistan Pavilion at Dubai Expo 2020

Pakistan Pavilion received an overwhelming response at the Expo and it crossed the one million visitors' mark. The Pakistan Pavilion with its theme "The Hidden Treasure" made headlines for its outstanding architecture and planning. The Dubai Expo continued for six months from October 1, 2021 to March 31, 2022.

Aisha Steel Mills Limited co-sponsored the Pakistan Pavilion which also won the "Best Pavilion Exterior Design Award". The Company was also featured in Pakistan Pavilion's official coffee table book, "Treasured Companies of Pakistan".



## Domestic Exhibition

The Pakistan International Auto Show 2022 was organized by Pakistan Association of Automotive Parts and Accessories Manufacturers (PAAPAM) to provide a platform to our industry to showcase its capability and potential to the world. It was a three day event with the entire Auto Engineering sector assembled under one roof. Aisha Steel Mills Limited participated at the Pakistan International Auto Show 2022 at Lahore International Expo Center held on July 29 to 31, 2021.

The Auto Show is the pioneering trade exhibition for the rapidly developing automotive aftermarket in Pakistan. The show is undisputedly the country's largest gathering of leading automakers, auto parts manufacturers, suppliers and auto service providers from all over the country.

The auto show covered the full range of motor vehicles parts as well as components for the drive, chassis, body, electrics and electronic groups, as well as equipment for vehicle service and repair.



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# STRATEGY, RISKS AND OPPORTUNITY





“Strategy is a style of thinking, a conscious and deliberate process, an intensive implementation system, the science of insuring future success.”

— Pete Johnson<sup>a</sup>

# Corporate Strategy

Our Corporate Strategy entails producing the highest quality of products benefitting all stakeholders. The Company emphasizes on transparency and building greater standards of ethical values. The Company focuses on its team and believes in regular training and development of its human resource given the technologically advanced nature of ASML's plant and machinery. There is a strong commitment for continuous improvement of each process in order to optimize efficiency.

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

- value creation for all stakeholders while maintaining a strong competitive position;
- keep a strong focus on the long run sustainable advantages;
- develop and strengthen a transparent and inventive culture while encouraging ethical values;
- provide excellent customer services; and
- ensuring that corporate strategy is observed throughout the organization and is inculcated across the Company.



# Strategic Objectives, Strategies, Resources and KPIs

## Objective 01: Enhance Operational Efficiencies

<b>Strategy</b>	▶ Maximize our capacity utilization, analyzing and eradicating operational inefficiencies via strong control system in place.
<b>KPIs Monitored</b>	▶ Capacity utilization, gross margin, non-compliance of controls and ethical values.
<b>Status</b>	▶ Ongoing process / operational efficiencies have improved during the year.
<b>Future Relevance of KPIs</b>	▶ The KPI will remain relevant in the future as well.
<b>Opportunities and Threats</b>	▶ Operational efficiencies and departmental synergies can always be further improved. With focused operational evaluations, improved coordination and collective efforts overall efficiency can be improved.



## Objective 02: Increase Sales

<b>Strategy</b>	▶ Sales expansion through product diversification, reach out to new global / local markets with improved product quality.
<b>KPIs Monitored</b>	▶ Market share, sales volume, customer base and new market reached.
<b>Status</b>	▶ The market share and revenue of the Company has improved with each year. Further, new products have also been introduced. ASML has also begin to tap international market.
<b>Future Relevance of KPIs</b>	▶ The KPI will remain relevant in the future as well.
<b>Opportunities and Threats</b>	▶ Competitive currency would not only support export initiative but would also contribute to the margins. It is hoped that global prices and primary margins would remain firm. Dumping of material can keep the local sales under pressure. However, imposition of anti-dumping duty provides level playing field at local front.



## Objective 03: Contribute to Growth of the Country

<b>Strategy</b>	▶ Substitute import and increase export of flat steel by producing cost effective quantities of CRC, and HDGC of international quality. Further, also diversify in product portfolio, thus contributing in Pakistan's GDP, reducing current account deficit and improving balance of payments. Moreover, creating employment opportunities which contributes to the overall growth of the country.
<b>KPIs Monitored</b>	▶ Total export sales, net value added locally, decline in shares of imports reduced.
<b>Status</b>	▶ The Company has enhanced its export sales during the period. Further, with the enhanced capacity the Company is geared to meet future local demand, as well as, to export surplus quantities.
<b>Future Relevance of KPIs</b>	▶ The KPI will remain relevant in the future as well.
<b>Opportunities and Threats</b>	▶ There is plenty of room to explore international markets. Further, dumping of material locally by international manufacturers creates threat for local industry.



## Objective 04: Diversify Products and Services Offered

<b>Strategy</b>	▶ Explore possible forward and backward integration options by building upon existing strengths and resources.
<b>KPIs Monitored</b>	▶ Variants of products offered.
<b>Status</b>	▶ In recent years the Company had started production and sales of HDGC. Further, a new machine had also been acquired to produce thinner sizes of CRC.
<b>Future Relevance of KPIs</b>	▶ The KPI will remain relevant in the future as well.
<b>Opportunities and Threats</b>	▶ The existing setup of ASML has been carefully planned to enable further increase in capacity and inclusion of product variants with minimum investment. Once the growth momentums return, opportunity is available to further step up.



## Objective 05: Optimize Costs

<b>Strategy</b>	▶ Closely monitor and continuously improve our processes to ensure optimized utilization of resources and build in-house alternatives.
<b>KPIs Monitored</b>	▶ Cost per unit of production, gross margin, net margin
<b>Status</b>	▶ This is a process of continuous improvement. During the year the management has implemented several cost controls enabling savings in production, administrative and finance costs.
<b>Future Relevance of KPIs</b>	▶ The KPI will remain relevant in the future as well.
<b>Opportunities and Threats</b>	▶ Management remains committed to reduce cost without compromising on quality. However, there are various uncontrollable factors including rise in international market price, devaluation of currency, increase in government taxes that may affect the cost adversely.



## Objective 06: Ensure Health and Safety of People

<b>Strategy</b>	▶ Ensure health friendly conditions for employees. While also maintaining safety of everyone in all dimensions of operations of Company.
<b>KPIs Monitored</b>	▶ Number of accidents, number of non-compliances of safety guidelines.
<b>Status</b>	▶ Continuous emphasis is place to ensure compliance of safety guidelines. Each year safety drills are conducted to ensure that every one is equipped to cater the challenging situation.
<b>Future Relevance of KPIs</b>	▶ The KPI will remain relevant in the future as well.
<b>Opportunities and Threats</b>	▶ While safety is the first and foremost priority of ASML. Strict emphasis with no tolerance policy is inplaced to ensure compliance and safety, however, the risk of accident can only be reduced and cannot be eliminated.



## Objective 07: Be a Responsible Corporate Citizen

<b>Strategy</b>	<ul style="list-style-type: none"> <li>▶ Contribute to sustainable development of society throughout all commercial and social activities of the Company. Further, ensure compliance to all applicable laws via strong legal and compliance team.</li> </ul>
<b>KPIs Monitored</b>	<ul style="list-style-type: none"> <li>▶ Number of non-compliances</li> </ul>
<b>Status</b>	<ul style="list-style-type: none"> <li>▶ This is an ongoing process. However, ASML has strong compliance team consisting of qualified professionals who ensure that there is no non-compliance whatsoever.</li> <li>▶ Further, during the year the Company carried various CSR activities which have been disclosed in the Directors' Report.</li> </ul>
<b>Future Relevance of KPIs</b>	<ul style="list-style-type: none"> <li>▶ The KPI will remain relevant in the future as well.</li> </ul>
<b>Opportunities and Threats</b>	<ul style="list-style-type: none"> <li>▶ Strong controls and policies have been placed to make sure that non-compliance of legal framework does not occur. This minimizes the risk that due to frequent changes in law any legal requirement may be inadvertently missed.</li> </ul>



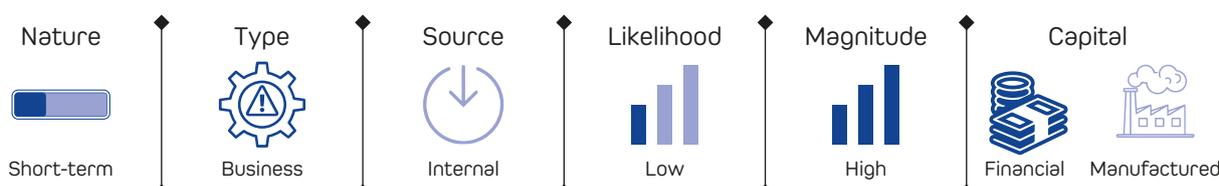
# Risk & Opportunity Report

## Key Risks

The management, under the oversight of Board, carries robust assessment of the principal risks surrounding the Company, including those that would threaten the business model, future performance, solvency or liquidity. The Board actively engages in all strategic decisions of the Company on regular intervals. This includes approval of capital expenditure and operational budgets, investments, issuance of equity and debt capital, related party transactions and appointment of key personnel.

Keys risks and opportunities affecting the company are tabulated below:

### Key Risk 1: Non-availability of Raw Material on Timely Basis



#### Objective

- Enhance operational efficiencies
- Increase sales

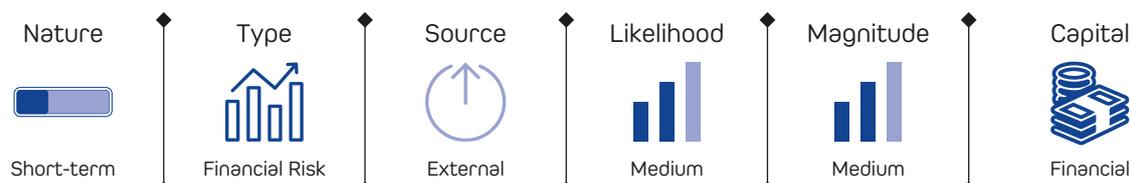
#### Mitigant Measures

An in-house committee including top management has been formed to oversee the raw material procurement process. The requirement of raw material is envisage for next 6 months and accordingly orders are placed. Quality, economic order, best payments and timely availability are key factors considered in procurement of raw material.

#### Opportunities

In rising price trend, timely procurement of raw material provides opportunity to earn inventory gains.

### Key Risk 2: Fluctuation in Foreign Currency Rates



#### Objective

- Increase sales
- Optimize costs
- Contribute to the growth of the country

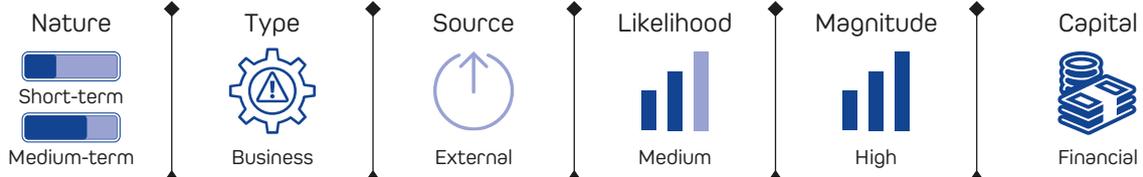
#### Mitigant Measures

Fluctuation in currency cannot be controlled, however, cost increase due to Rupee devaluation is passed on in price subject to market conditions.

#### Opportunities

Devaluation in currency makes exports more viable.

### Key Risk 3: Dumping of Imported Material



#### Objective

- Increase sales
- Contribute to the growth of the country

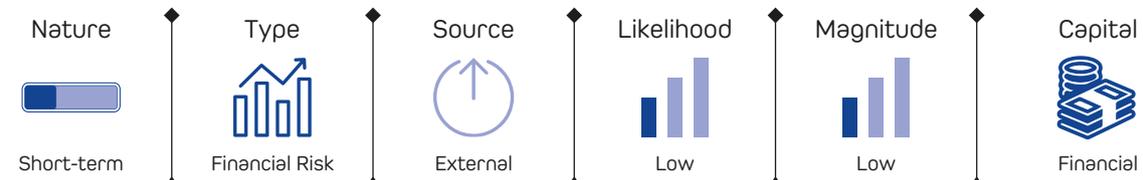
#### Mitigant Measures

CRC / HDGC import risk is mitigated by adopting market based pricing policy. Representations are made with custom authorities to implement anti-dumping measures. Enhancement in production capacities by local producers and competitive currency also lessens the risk.

#### Opportunities

The Company has moved application to National Tariff Commission for imposition of protective measures against dumping from South Korea, European Union, Taiwan and Vietnam.

### Key Risk 4: Risk of Default in Payment by Customers



#### Objective

- Enhance operational efficiencies / Reduce credit risk

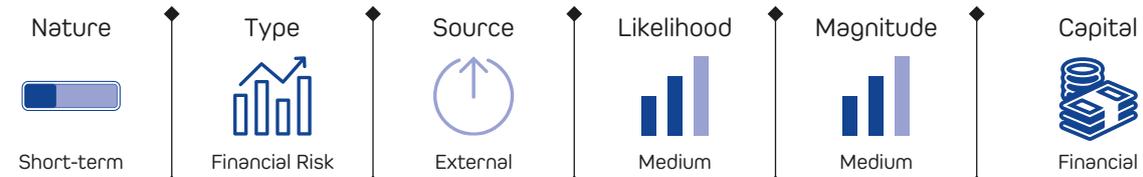
#### Mitigant Measures

Majority of the sales are against advance payments. Credit sales are made only to highly reputed customers with long term business relationships. Exports are made only in the form of confirmed LCs.

#### Opportunities

Long term agreements with customers backed by performance guarantees.

### Key Risk 5: Increase in Input Cost



#### Objective

- Optimize costs

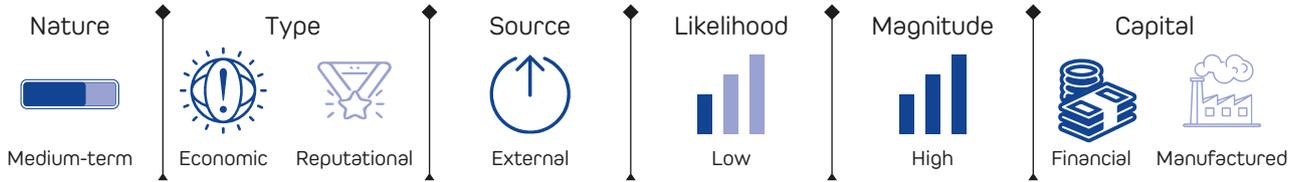
#### Mitigant Measures

Local selling price of CRC and HDGC is benchmarked against international pricing. Therefore, any increase in cost of raw material is passed through, subject to market conditions. Further, also reducing manufacturing cost through operational efficiencies, synergies and tight cost control.

#### Opportunities

Increasing trend in raw material pricing may lead to improved margins due to significant lead time between purchase and sell.

## Key Risk 6: Changes in Government Policies may Negatively Impact the Consumer Demand



### Objective

- Increase sales
- Diversify product and services offered

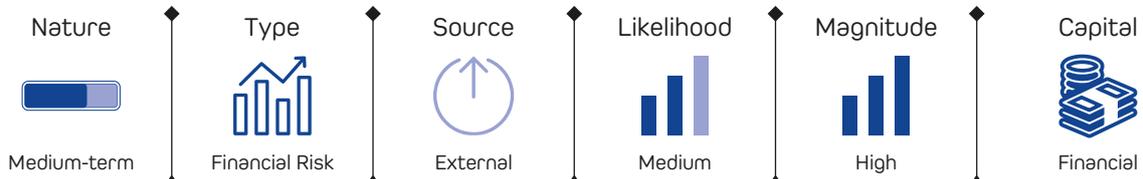
### Mitigant Measures

Management keeps close coordination with relevant authorities, governmental advising committee and business forms to provide valuable input for economic reforms.

### Opportunities

Favourable policies to promote made-in-Pakistan policy and saving of foreign reserves can play significant role in lifting the local producers of flat steel.

## Key Risk 7: Increase in KIBOR Rates Amplifying Borrowing Costs



### Objective

- Optimize costs
- Enhance operational efficiencies

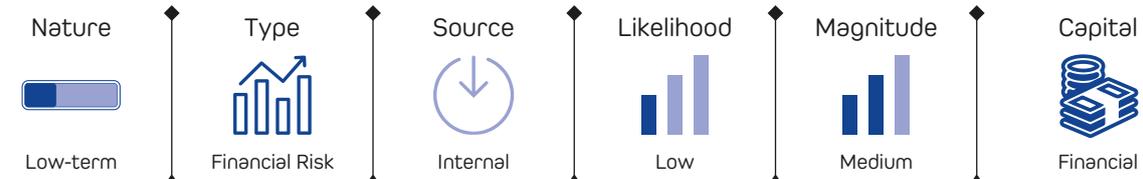
### Mitigant Measures

Close monitoring / evaluation is robust exercise at management and Board level to ensure budgeted targets are met to avoid any liquidity crisis with comfort to optimistic borrowing levels and costs associated.

### Opportunities

Higher returns on bank deposits

## Key Risk 8: Insufficient Cash Flow to Pay Liabilities Resulting in Liquidity Problems



### Objective

- Enhance operational efficiencies
- Increase sales

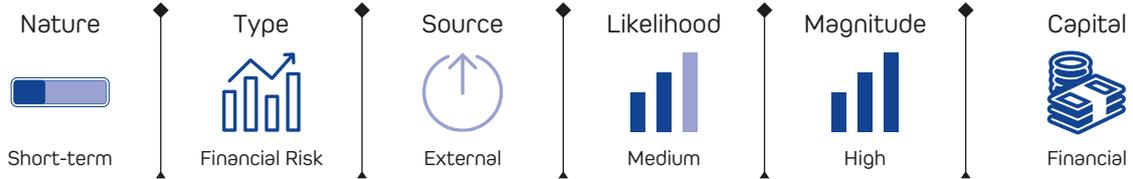
### Mitigant Measures

Treasury management system at ASML ensures sufficiency of funds and proactive arrangement of funded / non-funded credit lines whenever required.

### Opportunities

Timely repayments and making sufficient credit lines available, ensures good credit rating and will enable to enter financing facilities at reduced rates.

## Key Risk 9: Decline in International Prices of CRC / HDGC Forcing Local Price Fall & Inventory Piling Up



### Objective

- Expand sales
- Optimize costs (by ordering quantities as per market demand)

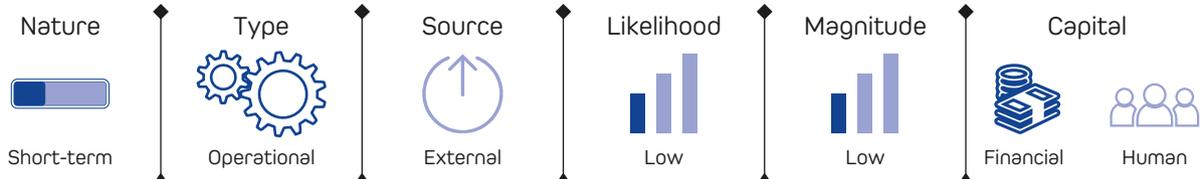
### Mitigant Measures

Management has a dedicated committee to oversee procurement of raw materials and keeps close eye on international events and economic scenarios to forecast international prices and demand trends to ensure timely adjustment at the local level and minimize inventory pile up risk.

### Opportunities

Taking higher exposure when the international prices touches bottom will allow to improve margins.

## Key Risk 10: Turnover of Key Employees may Affect Operations



### Objective

- Enhance operational efficiencies

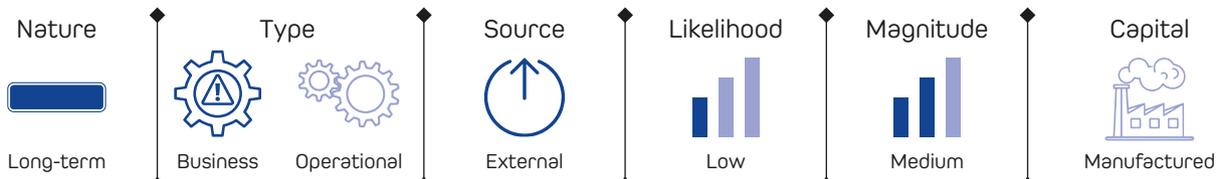
### Mitigant Measures

Management has top priority for retaining employees and provides every opportunity of learning, development and growth to ensure employees are motivated in and out which helps to keep employee turnover at bare minimum. Moreover, treating employees as customers and providing them with appropriate benefits is also an important feature at ASML. Nevertheless, succession planning practices are actively in place to ensure business continuity and efficiency.

### Opportunities

Employee management and participation can further strengthen the operating environment and performance. On the other hand, the successor may bring in fresh ideas to add value and growth.

## Key Risk 11: Natural Disasters and Climatic Uncertainties



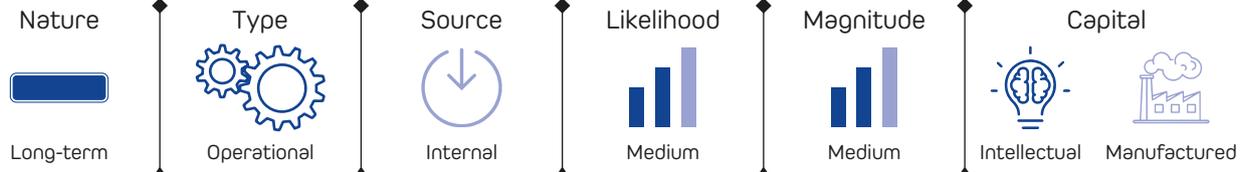
### Objective

- Enhance operational efficiencies
- Ensure health and safety of people

### Mitigant Measures

Although ASML cannot control nature, however, business continuity plans have been implemented at all locations and staffs have been trained to react to any natural disaster.

## Key Risk 12: IT Security Risk



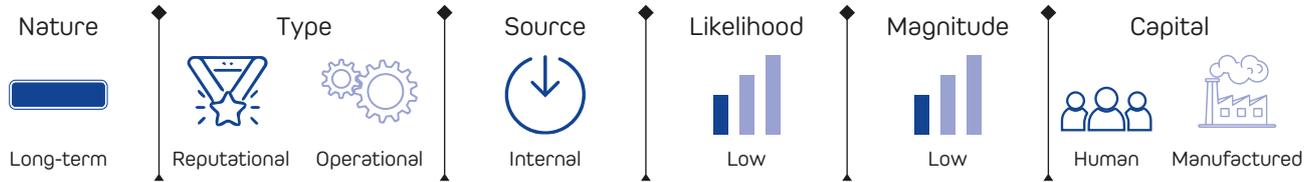
### Objective

- Enhance operational efficiencies

### Mitigant Measures

Sufficient IT controls, firewalls and antiviruses have been placed to safeguard the information of the Company. Further, regular system updates are also conducted.

## Key Risk 13: Risk of Injuries During Operations



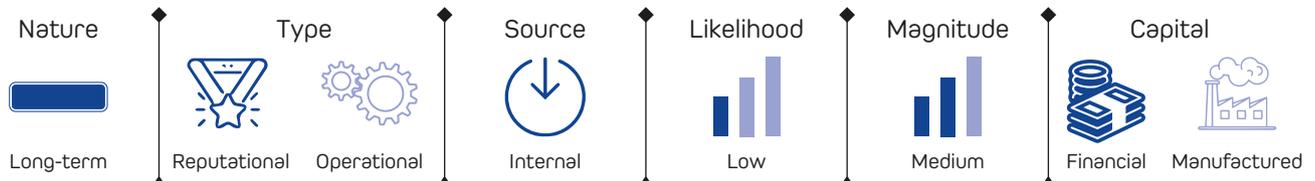
### Objective

- Ensure health and safety of people

### Mitigant Measures

Provision of safety gears to employees and implementation of 'zero - tolerance' policy for breach of safety procedures. Further, employee / operational training and awareness sessions are conducted at regular intervals.

## Key Risk 14: Risk of Accidents Damaging Company's Assets



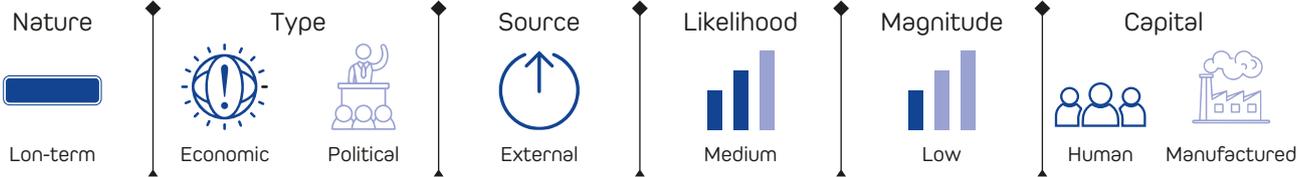
### Objective

- Enhance operational efficiencies

### Mitigant Measures

Proper trainings have been imparted relating to handling and operating assets of the Company. Continuous awareness sessions are conducted to exercise safety in letter and spirit. Further, appropriate insurance covers are in place to safeguard Company's asset. Moreover, necessary preventive measures like automatic hydrant and fire system is in place to reduce impact of any adverse situation.

## Key Risk 15: Volatile Law and Order Situation



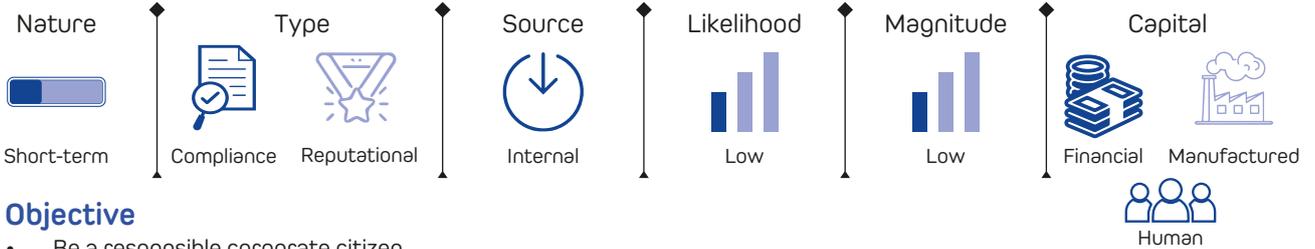
### Objective

- Be a responsible corporate citizen

### Mitigant Measures

This risk is not avoidable. However, ASML's facilities are secured and equipped to deal with any intruders.

## Key Risk 16: Risk of Non-compliance with Law



### Objective

- Be a responsible corporate citizen
- Increase sales / Uninterrupted Business Operations / Enhance Operational Efficiencies

### Mitigant Measures

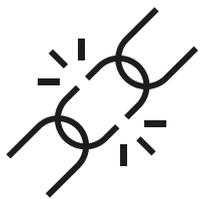
Highly qualified professionals in compliance department along with network of reputed consultants. Further, trainings are conducted to keep employees up to date with latest changes in laws and regulations.

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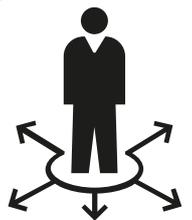
# SWOT Analysis



S



W



O



T

## Strengths

- State-of-the-art plant and production facilities.
- One of the largest flat steel plant in local market.
- Experienced and energetic management with track record of envisaging and executing projects.
- Imposition of anti-dumping duty.
- Quality equivalent to international standards.
- Exclusive dealer partners supplying CRC and HDGC all-over Pakistan.
- Excellent customer service.
- Leadership in product innovation.
- Highly efficient and low cost manufacturing.
- Minimum production lead time.

## Weaknesses

- Leveraged.
- International market driven pricing.
- Dumping of CRC / HDGC in local market.

## Opportunities

- Product diversification allowing to replace imported material.
- Untapped export market.
- Economic growth in various segments to accelerate steel sector growth.
- Anti-dumping duty on further dumping countries.

## Threats

- Adverse foreign exchange movement.
- Adverse movement of CRC / HDGC prices.
- Changes in government policies may negatively impact consumer demand.
- Increase in KIBOR rates amplifying borrowing costs.
- Natural disasters and climatic changes
- Risk of on-site accidents.

# PERFORMANCE ANALYSIS





“If you can’t Measure it,  
you can’t Manage it.”

– Peter Drucker

# Analysis of Non-Financial & Financial Performance

## Non-Financial Performance:

ASML has established itself as a leading quality producer of CRC and GI coils. With a philosophy to create value as a manufacturer, as an employer and as a responsible corporate citizen, it has set and achieved highest customer service and satisfaction standards in the industry. ASML's management ensures the Company's performance to be on track by identifying and monitoring critical performance indicators which serve as a yardstick in analysing the Company's performance.

## Non-Financial Indicators:

### 1. High Quality Standards:

ASML produces best quality CRC and HDGC. Quality is a critical factor as we not only meet our customers' expectations but strive to exceed them in every way.

#### KPIs Monitored: Technological Upgradation and Quality Control Activities

With its state-of-the-art and technologically up-to-date production facility, Company produces superior quality products. Further, dedicated Quality Control (QC) department ensures quality throughout the process from procurement to production to packing.

#### Future Relevance:

ASML has a strong customer base ranging from large distributors of local and export markets to small end user customers. We firmly believe that our quality gives us competitive edge over other producers and importers of CRC and HDGC. Therefore, our quality is very critical for sustainability of our market lead.

#### Resources Allocated:



Manufactured



Human



Intellectual

### 2. Operational Efficiencies

Company's core operation philosophy is continuous improvement in productivity without compromising on its high-quality standards.

#### KPIs Monitored: Capacity Utilisation, Compliances of Applicable Controls

Company continuously strives to improve operational efficiencies by analysing and eradicating inefficiencies caused by lack of departmental synergies and coordination.

#### Future Relevance:

Improvement in operational efficiencies is a continuous process and is critical for maximizing productivity.

#### Resources Allocated:



Human



Intellectual



Manufactured

### 3. Market Lead

As a leading quality producer, ASML continuously strives to increase its market share in domestic as well as international market.

#### KPIs Monitored: Market share, Sales Volume, Customer Base, Dealer Network, New Markets Reached

ASML's overall local market share has increased from 16% in the year 2018-19 to 33% in the year 2021-22. Sales has significantly increased by 18% as compared to previous year. Revenue from export has increased by 146% as compared to previous year depicting Company's entrance to new markets.

#### Future Relevance:

Maintaining and improving strong customer base ranging from large distributors to small end user customers are pivotal for sustainable market lead.

#### Resources Allocated:



### 4. Development, Health and Safety

At ASML, health and safety are the first and foremost priority, as ASML values its human capital as an important asset, directly effecting the long-term sustainability of the Company's success. Further, for the development of its human capital, Company continually assesses the need to train its employees, for both technical and behavioral development.

#### Kpis Monitored: Number of Accidents, Number of Non-compliances of Safety Guidelines, Trainings Conducted

ASML pledges to adhere to highest standards of Environment, Health and Safety (EHS) policy. During the year, various EHS trainings, that included mock evacuation drills, basic first aid and emergency handling session, were conducted to enhance employees understanding of SOPs. Moreover, audit of fire hydrant and firefighting system by a foreign firm was conducted and number of firefighting resources and equipment has also been increased.

For the development of human capital, the Company conducted various training courses, keeping in view the long-term skill needs that ASML considers pivotal for sustainable success.

#### Future Relevance:

Health, safety and development of its employees is and will always be the first and foremost priority at ASML.

#### Resources Allocated:



## 5. Fulfilment of Social Responsibilities

ASML acknowledges its social responsibilities and contributes to sustainable development of society throughout all its commercial and social activities.

### Kpis Monitored: CSR Activities, Contributions to National Exchequer, Compliance of Applicable Laws

ASML team yearly carries out a blood donation drive in collaboration with Indus Hospital at ASML premises. The activity was in line with our commitment to contribute towards the society where we operate. Further, to help the less privileged areas around our facility, ASML has been distributing fresh meat on a regular basis. Moreover, in collaboration with Government of Sindh (Health Department), ASML successfully launched a COVID-19 Drive through vaccination facility for employees and their families within ASML premises.

ASML takes its responsibility to contribute to national economy, seriously. Further, ASML has always discharged its obligations in a transparent, accurate and timely manner. Our contributions to National Exchequer in 2022, amounting to Rs. 13.3 billion, increased by 29% as compared to last year.

### Future Relevance:

ASML takes pride in assuming and settling its responsibilities as a responsible corporate citizen and will continue to contribute to sustainable development of society.

### Resources Allocated:



Human



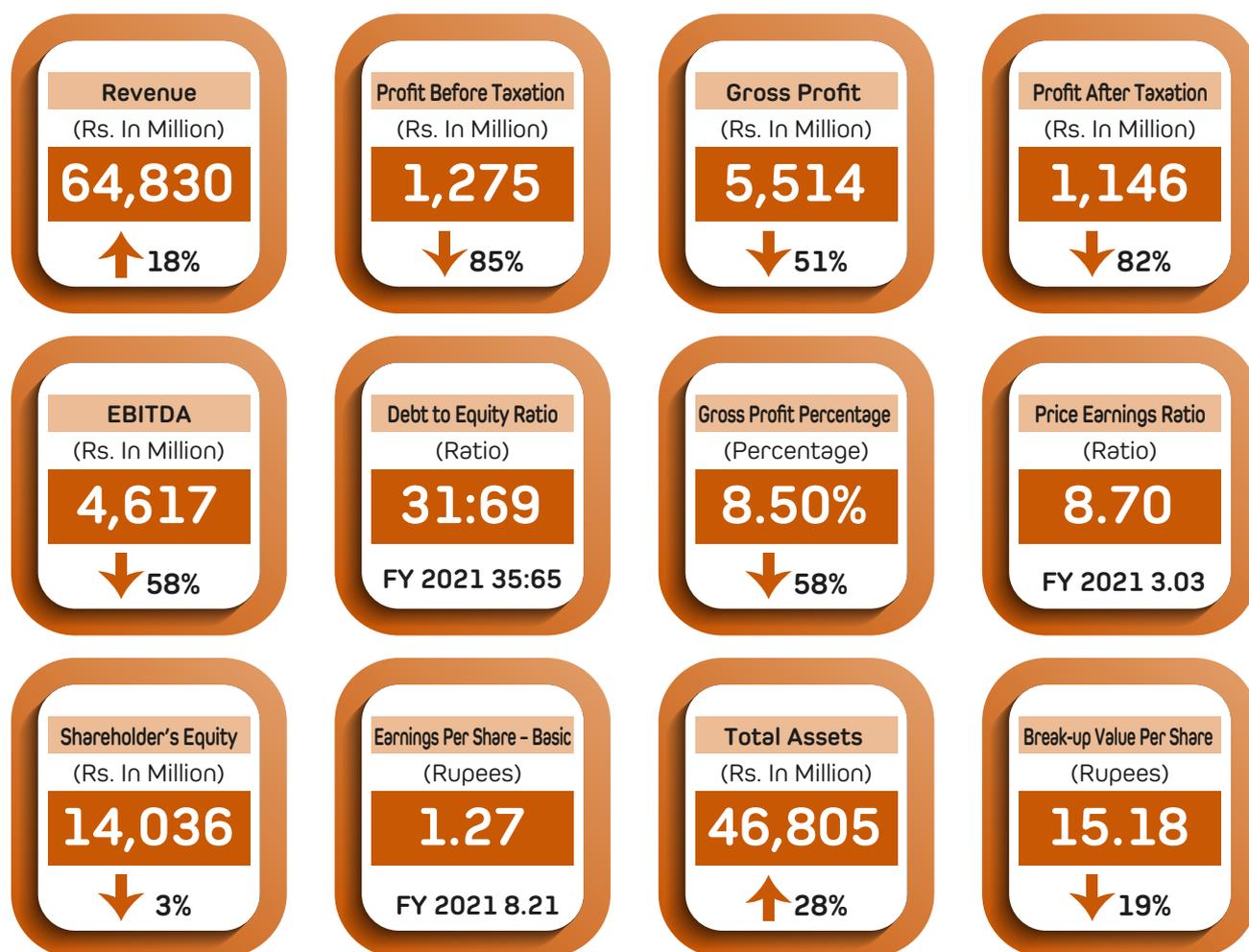
Natural



Social

## Financial Performance

### Financial Indicators:



### Overview of Financial Performance

During the current year, ASML achieved another milestone by posting a revenue of Rs. 64,830 million which as compared to the prior year is 18% higher. The increase in sales is attributable to favourable price variance. Sales volume decreased by 19% (FY22: 306,213 tons | FY21: 379,622) whereas average selling price per ton over the year increased by 46% (FY22: Rs. 211,717 | FY21: Rs. 145,188). The favourable price variance is attributable to the significant rise in HRC prices enabling the local manufacturers to transfer the rise to the local consumers. The steel prices climbed to levels seldom seen before in 2020-21 however, the prices started correcting and gradually declined from the peak of US\$ 1,050 per ton, FOB China, observed in May 2021 to US\$ 800 FOB China in December 2021. Steel prices further declined after March 2022 and come down to levels below US\$ 700 per ton.

As a result, Company recorded a gross profit of Rs. 5,513 million (FY2021: 11,185 million) which represents a decrease of 51% as compared to the corresponding period. Gross profit percentage was 8.50% in FY 2022 (FY 2021: 20.29%).

While administrative expenses remained constant as a percentage of sale with no major variance witnessed, selling and distribution cost has risen due to rise in export related expenses which are consistent with the increase in export sales. (FY2022: Rs. 421.48 million | FY2021: 239.06 million).

Other expenses mainly represent WWF, WPPF expenses and exchange loss. The increase is mainly attributable to the exchange loss of Rs. 1.12 billion due to the significant depreciation of PKR against USD. During the period, PKR depreciated by 31% to Rs. 206.4 against USD from Rs. 157.5, which contributed to the increase in other expenses.

Other income mainly comprises of income earned from return on savings accounts and scrap sales amounting to Rs. 42 and Rs. 43 respectively.

Finance cost, during the year, has increased by Rs. 775 million (FY22: Rs. 2,299 million | FY21: Rs. 1,524 million). The increase in finance costs is mainly due to the hike in borrowings costs and increase in short term borrowings by Rs. 9 billion which is due to the higher working capital requirements of the Company.

Increase in short-term finance cost is primarily due to the increase in average short-term borrowings (FY22: Rs. 13,604 million | FY21: Rs. 6,438 million). The increase in average short-term borrowings is in line with the increase in working capital requirements of the Company and slow offtake and higher inventory. Moreover, increase in average borrowing rate have also contributed to the overall increase in short-term finance cost (FY22: 10.99% | FY21: 8.93%).

Despite the several internal and external challenges faced there was an overall improvement in the performance of the Company in the current year, profit before tax for the year was reported amounting to Rs. 1,275 million as against profit of Rs. 8,587 million in FY 2021.

Income tax expense of Rs. 129 million has been recorded in the current year against income tax expense of Rs. 2,219 million recorded in the corresponding year. As a result, profit after tax for the year was reported amounting to Rs. 1,146 million as against profit of Rs. 6,368 million in FY 2021.

Earnings per share of the current year stands at Rs. 1.27 per share as against Rs. 8.21 per share recorded last year. Earnings per share have decreased mainly on account of rise in HRC prices, PKR devaluation and hike in borrowing cost, coupled with huge exchange loss.

### **Comparison Against Target**

Revenue during the current year is 32% lower than the targeted revenue of Rs. 94.75 billion, while the Company has generated profit after tax of Rs. 1.15 billion against the targeted profit after tax of Rs. 2.688 billion. Decline in sales volume is due to uncertain and challenging local and international market conditions coupled with political instability which led to economic uncertainty in the country. Further, the Company was unable to pass on the rise in prices in HRC to the end consumers resulting in decline in gross profit margin.

### **Segmental Reporting of Business Performance**

The financial statements of the Company have been prepared on the basis of single reportable segment. The Company operates locally and all the sales comprise of local and export sales. As at June 30, 2022, all assets of the company, are located within Pakistan.

### **Significant changes in Financial Position**

Property, plant and equipment comprises of operating assets and major spare parts and stand-by equipment. Net Capital expenditure during the year amounted to Rs. 1,222 million of which additions to operating assets amounted to Rs. 479 million, additions to major spare parts amounts to Rs. 834 million and additions to capital work in progress amounts to Rs. 301 million. This has been partially offset by the disposal of fixed assets.

Deferred tax asset increased by Rs. 287 million in the current year (FY 2022: Rs. 736 million | FY 2021: Rs. 449 million). The increase in deferred tax asset is mainly due to the recognition of deferred tax income on minimum tax.

Stock in trade has increased by Rs. 4,519 million. The increase is mainly attributable to the increase in stock of raw material goods due to slow offtake and higher HRC price.

Sales tax payable has increased during the current year (FY 2022 Rs. 361 million | FY 2021: 175 million). The change is attributable due to the increase in sales during the year.

Taxation - payments less provision has increased by Rs. 998 million, which pertains to advance tax paid on imports and local goods amounting to Rs. 2 billion and Rs. 600 million respectively. This increase has been partially off-set by current income tax.

Staff retirement benefits have increased by Rs. 23 million during the current year. During the year provision amounting to Rs. 42 million, on the basis of external expert report, has been recorded. Further, payment of Rs. 15 million in respect of staff retirement has been made.

Accrued mark-up has increased by Rs. 208 million during FY 2022, which is mainly attributable to the significant

increase in average short term borrowings during the current year. Average short-term borrowings in the current year as compared to corresponding year (FY 2022: Rs. 13,604 million | FY 2021: Rs. 6,237 million). Moreover, increase in average borrowing rate in the current year as compared to the corresponding year (FY 2022: 10.99% | FY 2021: 8.93%) also contributed to the overall increase in accrued mark-up.

Company's net worth as at June 30, 2022 stood at Rs. 14,036 million with a break-up value of Rs. 15.18 per share. Details of contingencies and commitments are disclosed in the Note 21 of the financial statements.

Above was the brief overview of the Company's performance and financial position. The same has been further elaborated later in this section from page no. 114 to 139, via detailed analysis along with graphical presentations to increase users' understandability.

## Methods and Assumptions Used in Compiling Performance Indicators

Critical performance indicators serve as a yardstick for ASML's management, on the basis of which, it regularly analyses the Company's performance. These are basic indicators of Company's performance and profitability.

### Financial

**Revenue** is a critical factor as it is a primary driver of overall profitability of the Company. ASML currently occupies a significant portion in domestic market of flat steel products and to maintain and grow its market share, gauging sales volume and sales price serves as a key factor.

**Gross profit** and gross profit margin are critical because it indicates the efficiency of the management in using its direct material, direct labor and direct overhead cost in the production process.

**Debt to equity** ratio is critical as the Company monitors the debt level it is relying on, to finance its operations. Further, this is also important in evaluating Company's ability to settle debt on timely basis.

**Earnings per share** measures the net earnings of the Company against the total outstanding shares and is critical for the Company, as it drives the shareholders' wealth.

**Profitability ratios** analyze the Company's financial health and performance.

### Non-financial

ASML produces best quality Cold Rolled Coils (CRC) and Hot Dipped Galvanized Coils (HDGC). Quality is a critical factor, as we not only meet our customers' expectations, but strive to exceed them in every way. Dedicated Quality Control (QC) department ensures quality throughout the process from procurement to production to packing.

ASML values its human capital as an important asset, directly effecting the long-term sustainability of the Company's success. Employees at ASML enjoy congenial, clean and safe working environment. Further, ASML 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 are committed to create and maximize value for shareholders by achieving superior returns, enhancing our capacities and improving our process efficiencies. The Company believes that these indicators will continue to be relevant in the future as well.

### Changes in Indicators and Performance Measures:

There were no changes in indicators and performance measures from the previous year.

# Key Operational & Financial Data

## Operational Summary

	2022	2021	2020	2019	2018	2017
	----- Tons -----					
Production	306,527	365,274	277,800	202,164	217,370	209,524
Sales	306,213	379,622	258,453	205,456	217,043	214,316

## Summary of Statement of Profit or Loss

	----- Rs. In Millions -----					
Revenue	64,830	55,116	29,777	20,231	18,904	14,076
Cost of sales	(59,317)	(43,931)	(27,411)	(18,553)	(15,590)	(11,988)
Gross profit	5,514	11,185	2,366	1,678	3,314	2,087
Profit from operations	4,697	10,590	2,005	1,453	2,995	1,831
Profit / (loss) before taxation	1,275	8,588	(1,343)	(412)	1,916	882
Profit / (loss) for the year	1,146	6,368	(617)	254	1,284	1,020

## Summary of Financial Position

### Assets

Non-Current Assets	20,036	19,951	21,226	21,567	14,366	11,959
Current Assets	26,769	16,572	13,304	11,164	6,060	6,225
<b>Total Assets</b>	<b>46,805</b>	<b>36,524</b>	<b>34,531</b>	<b>32,731</b>	<b>20,426</b>	<b>18,184</b>

### Equity and Liabilities

Shareholders' Equity	14,036	14,467	8,097	8,747	8,491	6,700
Non-Current Liabilities	5,100	6,274	9,461	7,273	4,934	5,078
Current Liabilities	27,669	15,783	16,972	16,711	7,001	6,406
<b>Total Equities and Liabilities</b>	<b>46,805</b>	<b>36,524</b>	<b>34,531</b>	<b>32,731</b>	<b>20,426</b>	<b>18,184</b>

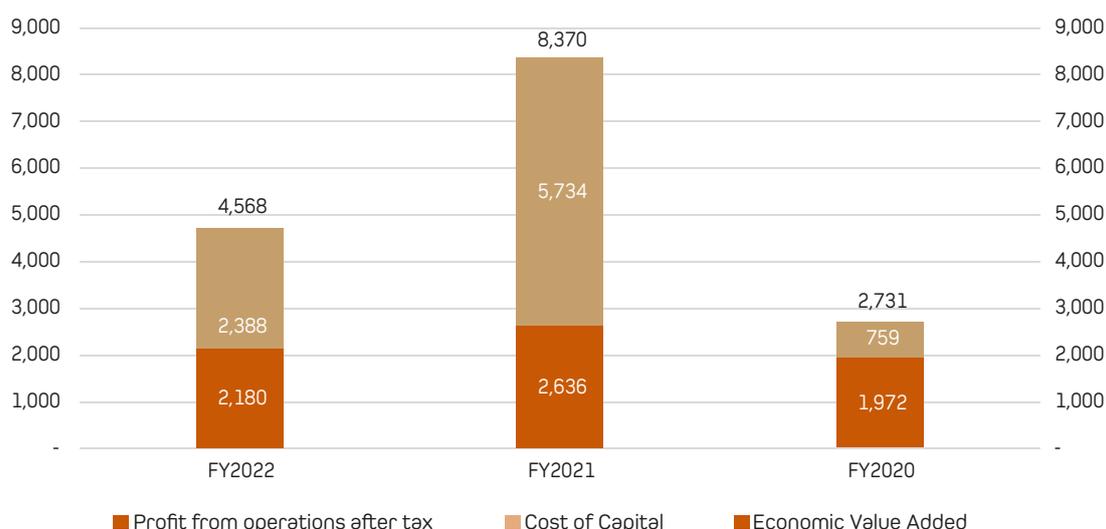
# Economic Value Added

	2022	2021	2020
	----- Rs. In Millions -----		
<b>Profit from operations after tax</b>	4,568	8,370	2,731
<b>Cost of Capital</b>	(2,180)	(2,636)	(1,972)
<b>EVA (Rs. In Millions)</b>	<b>2,388</b>	<b>5,734</b>	<b>759</b>
Total Assets	46,805	36,524	34,531
Less: Current Liabilities	(27,669)	(15,783)	(16,972)
<b>Net Capital Invested</b>	<b>19,136</b>	<b>20,741</b>	<b>17,559</b>
<b>WACC</b>	<b>11.39%</b>	<b>12.71%</b>	<b>11.23%</b>
<b>Cost of Capital</b>	<b>2,180</b>	<b>2,636</b>	<b>1,972</b>

## Comments

Economic Value Added has shown a decrease as compared from last year mainly due to the decline in operating profit for the year. Further, weighted average cost of capital (WACC) of the Company has also decreased due to the decline in market value of equity.

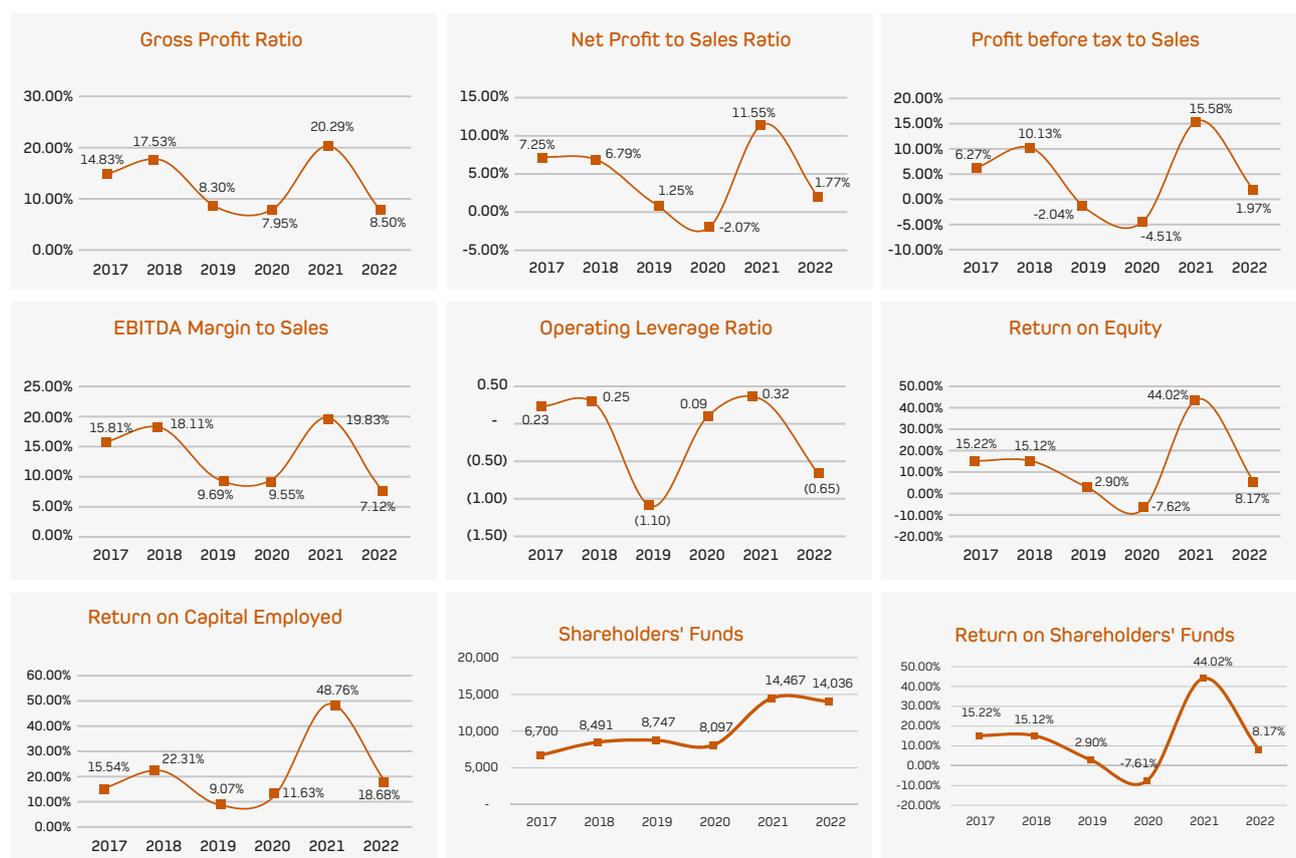
## Economic Value Added (Rs. in Millions)



# Ratio Analysis

## Profitability Ratios

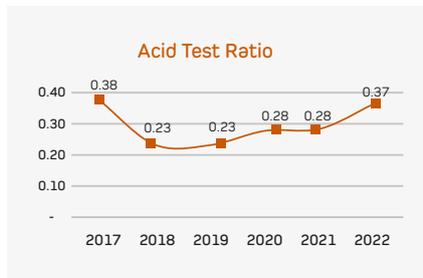
Description	Formula	2022	2021	2020	2019	2018	2017
Gross Profit Ratio (%)	Gross Profit or (Loss) / Net Sales	8.50%	20.29%	7.95%	8.30%	17.53%	14.83%
Net Profit to Sales (%)	Net Profit or (Loss) / Net Sales	1.77%	11.55%	(2.07%)	1.25%	6.79%	7.25%
Profit Before Tax to Sales (%)	Profit or (Loss) Before Tax / Net Sales	1.97%	15.58%	(4.51%)	(2.04%)	10.13%	6.27%
EBITDA Margin to Sales (%)	EBITDA / Net Sales	7.12%	19.83%	9.55%	9.69%	18.11%	15.81%
Operating leverage ratio (Times)	Change in EBITDA / Change in Net Sales	(0.65)	0.32	0.09	(1.10)	0.25	0.23
Return on Equity (%)	Profit or (Loss) After Tax / Shareholder's equity	8.17%	44.02%	(7.62%)	2.90%	15.12%	15.22%
Return on Capital employed (%)	EBIT / Capital employed	18.68%	48.76%	11.63%	9.07%	22.31%	15.54%
Shareholders' Funds	Total Assets minus Total Liabilities	14,036	14,467	8,097	8,747	8,491	6,700
Return on Shareholders' Funds (%)	Profit or (Loss) After Tax / Shareholder's equity	8.17%	44.02%	-7.61%	2.90%	15.12%	15.22%



The exceptional profit margins achieved in 2021 faced downturn in 2022. HRC prices, which peaked at USD 1,050, started declining in 2022. USD also appreciated substantially against green back during FY 2022 resulting in high material costs, which could not be passed on to consumers completely. Despite the challenging conditions, Company was able to post profitable bottom line.

## Liquidity Ratios

Description	Formula	2022	2021	2020	2019	2018	2017
Current ratio (Times)	Current Assets / Current Liabilities	0.97	1.05	0.78	0.67	0.87	0.97
Quick / Acid test ratio (Times)	Liquid Assets / Current Liabilities	0.37	0.28	0.28	0.23	0.23	0.38
Cash to Current Liabilities (Times)	Cash and Bank / Current Liabilities	0.01	0.02	0.01	0.01	0.01	0.13
Cash Flow from Operations to Sales (Times)	Cash flow from Operations / Net Sales	(0.08)	0.12	0.10	(0.19)	(0.04)	0.08



The Company exhibited exceptional liquidity in 2021 on account of record profit. The liquidity status deteriorated in 2022 on account of reduced profitability and increased inventory turnover days. USD appreciated substantially against PKR, this along with political instability resulted in overall economy tightening and reduced sales quantities.

## Investment / Market Ratios

Description	Formula	2022	2021	2020	2019	2018	2017
Basic Earnings / (Loss) per Share (Rs. / Share)	Earnings Attributable to Ordinary Shareholders / Weighted Average Number of Shares	1.27	8.21	(0.89)	0.26	1.57	1.74
Diluted Earnings / (Loss) per Share (Rs. / Share) (N1)	Diluted Earnings Attributable to Ordinary Shareholders / Weighted Average Number of Shares	1.16	6.59	N/A	N/A	1.54	1.31
Price Earning Ratios (Times) per share	Market Price / Basic Earnings or (Loss) per Share	8.70	3.04	(10.38)	34.08	10.11	10.39
Price to Book Value Ratio (Times)	Market Price / Book Value per Share	0.75	1.37	0.92	0.82	1.64	1.99
Dividend Yield Ratio	Total Annual Dividend / Market Price		8.03%				
Dividend Payout Ratio	Total Annual Dividend / Annual Income	Refer (N2)	24.40%				
Cash Dividend per Share	Cash Dividend per Share		2				
Break up Value per Share (with Revaluation Surplus) (Rs. / Share)	Equity including surplus on revaluation of fixed assets / Number of shares	15.18	18.75	10.58	11.43	10.2	9.77
Break up Value per Share (without Revaluation Surplus) (Rs. / Share)	Equity excluding surplus on revaluation of fixed assets / number of shares	13.76	16.93	8.69	9.45	8.33	7.99
Free Cash Flows (Rs. in Millions)		(6,150)	5,132	2,427	(11,104)	(3,399)	3,051



The country continued to witness a V-shaped economic recovery for the second consecutive period. The country attained a real GDP growth of 5.97% which is higher than growth of 5.74% recorded last year. Impressive GDP growth rate of almost 6% was overshadowed by ballooning twin fiscal and current account deficits. Political instability, high international fuel and commodity prices and bludgeoning trade deficit exerted immense pressure on foreign exchange reserves resulting in significant depreciation of PKR against USD which in turn contributed towards high inflation.

The varying HRC prices coupled with increase in borrowing cost resulted in decline in profitability. In spite the Company has delivered balanced performance during the year with the record high sales revenue of Rs. 64.83 billion (2021: Rs. 55.17 billion), which has translated into an earning per share of Rs. 1.27 (2021: Rs. 8.21).

### Notes

N1 - Due to losses dilution of earnings per share had anti-dilutive effect for financial year 2019, 2020, and 2022 therefore, the same has not been disclosed and presented.

## Capital Structure Ratios

Description	Formula	2022	2021	2020	2019	2018	2017
Financial Leverage Ratio (Times)	Total Debt/ Total Equity	1.58	1.00	2.38	2.49	1.22	1.15
Weighted Average Cost of Debt (%) (N1)	Total Interest / Total Debt	2%	8%	17%	11%	10%	8%
Debt to equity ratio (book value)	Total Long Term Debt / Equity	31:69	35:65	54:46	47:53	39:61	44:56
Debt to equity ratio (market value)	Market Value (MV) of Long Term Debt / MV of Equity	37:63	27:73	54:46	50:50	28:72	26:74
Interest Cover Ratio (Times)	Profit from Operations / Finance Cost	1.55	6.63	0.60	0.78	2.78	1.93
Market Value per share (Symbol: ASL)							
- High (Rs. / Share)	N/A	25.69	28.26	11.7	17.77	23.94	29.63
- Low (Rs. / Share)	N/A	10.20	9.04	6.30	7.45	14.85	7.65
- Closing (Rs. / Share)	N/A	11.05	24.91	9.21	9.2	15.77	20.34
Total Volume Traded (Number of shares in million)	N/A	598.06	1,887.71	209.68	413.82	1,276.43	2,670



In the current year, the Company has delivered balanced performance resulting in profitable bottom line despite many external constraints. In the previous year the rise in sales volume coupled with higher margins and decrease in borrowing cost resulted in significant increase in profitability. In the current year due to low sales volume, high borrowing cost and high inventory turnover days has increased the gearing of the Company.

### Notes

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

## Activity Ratios

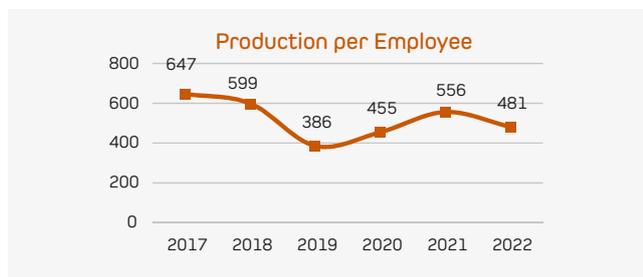
Description	Formula	2022	2021	2020	2019	2018	2017
Total Assets Turnover Ratio (Times)	Net Sales / Total Assets	1.39	1.51	0.86	0.62	0.93	0.77
Fixed Assets Turnover Ratio (Times)	Net Sales / Total Fixed Assets	3.39	2.84	1.57	1	1.41	1.34
Inventory Turnover (Times)	Cost of Goods Sold / Average Inventory	4.55	4.63	3.7	3.3	3.88	3.67
Inventory Turnover (Days)	Average Inventory / Cost of Goods Sold x 365	80.15	78.80	98.78	110.49	93.98	99.4
Debtors Turnover (Times)	Sales / Average Receivable	108.64	97.28	78.23	57.49	146.74	122.72
Debtors Turnover (Days)	Average Receivables / Sales x 365	3.36	3.75	4.67	6.35	2.49	2.97
Creditors Turnover (Times)	Cost of Goods Sold / Average Creditors	7.29	6.63	7.26	15.18	6.54	3.79
Creditors Turnover (Days)	Average Creditors / Cost of Goods Sold x 365	50.06	55.05	50.25	24.04	55.85	96.42
Operating Cycle (Days)	Days in Inventory + Days in Receivables	83.51	82.56	103.45	116.84	96.47	102.37



Lower sales volume and higher inventory days resulted in deterioration in the operating cycle of the Company.

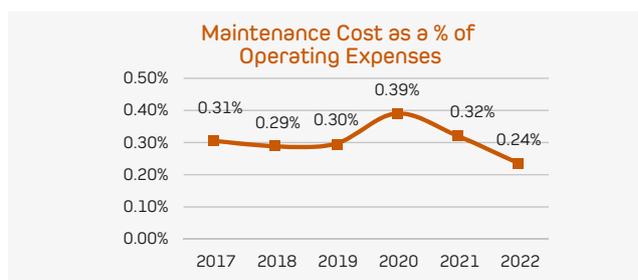
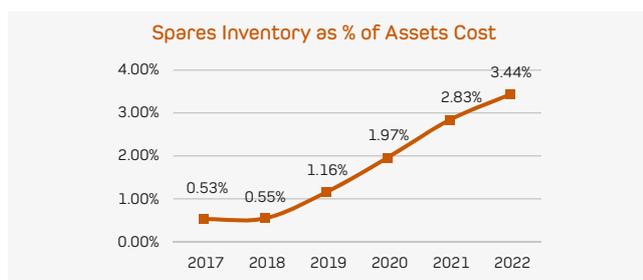
## Employee Productivity Ratios

Description	Formula	2022	2021	2020	2019	2018	2017
Production per Employee	Production / Average No. of Factory Employees	481	556	455	386	599	647
Revenue per Employee	Net Sales / Average No. of Employees	86	72	40	33	43	35

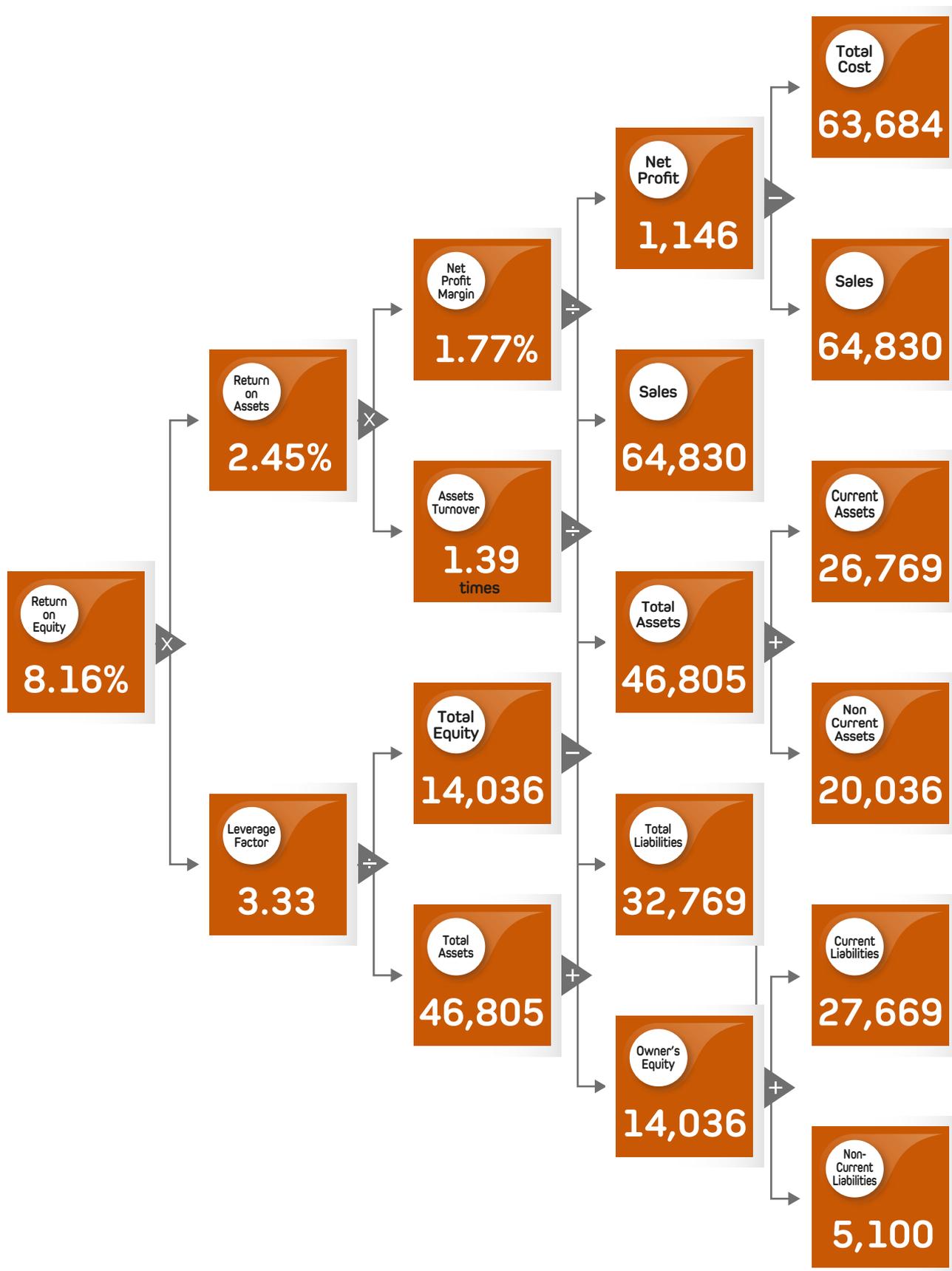


## Other Ratios

Description	Formula	2022	2021	2020	2019	2018	2017
Spares Inventory as % of Assets Cost	Total Spares / Total Assets	3.44%	2.83%	1.97%	1.16%	0.55%	0.53%
Maintenance Cost as % of Operating Expenses	Maintenance Cost / Operating Expenses	0.24%	0.32%	0.39%	0.30%	0.29%	0.31%



# DuPont Analysis

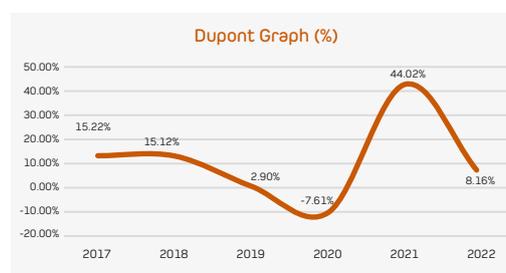


# DuPont Analysis

DuPont Analysis (Rs. In Million)		2022	2021	2020	2019	2018	2017
A	Non-current liabilities	5,100	6,274	9,461	7,273	4,934	5,078
B	Current Liabilities	27,669	16,972	16,711	7,001	6,406	27,688
C = A+B	Total Liabilities	32,769	22,057	26,433	23,984	11,935	11,484
D	Non-current Assets	20,036	19,951	21,226	21,567	14,366	11,959
E	Current Assets	26,769	16,573	13,304	11,164	6,060	6,225
F = D+E	Total Assets	46,805	36,524	34,530	32,731	20,426	18,184
G = C-F	Owners' Equity	14,036	14,467	8,097	8,747	8,491	6,700
H	Sales	64,830	55,116	29,777	20,231	18,904	14,076
I	Total Cost	63,684	48,748	30,393	19,977	17,620	13,056
J = H - I	Net Profit / (Loss)	1,146	6,368	(616)	254	1,284	1,020
K = J / H	Net Profit / Loss Margin (%)	1.77%	11.55%	(2.07%)	1.26%	6.79%	7.25%
L = H / F	Assets Turnover (Times)	1.39	1.51	0.86	0.62	0.93	0.77
M = F / G	Leverage Factor (Times)	3.33	2.52	4.26	3.74	2.41	2.71
N = K x L	Return on Assets (%)	2.45%	17.44%	-1.78%	0.78%	6.29%	5.61%
O = M x N	Return on Equity (%)	8.16%	44.02%	(7.61%)	2.90%	15.12%	15.22%

## Analysis

- The decline in profitability was on account of lower sales volume and decrease in profit margin. Political uncertainty high international fuel and commodity prices and bludgeoning trade deficit exerted immense pressure on foreign exchange reserves resulting in significant depreciation of PKR against USD which in turn contributed towards high inflation. Delay in reaching an agreement with IMF for release of next tranche resulted in major uncertainty about Pakistan's ability to meet its foreign financial obligations. Further, the outbreak of war in Ukraine resulted in rising energy prices and supply disruptions. The varying trend in HRC price and hike in borrowing cost resulted in decline in profitability of the Company.
- Asset turnover has improved gradually year by year, which shows incremental approach to growth and focus on better utilization of resources each year. The Company, witnessed a slight decrease in asset turnover ratio during the year which is primarily due to increase in inventory levels as compared to last year.
- The leverage ratio has deteriorated by 32% during the year. This was primarily on account of Increase in short-term borrowings which is in line with the increase in inventory levels together with higher working capital required for operational needs on account of significant PKR devaluation.



## Conclusion

The DuPont analysis depicts improvement in overall performance of the Company. In the current year, a decline on return of equity was reported on account of decrease in profitability which was mainly due to the HRC price trend and lower sales volume resulting in lower profit margins. There was an increase in short term borrowings to cater the working capital requirement of the Company which along with increase in interest rate resulted in higher borrowing cost. Further, PKR depreciated by 31% to Rs. 206.4 against USD from Rs. 157.5, which contributed to the exchange loss in the current year. In the previous year, a positive return on equity was reported which was mainly on account of improving economic trends backed by expansionary government policies, coupled with favourable prices trends due to price rise in the international steel market.

# Horizontal Analysis

## Statement of Financial Position

	2022		2021		2020		2019		2018		2017	
	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%	Rs. In Millions	%
<b>Assets</b>												
Non-Current Assets	20,036	0%	19,951	(6%)	21,226	(2%)	21,567	50%	14,366	20%	11,959	10%
Current Assets	26,769	62%	16,573	25%	13,304	19%	11,164	84%	6,060	(3%)	6,225	39%
Total Assets	46,805	28%	36,524	6%	34,530	5%	32,731	60%	20,426	12%	18,184	18%

## Equity and Liabilities

Shareholders' Equity	14,036	(3%)	14,467	79%	8,097	(7%)	8,747	3%	8,491	27%	6,700	152%
Non-Current Liabilities	5,100	(19%)	6,274	(34%)	9,461	30%	7,273	47%	4,934	(3%)	5,078	(5%)
Current Liabilities	27,669	75%	15,783	(7%)	16,972	2%	16,711	139%	7,001	9%	6,406	(13%)
Total Equity and Liabilities	46,805	28%	36,524	6%	34,530	5%	32,731	60%	20,426	12%	18,184	18%

## Statement of Profit or Loss

Revenue	64,830	18%	55,116	85%	29,777	47%	20,231	7%	18,904	34%	14,076	46%
Cost of sales	(59,317)	35%	(43,931)	60%	(27,411)	48%	(18,553)	19%	(15,590)	30%	(11,989)	39%
Gross profit	5,513	(51%)	11,185	373%	2,366	41%	1,678	(49%)	3,314	59%	2,087	113%
Selling and distribution cost	(421)	76%	(239)	469%	(42)	68%	(25)	32%	(19)	0%	(19)	(5%)
Administrative expenses	(395)	11%	(357)	12%	(320)	29%	(249)	30%	(192)	2%	(188)	20%
Profit from operations	4,697	(56%)	10,589	428%	2,004	43%	1,404	(55%)	3,103	65%	1,880	134%
Other expenses	(1,208)	24%	(977)	100%	-	(100%)	(3)	(98%)	(143)	120%	(65)	(100%)
Other Income	86	(83%)	499	1213%	38	(26%)	52	49%	35	119%	16	(36%)
Finance cost	(2,299)	51%	(1,524)	(55%)	(3,386)	82%	(1,865)	73%	(1,079)	14%	(949)	(7%)
Profit / (Loss) before taxation	1,275	(85%)	8,587	739%	(1,343)	226%	(412)	(122%)	1,916	117%	882	(556%)
Taxation	(129)	(94%)	(2,219)	(405%)	727	(9%)	666	205%	(632)	-558%	138	273%
Profit / (Loss) for the year	1,146	(82%)	6,368	1132.10%	(617)	(342.61%)	254	(80.21%)	1,284	26%	1,020	750%

## Comments on Horizontal Analysis

### Statement of Financial Position

Non-current assets mainly consist of Property, plant and equipment and deferred tax asset. Property, plant and equipment have witnessed a slight decrease on account of depreciation charged during the year. Further, deferred tax asset has increased due to the carried forward tax losses. On the other hand, current assets have significantly increased mainly on account of rising inventory levels due to decrease in sales volume and slow offtake.

Shareholder's equity has slightly decreased during the year due to payment of dividend. The decrease in long term liabilities is due to the repayment of long term debt. There has been an increase in current liabilities which is mainly due to the significant increase in short term borrowings to cater the higher working capital requirements of the Company.

### Statement of Profit or loss

The Company has demonstrated steady growth in revenue over the years. Current year saw a record high sales revenue generation of Rs. 64.83 billion which was mainly on account of higher steel prices. There was an unprecedented variation in HRC prices during the year which resulted in lower gross profit as compared to the previous year. There was a significant increase in short term borrowings to cater the higher working capital requirements of the Company which, along with increased interest rate, resulted in higher finance costs which led to decline in profitability of the Company. Further, exchange loss amounting to Rs. 1.12 billion was incurred during the year due to the significant depreciation of PKR against USD.

# Vertical Analysis

## Statement of Financial Position

	2022		2021		2020		2019		2018		2017	
	Rs. In Millions	%										
<b>Assets</b>												
Non-Current Assets	20,036	43%	19,951	55%	21,226	61%	21,567	66%	14,366	70%	11,959	66%
Current Assets	26,769	57%	16,573	45%	13,304	39%	11,164	34%	6,060	30%	6,225	34%
<b>Total Assets</b>	<b>46,805</b>	<b>100%</b>	<b>36,524</b>	<b>100%</b>	<b>34,530</b>	<b>100%</b>	<b>32,731</b>	<b>100%</b>	<b>20,426</b>	<b>100%</b>	<b>18,184</b>	<b>100%</b>

## Equity and Liabilities

Shareholders' Equity	14,036	30%	14,467	40%	8,097	23%	8,747	27%	8,491	42%	6,700	37%
Non-Current Liabilities	5,100	11%	6,274	17%	9,461	27%	7,273	22%	4,934	24%	5,078	28%
Current Liabilities	27,669	59%	15,783	43%	16,972	50%	16,711	51%	7,001	34%	6,406	35%
<b>Total Equity and Liabilities</b>	<b>46,805</b>	<b>100%</b>	<b>36,524</b>	<b>100%</b>	<b>34,530</b>	<b>100%</b>	<b>32,731</b>	<b>100%</b>	<b>20,426</b>	<b>100%</b>	<b>18,184</b>	<b>100%</b>

## Statement of Profit or Loss

Revenue	64,830	100%	55,116	100%	29,777	100%	20,231	100%	18,904	100%	14,076	100%
Cost of sales	(59,317)	91%	(43,931)	80%	(27,411)	92%	(18,553)	92%	(15,590)	(82%)	(11,989)	(85%)
Gross profit	5,513	9%	11,185	20%	2,366	8%	1,678	8%	3,314	18%	2,087	15%
Selling and distribution cost	(421)	(1%)	(239)	0%	(42)	0%	(25)	0%	(19)	0%	(19)	0%
Administrative expenses	(395)	(1%)	(357)	(1%)	(320)	(1%)	(249)	(1%)	(192)	(1%)	(188)	(1%)
Profit from operations	4,697	7%	10,589	19%	2,004	7%	1,404	7%	3,103	16%	1,880	13%
Other expenses	(1,208)	(2%)	(977)	(2%)	-	0%	(3)	0%	(143)	(1%)	(65)	0%
Other Income	86	0%	499	1%	38	0%	52	0%	35	0%	16	0%
Finance cost	(2,299)	(4%)	(1,524)	(3%)	(3,386)	(11%)	(1,865)	(9%)	(1,079)	(6%)	(949)	(7%)
Profit / (Loss) before taxation	1,275	2%	8,587	16%	(1,343)	(5%)	(412)	(2%)	1,916	10%	882	6%
Taxation	(129)	0%	(2,219)	(4%)	727	2%	666	3%	(632)	(3%)	138	1%
<b>Profit / (Loss) for the year</b>	<b>1,146</b>	<b>2%</b>	<b>6,368</b>	<b>12%</b>	<b>(617)</b>	<b>(2%)</b>	<b>254</b>	<b>1%</b>	<b>1,284</b>	<b>7%</b>	<b>1,020</b>	<b>7%</b>

## Comments on Vertical Analysis

### Statement of Financial Position

Current assets mainly consist of inventories and other receivables. The current assets have increased mainly on account of rise in inventory levels due to decrease in sales volume and slow offtake of inventory during the year. Non-current assets have slightly increased due to increase in deferred tax asset during the year. Shareholder's equity has decreased due to payment of dividend during the year.

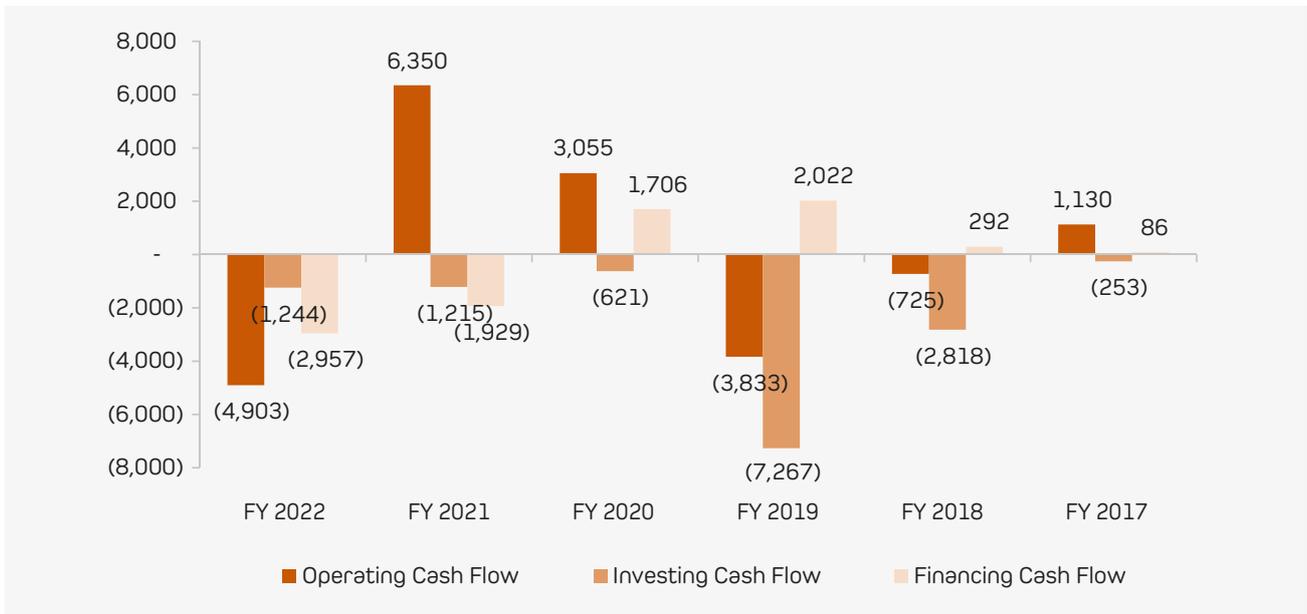
The decrease in long term liabilities is due to the repayment of principal during the year. Current liabilities mainly consist of short term borrowings and trade and other payables. The increase in current liabilities was mainly due to the increase in borrowing levels of the Company to cater the higher working capital requirement of the Company.

### Statement of Profit or loss

Revenue has increased during the year mainly due to the rise in steel prices. Cost of goods sold mainly consist of raw material consumed which has increased significantly due to the unprecedented changes in HRC prices during the year which has resulted in a decrease in gross profit. Further, there has been a significant increase in short term borrowings to cater the working capital requirements of the Company which resulted in higher finance costs coupled with significant depreciation of PKR against USD resulting in exchange loss, which led to decline in profitability of the Company.

# Summary of Cash Flow Statement

	2022	2021	2020	2019	2018	2017
	----- Rs. In Millions -----					
Cash (used in) / generated from operations	(959)	8,964	6,165	(2,756)	460	1,918
Income tax paid	(1,392)	(1,046)	(116)	(152)	(540)	(80)
Mark-up on loans paid	(1,810)	(1,580)	(3,025)	(756)	(583)	(703)
Return on bank deposits received	35	33	16	10	12	3
Employee Benefits benefit paid	(15)	(8)	(5)	(5)	(6)	(8)
(Increase) / decrease in long-term loans and advances	-	-	-	(2)	(2)	-
Workers' welfare fund paid	(194)	-	-	(39)	(18)	-
Workers' profits participation fund paid	(516)	-	-	(103)	(47)	-
(Increase) / decrease Increase in long-term deposits	(53)	(13)	21	(29)	(1)	-
<b>Net cash (used in) / generated from operating activities</b>	<b>(4,903)</b>	<b>6,350</b>	<b>3,055</b>	<b>(3,833)</b>	<b>(725)</b>	<b>1,130</b>
Purchase of property, plant and equipment	(1,222)	(1,184)	(628)	(7,270)	(2,822)	(256)
Purchase of intangible assets	(24)	(34)	-	-	-	-
Sale proceeds from disposal of property, plant and equipment	3	3	7	3	5	3
<b>Net cash used in investing activities</b>	<b>(1,244)</b>	<b>(1,215)</b>	<b>(621)</b>	<b>(7,267)</b>	<b>(2,818)</b>	<b>(253)</b>
Proceeds from issue of share capital	-	-	-	-	148	2,177
Long term loan obtained / (repaid) - net	(1,452)	(1,908)	1,731	2,194	(65)	(800)
Short-term borrowings obtained / (paid)	-	-	-	(175)	175	(1,288)
Dividend paid	(1,475)	-	-	-	-	-
Increase / (decrease) in liabilities against assets subject to finance leases	(29)	(21)	(25)	3	34	(2)
<b>Net cash (used in) / generated from financing activities</b>	<b>(2,957)</b>	<b>(1,929)</b>	<b>1,706</b>	<b>2,022</b>	<b>292</b>	<b>86</b>
Net (decrease) / increase in cash and cash equivalents	(9,103)	3,205	4,139	(9,078)	(3,251)	963
Cash and cash equivalents at beginning of the year	(6,558)	(9,764)	(13,903)	(4,825)	(1,574)	(2,537)
<b>Cash and cash equivalents at end of the year</b>	<b>(15,661)</b>	<b>(6,558)</b>	<b>(9,764)</b>	<b>(13,903)</b>	<b>(4,825)</b>	<b>(1,574)</b>



### Comments on Cash Flow Analysis

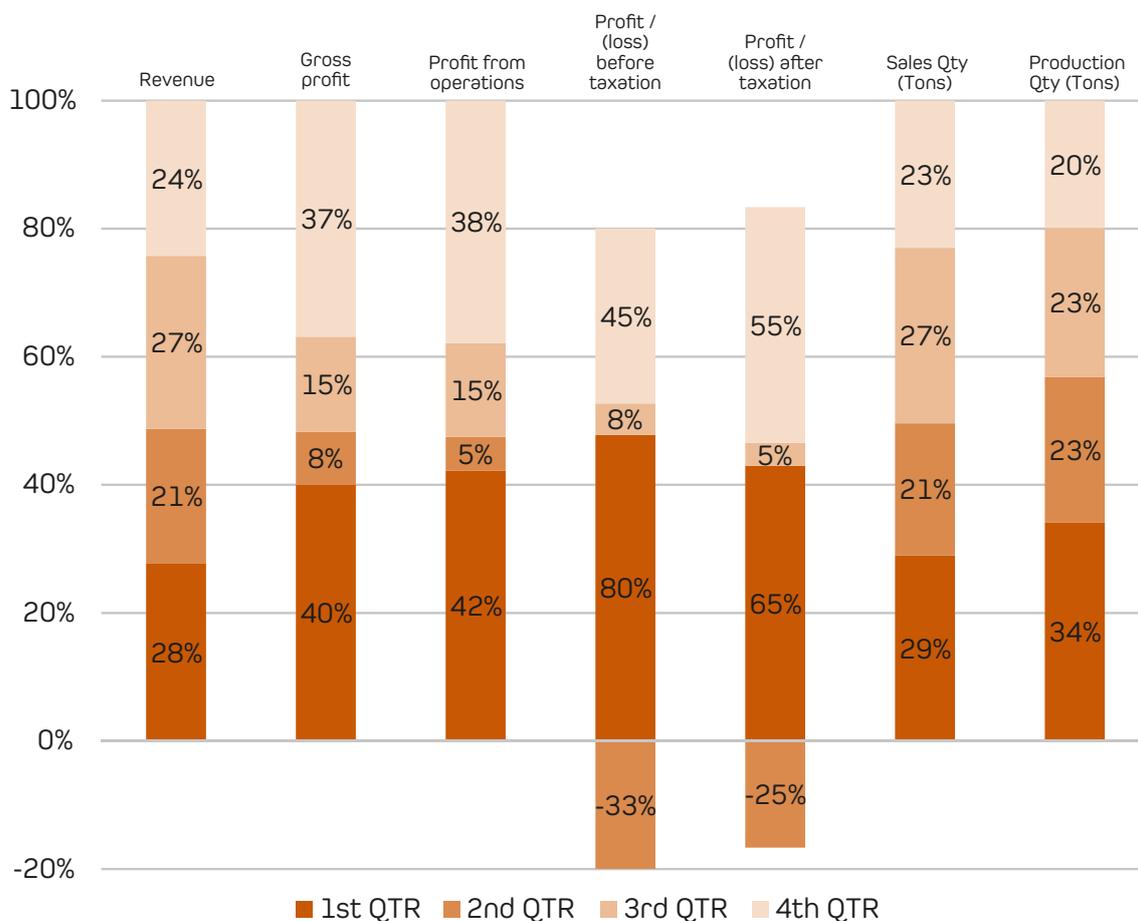
Cash flows from operating activities showed improvement in the previous year resulting from profits arising out of increased sales volume and better margins. However, during the current year due to devaluation of Rupee, increased inventory days and rising cost of doing business has resulted in deterioration of cash flows from operating activities.

Net cash used in investing activities mainly represents cash utilization on account of fixed capital expenditure. In the current year the Company made significant purchases of property, plant and equipment and intangibles.

Cash flows from financing activities depends on net cash requirements of the Company. This mainly represents repayment of long term finance, short term loan and dividend payments made during the year.

# Results Reported in Interim Financial Statements & Final Accounts

FY 2022	1st QTR	2nd QTR	3rd QTR	4th QTR	FY 2022
	Rs. In '000				
Revenue	18,007,065	13,573,527	17,536,012	15,713,814	64,830,418
Cost of sales	(15,798,942)	(13,121,172)	(16,715,568)	(13,681,050)	(59,316,732)
<b>Gross profit</b>	<b>2,208,123</b>	<b>452,355</b>	<b>820,444</b>	<b>2,032,764</b>	<b>5,513,686</b>
Selling and distribution cost	(145,541)	(81,272)	(53,371)	(141,305)	(421,489)
Administrative expenses	(81,077)	(121,787)	(79,915)	(112,622)	(395,401)
	(226,618)	(203,059)	(133,286)	(253,927)	(816,890)
<b>Profit from operations</b>	<b>1,981,505</b>	<b>249,296</b>	<b>687,158</b>	<b>1,778,837</b>	<b>4,696,796</b>
Other expenses	(474,581)	(176,393)	(49,834)	(507,586)	(1,208,394)
Other income	6,067	31,506	24,504	23,507	85,584
Finance cost	(498,226)	(528,392)	(557,276)	(714,956)	(2,298,850)
<b>Profit before taxation</b>	<b>1,014,765</b>	<b>(423,983)</b>	<b>104,552</b>	<b>579,802</b>	<b>1,275,136</b>
Taxation	(276,941)	138,030	(42,780)	52,668	(129,023)
<b>Profit after taxation</b>	<b>737,824</b>	<b>(285,953)</b>	<b>61,772</b>	<b>632,470</b>	<b>1,146,113</b>
Sales Qty (Tons)	88,834	63,082	83,884	70,413	306,213
Production Qty (Tons)	104,653	69,547	71,360	60,967	306,527



## Quarterly Results Analysis

### Quarter 1

The HRC prices came down and stabilized near US\$ 900 after reaching to an unprecedented level of US\$ 1,100 per ton. The total quantity sold during the quarter was 88,834 tons as compared to 94,878 sold during the corresponding period last year, showing a decrease of about 6.4%. Sales consist of 16,158 tons pertaining to export sales made to Europe, America and Canada. During the corresponding period last year, exports were limited to 2,618 tons with major quantity going to Afghanistan.

The total quantity produced during the period was 104,653 tons compared to 69,202 tons produced in the corresponding period last year, showing an increase of 51%.

### Quarter 2

The unprecedented rise of HRC prices in the financial year 2020-21, was followed by a gradual decline in the current financial year. The international market has somewhat stabilized since and the HRC prices declined to US\$ 800 by December 2021. Confronted with the rising international prices compounded by depreciating Rupee, the local market witnessed substantial rise in the steel prices. The end users, during the down cycle, preferred to draw down on inventories and made limited new purchases. Sales remained subdued in the second quarter.

The total quantity sold during the period was 63,082 tons out of which 4,177 tons was exported to Europe, America and Canada and several other countries. The total quantity sold in the corresponding period last year was 107,369 tons, showing a decline of about 41%. The total quantity produced during the period was 69,547 tons compared to 109,868 tons produced in the corresponding period last year, showing a decrease of about 37%. Arrival of raw material at higher prices coincided with declining international prices not allowing passing on the cost, resulting in lower gross profit margin. At the same time, hike borrowings cost resulted in surge in financial expenses.

### Quarter 3

The HRC prices further increased and reached to levels of US\$ 950, FOB China in March 2022. The tensions between Russia and Ukraine led to a full-blown war. Russia is a major supplier of oil, gas, and metals, and, together with Ukraine, of wheat and corn, the current and anticipated decline in the supply of these commodities has led to rising prices and further supply disruption. The local manufacturers were compelled to increase prices to pass on higher input cost as well as on account of depreciating Rupee against US\$.

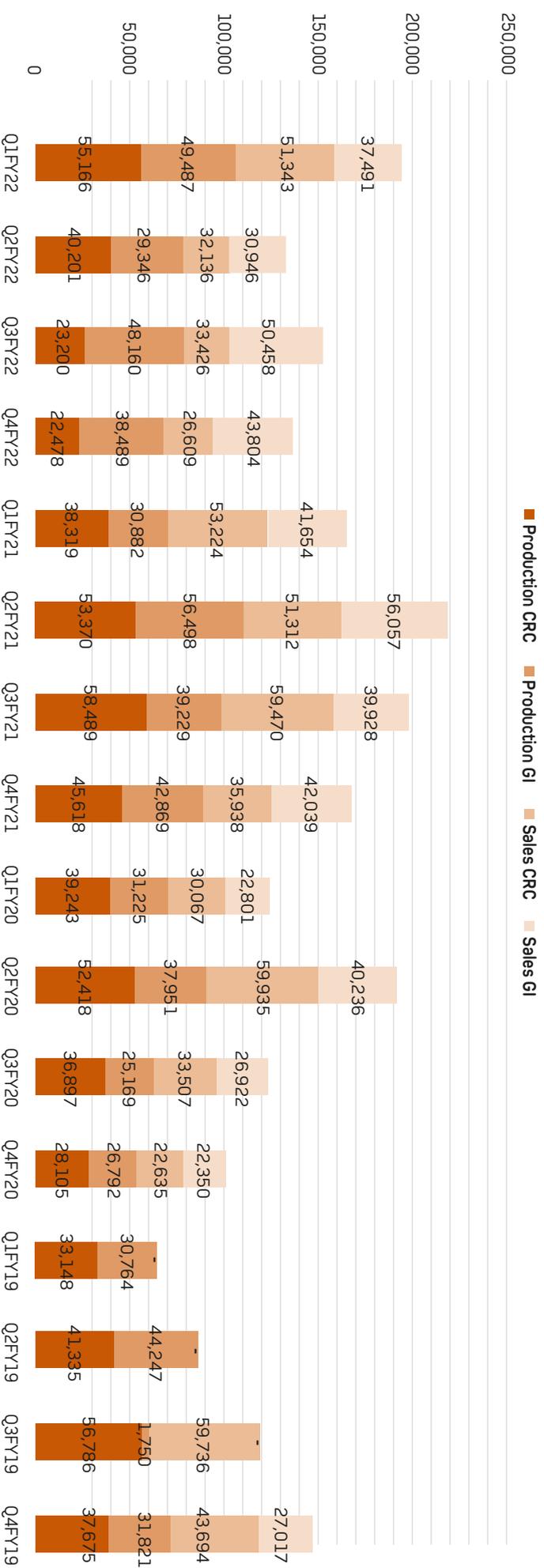
The total quantity sold during the period was 83,884 tons out of which 10,312 tons was exported to Europe, America and Canada and several other countries. The total quantity sold in the corresponding period last year was 99,398 tons, showing a decline of about 16%. The total quantity produced during the period was 71,360 tons compared to 97,718 tons produced in the corresponding period last year, showing a decrease of about 27%. The production curtailed due to higher finished goods inventory, on account of lower sale volume.

### Quarter 4

The HRC prices stabilized to levels of US\$ 700, FOB China in June 2022. Political instability, high international fuel and commodity prices and bludgeoning trade deficit exerted immense pressure on foreign exchange reserves resulting in significant depreciation of Rupee against USD which in turn contributed towards high inflation. Delay in reaching an agreement with IMF for release of next tranche resulted in major uncertainty about Pakistan's ability to meet its foreign financial obligations.

The total quantity sold during the period was 70,413 tons. The total quantity sold in the corresponding period last year was 77,977 tons, showing a decline of about 11%. The total quantity produced during the period was 60,967 tons compared to 88,487 tons produced in the corresponding period last year, showing a decrease of about 31%. The production curtailed due to slow offtake and buildup of finished goods inventory.

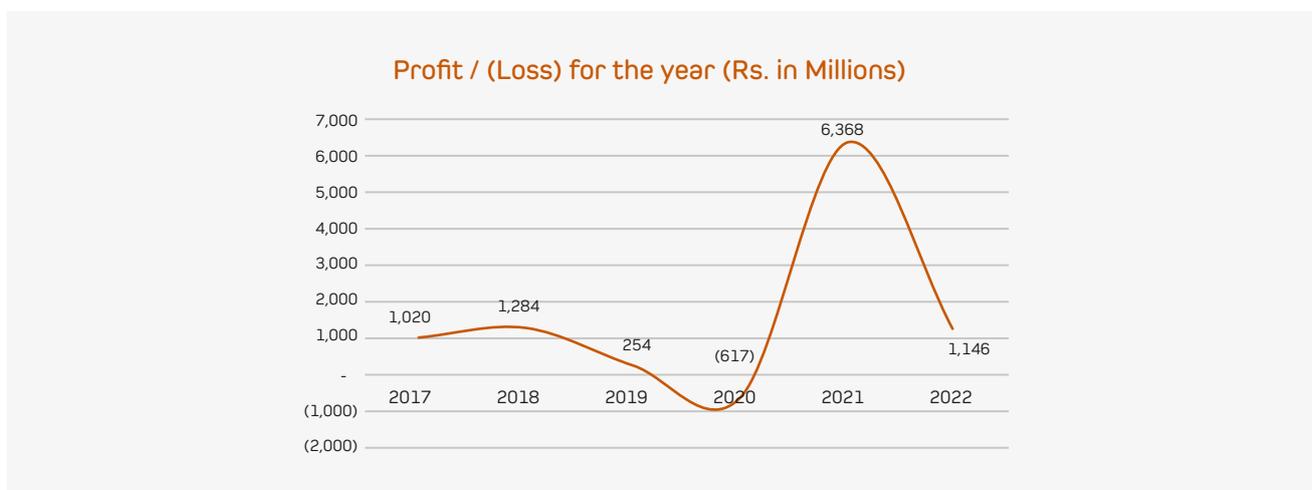
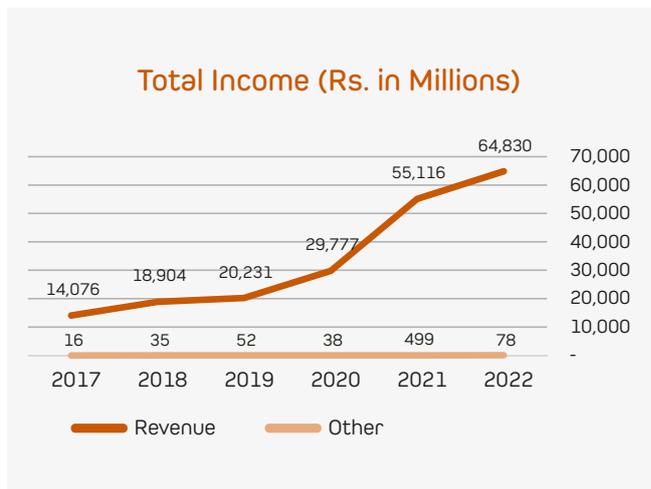
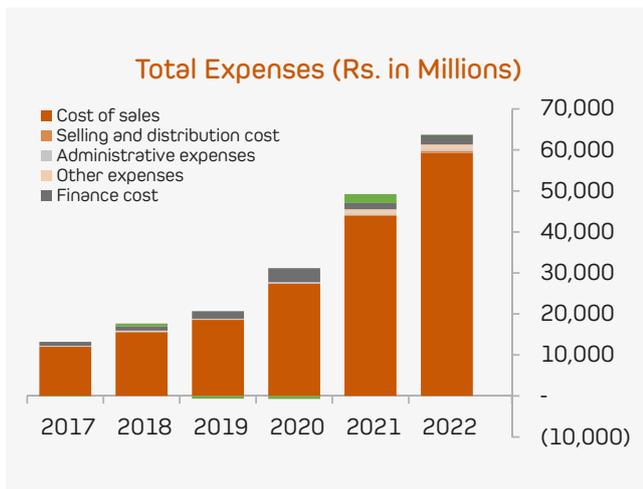
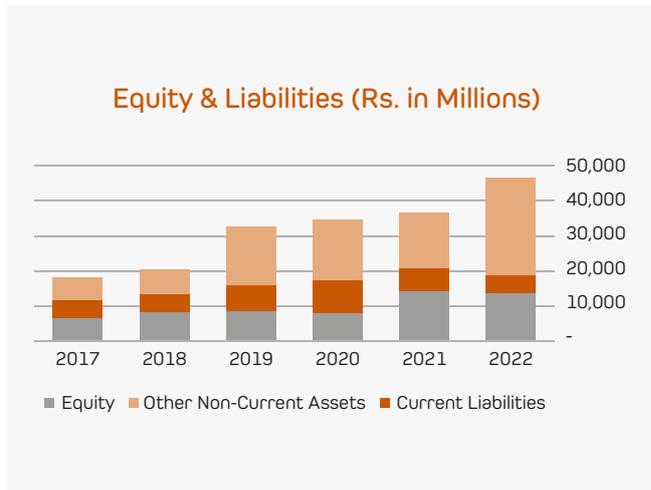
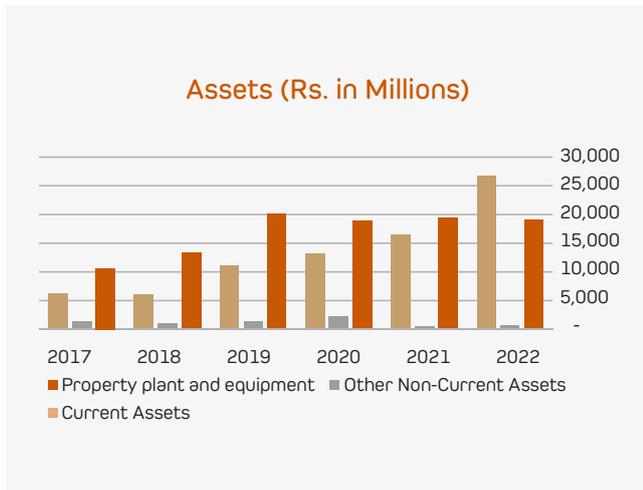
# Historical Sales & Production Statement - Cont'd



# Historical Sales & Production Statement

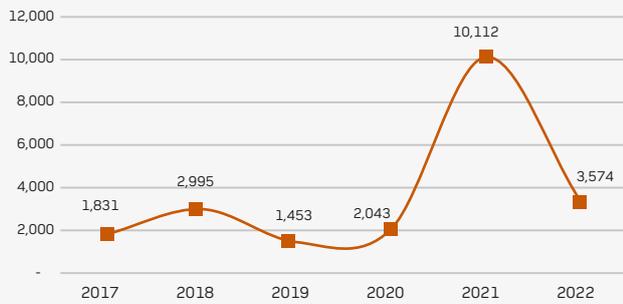
Description	Product	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY21	Q2FY21	Q3FY21	Q4FY21	
Production	CRC	55,166	40,201	23,200	22,478	38,319	53,370	58,489	45,618	
	GI	49,487	29,346	48,160	38,489	30,882	56,498	39,229	42,869	
	Total	104,653	69,547	71,360	60,967	69,202	109,868	97,718	88,487	
	Product	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY19	Q2FY19	Q3FY19	Q4FY19	
	CRC	39,243	52,418	36,897	28,105	33,148	41,335	56,786	37,675	
	GI	31,225	37,951	25,169	26,792	-	-	1,750	31,821	
	Total	70,468	90,369	62,066	54,897	33,148	41,335	58,536	69,496	
	Sales	CRC	51,343	32,136	33,426	26,609	53,224	51,312	59,470	35,938
		GI	37,491	30,946	50,458	43,804	41,654	56,057	39,928	42,039
		Total	88,834	63,082	83,884	70,413	94,878	107,369	99,398	77,977
Product		Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY19	Q2FY19	Q3FY19	Q4FY19	
CRC		30,067	59,935	33,507	22,635	30,764	44,247	59,736	43,694	
GI		22,801	40,236	26,922	22,350	-	-	-	27,017	
Total		52,868	100,171	60,429	44,985	30,764	44,247	59,736	70,711	

# Graphical Representation of ASML

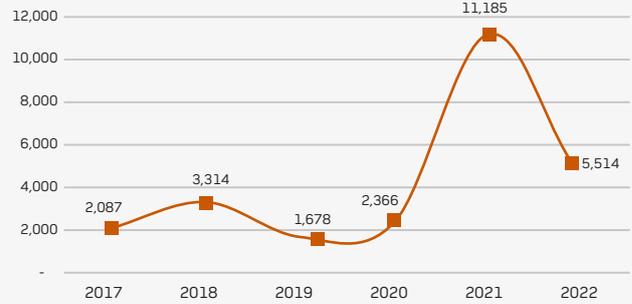


## Graphical Representation of ASML - Cont'd.

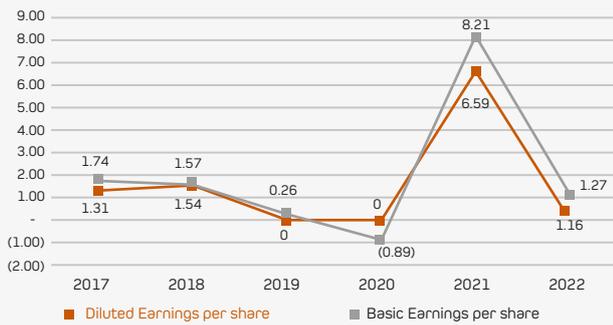
### Profit from Operations (Rs. in Millions)



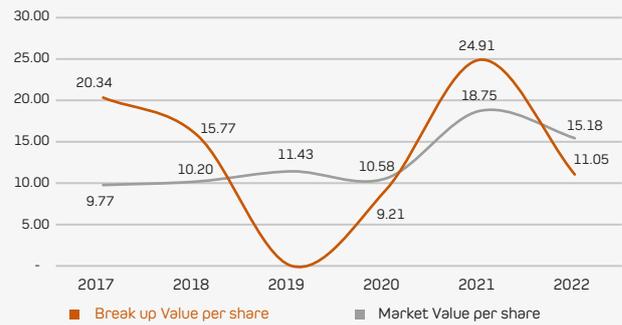
### Gross Profit (Rs. in Millions)



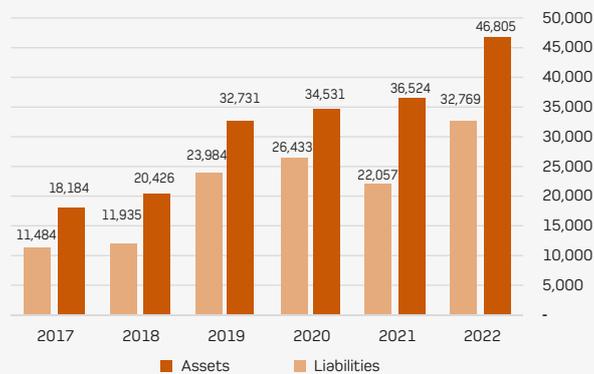
### Earnings per Share (Rs. per Share)



### Value per Share (Rs. per Share)

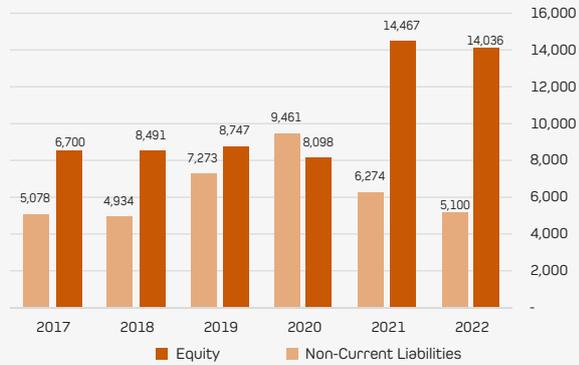


### Assets and Liabilities (Rs. in Millions)

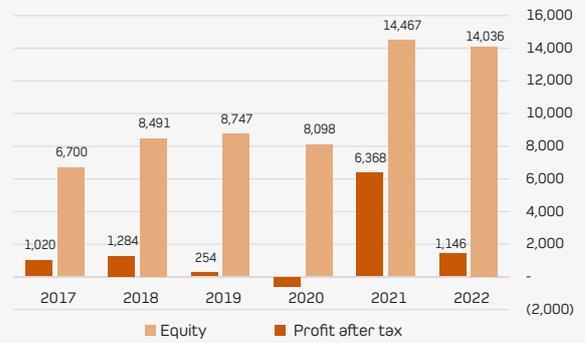


## Graphical Representation of ASML - Cont'd.

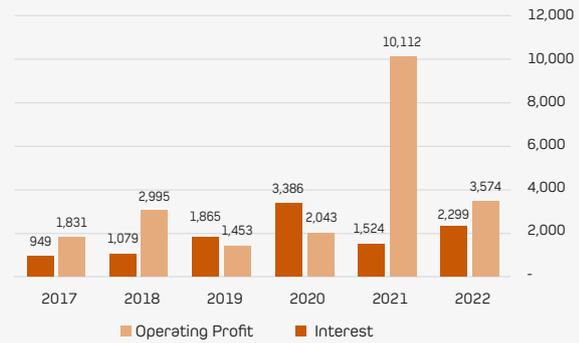
### Equity and Non-Current liabilities (Rs. in Millions)



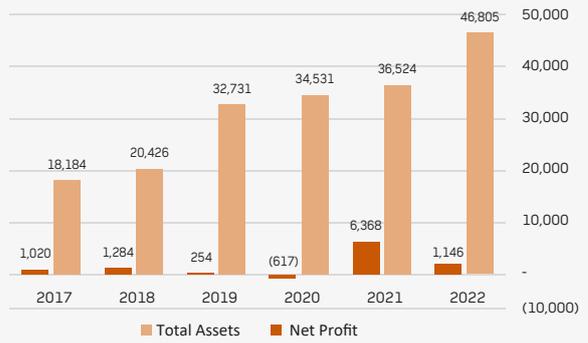
### Return on Equity (Rs. in Millions)



### Interest Cover (Rs. in Millions)



### Net Profit to Assets (Rs. in Millions)



### Profitability Trend (Rs. in Millions)



# Cash Flow Statement - Direct Method

	2022	2021
	----- Rs. In '000 -----	
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	65,577,937	54,308,603
Cash paid to suppliers / service providers and employees	(66,589,509)	(45,357,724)
Income tax paid	(1,391,729)	(1,045,998)
Mark-up on loans paid	(1,809,745)	(1,579,964)
Return on bank deposits received	34,864	33,595
Employee benefits paid	(15,025)	(8,337)
Workers' welfare fund paid	(194,038)	-
Workers' profits participation fund paid	(515,999)	-
Net cash (used in) / generated from operating activities	(4,903,244)	6,350,175
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(1,222,258)	(1,184,207)
Purchase of intangibles	(24,143)	(33,753)
Sale proceeds from disposal of property, plant and equipment	2,692	2,801
Net cash used in investing activities	(1,243,709)	(1,215,159)
<b>Cash Flows from Financing Activities</b>		
Repayment of long-term finance	(1,452,343)	(2,046,740)
Long-term loan obtained	-	138,913
Short-term borrowings obtained	1,725,000	-
Short-term borrowings paid	(1,725,000)	-
Dividend paid	(1,475,124)	-
Lease rentals paid	(29,305)	(20,979)
Net cash used in financing activities	(2,956,772)	(1,928,806)
Net (decrease) / increase in cash and cash equivalents	(9,103,725)	3,206,210
Cash and cash equivalents at beginning of the year	(6,557,645)	(9,763,855)
Cash and cash equivalents at end of the year	(15,661,370)	(6,557,645)

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

# Share Price Sensitivity

Aisha Steel Mills Limited is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange (PSX) in three categories namely Ordinary Shares (ASL), Cumulative Preference Shares (ASLCPS) and Preference Shares (ASLPS).

Share prices can be affected by variety of factors internal and external to the Company. However, performance of the Company and the economic environment in which it operates, are the two principal factors, affecting the share price. Management of ASML considers the following as key factors, which may impact share price.

## Currency Risk

Being importer of HRC (raw material), appreciation of Pak Rupees (PKR) means decrease in cost of raw material. This leads to increased buying power and better margins in the local markets. In the current year, bludgeoning trade deficit exerted immense pressure on foreign exchange reserves resulting in significant depreciation of PKR against USD.

Delay in reaching an agreement with IMF for release of next tranche resulted in major uncertainty about Pakistan's ability to meet its foreign financial obligations. During the period, PKR depreciated by 31% i.e. from Rs. 157.5/USD to Rs. 206.4/USD. Emphasis was placed on planning of raw material to optimize inventory gains and return maximize return for the stakeholders.

## HRC Prices in the International Market

Being importer of HRC (raw material), rise in the price of HRC directly impact our profitability, however, in the longer run the price impact is passed on to the consumer, which positively correlates with our margins. On the back of the commodity boom witnessed in the year 2020-21, the steel prices climbed to levels seldom seen before. However, from the very beginning of the financial year 2021-22, the prices started correcting. The HRC price gradually declined from the peak of US\$ 1,050 per ton, FOB China, observed in May 2021 to US\$ 800 FOB China in December 2021. The declining trend reversed briefly in the period between Jan 2022 to March 2022 due to Russia and Ukraine war. However, the decline resumed after March 2022 and prices since have come down to levels below US\$ 700 per ton.

## Change in Government Policies Affecting Consumer's Buying Power

Any change in government policies relating to micro / macro economic factors affecting consumers buying power in general, and CRC and HDGC in particular, may affect the share price of the Company.

Pakistan's economy continued to demonstrate cycles of boom and bust. The country continued to witness a V-shaped economic recovery for the second consecutive period. The country attained a real GDP growth of 5.97% which is higher than growth of 5.74% recorded last year. The local market, had to confront political uncertainty, rapid devaluation of rupee and rising cost of doing business. These developments shrunk local market size by about 20%.

## Law and Order Situation

Law and order situation governs the social and business environment in which the Company operates. If the law and order situation turns unstable, this leads to disruption of business activity and hence the Company's performance. It also has an adverse effect on the confidence of stock market investors. Although the situation has taken a turn for the better but a major change is still anticipated.

## 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 its share price. Further commission of expansion, increase in capacity, and diversification of products may also affect the share price of the Company. Company expanded its production facilities in 2019. This led to the Company's improved performance which positively impacted the share price.

## Shift in Consumers' Demand

Increase in demand of flat steel goods may impact the price of Company's product, thus, may increase margins and profitability. During the current year V-shaped economic recovery was hit by political instability which led to uncertainty in the economic conditions which affected the consumption side of the economy.

## Variation in Costs

An increase in the costs affects the margins and resultantly will impact the profits and EPS. Therefore, variation of cost may affect the share price. The aforementioned factors have affected the Company's performance and thus its share price. Impact of the factors including depreciation of PKR, change in government policies, law and order situation, changes in consumers demand, fluctuation in international steel prices contributed to factors affecting Company's share price and volume of trading. The same has been reflected in the table below.

Ordinary Share (Symbol: ASL)				Preference Share (Symbol: ASLPS)				Preference Share (Symbol: ASLCPS)			
Year	Low (Rs.)	High	Volume	Year	Low (Rs.)	High	Volume	Year	Low (Rs.)	High	Volume
2022	10.26	26.21	598,055,774	2022	13.27	45.08	52,000	2022	45.00	45.15	21,500
2021	9.04	28.26	1,887,706,500	2021	14.05	40.05	17,724,500	2021	45.15	45.15	23,500

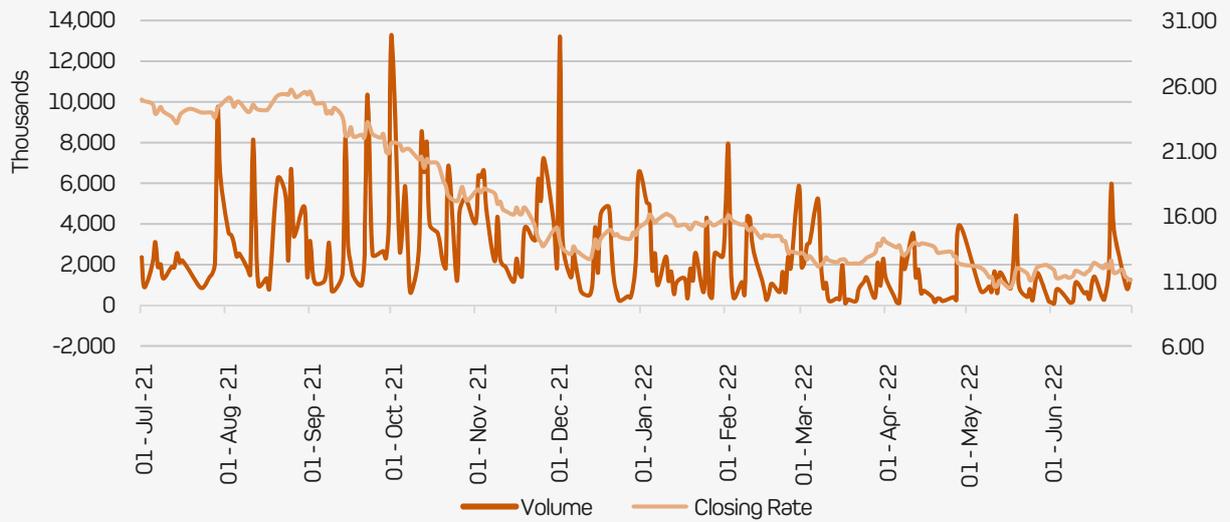
An analysis of changes in key factors affecting share price sensitivity and their impact is depicted in the below table.

Key Factors	Impact on Profit before tax	EPS (Rs.)
Selling Price (Increase or Decrease by 10%)	Lower or higher by Rs. 6.48 billion	7.50
Selling Volume (Increase or Decrease by 5%)	Lower or higher by 275.68 million	0.32
Interest Rates (Increase or Decrease by 2%)	Lower or higher by Rs. 45.97 million	0.05
Exchange Rate (Increase or Decrease by 5%)	Lower or higher by Rs. 56.17 million	0.07

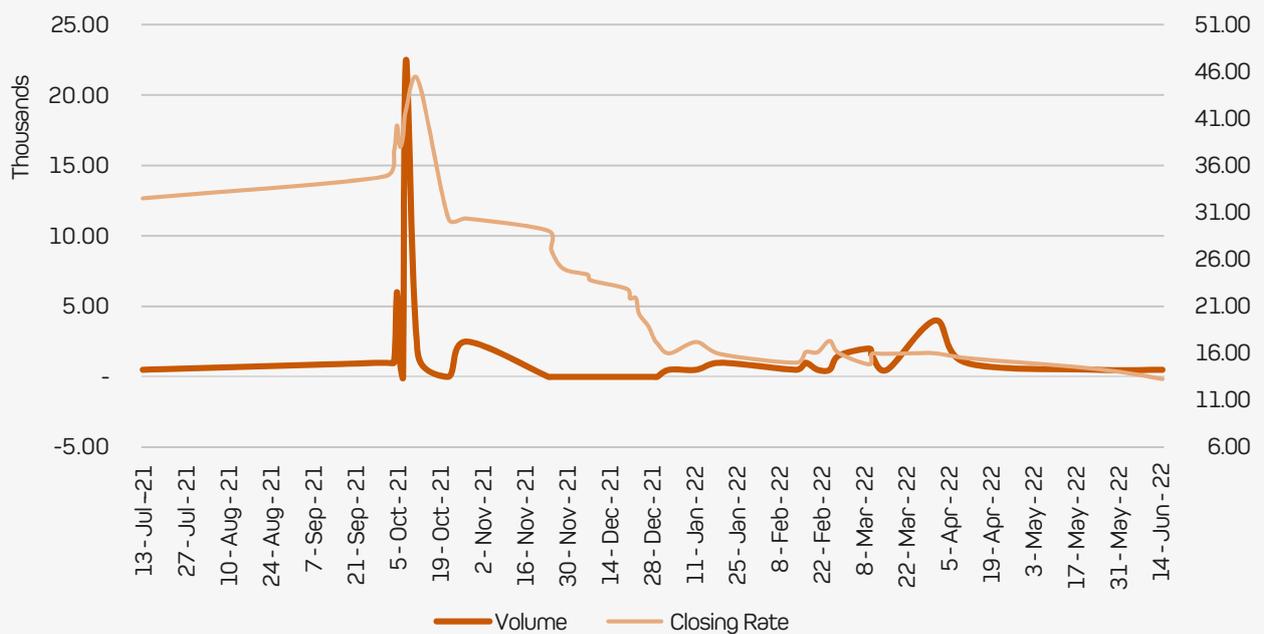
Price and volume data is as under:

Months	Ordinary Share (Symbol: ASL)			Preference Share (Symbol: ASLPS)			Preference Share (Symbol: ASLCPS)		
	High	Low	Volume	High	Low	Volume	High	Low	Volume
July-21	25.46	22.99	47,703,500	32.50	32.50	500	45.15	45.00	21,500
Aug-21	26.21	23.7	67,385,000	-	-	-	-	-	-
Sept-21	25.84	20.2	63,727,500	-	-	-	-	-	-
Oct-21	22.37	16.9	94,142,000	45.08	33.00	35,500	-	-	-
Nov-21	18.5	13.37	84,382,500	-	-	-	-	-	-
Dec-21	15.57	12.55	57,603,500	-	-	-	-	-	-
Jan-22	16.35	14.35	40,334,646	17.20	15.91	2,000	-	-	-
Feb-22	16.26	12.28	45,324,873	17.32	15.00	4,000	-	-	-
Mar-22	14.34	12.01	32,119,005	15.94	14.83	4,000	-	-	-
Apr-22	14.23	12.15	20,735,225	16.00	15.50	5,000	-	-	-
May-22	12.55	10.26	20,379,267	14.34	14.34	500	-	-	-
June-22	12.98	10.87	24,218,758	13.27	13.27	500	-	-	-
			<u>598,055,774</u>			<u>52,000</u>			<u>21,500</u>

### Share Price & Volume - ASL



### Share Price & Volume - ASLPS



# Statement of Value Addition & Distribution

## Wealth Created

Receipts from Customers	Other Receipts	Cash & Bank - Opening	Long-Term Loan Obtained - Net	Short-Term Loan Obtained / (Paid)
-------------------------	----------------	-----------------------	-------------------------------	-----------------------------------

	2022		2021	
	Rs. In '000	%	Rs. In '000	%
Receipts from Customers	65,577,937	88%	54,308,657	106%
Other Receipts	78,067	0%	101,514	0%
Cash & Bank - Opening	238,060	0%	182,561	0%
Long-Term Loan Obtained - Net	-	0%	138,913	0%
Short-Term Loan Obtained / (Paid)	9,073,659	12%	(3,150,711)	-6%
	<b>74,967,723</b>	<b>100%</b>	<b>51,580,934</b>	<b>100%</b>
<b>Wealth Distributed</b>				
<b>To Employees</b>				
Salaries, Wages & Other Benefits	801,763	1%	738,236	1%
<b>To Government</b>				
Income Tax, Sales Tax, Custom / Excise Duty	13,300,000	18%	9,407,176	18%
<b>To Providers of Capital</b>				
Repayment of Borrowings	1,452,343	2%	2,046,740	4%
Finance Cost	2,298,850	3%	1,579,964	3%
<b>To Suppliers</b>				
Capital Expenditure	1,222,258	2%	1,184,207	2%
Raw Material & Other Suppliers	54,209,391	72%	36,366,551	71%
<b>To Shareholders</b>				
Dividend	1,475,124	2%	-	0%
<b>To Society</b>				
Donation	-	0%	20,000	0%
<b>Retained in Business</b>				
Cash & Bank - Closing	207,994	0%	238,060	0%
	<b>74,967,723</b>	<b>100%</b>	<b>51,580,934</b>	<b>100%</b>

## Wealth Distributed

### To Employees

Salaries, Wages & Other Benefits

### To Government

Income Tax, Sales Tax, Custom / Excise Duty

### To Providers of Capital

Repayment of Borrowings

Finance Cost

### To Suppliers

Capital Expenditure

Raw Material & Other Suppliers

### To Shareholders

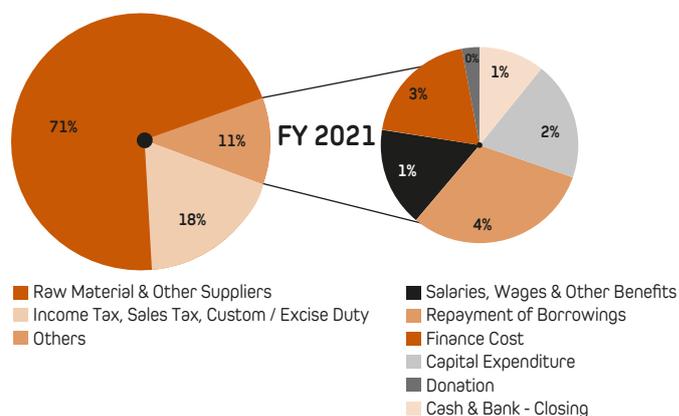
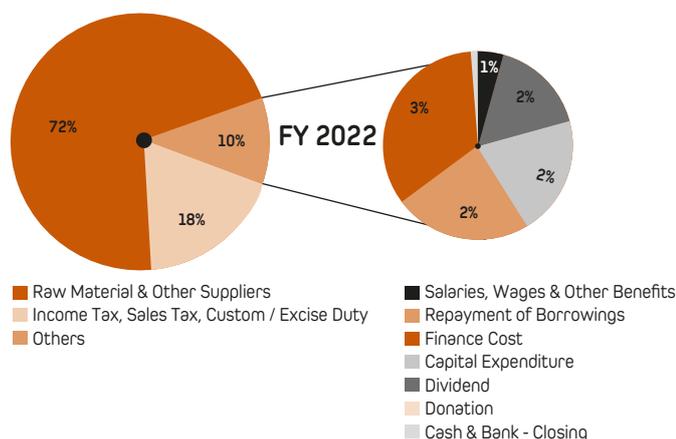
Dividend

### To Society

Donation

### Retained in Business

Cash & Bank - Closing



# FINANCIAL STATEMENTS





“If you cannot do great things, do  
small things in a great way.”

– Napoleon Hill

# 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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Aisha Steel Mills Limited for the year ended June 30, 2022 in accordance with the requirements of regulation 36 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. 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.

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, 2022.



Chartered Accountants  
Karachi

Date: October 06, 2022

UDIN: CR202210133ImjUJSKxv

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*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  
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# Statement Of Compliance With Listed Companies (Code of Corporate Governance) Regulations, 2019

For the Year Ended June 30, 2022

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") in the following manner:

1. The total number of elected directors are 8 (Eight) as per the following:
  - a. Male directors : 7
  - b. Female director : 1
2. The composition of Board (including Chief Executive - Deemed director) is as follows:

Category	Names
Independent Directors	Mr. Jawaid Iqbal Ms. Tayyaba Rasheed Mr. Arslan Muhammad Iqbal Mr. Rashid Ali Khan
Other Non-executive Directors	Mr. Arif Habib Mr. Nasim Beg Mr. Kashif A. Habib Mr. Samad A. Habib
Executive Director	Dr. Munir Ahmed (deemed director)
Female Director	Ms. Tayyaba Rasheed (Also mentioned above in the list of Independent Directors)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("Act") and the 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 the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
9. Seven directors including the Chief Executive has completed the Directors' Training / Education Program whereas two directors were already exempt from attending the Directors Training Program as per criteria mentioned under Code of Corporate Governance.
10. No new appointments of CFO, Company Secretary or Head of Internal Audit were made during the year.
11. CFO and CEO have duly endorsed the financial statements before approval of the board.
12. The board has formed statutory committees comprising of members given below:

a) Audit Committee :

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

b) HR and Remuneration Committee:

Mr. Rashid Ali Khan	Chairman
Mr. Arif Habib	Member
Mr. Kashif A. Habib	Member

c) Nomination Committee :

Mr. Arif Habib	Chairman
Mr. Samad A. Habib	Member

d) Risk Management Committee :

Mr. Arif Habib	Chairman
Dr. Munir Ahmed	Member
Mr. Kashif A. Habib	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 Committees were 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.
- c) Nomination Committee – Meeting is to be held at least once in every financial year – 1 (One) meeting of the Committee was held during the financial year.
- d) Risk Management Committee – Meeting is to be held at least once in every financial year – 1 (One) meeting of the Committee was held during the financial year.

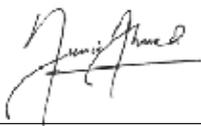
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

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 Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company.

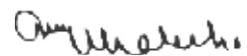
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

For and on behalf of the Board



**DR. MUNIR AHMED**  
Chief Executive



**MR. ARIF HABIB**  
Chairman

Karachi: September 27, 2022

# 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 Executive (CEO) and 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 2021-2022. 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 June 30, 2022 which were presided by the Chairman, Audit Committee.
2. The Chairman of Audit Committee is a Chartered Financial Analyst and has a Masters 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) were followed in preparation of financial statements of the Company on a going concern assumption basis, for the financial year ended June 30, 2022 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 (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's 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 October 28, 2021 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 within 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 were engaged in a formal process to self-evaluate the Committee's performance for the year ended June 30, 2022 through an online questionnaire. All members of the Board Audit Committee are satisfied with the overall performance of the Committee.

## **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 by 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 reporting system 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, 2022 and shall retire on the conclusion of the 16th 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 28, 2022 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 to reappoint M/s A. F. Fergusons & Co., Chartered Accountants for the year 2022-2023 be proposed at the forthcoming Annual General Meeting.

### **Chairman – Audit Committee**

Karachi: September 26, 2022

# 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, 2022, 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, 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, 2022 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 judgment, 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.

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Following are the key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	<p data-bbox="236 546 783 685"><b>Revenue from contracts with customers</b>  <b>(Refer notes 2.16 and 22 to the annexed financial statements)</b></p> <p data-bbox="236 719 783 1032">Revenue is recognised when control of the underlying products is transferred to the customers. The Company primarily generates revenue from sale of cold rolled and galvanized steel coils and sheets to domestic as well as export customers. During the year, net sales to domestic and export customers have increased significantly which is substantially due to increase in international steel prices.</p> <p data-bbox="236 1066 783 1305">We considered revenue as a key audit matter due to revenue being one of the key performance indicators of the Company and for the year revenue has increased significantly as compared to last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p data-bbox="799 546 1457 580"><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li data-bbox="895 613 1457 719">- understood and evaluated the design, implementation and operating effectiveness of controls over revenue;</li> <li data-bbox="895 752 1457 891">- evaluated appropriateness of Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li> <li data-bbox="895 925 1457 1030">- performed verification of revenue transactions with the underlying documentation including gate pass, delivery order, sales invoice etc.;</li> <li data-bbox="895 1064 1457 1169">- performed cut-off procedures on sample basis to ensure sales have been recorded in the correct period;</li> <li data-bbox="895 1202 1457 1272">- performed verification over discounts on sample basis;</li> <li data-bbox="895 1305 1457 1375">- verified that sales prices are as per approved price list;</li> <li data-bbox="895 1408 1457 1547">- performed revenue analyses including month on month analysis, year on year analysis, industry trend analysis, etc. and inquired unusual fluctuations, if any; and</li> <li data-bbox="895 1581 1457 1686">- reviewed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.</li> </ul>

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

Management is responsible for the other information. The other information comprises the 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 judgment 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: October 06, 2022  
UDIN: AR202210133VnLHDlgAP

# Statement of Financial Position

As at June 30, 2022

		2022	2021
	Note	Rupees '000	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	19,124,305	19,398,632
Intangible assets	4	53,915	35,401
Long-term advances	5	350	528
Long-term deposits	6	120,907	68,112
Deferred tax asset	7	736,056	448,612
		20,035,533	19,951,285
<b>Current assets</b>			
Inventories	8	16,607,460	12,088,077
Trade and other receivables	9	5,805,309	2,045,504
Loans, advances and prepayments	10	1,495,446	545,508
Taxation - payments less provision		2,653,075	1,655,083
Cash and bank balances	11	207,994	238,060
		26,769,284	16,572,232
<b>Total assets</b>		46,804,817	36,523,517
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	12		
Ordinary shares		9,248,008	7,716,843
Cumulative preference shares		444,950	445,335
Difference on conversion of cumulative preference shares into ordinary shares		(1,762,456)	(1,348,402)
		7,930,502	6,813,776
Surplus on revaluation of property, plant and equipment	13	1,305,870	1,404,689
Capital reduction reserve		667,686	667,686
Unappropriated profit		4,131,495	5,580,433
		14,035,553	14,466,584
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term finance - secured	14	4,831,450	6,096,715
Lease liabilities	15	121,662	52,250
Employee benefit obligations	16	146,809	123,261
Deferred income - Government grant	17	-	1,367
		5,099,921	6,273,593
<b>Current liabilities</b>			
Trade and other payables	18	9,333,836	6,937,551
Short-term borrowings	19	15,869,364	6,795,705
Sales tax payable		361,445	175,338
Unclaimed dividend		69,400	-
Current maturity of long-term finance	14	1,476,893	1,531,480
Current maturity of lease liabilities	15	33,612	20,784
Accrued mark-up	20	523,635	315,174
Current portion of deferred income - Government grant	17	1,158	7,308
		27,669,343	15,783,340
<b>Total liabilities</b>		32,769,264	22,056,933
<b>Contingencies and commitments</b>	21		
<b>Total equity and liabilities</b>		46,804,817	36,523,517

The annexed notes 1 to 44 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, 2022

		2022	2021
	Note	Rupees '000	
Revenue from contracts with customers	22	64,830,418	55,116,371
Cost of sales	23	(59,316,732)	(43,931,004)
<b>Gross profit</b>		5,513,686	11,185,367
Selling and distribution cost	24	(421,489)	(239,061)
Administrative expenses	25	(395,401)	(356,703)
<b>Operating profit</b>		4,696,796	10,589,603
Other expenses	26	(1,208,394)	(977,020)
Other income	27	85,584	499,368
Finance costs	28	(2,298,850)	(1,524,103)
<b>Profit before tax</b>		1,275,136	8,587,848
Income tax expense	29	(129,023)	(2,219,500)
<b>Profit for the year</b>		1,146,113	6,368,348
Other comprehensive income:			
<b>Items not potentially reclassifiable to profit or loss</b>			
Remeasurements of employee benefit obligations	16	3,589	799
Deferred tax related to surplus on revaluation of property, plant and equipment	7.1	22,730	-
<b>Other comprehensive income for the year</b>		26,319	799
<b>Total comprehensive income for the year</b>		1,172,432	6,369,147
Earnings per share		Rupees	
- Basic	30.1	1.27	8.21
- Diluted	30.2	1.16	6.59

The annexed notes 1 to 44 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, 2022

	Share capital			Reserves			Total
	Ordinary shares	Cumulative preference shares	Difference on conversion of cumulative preference shares into ordinary shares	Capital		Revenue	
				Surplus on revaluation of property, plant and equipment	Capital reduction reserve	Unappropriated profit / (accumulated loss)	
Rupees '000							
<b>Balance as at July 1, 2020</b>	7,655,293	472,272	(1,313,789)	1,445,832	667,686	(829,857)	8,097,437
Incremental depreciation net of deferred tax transferred	-	-	-	(41,143)	-	41,143	-
Cumulative Preference Shares of Rs. 10 each converted to 2,285 Ordinary Shares of Rs. 10 each during the year - note 12.4	61,550	(26,937)	(34,613)	-	-	-	-
<b>Total comprehensive income for the year ended June 30, 2021</b>							
- Profit For The Year Ended June 30, 2021	-	-	-	-	-	6,368,348	6,368,348
- Other comprehensive income for the year ended June 30, 2021	-	-	-	-	-	799	799
	-	-	-	-	-	6,369,147	6,369,147
<b>Balance as at June 30, 2021</b>	7,716,843	445,335	(1,348,402)	1,404,689	667,686	5,580,433	14,466,584
Modification of right-of-use asset	-	-	-	(58,939)	-	-	(58,939)
Incremental depreciation net of deferred tax transferred	-	-	-	(39,880)	-	39,880	-
Cumulative preference dividend converted to ordinary shares of Rs. 10 each during the year	1,530,285	-	(413,559)	-	-	(1,116,726)	-
Cumulative Preference Shares of Rs. 10 each converted to 2,285 Ordinary Shares of Rs. 10 each during the year - note 12.4	880	(385)	(495)	-	-	-	-
Final dividend @ Rs. 2 per share for the year ended June 30, 2021	-	-	-	-	-	(1,543,545)	(1,543,545)
Preference dividend @ Rs. 7.10 per share for the year ended June 30, 2021	-	-	-	-	-	(979)	(979)
<b>Total comprehensive income for the year ended June 30, 2022</b>							
- Profit for the year ended June 30, 2022	-	-	-	-	-	1,146,113	1,146,113
- Other comprehensive income for the year ended June 30, 2022	-	-	-	-	-	26,319	26,319
	-	-	-	-	-	1,172,432	1,172,432
<b>Balance as at June 30, 2022</b>	9,248,008	444,950	(1,762,456)	1,305,870	667,686	4,131,495	14,035,553

\*This includes difference arising on conversion of dividend on preference shares of Rs. 413.56 million.

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



Chief Financial Officer



Chief Executive



Director

# Statement Of Cash Flows

For The year ended June 30, 2022

		2022	2021
	Note	Rupees '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	31	(958,955)	8,963,596
Income tax paid		(1,391,729)	(1,045,998)
Mark-up on loans paid		(1,809,745)	(1,579,964)
Return on bank deposits received		34,864	33,595
Employee benefits paid		(15,025)	(8,337)
Workers' welfare fund paid		(194,038)	-
Workers' profits participation fund paid		(515,999)	-
Decrease in long-term advances		178	15
Increase in long-term deposits		(52,795)	(12,732)
Net cash (used in) / generated from operating activities		(4,903,244)	6,350,175
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,222,258)	(1,184,207)
Purchase of intangible assets		(24,143)	(33,753)
Sale proceeds from disposal of property, plant and equipment		2,692	2,801
Net cash used in investing activities		(1,243,709)	(1,215,159)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term finance	14.1	(1,452,343)	(2,046,740)
Long-term loan obtained - net		-	138,913
Short-term loan obtained		1,725,000	-
Short-term loan paid		(1,725,000)	-
Dividend paid		(1,475,124)	-
Lease rentals paid		(29,305)	(20,979)
Net cash used in financing activities		(2,956,772)	(1,928,806)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(9,103,725)	3,206,210
Cash and cash equivalents at beginning of the year		(6,557,645)	(9,763,855)
<b>Cash and cash equivalents at end of the year</b>	32	(15,661,370)	(6,557,645)

Statement of cash flows based on direct method has also been included in the financial statements in note 33.

The annexed notes 1 to 44 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, 2022

## 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 (now Companies Act, 2017). 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 and a galvanization plant in the downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi to carry out its principal business of manufacturing and selling cold rolled steel coils and hot dipped galvanized coils.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### 2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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.

#### 2.1.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

##### i. Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation and useful life used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

##### ii. Current and deferred income taxes

In making the estimates for income taxes payable by the Company, management considers current income tax laws and the decisions of appellate authorities on certain cases issued in the past. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined. Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## iii. Employee benefit obligations

The present value of this obligation depend on a number of factors that are determined on actuarial basis using various assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present value of this obligation and the underlying assumptions are disclosed in note 16 respectively.

## iv. Surplus on revaluation of property, plant and equipment

'Leasehold land' and 'Buildings and civil works on leasehold land' are revalued by using the levels defined in IFRS 13 for fair value hierarchy which are as follows:

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

## v. Receivable from insurance company

Receivable from insurance company is recognised based on estimates as to the amount of insurance claim which is dependent on the estimated replacement / repairs cost for damaged components of plant and machinery due to fire accident that occurred during the year 2020.

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 other 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.

### 2.1.3 Changes in accounting standards and interpretations

#### a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 01, 2021. However, these do not have any significant impact on the Company's financial statements.

#### b) Standards and amendments to approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2022. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

### 2.2 Overall valuation policy

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

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 2.3 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 statement of 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 day the asset is available for use and on disposals upto the day 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 carrying value of operating assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Gains and losses on disposal or retirement of property, plant and equipment are recognised in statement of profit or loss.

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

## 2.4 Intangible assets

Intangible assets are stated at cost less amortisation. Carrying amounts of intangible assets 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.

## 2.5 Inventories

Stock in trade are valued 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.

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

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 2.6 Taxation

### Current

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates 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.

Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

## 2.7 Share Capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

## 2.8 Earnings per share

The Company presents basic and diluted earning per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 2.7 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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 2.8 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.

## 2.9 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.

## 2.10 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.

## 2.11 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 statement of profit or loss.

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 Rupee.

## 2.12 Financial Instruments - Initial recognition and subsequent measurement

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.

### Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

## Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

### i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs.

Subsequently, these are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

### ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value less any directly attributable transaction costs, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

### iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## **Impairment of financial asset**

The Company recognises loss allowance for Expected Credit Loss on financial assets measured at amortised cost at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

## **Derecognition**

### **i) Financial assets**

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

### **ii) Financial liabilities**

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

## **Off-setting of financial assets and liabilities**

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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 2.13 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.

## 2.14 Employee benefit obligations - defined benefit plan

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

## 2.15 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.

## 2.16 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.

No element of financing is deemed present as the local sales are made upon receipts of advances from customers and export sales are made with a credit term of 30-45 days, which is consistent with the market practice.

The transaction prices are agreed and discounts are offered under the contracts with customers.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 2.17 Leases

Leases are recognised as right-of-use assets with corresponding lease liabilities at the date on which leased assets are available for use by the Company except for leases of short term or low value.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using interest rate implicit in the lease or the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss and other comprehensive income if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

The right-of-use asset is subsequently measured at cost model. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

## 2.18 Dividend and appropriations to / from reserves

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognised as a liability in the period in which these are approved.

## 2.19 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

	2022	2021
	Rupees '000	
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets - note 3.1	16,952,995	17,512,473
Capital work-in-progress - at cost - note 3.2	383,946	82,848
Major spare parts and stand-by equipment - note 3.3	1,787,364	1,803,311
	<u>19,124,305</u>	<u>19,398,632</u>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 3.1 Operating assets

	Owned						Right-of-use asset			Total
	Building and civil works on leasehold land	Plant and machinery	Electrical equipment	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold land	Motor vehicles	Rented properties	
Rupees '000										
<b>Net carrying value basis</b>										
<b>Year ended June 30, 2022</b>										
Opening net book value (NV)	2,038,437	13,567,306	534,324	44,729	1,499	7,299	1,272,004	36,885	9,990	17,512,473
Additions (at cost) / reclassification	1,040	391,189	28,979	41,977	339	268	-	15,693	-	479,485
Disposals (at NBV) - note 3.1.5	-	-	-	(265)	-	-	-	(1,693)	-	(1,958)
Amortisation / depreciation charge - note 3.1.6	(70,317)	(866,131)	(45,191)	(18,183)	(602)	(718)	(27,596)	(3,272)	(4,995)	(1,037,005)
Closing net book value (NBV)	<u>1,969,160</u>	<u>13,092,364</u>	<u>518,112</u>	<u>68,258</u>	<u>1,236</u>	<u>6,849</u>	<u>1,244,408</u>	<u>47,613</u>	<u>4,995</u>	<u>16,952,995</u>
<b>Gross carrying value basis</b>										
<b>At June 30, 2022</b>										
Cost / revalued amount	2,233,594	16,708,960	1,020,204	168,676	17,766	10,915	1,355,988	76,801	19,960	21,612,864
Accumulated amortisation / depreciation	(264,434)	(3,616,596)	(502,092)	(100,418)	(16,530)	(4,066)	(111,580)	(29,188)	(14,965)	(4,659,869)
Net book value (NBV)	<u>1,969,160</u>	<u>13,092,364</u>	<u>518,112</u>	<u>68,258</u>	<u>1,236</u>	<u>6,849</u>	<u>1,244,408</u>	<u>47,613</u>	<u>4,995</u>	<u>16,952,995</u>
<b>Net carrying value basis</b>										
<b>Year ended June 30, 2021</b>										
Opening net book value (NBV)	2,090,207	13,830,784	501,329	25,496	1,978	9,235	1,300,000	35,754	14,970	17,809,753
Additions & transfers from CWIP (at cost)	-	-	-	(145)	-	-	-	(5,649)	-	(5,794)
Disposals (at NBV) - note 3.1.5	-	-	-	-	-	-	-	-	-	-
Write offs - note 3.4	-	(157,130)	-	-	-	-	-	-	-	(157,130)
Amortisation / depreciation charge - note 3.1.6	(71,468)	(621,467)	(61,956)	(12,596)	(479)	(2,101)	(27,996)	(11,570)	(4,980)	(814,613)
Closing net book value (NBV)	<u>2,038,437</u>	<u>13,567,306</u>	<u>534,324</u>	<u>44,729</u>	<u>1,499</u>	<u>7,299</u>	<u>1,272,004</u>	<u>36,885</u>	<u>9,990</u>	<u>17,512,473</u>
<b>Gross carrying value basis</b>										
<b>At June 30, 2021</b>										
Cost / revalued amount	2,232,554	16,304,169	991,225	129,961	17,427	10,647	1,355,988	64,548	19,960	21,126,479
Accumulated amortisation / depreciation	(194,117)	(2,736,863)	(456,901)	(85,232)	(15,928)	(3,348)	(83,984)	(27,663)	(9,970)	(3,614,006)
Net book value (NBV)	<u>2,038,437</u>	<u>13,567,306</u>	<u>534,324</u>	<u>44,729</u>	<u>1,499</u>	<u>7,299</u>	<u>1,272,004</u>	<u>36,885</u>	<u>9,990</u>	<u>17,512,473</u>
<b>Useful life in years</b>	20 - 33	3 - 40	10 - 33	3 - 5	5	5	60	5	4	

**3.1.2** The Company's leasehold land measuring 50 acres located at plot no. DSU-45, Steel Mill, Downstream Industrial Estate, Bin Qasim, Karachi and the buildings thereon are stated at revalued amounts. The last revaluation was performed on June 30, 2020 resulting in a net loss of Rs. 22.42 million. The valuation was carried out by an independent valuer - K. G. Traders (Private) Limited 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).

Had there been no revaluation, the net book values of leasehold land and buildings on leasehold land as at June 30, 2022 would have been Rs. 188.13 million (2021: Rs. 192.3 million) and Rs. 1,485.67 million (2021: Rs. 1,539.04 million) respectively.

**3.1.3** Forced sales value of leasehold land and building on leasehold land as determined on June 30, 2020 was Rs. 0.91 billion and Rs. 1.46 billion respectively.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

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

Location	Usage of immovable property	Total area (in acres)	Covered area (in sq. yards)
DSU - 45, Downstream Industrial Estate, Pakistan Steel, Bin Qasim, Karachi	Cold rolling mill complex and Galvanized steel complex	50	242,000

3.1.5 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 & relationship with the purchaser
Rupees '000							
Motor vehicle	1,745	699	1,046	1,046	-	Company Policy	Mr. Usama Khalil - Former Senior Manager Finance
Aggregate of assets having book value of less than 500,000 each							
Motor vehicle	1,695	1,048	647	1,412	765		
Office equipment	3,262	2,997	265	234	(31)		
<b>2022</b>	<b>6,702</b>	<b>4,744</b>	<b>1,958</b>	<b>2,692</b>	<b>734</b>		
2021	12,427	6,633	5,794	2,801	(2,993)		

2022

2021

Rupees '000

3.1.6 Amortisation / depreciation for the year has been allocated as follows:

Cost of sales - note 23	1,014,607	798,817
Selling and distribution cost - note 24	603	790
Administrative expenses - note 25	21,795	15,006
	<b>1,037,005</b>	<b>814,613</b>

3.2 Capital work-in-progress

	2022				2021			
	Balance as at July 1, 2021	Additions during the year	Transfers to operating assets	Balance as at June 30, 2022	Balance as at July 1, 2020	Additions during the year	Transfers to operating assets	Balance as at June 30, 2021
Rupees '000								
Civil works	-	8,797	-	8,797	623	6,994	(7,617)	-
Electrical equipments	-	8,700	-	8,700	-	-	-	-
Plant and machinery	82,848	283,601	-	366,449	-	82,848	-	82,848
	<b>82,848</b>	<b>301,098</b>	<b>-</b>	<b>383,946</b>	<b>623</b>	<b>89,842</b>	<b>(7,617)</b>	<b>82,848</b>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>3.3 Major spare parts and stand-by equipment</b>		
Balance at beginning of the year	1,803,311	1,196,963
Additions during the year - note 3.3.1	834,064	1,024,035
Transfers / adjustments made during the year	(850,012)	(417,687)
Balance at end of the year	<u>1,787,363</u>	<u>1,803,311</u>

**3.3.1** This amount includes Rs. 96.55 million (2021: Rs. Nil) in respect of major spare parts and stand-by-equipment in transit.

**3.4** During the year ended June 30, 2021, the Company had identified certain operating assets amounting to Rs. 157.13 million which were not in use of the Company. The same have been written off from the books of the Company.

## 4. INTANGIBLE ASSETS

	Computer Software	Intangible asset under development	Total
	Rupees in '000		
<b>Year ended 30 June 2022</b>			
Opening net book value	19,841	15,560	35,401
Additions during the year	24,143	-	24,143
Transfers to computer software during the year	15,560	(15,560)	-
Amortisation charge for the year - note 4.1	(5,629)	-	(5,629)
Closing net book value	<u>53,915</u>	<u>-</u>	<u>53,915</u>
<b>At 30 June 2022</b>			
Cost	78,810	-	78,810
Accumulated amortisation	(24,895)	-	(24,895)
Net book value	<u>53,915</u>	<u>-</u>	<u>53,915</u>
<b>Year ended 30 June 2021</b>			
Opening net book value	4,126	-	4,126
Additions during the year	18,193	15,560	33,753
Amortisation charge for the year	(2,478)	-	(2,478)
<b>Closing net book value</b>	<u>19,841</u>	<u>15,560</u>	<u>35,401</u>
<b>At 30 June 2021</b>			
Cost	39,107	15,560	54,667
Accumulated amortisation	(19,266)	-	(19,266)
<b>Net book value</b>	<u>19,841</u>	<u>15,560</u>	<u>35,401</u>
<b>Rate of amortisation</b>	10% to 33.33%		

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>4.1 Amortisation for the year has been allocated as follows:</b>		
Selling and distribution cost - note 24	-	124
Administrative expenses - note 25	5,629	2,354
	<u>5,629</u>	<u>2,478</u>
<b>5. LONG-TERM ADVANCES - considered good</b>		
Due from		
- executives	81	122
- other employees	269	406
	<u>350</u>	<u>528</u>
<b>5.1</b> 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.		
<b>5.2</b> The maximum aggregate amount of advances due from executives and employees at the end of any month during the year was Rs. 0.53 million (2021: Rs. 0.54 million).		

	2022	2021
	Rupees '000	
<b>6. LONG-TERM DEPOSITS</b>		
Security deposits:		
- energy, power and fuel sector	36,455	35,255
- financial institutions, banking and leasing companies"	24,375	17,256
- hotels and clubs	1,000	1,000
- steel sector	56,589	12,625
- others	2,488	1,976
	<u>120,907</u>	<u>68,112</u>
<b>7. DEFERRED TAX ASSET</b>		
Debit balances arising in respect of:		
- carried forward losses - note 7.2	1,840,719	1,850,412
- tax credit under section 65B of Income Tax Ordinance, 2001 - notes 7.2 & 7.3	-	-
- minimum tax - notes 7.2 & 7.4	365,440	-
- alternate corporate tax - note 7.2	-	-
- provisions	95,881	95,881
- provision for employee benefit obligations	42,575	35,746
- long-term finance	71,675	26,270
- lease liabilities	45,030	10,484
Credit balances arising in respect of:		
- accelerated tax depreciation / amortisation	(1,605,247)	(1,427,434)
- surplus on revaluation of operating assets	(120,017)	(142,747)
	<u>736,056</u>	<u>448,612</u>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 7.1 Analysis of change in deferred tax

	Accelerated tax depreciation / amortisation	Long-term finance	Revaluation of fixed assets	Tax losses	Tax credits	Minimum tax	Alternate corporate tax	Provisions	Employee benefit obligations	Lease liabilities	Total
	Rupees '000										
Balance as at July 01, 2020	(2,440,725)	(17,150)	(150,189)	3,766,573	346,668	615,277	7,686	-	28,304	2,512	2,158,956
(Charge) / credit to profit or loss for the year	1,013,291	43,420	7,442	(1,916,161)	(346,668)	(615,277)	(7,686)	95,881	7,442	7,972	(1,710,344)
Balance as at June 30, 2021	(1,427,434)	26,270	(142,747)	1,850,412	-	-	-	95,881	35,746	10,484	448,612
(Charge) / credit to profit or loss for the year	(177,813)	45,405	-	(9,693)	-	365,440	-	-	6,829	34,546	264,714
Credit to other comprehensive income for the year	-	-	22,730	-	-	-	-	-	-	-	22,730
Balance as at June 30, 2022	(1,605,247)	71,675	(120,017)	1,840,719	-	365,440	-	95,881	42,575	45,030	736,056

**7.2** The Company's tax losses amount to Rs. 7.55 billion (2021: Rs. 7.55 billion) as at June 30, 2022. The management carries out 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 carried forward losses. Based on the assessment, management has recognised deferred tax debit balance amounting to Rs. 1.84 billion (2021: Rs. 1.85 billion) including an amount of Rs. 1.59 billion (2021: Rs. 1.59 billion) on unabsorbed tax depreciation, amortisation and initial allowance of Rs. 5.49 billion (2021: Rs. 5.49 billion). The amount of these benefits have 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.

**7.3** The Company had recognised deferred tax asset on tax credit under section 65B of the Income Tax Ordinance, 2001 on capacity expansion and galvanised line projects commissioned in the year 2019 at 10% of project cost. Tax credit under section 65B was available at 10% of cost at the time of investment and installation of the projects i.e. both the conditions required under section 65B were met by the Company. However, the credit was reduced to 5% through Finance Act, 2019 covering tax year 2019 onwards. The Company has sought opinions from tax advisors and legal counsel who are of the view that the Company had met the conditions laid down under section 65B before the applicability of the amendment and therefore acquired vested right to claim the tax credit at the rate of 10%. Deferred tax asset recognised on these grounds in 2019 amounted to Rs. 411 million. During the current year, the aforementioned tax credit has been adjusted against Company's tax liability.

**7.4** The Company has recognised deferred tax asset on minimum tax paid in tax years 2022, 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. In the previous years, the Company adjusted the minimum tax of Rs. 942.44 million paid in previous years with the tax liability. However, in case of another company the Division Bench of the High Court of Sindh 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 decision of the Supreme Court and valid legal grounds are available to substantiate the carry forward of minimum tax in Company's case.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>8. INVENTORIES</b>		
Raw material [including in transit Rs. 8,334.82 million (2021: Rs. 4,625.72 million)]	10,580,168	7,850,190
Work-in-process	744,126	765,110
Finished goods [including coil end sheets Rs. 62.83 million (2021: Rs. 22.31 million)]	3,674,450	2,352,387
Packing and other materials	-	85,186
	<u>14,998,744</u>	<u>11,052,873</u>
Stores	841,249	327,435
Spares [including in transit Rs. 197.1 million (2021: Rs. Nil)]	767,467	707,769
	<u>1,608,716</u>	<u>1,035,204</u>
	<u>16,607,460</u>	<u>12,088,077</u>
<b>9. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables - considered good: Not yet due - note 9.1	222,963	970,482
Other receivables:		
Receivable from Etimæad Engineering (Private) Limited - note 9.2	138,485	138,485
Margin on import letters of credit	4,770,750	71,654
Receivable from insurance company - note 9.3	668,212	859,018
Others	4,899	5,865
	<u>5,582,346</u>	<u>1,075,022</u>
	<u>5,805,309</u>	<u>2,045,504</u>

**9.1** These include trade receivables of Rs. 3.88 million (2021: Rs. 507.44 million) relating to export sales which are secured by way of Export Letter of Credit.

**9.2** This represents balance of advances given to civil contractor Etimæad Engineering (Private) Limited (Etimæad) for mobilisation and procurements. The Company awarded a contract to Etimæad on December 1, 2007 for certain civil, mechanical and electrical works. However, Etimæad 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 Etimæad on January 5, 2012 through encashment of bank guarantee.

At present, the Company is in dispute with the contractor in respect of the outstanding balance of advances. Initially Etimæad 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 Etimæad as per books of the Company.

However, for an early resolution of the dispute, the Company filed a suit before the Honourable High Court of Sindh for appointment of an Arbitrator in terms of the contract and under section 20 of the 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 appointed with the consent of both parties.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

In 2012, arbitration proceedings were initiated in which the Company had filed a claim for recovery of the aforesaid over payments made to Etimæd along with 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 Etimæd. Etimæd 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.

During the year ended June 30, 2015, the sole Arbitrator passed the Award dated September 25, 2014, in favour of Etimæd, whereby all claims of the Company were 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 finally gave an Award and stated that Etimæd is entitled to an amount of Rs. 371.73 million plus mark up at 6% per annum. The claim allowed was mainly for the outstanding receivables and the cancellation charges for the change orders. The rest of the claims of Etimæd were rejected.

The Arbitrator found in favour of the Company, and against Etimæd, an amount of Rs. 75 million on account of the frivolous winding up petition filed by Etimæd 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 Etimæd for an amount of Rs. 296.73 million plus mark up at 6% per annum.

The Company filed objections to the above Award before the Honourable High Court of Sindh praying for setting aside the Award. The Honourable High Court issued order dated April 15, 2019, sustaining the objections filed by the Company and has set-aside the Award of the Arbitrator.

Etimæd filed an appeal against the order dated April 15, 2019, before the Division Bench of High Court of Sindh for setting aside the judgement and passing a decree in terms of the Award dated April 25, 2014.

The Company's Legal Counsel is of the opinion that the Company has reasonable defense and the appeal is likely to be dismissed and no loss is likely to arise. Further, the Company will be able to recover its claim in due course.

- 9.3** On January 7, 2020, a fire accident at Cold Rolling & Skin-Pass Mill (CRSM) plant damaged components of Rolling machinery halting Company's production from the CRSM plant for 35 days. The Company successfully restored the annealing process to its original capacity soon after the accident while the restoration of Rolling machinery is underway. A detailed technical evaluation of damaged components of Rolling machinery has been carried out by the Original Equipment Manufacturer (OEM) for the restoration of plant.

The Company has filed insurance claim for damages caused by the accident, the amount of which is not determined at this stage. However, the Company has derecognised the damaged components of CRSM plant having net book value of Rs. 918.21 million which has been recognised as receivable from the insurance company. The amount of insurance claim shall be determined by the insurance company in due course of time.

As at June 30, 2022, the Company has received Rs. 250 million from the insurance company as an interim amount to pay initial cost which has been off-set against the receivable.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>10. LOANS, ADVANCES AND PREPAYMENTS</b>		
<b>Loans - considered good</b>		
- executives - note 10.1 to 10.4	9,048	7,126
- other employees - note 10.1 to 10.4	5,410	3,872
	14,458	10,998
<b>Advances - considered good</b>		
- executives - note 10.2 to 10.4	3,691	2,166
- other employees - note 10.2 to 10.4	325	399
- suppliers and others	1,177,167	241,465
	1,181,183	244,030
Receivable from Government - note 10.5	213,486	213,486
Prepayments	86,319	76,994
	1,495,446	545,508

**10.1** Loans to employees have been given to meet their contingency needs in accordance with Company's policy on interest free basis.

**10.2** Reconciliation of carrying amount of loans and advances to executives and employees:

	2022			2021		
	Executives	Other employees	Total	Executives	Other employees	Total
	Rupees '000					
Balance at July 1	7,215	6,348	13,563	5,569	6,104	11,673
Disbursements	16,901	8,240	25,140	14,536	6,787	21,323
Repayments	(11,377)	(8,853)	(20,229)	(12,890)	(6,543)	(19,433)
Balance at June 30	12,739	5,735	18,474	7,215	6,348	13,563

**10.3** The maximum aggregate amount of loans and advances due from executives and employees at the end of any month during the year was Rs. 18.47 million (2021: Rs. 16.69 million).

**10.4** 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.

**10.5** This comprises of the following amounts paid to the Collector of Customs and the Nazir of the High Court of Sindh in the form of pay orders:

	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

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

The amounts in respect of customs duty, regulatory 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 zero 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. The Company has deposited un-dated cheques amounting to Rs. 16.16 million in respect of custom duty and Rs. 2.75 million in respect of sales tax thereon with the Nazir of the High Court of Sindh as security.

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 paid this amount through a pay order.

The Company is confident that it has filed "Goods Declarations" as per the specifications and is 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. However, the Company has provided Rs. 213.5 million on prudent basis.

	2022	2021
	Rupees '000	
<b>11. CASH AND BANK BALANCES</b>		
<b>With banks on</b>		
- Current accounts:		
- Conventional	107,339	151,499
- Islamic	3,228	5,139
- Savings accounts:		
- conventional - note 11.1	82,988	69,769
- Islamic - note 11.2	14,098	11,398
Cash in hand	341	255
	207,994	238,060

**11.1** At June 30, 2022, the rates of mark-up on PLS savings accounts ranged from 12% to 13.5% (2021: 4% to 5.5%) per annum.

**11.2** These are shariah compliant bank balances and carry profit at rates ranging from 12% to 13.7% (2021: 4% to 6.4%) per annum as at June 30, 2022.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 12. SHARE CAPITAL

### Authorised share capital

2022	2021		2022	2021
(Number of shares)			Rupees '000	
<u>1,100,000,000</u>	<u>1,100,000,000</u>	Ordinary and Cumulative Preference Shares of Rs. 10 each	<u>11,000,000</u>	<u>11,000,000</u>

### Issued, subscribed and paid-up capital Ordinary shares

2022	2021		2022	2021
771,684,322	765,529,303	Ordinary Shares of Rs. 10 each - Opening	7,716,843	7,655,293
87,973	6,155,019	Cumulative Preference Shares (PSX Symbol - ASLCPS) of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the year - note 12.4	880	61,550
79,489,042	-	Cumulative preference dividend on Cumulative Preference Shares (PSX Symbol - ASLPS) of Rs. 10 converted to 1 ordinary share of Rs. 10 each during the year - note 12.3	794,890	-
73,539,474	-	Cumulative preference dividend on Cumulative Preference Shares (PSX Symbol - ASLCPS) of Rs. 10 converted to 2.285 ordinary shares of Rs. 10 each during the year - note 12.4	735,395	-
<u>924,800,811</u>	<u>771,684,322</u>		<u>9,248,008</u>	<u>7,716,843</u>

### Cumulative Preference Shares (PSX Symbol - ASLPS)

2022	2021		2022	2021
44,357,057	44,357,057	Cumulative Preference Shares of Rs. 10 each - note 12.3	443,571	443,571
<u>44,357,057</u>	<u>44,357,057</u>		<u>443,571</u>	<u>443,571</u>

### Cumulative Preference Shares (PSX Symbol - ASLCPS)

2022	2021		2022	2021
(Number of shares)				
176,420	2,870,083	Cumulative Preference Shares of Rs. 10 each - note 12.4	1,764	28,701
(38,500)	(2,693,663)	Cumulative Preference Shares of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the year - note 12.4	(385)	(26,937)
<u>137,920</u>	<u>176,420</u>		<u>1,379</u>	<u>1,764</u>

### Total cumulative Preference Shares of Rs. 10 each (PSX Symbols - ASLCPS and ASLPS)

<u>444,950</u>	<u>445,335</u>
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# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

**12.1** 619,466,111 (2021: 491,128,223) Ordinary Shares, 41,769,744 'ASLPS' (2021: 25,028,220) Cumulative Preference Shares and 250 'ASLCPS' (2021: 250) Cumulative Preference Shares of Rs. 10 each as at June 30, 2022 are held by related parties.

**12.2** 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 was 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 shareholders value for the remaining shareholders. In this respect, the petition under section 96 of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) 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 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, the SECP through its letter dated July 13, 2018 acknowledged the registration of the High Court order for reduction of share capital. The reduction in capital was effective from the date of acknowledgement.

### **12.3 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 (2021: 44,357,057) 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, such unpaid dividend will accumulate and will be paid in the subsequent year(s) before any dividend is paid to the ordinary shareholders.

During the year, the Company has allotted 79,489,042 (2021: Rs. Nil) ordinary shares (PSX symbol - ASL) against conversion of Rs. 794.89 million (2021: Rs. Nil) cumulative preference dividend on cumulative preference shares (PSX Symbol - ASLPS) in the ratio of 1 Ordinary Share for Rs.10 of cumulative preference dividend at purchase price of Rs. 10 per share.

As at June 30, 2022, the undeclared cumulative dividend on Cumulative Preference Shares (ASLPS) amounts to Rs 52.2 million (2021: Rs. 795 million).

### **12.4 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) were issued in the ratio of 5 Cumulative Preference Shares for every 10 Ordinary / Cumulative Preference Shares (ASLPS) held by the existing shareholders.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

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 Ordinary Shares, to the extent of aforesaid announced after tax profit, to be issued upon conversion.

During the year, the Company has allotted 87,973 (2021: 6,155,019) ordinary shares (PSX symbol - ASL) against conversion of 38,500 (2021: 2,693,663) cumulative preference shares (PSX Symbol - ASLCPS). Further, the Company has also allotted 73,539,474 (2021: Rs. Nil) ordinary shares (PSX symbol - ASL) against conversion of Rs. 321.83 million (2021: Rs. Nil) cumulative preference dividend in the ratio of 2.285 ordinary shares for each cumulative preference share and Rs. 10 cumulative preference dividend at purchase price of Rs. 10 per share.

As at June 30, 2022, the undeclared cumulative dividend on Cumulative Preference Shares (ASLCPS) amounts to Rs 0.2 million (2021: Rs. 308 million).

	2022	2021
	Rupees '000	
<b>13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Leasehold land and buildings on leasehold land</b>		
Balance at beginning of the year	1,978,435	2,036,383
Modification of right-of-use asset	(83,013)	-
Transferred to retained earnings in respect of incremental depreciation charged during the year	(56,169)	(57,948)
Balance at end of the year	1,839,253	1,978,435
Related deferred tax liability	(533,383)	(573,746)
Balance at end of the year - net of deferred tax	1,305,870	1,404,689

The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>14. LONG-TERM FINANCE - SECURED</b>		
Loan		
- under restructuring agreement - notes 14.2, 14.3 & 14.5	3,005,042	3,653,436
- for expansion project - notes 14.4 & 14.5	1,826,408	2,385,214
- from related party - note 14.6	-	-
- under refinance scheme - note 14.7	-	58,065
	4,831,450	6,096,715

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

	2022	2021
	Rupees '000	
Balance as at July 1	7,115,106	9,022,933
Disbursements during the year	-	138,913
Repayment	(1,452,343)	(2,046,740)
Balance as at June 30	5,662,763	7,115,106

## 14.2 Loan under restructuring agreement

Reconciliation of carrying amount of the loan at beginning and end of the year is as follows:

	2022	2021
	Rupees '000	
Opening		
- long-term finance	3,653,436	4,246,555
- current maturity of long-term finance	750,000	-
	4,403,436	4,246,555
Impact of unwinding - finance cost	101,606	156,881
Repayment	(750,000)	-
	3,755,042	4,403,436
Less: Current maturity shown under current liabilities	(750,000)	(750,000)
	3,005,042	3,653,436

**14.3** Original term finance facilities amounting to Rs. 6.33 billion were obtained under three Syndicate Term Finance Facility (STFF) agreements, a Syndicated Running Finance Facility (SRFF) agreement and a Murabaha finance arrangement. Details in relation to these facilities were as follows:

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

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
			<b>6,330,167</b>

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 were restructured as one syndicate loan. Payment amounting to Rs. 750 million (2021: Rs. Nil) was made in the current year, subsequently, eight unequal semi-annual installments will have to be paid, as follows:

- Rs. 375 million each from July 19, 2021 for the next three and a half years.
- Rs. 1.64 billion as the last installment on January 19, 2025.

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. In 2018, as per the first addendum to the restructuring agreement, the mark-up rate was increased from 2.74% below six months KIBOR to six-months KIBOR plus 0.2% per annum. In 2019, as per second addendum to the restructuring agreement, the mark-up rate has been further increased by 0.25%.

The above restructuring resulted in a gain to the Company which is being reversed over the period of repayment of loan and the charge / credit is recognised as unwinding finance cost / income.

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.

This liability includes share of a related party amounting to Rs. 163.4 million (2021: Rs. 163.4 million).

## 14.4 Loan for expansion project

Reconciliation of carrying amount of the loan at the beginning and end of the year is as follows:

	2022	2021
	Rupees '000	
Opening		
- Syndicate Term Finance (STF) - note 14.4.1	1,828,371	1,801,623
- Musharaka facility - note 14.4.2	1,204,843	1,204,843
	<b>3,033,214</b>	<b>3,006,466</b>
- STF repaid during the year	(338,811)	-
- Musharaka repaid during the year	(258,906)	-
	(597,717)	-
Impact of unwinding - finance cost	18,665	26,748
Less: Current maturity shown under current liabilities	(627,754)	(648,000)
	<b>1,826,408</b>	<b>2,385,214</b>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

**14.4.1** This represents draw down from STF facility for Expansion Project. In 2018, 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 2021 to June 2026. STF carries mark up at six-months KIBOR plus 1.9% per annum to be determined on semi-annual basis.

During the year ended June 30, 2020, with the approval of State Bank of Pakistan, Rs. 1.41 billion of the STF facility had been converted into Long Term Financing (LTF) facility. Mark-up on LTF facility is chargeable at the rate of 6% per annum.

The loan 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.

**14.4.2** This represents draw down from Musharaka facility for Expansion Project. In 2018 the Company 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 2021 to June 2026. The Musharaka facility is subject to six-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.

During the year ended June 30, 2021, with the approval of State Bank of Pakistan, Rs. 661.43 million of the Musharaka facility had been converted into LTF facility. Mark-up on LTF facility is chargeable at the rate of 5% per annum.

**14.4.3** 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 and Musharaka facilities.

**14.5** Pursuant to the circular letter no. 14 of 2020 dated March 26, 2020 issued by the State Bank of Pakistan, the Company has made an addendum to the loan agreements relating to restructured loan and loan for expansion project with the lenders for deferral of principal component of installments for one year.

## **14.6 Loan from related party - unsecured**

**14.6.1** This represented loan obtained from Rotocast Engineering Company (Private) Limited, an associated company, amounting to Rs. 1.98 billion under an addendum to the agreement dated June 30, 2020. The loan carried mark-up at 3 months KIBOR plus 2.55% per annum. The loan was settled during the year 2021.

**14.6.2** Reconciliation of carrying amount of the loan at beginning and end of the year is as follows:

	2022	2021
	Rupees '000	
Balance as at July 01	-	1,980,000
Disbursements during the year	-	-
Repayment	-	(1,980,000)
Balance as at June 30	-	-

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>14.7 Loan under refinance scheme</b>		
Balance as at July 01	191,545	118,051
Disbursements during the year	-	128,743
Repayment	(104,625)	(66,740)
Unwinding of finance cost	12,220	11,491
	99,140	191,545
Less: Current portion shown under current liabilities	(99,140)	(133,480)
Balance as at June 30	-	58,065

**14.7.1** Loan under refinance scheme represents loan obtained under the State Bank of Pakistan's Refinance Scheme 'Payment of Wages and Salaries to the Workers and Employees of Business Concerns'. It carries mark-up at the rate of 3% per annum and is repayable in 8 equal quarterly installments, starting from January 2021. The loan is secured by way of hypothecation of plant and machinery and current assets of the Company.

	2022	2021
	Rupees '000	
<b>15. LEASE LIABILITIES</b>		
Opening balance	73,034	59,386
Additions to lease liability	40,047	27,493
Modification of lease liability	58,939	-
Unwinding of finance cost	12,559	7,134
Lease rentals paid	(29,305)	(20,979)
	155,274	73,034
Less: Current portion of lease liabilities	(33,612)	(20,784)
Long-term portion of lease liabilities	121,662	52,250

	2022			2021		
	Principal Outstanding	Financial charge for future	Minimum lease payments	Principal Outstanding	Financial charge for future	Minimum lease payments
	(Rupees in '000)					
Not later than one year	33,612	12,085	45,697	20,784	5,628	26,412
Later than one year but not later than five years	29,935	42,141	72,076	38,754	9,798	48,552
Later than five years	91,727	404,329	496,056	13,496	104,626	118,122
	155,274	458,555	613,829	73,034	120,052	193,086

**15.2** These represent liabilities for vehicles acquired under lease arrangements and rented properties. Finance charge ranging from 8.08% to 14.95% (2021: 8.12% to 12.84%) per annum have been used as discounting factor.

## 16. EMPLOYEE BENEFIT OBLIGATIONS

**16.1** 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, 2022.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>16.2 Statement of financial position reconciliation</b>		
Present value of defined benefit obligation	146,809	123,261
<b>16.3 Movement in the present value of defined benefit obligation</b>		
Obligation as at July 01	123,261	97,601
Current service cost	30,298	26,154
Interest expense	11,864	8,642
Benefits due but not paid	-	(592)
Remeasurements	(3,589)	(799)
Benefits paid	(15,025)	(7,745)
Obligation as at June 30	146,809	123,261
<b>16.4 Expense recognised in profit or loss</b>		
Current service cost	30,298	26,154
Interest cost	11,864	8,642
	42,162	34,796
<b>16.5 Remeasurement recognised in other comprehensive income</b>		
Actuarial losses	(7,334)	(2,484)
Experience losses	3,745	1,685
	(3,589)	(799)
<b>16.6 Net recognised liability</b>		
Balance as at July 01	123,261	97,601
Expense for the year	42,162	34,796
Benefits paid	(15,025)	(7,745)
Remeasurement recognised in other comprehensive income	(3,589)	(799)
Benefits payable transferred to trade and other payables	-	(592)
Balance as at June 30	146,809	123,261
<b>16.7 Maturity profile of the defined benefit obligation</b>		
Less than five years	96,572	80,812
Later than five but less than ten years	181,650	137,863
Later than ten years	5,302,768	2,475,897
<b>16.8 Actuarial assumptions</b>		
Discount rate used for year end obligation	13.25%	10.25%
Expected rate of increase in salaries	12.25%	9.25%
Retirement age (years)	60	60
<b>16.9</b> Mortality was assumed to be SLIC (2001-2005) set back one year (2021: SLIC 2001-2005 set back one year).		

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 16.10 Sensitivity analysis for actuarial assumptions

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

	Change in assumption	Impact on defined benefit obligation			
		Increase in assumption		Decrease in assumption	
		2022	2021	2022	2021
Discount rate at June 30	1%	(12,683)	(10,938)	14,948	12,960
Future salary increases	1%	10,984	10,272	(9,457)	(8,860)

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

16.12 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 when calculating the gratuity liability recognised within the statement of financial position.

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

16.14 The Company's contribution to the gratuity scheme for the year ending June 30, 2023 is expected to be Rs. 49.37 million.

16.15 Historical information for the five years is as follows:

	2022	2021	2020	2019	2018
	Rupees '000				
Present value of the defined benefit obligation	146,809	123,261	97,601	64,493	51,536
Experience adjustments - loss / (gain)	3,745	1,684	734	(2,024)	954

16.16 The average duration of the defined benefit obligation is 10 years.

	2022	2021
	Rupees '000	

## 17. DEFERRED INCOME - GOVERNMENT GRANT

Balance at beginning of the year	8,675	9,996
Deferred grant recognised during the year	-	10,170
Government grant recognised in income	(7,517)	(11,491)
Balance at end of the year	1,158	8,675
Less: Current portion of deferred income - Government grant	(1,158)	(7,308)
	-	1,367

17.1 This represents the value of benefit of below-market interest which has been accounted for as government grant under IAS 20 - Government grants.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>18. TRADE AND OTHER PAYABLES</b>		
Creditors	555,564	460,954
Bills payable	6,978,882	4,593,564
Accrued liabilities	307,514	181,096
Retention money	-	116,823
Contract liability	854,100	402,194
Security deposit from dealers - note 18.2	11,000	11,000
Withholding tax	46,526	28,327
Provisions - note 18.2.1	497,195	497,195
Workers' Profits Participation Fund - note 18.4	74,993	461,713
Workers' Welfare Fund - note 18.5	8,062	184,685
	<u>9,333,836</u>	<u>6,937,551</u>

**18.1** The Company had changed its term for payments of imports from sight letter of credit to 60 - 120 days usance letter of credit period.

**18.2** This represents amounts received from dealers of the Company, which are utilised for the purpose of business in accordance with the related agreements.

**18.2.1** The provisions comprise of:

	2022			2021		
	Balance as at July 1, 2021	Recognised during the year	Balance as at June 30, 2022	Balance as at July 1, 2020	Recognised during the year	Balance as at June 30, 2021
	(Rupees '000)					
Provision for Gas Infrastructure Development Cess - note 18.2.2	145,224	-	145,224	137,659	7,565	145,224
Provision against receivable from Eitmaad Engineering (Private) Limited - note 18.2.3	138,485	-	138,485	-	138,485	138,485
Provision for receivable from government collector of customs - note 18.2.4	213,486	-	213,486	21,349	192,137	213,486
Balance as at June 30, 2022	<u>497,195</u>	<u>-</u>	<u>497,195</u>	<u>159,008</u>	<u>338,187</u>	<u>497,195</u>

**18.2.2** It represents provision for Gas Infrastructure Development Cess (GIDC) of Rs. 145.22 million (2021: Rs. 145.22 million) pertaining to years 2016 to 2021 which has been made on prudent basis in view of the judgement of the Supreme Court of Pakistan although the Company has filed a review petition against the said judgement. Further, the Company has obtained a stay order from the Honorable High Court of Sindh through order dated September 21, 2020 against the payment of GIDC installments.

**18.2.3** It represents an amount of Rs. 138.49 million in respect of long outstanding advance given to a contractor Eitmaad Engineering (Private) Limited for which the goods and services were not received by the Company - refer note 9.2.

**18.2.4** It represents provision for long outstanding receivable balances from Custom authorities amounting to Rs. 213.5 million which was paid under protest on the basis of the assessment made by Collector of Customs - refer note 10.5.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>18.4 Workers' Profits Participation Fund</b>		
Balance at beginning of the year	461,713	-
Charge for the year - note 26	67,390	461,713
Interest on Workers' Profits Participation Fund - note 28	61,889	-
Payment made	(515,999)	-
Balance at end of the year	<u>74,993</u>	<u>461,713</u>
<b>18.5 Workers' Welfare Fund</b>		
Balance at beginning of the year	184,685	-
Charge for the year - note 26	17,415	184,685
Payment made	(194,038)	-
Balance at end of the year	<u>8,062</u>	<u>184,685</u>
<b>19. SHORT-TERM BORROWINGS - secured</b>		
Short term finance facilities under:		
- Running finance under mark-up arrangements	2,553,128	300,842
- Istisna-cum-Wakala arrangement - Islamic	2,427,772	500,000
- Finance against Trust Receipts:		
- Conventional	10,209,464	5,163,863
- Islamic	679,000	831,000
	<u>15,869,364</u>	<u>6,795,705</u>

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

	2022	2021
	Rupees '000	
Habib Bank Limited	3,872,584	-
National Bank of Pakistan	3,307,709	2,149,091
Habib Metropolitan Bank Limited	2,787,148	3,006,142
Askari Bank Limited	2,214,180	682,672
Meezan Bank Limited	1,248,772	-
Dubai Islamic Bank Limited	679,000	831,000
MCB Bank Limited	500,000	-
Bank Alfalah Limited	450,000	-
Sindh Bank Limited	361,863	-
The Bank of Punjab	250,904	-
United Bank Limited	99,708	-
JS Bank Limited	97,496	108,546
Summit Bank Limited	-	18,254
	<u>15,869,364</u>	<u>6,795,705</u>

**19.2** Facilities available from financial institutions amount to Rs. 24.9 billion (June 30, 2021: Rs. 23.63 billion). The rates of mark-up range between 1 month KIBOR plus 0.85% to 3 months KIBOR plus 3% (June 30, 2021: 6 months KIBOR plus 0.85% to 3 months KIBOR plus 3%) per annum. The balance is secured against ranking hypothecation charge over plant, machinery and equipment and pari passu charge over the current assets and fixed assets of the Company.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

**19.3** The short-term finance facilities of a running finance nature for working capital financing from three related parties are also available for an indefinite period with a maximum aggregate limit of Rs. 3 billion (2021: Rs. 3 billion). The facilities carry mark-up ranging between three months KIBOR plus 2.25% to six months KIBOR plus 3.55% per annum (2021: three months KIBOR plus 2.25% to six months KIBOR plus 3.55% per annum).

**19.4** The facilities for opening letters of credit and guarantees as at June 30, 2022 amounted to Rs. 25.43 billion (2021: Rs. 16.59 billion) of which the amount remained unutilised at period end was Rs. 4.1 billion (2021: Rs. 2.58 billion). Corporate and personal guarantees provided by related parties against LC facility amounted to Rs. 4.3 billion (2021: Rs. 4.3 billion) out of which amount remained unutilised at period end was Rs. 4.3 billion (2021: Rs. 4.3 billion).

## **20. ACCRUED MARK-UP**

Accrued mark-up comprises of mark-up on short-term borrowings, restructured syndicated finance facility, STF facility, Musharakah facility and long term loan under State Bank of Pakistan's Refinance Scheme 'Payment of Wages and Salaries to the Workers and Employees of Business Concerns'.

## **21. CONTINGENCIES AND COMMITMENTS**

### **21.1 CONTINGENCIES**

**21.1.1** The Finance Act, 2017 introduced section 5A which imposes tax on 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 had not distributed any dividend till the end of the prior year. The Company filed a petition in the High Court of Sindh challenging the applicability of the above. The High Court of Sindh vide its order dated April 30, 2021 made judgement in favour of the Company. During the year ended June 30, 2021, a petition has been filed in the Supreme Court of Pakistan against the above decision of High Court of Sindh. The Company, based on the advice of its consultant, believes that it is not exposed to any tax liability in this respect.

**21.1.2** During the year ended June 30, 2021, Company received an order from Sindh Revenue Board whereby sales tax demand of Rs. 48.43 million and penalty of Rs. 50.85 million was established on the contention that the Company has not withheld sales tax on receipt of commission agent services during tax periods July 2018 and June 2020. The Company has filed an appeal against aforesaid order before the Commissioner Appeals Sindh Revenue Board. The Company has also obtained stay order from the High Court of Sindh in this regard. Based on the advice of its legal advisor, the Company believes that it is not exposed to any tax liability.

**21.1.3** During the year ended June 30, 2021, Company received an order from Federal Board of Revenue (FBR) whereby sales tax demand of Rs. 54.84 million including penalty of Rs. 2.61 million was established on the contention that supplies were made to unregistered persons. The Company has filed an appeal against aforesaid order before the Commissioner Inland Revenue (Appeals) (CIRA). The case is pending before this forum. The Company has also obtained stay order from the High Court of Sindh. Based on the advice of its legal advisor, the Company believes that it is not exposed to any tax liability.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

- 21.1.4** During the year, Company received an order of Deputy Commissioner Inland Revenue (DCIR) dated July 25, 2021 in respect of tax year 2016 whereby sales tax demand of Rs. 33.19 million and penalty of Rs. 1.66 million has been raised by disallowing input tax adjustments and supplies made to suspended / blacklisted persons etc. The Company has filed an appeal against the aforesaid order before CIRA which appeal is pending adjudication. Based on the advice of its tax advisors, the Company expects a favourable outcome of the appeal hence no provision is made in these financial statements.
- 21.1.5** During the year, Company received an order of DCIR dated January 31, 2022 in respect of tax year 2017 whereby sales tax demand of Rs. 145.63 million alongwith penalty and default surcharge of Rs. 7.29 million and Rs. 72.52 million respectively, was raised on ground of allegations which include further tax on supplies made to blocked/suspended persons, non-payment of sales tax on sale of fixed assets, short payment of sales tax on scrap sales and inadmissible input tax adjustments etc. The Company has filed an appeal against aforesaid order before CIRA which appeal is pending adjudication. Based on the advice of its tax advisors, the Company expects a favourable outcome of the appeal hence no provision is made in these financial statements.
- 21.1.6** During the year, Company received an order of DCIR dated March 31, 2022 in respect of tax year 2018 whereby sales tax demand of Rs. 218.4 million alongwith penalty and default surcharge of Rs. 10.93 million and Rs. 95 million respectively, was established on allegations of further tax on supplies made to blocked/suspended persons, non-payment of sales tax on sale of fixed assets and short payment of sales tax on scrap sales etc. The Company has filed an appeal against the aforesaid order before CIRA which appeal is pending adjudication. Based on the advice of its tax advisors, the Company expects a favourable outcome of the appeal hence no provision is made in these financial statements.
- 21.1.7** During the year, Company received an order of DCIR dated May 28, 2022 in respect of tax year 2019 whereby sales tax demand of Rs. 565.97 million alongwith penalty and default surcharge of Rs. 28.3 million and Rs. 189.05 million respectively, was established on allegations which include further tax on supplies made to blocked / suspended persons, non-payment of sales tax on sale of fixed assets etc. The Company has filed an appeal against the aforesaid order before CIRA which appeal is pending adjudication. Based on the advice of its tax advisors, the Company expects a favourable outcome of the appeal hence no provision is made in these financial statements.
- 21.1.8** During the year, Company received an order of DCIR dated June 30, 2022 in respect of tax year 2016 whereby income tax demand of Rs. 910.71 million was established on the allegations of disallowance of trade discounts, inadmissible expenses claimed, inadmissible tax credit, pre-commencement expenditure, non-payment of super tax and minimum tax etc. The Company has filed an appeal against the aforesaid order before CIRA which appeal is pending adjudication. The Company has also obtained stay order from CIRA. Based on the advice of its tax advisors, the Company believes that it is not exposed to any tax liability.
- 21.1.9** During the year, Company received an order of DCIR dated May 31, 2022 in respect of tax year 2017 whereby income tax demand of Rs. 13.95 billion was established on the allegations which include bank credit entries, non-deduction of withholding tax, non-payment of tax withheld and disallowance of expenses and precommencement expenditure etc. The Company has filed an appeal against the aforesaid order before CIRA and which appeal is pending adjudication. The Company has also obtained stay order from CIRA. Based on the advice of its tax advisors, the Company believes that it is not exposed to any tax liability.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 21.2 COMMITMENTS

**21.2.1** Commitments for capital expenditure outstanding as at June 30, 2022 amounted to Rs. 1,176.61 million (2021: Rs. 697.77 million).

**21.2.2** Commitments for intangible assets outstanding as at June 30, 2022 amounted to Rs. Nil (2021: 23.34 million).

	2022	2021
	Rupees '000	
<b>22. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Local sale of goods - note 22.1	69,841,166	62,444,061
Less: Sales tax	(10,129,739)	(9,086,412)
Rebates and discounts	(1,141,500)	(791,068)
	<u>58,569,927</u>	<u>52,566,581</u>
Export sales	6,260,491	2,549,790
	<u>64,830,418</u>	<u>55,116,371</u>

**22.1** This includes sale of scrap (coil end sheets) net of sales tax amounting to Rs. 2.66 billion (2021: Rs. 1.98 billion).

**22.2** During the year, sales to one dealer account for more than 11.5% (2021: 8%) of net revenue amounting to Rs. 7.70 billion (2021: Rs 4.44 billion).

**22.3** These financial statements do not include disclosures relating to IFRS 8 "Operating Segments" as the Company's business is considered to be a single operating segment.

	2022	2021
	Rupees '000	
<b>22.4 DISAGGREGATION OF REVENUE</b>		
<b>Primary geographical markets</b>		
Local	58,569,927	52,566,581
North America	5,015,649	1,250,061
Middle East	844,819	167,358
Europe	212,429	207,051
Asia	139,293	654,853
Africa	48,301	270,467
	<u>64,830,418</u>	<u>55,116,371</u>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>23. COST OF SALES</b>		
<b>Raw material consumed</b>		
Raw material - opening	7,850,190	4,137,373
Purchases	58,897,590	43,071,026
	66,747,780	47,208,399
Raw material - closing	(10,580,168)	(7,850,190)
	56,167,612	39,358,209
Salaries, wages and benefits - note 23.1	595,126	541,162
Utilities	1,379,950	1,201,764
Depreciation	1,014,607	798,817
Stores, spares and consumables	744,500	668,307
Packing charges	362,594	309,407
Repairs and maintenance	140,102	141,311
Travelling and conveyance	77,869	63,794
Insurance	105,538	66,863
Material handling charges	135	861
Security charges	14,681	13,070
Consultancy charges	1,522	3,798
Rent, rates and taxes	1,881	4,816
Communication	916	1,321
Write offs - note 3.4	-	157,130
Others	10,778	17,923
	60,617,811	43,348,553
Work-in-process - opening	765,110	511,976
	61,382,921	43,860,529
Work-in-process - closing	(744,126)	(765,110)
Cost of goods manufactured	60,638,795	43,095,419
Finished goods - opening	2,352,387	3,187,972
Finished goods - closing	(3,674,450)	(2,352,387)
	(1,322,063)	835,585
	59,316,732	43,931,004

**23.1** Salaries, wages and benefits include Rs. 31.62 million (2021: Rs. 26.1 million) in respect of defined benefit plan.

	2022	2021
	Rupees '000	
<b>24. SELLING AND DISTRIBUTION COST</b>		
Salaries and benefits - note 24.1	45,035	41,637
Export clearance charges - note 24.2	354,994	188,596
Travelling and conveyance	7,579	3,163
Communication	1,092	1,161
Rent, rates and taxes	2,003	490
Utilities	343	388
Insurance	1,537	680
Depreciation and amortisation	603	914
Printing, stationery and office supplies	-	167
Others	8,303	1,865
	421,489	239,061

**24.1** Salaries and benefits include Rs. 2.11 million (2021: Rs. 1.74 million) in respect of defined benefit plan.

**24.2** These include amounts in respect of storage charges, outward freight, loading charges, etc.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>25. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances and benefits - note 25.1	161,602	155,437
Rent, rates and taxes	7,515	9,319
Depreciation and amortisation	27,424	17,360
Repairs and maintenance	46,236	35,972
Travelling & conveyance	32,815	25,291
Utilities	3,549	7,376
Communication and information technology	26,097	23,842
Printing and stationery	3,048	3,181
Insurance	16,924	11,555
Legal and professional charges	49,712	30,130
Auditors' remuneration - note 25.2	4,750	3,985
Donation	-	20,000
Ujrah payments	-	1,005
Security charges	6,772	4,142
Others	9,996	8,108
	<u>395,401</u>	<u>356,703</u>

**25.1** Salaries, allowances and benefits include Rs. 8.43 million (2021: Rs. 6.96 million) in respect of defined benefit plan.

	2022	2021
	Rupees '000	
<b>25.2 Auditors' remuneration</b>		
Audit fee	3,000	2,750
Fee for half yearly review	330	330
Other certifications	1,170	670
Out-of-pocket expenses	250	235
	<u>4,750</u>	<u>3,985</u>
<b>26. OTHER EXPENSES</b>		
Workers' Profits Participation Fund - note 18.4	67,390	461,713
Workers' Welfare Fund - note 18.5	17,415	184,685
Exchange loss - net	1,123,589	-
Loss allowance - note 18.2.3 & 18.2.4	-	330,622
	<u>1,208,394</u>	<u>977,020</u>
<b>27. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Return on savings accounts:		
- conventional	21,657	26,529
- Islamic	13,207	7,066
Deferred income - Government grant	7,517	11,491
	<u>42,381</u>	<u>45,086</u>
<b>Income from non-financial assets</b>		
Scrap sales	42,455	64,414
Gain / (loss) on disposal of operating assets	734	(2,993)
Exchange gain - net	-	392,647
Miscellaneous income	14	214
	<u>43,203</u>	<u>454,282</u>
	<u>85,584</u>	<u>499,368</u>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>28. FINANCE COSTS</b>		
Mark-up expense:		
- long-term finance - note 28.1	527,390	676,014
- Impact of unwinding on long term finance	132,491	183,629
- short-term borrowings - note 28.1	1,490,816	564,268
Guarantee commission	1,158	4,462
Finance lease charges	12,559	7,134
Interest on Workers' Profits Participation Fund	61,889	-
Bank and other charges	72,547	88,596
	2,298,850	1,524,103

**28.1** These include mark-up expense of shariah compliant banks in respect of long term finance of Rs. 92.02 million (2021: Rs. 114.66 million) and short term borrowings of Rs. 316.86 million (2021: Rs. 107.77 million).

	2022	2021
	Rupees '000	
<b>29. INCOME TAX EXPENSE</b>		
Current		
- for the year	393,737	498,547
- prior year	-	10,609
Deferred	(264,714)	1,710,344
	129,023	2,219,500

**29.1 Relationship between tax expense and accounting profit**

	2022	2021	2022	2021
	(Effective tax rate %)		(Rupees in '000)	
Accounting profit before tax			1,275,136	8,587,848
Tax at applicable tax rate of 29% (2021: 29%)	29.00	29.00	369,789	2,490,476
Effect of exempt income	(48.35)	(19.57)	(616,466)	(1,680,535)
Effect of final tax regime	30.43	-	387,970	-
Tax credit	(0.95)	0.10	(12,106)	8,241
Tax losses	-	16.75	-	1,438,860
Minimum tax	0.67	-	8,577	-
Prior year charge	-	0.12	-	10,609
Others	(0.69)	(0.56)	(8,741)	(48,151)
	10.11	25.84	129,023	2,219,500

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	2022	2021
	Rupees '000	
<b>30. EARNINGS PER SHARE</b>		
<b>30.1 BASIC</b>		
Profit for the year attributable to ordinary shareholders	1,146,113	6,368,348
Adjustment for cumulative preference share dividend	(52,319)	(65,925)
Profit for the year for calculation of basic earnings per share	<u>1,093,794</u>	<u>6,302,423</u>
Weighted average number of ordinary shares outstanding at year end (in thousand)	<u>863,998</u>	<u>767,789</u>
	Rupees	Rupees
Basic earnings per share	<u>1.27</u>	<u>8.21</u>
<b>30.2 DILUTED</b>		
Profit for the year attributable to ordinary shareholders	<u>1,146,113</u>	<u>6,368,348</u>
Weighted average number of ordinary shares outstanding at year end (in thousand)	<u>863,998</u>	<u>767,789</u>
Adjustment for conversion of convertible preference shares	<u>122,995</u>	<u>198,880</u>
Weighted average number of potential ordinary shares in issue (in thousand)	<u>986,993</u>	<u>966,669</u>
	Rupees	Rupees
Diluted earnings per share	<u>1.16</u>	<u>6.59</u>
<b>31. CASH (USED IN) / GENERATED FROM OPERATIONS</b>		
Profit before tax	1,275,136	8,587,848
Add / (less): Adjustments for non-cash income & expenses		
Depreciation of property, plant and equipment	1,037,005	814,613
Amortisation of intangible assets	5,629	2,478
Finance lease charges	12,559	7,134
Mark up charges	2,018,206	1,240,282
Unwinding of long term finance	132,491	183,629
Expense recognised for employee benefit obligations	42,162	34,796
Expense for WPPF and WWF	84,805	646,398
Interest on WPPF	61,889	-
Government grant income	(7,517)	(11,491)
Return on PLS savings accounts	(34,864)	(33,595)
Provisions	-	330,622
(Gain) / loss on disposal of property, plant and equipment	(734)	2,993
	<u>3,351,631</u>	<u>3,217,859</u>
Profit before working capital changes	<u>4,626,767</u>	<u>11,805,707</u>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

2022

2021

Rupees '000

## Effect on cash flow due to working capital changes

(Increase) / decrease in current assets		
Inventories	(4,283,345)	(3,492,822)
Trade and other receivables	(3,759,805)	(874,868)
Loans, advances, deposits and prepayments	(949,938)	467,507
Tax refunds due from government - sales tax	-	1,400,034
	(8,993,088)	(2,500,149)
(Decrease) / increase in current liabilities		
Trade and other payables	3,221,259	(341,962)
Sales tax payable	186,107	-
	(5,585,722)	(2,842,111)
Cash (used in) / generated from operations	(958,955)	8,963,596

## 32. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 11	207,994	238,060
Short-term borrowings - note 19	(15,869,364)	(6,795,705)
	(15,661,370)	(6,557,645)

## 33. STATEMENT OF CASH FLOWS - DIRECT METHOD CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	65,577,937	54,308,603
Cash paid to suppliers / service providers and employees	(66,589,509)	(45,357,724)
Income tax paid	(1,391,729)	(1,045,998)
Mark-up on loans paid	(1,809,745)	(1,579,964)
Return on bank deposits received	34,864	33,595
Employee benefits paid	(15,025)	(8,337)
Workers' welfare fund paid	(194,038)	-
Workers' profits participation fund paid	(515,999)	-
Net cash (used in) / generated from operating activities	(4,903,244)	6,350,175

## CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(1,222,258)	(1,184,207)
Purchase of intangible assets	(24,143)	(33,753)
Sale proceeds from disposal of property, plant and equipment	2,692	2,801
Net cash used in investing activities	(1,243,709)	(1,215,159)

## CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term finance	(1,452,343)	(2,046,740)
Long-term loan obtained	-	138,913
Short-term loan obtained	1,725,000	-
Short-term loan paid	(1,725,000)	-
Dividend paid	(1,475,124)	-
Lease rentals paid	(29,305)	(20,979)
Net cash used in financing activities	(2,956,772)	(1,928,806)
Net (decrease) / increase in cash and cash equivalents	(9,103,725)	3,206,210
Cash and cash equivalents at beginning of the year	(6,557,645)	(9,763,855)
Cash and cash equivalents at end of the year - note 32	(15,661,370)	(6,557,645)

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 34. RESULTS OF OPERATIONS

The results of operations of Cold rolled coil and Galvanized iron are as follows:

	2022				2021			
	Cold roll coil	Galvanized iron	Internal transfers	Total	Cold roll coil	Galvanized iron	Internal transfers	Total
	Rupees '000							
Revenue from contracts with customers	62,703,754	33,942,965	(31,816,301)	64,830,418	53,644,622	26,323,493	(24,851,744)	55,116,371
Cost of sales	(61,594,911)	(29,538,122)	31,816,301	(59,316,732)	(48,327,701)	(20,455,047)	24,851,744	(43,931,004)
Gross profit	1,108,843	4,404,843	-	5,513,686	5,316,921	5,868,446	-	11,185,367
Selling and distribution cost	(407,663)	(13,826)	-	(421,489)	(232,677)	(6,384)	-	(239,061)
Administrative expenses	(382,430)	(12,971)	-	(395,401)	(347,178)	(9,525)	-	(356,703)
Operating profit	318,750	4,378,046	-	4,696,796	4,737,066	5,852,537	-	10,589,603
Other expenses	(1,168,754)	(39,640)	-	(1,208,394)	(950,931)	(26,089)	-	(977,020)
Other income	82,777	2,807	-	85,584	486,034	13,334	-	499,368
Finance costs	(2,143,201)	(155,649)	-	(2,298,850)	(1,479,270)	(44,833)	-	(1,524,103)
Profit / (loss) before tax	(2,910,428)	4,185,564	-	1,275,136	2,792,899	5,794,949	-	8,587,848
Income tax (expense) / credit	(129,023)	-	-	(129,023)	(2,219,500)	-	-	(2,219,500)
Profit / (loss) after tax	(3,039,451)	4,185,564	-	1,146,113	573,399	5,794,949	-	6,368,348

## 35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors of the Company and key management personnel. The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract / arrangement / agreement. Remuneration of key management personnel are in accordance with their terms of contractual engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary and Non-Executive Directors to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 35.1 Transactions with related parties during the year are as follows:

			2022	2021
			Rupees '000	
Relationship	Name of company / title Individual	Nature of transaction		
<b>Associated companies</b>	Arif Habib Corporation Limited	- Finance facility utilised	1,725,000	1,630,000
		- Repayment of short-term finance	1,725,000	1,630,000
		- Long-term loan repaid	28,433	17,405
		- Mark-up on finance facilities	20,773	20,492
		- Mark-up on finance facilities paid	23,103	11,067
		- Guarantee commission	1,159	4,462
		- Guarantee commission paid	2,029	4,453
		- Dividend paid	49,422	-
		- Preference dividend converted into ordinary shares	436,371	-
	Arif Habib Equity (Private) Limited	- Mark-up on finance facilities	-	206
		- Mark-up on finance facilities paid	-	27,318
		- Dividend paid	444,821	-
		- Preference dividend converted into ordinary shares	497,847	-
	Arif Habib Limited	- Dividend paid	2,263	-
		- Preference dividend converted into ordinary shares	5,325	-
Power Cement Limited	- Purchase of construction material	589	867	
	- Payment made against purchase of construction material	1,037	673	
Rotocast Engineering Co. (Private) Limited	- Repayment of finance facility	-	1,980,000	
	- Mark-up on finance facilities	-	103,408	
	- Mark-up on finance facilities paid	-	143,350	
	- Rent and maintenance	11,625	8,151	
	- Rent and maintenance paid	11,625	8,151	
<b>Other related parties</b>	Mr. Arif Habib, Chairman	- Mark-up on finance facility	-	90
		- Mark-up on finance facility paid	-	8,156
		- Dividend paid	272,186	-
		- Preference dividend converted into ordinary shares	269,524	-
<b>Key management personnel</b>	Chief Executive Officer, Chief Financial Officer & Company Secretary Chief Financial Officer & Company Secretary Non-Executive Director Chief Executive Officer	- Salaries and other employee benefits	26,968	29,077
		- Post retirement benefits	672	566
		- Meeting and other expenses	962	627
		- Proceeds from sale of assets	-	2,350
			-	-

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

**35.2** Following are the related parties with whom the Company had entered into transactions or have arrangement / agreements in place:

S. No.	Individual / Company Name	Basis of relationship	Aggregate % of Shareholding
1)	Mr. Arif Habib, Chairman	Shareholder	21%
2)	Arif Habib Corporation Limited	Shareholder Common Directorship	8%
3)	Arif Habib Equity (Pvt) Limited	Shareholder Common Directorship	34%
4)	Power Cement Limited	Group Company Common Directorship	N/A
5)	Rotocast Engineering Co. (Private) Limited	Group Company	N/A
6)	Sachal Energy Development (Private) Limited	Group Company Common Directorship	N/A

**35.3** The status of outstanding balances with related parties as at June 30, 2022 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.

## 36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2022	2021	2022	2021
	Rupees '000			
Managerial remuneration	11,460	11,348	145,427	134,296
Retirement benefits	-	-	7,116	8,091
Reimbursable expenses	-	-	11,065	9,203
Bonus	1,868	3,248	12,757	22,659
Lease rentals	6,885	5,103	9,126	9,490
	<u>20,213</u>	<u>19,699</u>	<u>185,491</u>	<u>183,739</u>
Number of persons	<u>1</u>	<u>1</u>	<u>36</u>	<u>36</u>

**36.1** The Chief Executive and certain Executives are also provided with Company maintained vehicles, security guards, mobile phone, hospitalisation and life insurance in accordance with Company's policy.

**36.2** In addition to above, an amount of Rs. 0.96 million (2021: Rs 0.63 million) was paid to two non-executive directors for attending Board of Directors meetings and other expenses.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 37. NUMBER OF EMPLOYEES

### 37.1 Number of employees at June 30

- Permanent
- Contractual

37.1.1 Number of employees includes 625 (2021: 648) factory employees.

### 37.2. Average number of employees during the year

- Permanent
- Contractual

37.2.1 Average number of employees includes 637 (2021: 657) factory employees.

	2022	2021
	670	686
	62	83
	732	769
	674	648
	76	113
	750	761

## 38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 38.1 Financial risk factors

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

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

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
	Rupees '000						
<b>2022</b>							
<b>FINANCIAL ASSETS</b>							
<b>At amortised cost</b>							
Deposits	-	-	-	-	120,907	120,907	120,907
Trade and other receivables	-	-	-	5,805,309	-	5,805,309	5,805,309
Loans to employees	-	-	-	14,458	-	14,458	14,458
Cash and bank balances	97,086	-	97,086	110,908	-	110,908	207,994
	97,086	-	97,086	5,930,675	120,907	6,051,582	6,148,668
<b>FINANCIAL LIABILITIES</b>							
<b>At amortised cost</b>							
Long-term finance	1,476,893	4,831,450	6,308,343	-	-	-	6,308,343
Short-term finance	15,869,364	-	15,869,364	-	-	-	15,869,364
Trade and other payables	-	-	-	7,545,446	-	7,545,446	7,545,446
Accrued mark-up	-	-	-	523,635	-	523,635	523,635
	17,346,257	4,831,450	22,177,707	8,069,081	-	8,069,081	30,246,788

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

	Interest bearing			Non-interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
							Rupees '000
<b>2021</b>							
<b>FINANCIAL ASSETS</b>							
<b>At amortised cost</b>							
Deposits	-	-	-	-	68,112	68,112	68,112
Trade and other receivables	-	-	-	2,045,504	-	2,045,504	2,045,504
Loans to employees	-	-	-	10,998	-	10,998	10,998
Cash and bank balances	81,167	-	81,167	156,893	-	156,893	238,060
	<u>81,167</u>	<u>-</u>	<u>81,167</u>	<u>2,213,395</u>	<u>68,112</u>	<u>2,281,507</u>	<u>2,362,674</u>
<b>FINANCIAL LIABILITIES</b>							
<b>At amortised cost</b>							
Long-term finance	1,531,480	6,096,715	7,628,195	-	-	-	7,628,195
Short-term finance	6,795,705	-	6,795,705	-	-	-	6,795,705
Trade and other payables	-	-	-	5,182,341	-	5,182,341	5,182,341
Accrued mark-up	-	-	-	315,174	-	315,174	315,174
	<u>8,327,185</u>	<u>6,096,715</u>	<u>14,423,900</u>	<u>5,497,515</u>	<u>-</u>	<u>5,497,515</u>	<u>19,921,415</u>

## a) Market Risk

### i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk arises from short-term finance which includes running finance facilities (note 19), cash at bank in savings accounts (note 11) and long-term finance (note 14). Long-term and short-term finances availed at variable rates expose the Company to significant cash flow interest rate risk.

At June 30, 2022, the Company has variable interest bearing net financial liabilities of Rs. 22.08 billion (2021: Rs. 14.34 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit for the year would have been lower / higher by Rs. 441.6 million (2021: Rs. 286.8 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

The year end exposure does not reflect the exposure during the year due to repayment of long term finance and short-term borrowings, the amount of interest bearing financial liabilities have decreased at year end.

### ii. Foreign exchange risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. At June 30, 2022 trade and other payables and trade and other receivables exposed to foreign currency risk amount to Rs. 6.98 billion (2021: Rs. 4.59 billion) and Rs. 3.88 million (2021: Rs. Nil) respectively. Further, as at June 30, 2022, the Company has exposure against open letters of credit of Rs. 14.01 billion (2021: Rs. 14.01 billion) denominated in foreign currencies.

As at June 30, 2022, 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. 348.94 million (2021: Rs. 229.68 million) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated 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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

The following table summarises the financial currency exposure as on June 30, 2022 and 2021 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 worse 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, 2022 - (Rupees in billion)	6.98	5.58	6.25	6.91	7.05	7.68	8.38
June 30, 2021 - (Rupees in billion)	4.59	3.67	4.13	4.54	4.64	5.05	5.51

## 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. 6.15 billion (2021: Rs 2.36 billion), the financial assets exposed to the credit risk amount to Rs. 6.01 billion (2021: Rs. 2.22 billion). The carrying values of financial assets which are neither past due nor impaired are as under:

	2022	2021
	Rupees '000	
Deposits	120,907	68,112
Trade and other receivables	5,666,824	1,907,019
Loans to employees	14,458	10,998
Bank balances	207,653	237,805
	<u>6,009,842</u>	<u>2,223,934</u>

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

	Ratings			2022	2021
	Short term	Long term	Rating Agency	Rupees '000	
Wah Packages Factory	N/A	N/A	N/A	56,589	-
K-Electric Limited	A1+	AA	PACRA	33,000	33,000
Pakistan State Oil Company Limited	A1+	AA+	JCR-VIS	1,921	1,921
Others	-	-	-	29,397	33,191
				<u>120,907</u>	<u>68,112</u>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

For trade receivables, 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 receivables relates to a number of independent customers, from whom there is no recent history of default.

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.

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

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

	Ratings			2022	2021
	Short term	Long term	Rating Agency	Rupees '000	
Allied Bank Limited	A1+	AAA	PACRA	10,574	2,405
Askari Bank Limited	A1+	AA+	PACRA	290	28,763
Bank Alfalah Limited	A1+	AA+	PACRA	4,451	53,054
Bank Al-Habib Limited	A1+	AAA	PACRA	26,270	24,116
Bank Islami Pakistan Limited	A1	A+	PACRA	5,104	10,597
Dubai Islamic Bank Limited	A1+	AA	JCR-VIS	305	756
Faysal Bank Limited	A1+	AA	PACRA	2,474	5,362
Habib Bank Limited	A1+	AAA	JCR-VIS	68,995	17,443
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	60,275
JS Bank Limited	A1+	AA-	PACRA	6	387
MCB Bank Limited	A1+	AAA	PACRA	9,945	1,654
Meezan Bank Limited	A1+	AAA	JCR-VIS	9,265	5,062
National Bank of Pakistan	A1+	AAA	PACRA	778	88
Silk Bank Limited	A2	A-	JCR-VIS	3,036	384
Sindh Bank Limited	A1	A+	JCR-VIS	24	87
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1,082	18,857
Summit Bank Limited	N/A	N/A	N/A	15,987	142
The Bank of Khyber	A1	A	PACRA	-	47
The Bank of Punjab	A1+	AA+	PACRA	45,903	380
United Bank Limited	A1+	AAA	JCR-VIS	3,164	7,946

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at the reporting date.

## c) Liquidity risk

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



# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

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 were as follows:

	2022	2021
Rupees '000		
Total borrowings	22,177,707	14,423,900
Cash and bank	(207,994)	(238,060)
Net debt	21,969,713	14,185,840
Equity	14,035,553	14,466,584
Total capital	36,005,266	28,652,424
Debt to capital ratio	0.61	0.50

## 40. MEASUREMENT OF FAIR VALUES

Management engages an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building). Involvement of external valuers is decided by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2022, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Company measures the fair value 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

Management assessed that the fair values of cash & cash equivalents, trade and other receivables, short term borrowings, trade and other payables, accrued mark-up and contract liabilities approximate their carrying amounts largely due to short-term maturities of these instruments. For long term deposit and long term financing, management considers that their carrying values approximate fair value owing to credit standing of counterparties and interest payable on borrowings are market rates.

The analysis within the fair value hierarchy of the Company's non-financial assets (by class) measured at fair value at June 30, 2022 are as follows:

Non- financial assets	2022			
	Level 1	Level 2	Level 3	Total
	Rupees '000			
Land and building - at fair value	-	3,213,568	-	3,213,568
	2021			
	Level 1	Level 2	Level 3	Total
	Rupees '000			
Land and building - at fair value	-	3,390,207	-	3,390,207

## 41. CAPACITY AND PRODUCTION - in metric tonnes

	Total capacity	Capacity at year end	Production	Capacity utilization
	2022			
Rolling	700,000	480,000	306,527	43.8%
Galvanization	250,000	250,000	165,482	66.2%
	2021			
Rolling	700,000	480,000	365,275	52.2%
Galvanization	250,000	250,000	169,478	67.8%

41.1 Lower capacity utilisation during the year is due to lower demand of Company's products.

## 42. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company in their meeting held on September 27, 2022 have proposed a final cash dividend of Rs. Nil per share (2021: Rs. 2 per share) for the year ended June 30, 2022 which shall be approved by the members of the Company in the Annual General Meeting to be held on October 28, 2022.

Further, the Board of Directors of the Company in the above-mentioned meeting also proposed cumulative dividend on Cumulative Preference Shares ASLPS and ASLCPS amounting to Rs. 52.2 million and Rs. 0.2 million respectively.

These financial statements do not include the effects of the proposed dividends which will be accounted for in the financial statements for the year ending June 30, 2023.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2022

## 43. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged, wherever necessary for better presentation. Following major reclassification has been made during the year:

	2022
	Rupees '000
- Reclassified stores, spares and consumables to raw material consumed	1,026,549

## 44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on September 27, 2022.



Chief Financial Officer



Chief Executive



Director



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# OTHER INFORMATION





“Someone is sitting in the shade today because someone planted a tree a long time ago.”

– Warren Buffett

# Shareholders' Information

## Aisha Steel Mills Limited

### Registered Office

Arif Habib Centre, 23 – M. T. Khan Road,  
Karachi – Pakistan – 74000  
Tel: (+92 21) 32468317  
Fax No: (021)34740151  
Email: info@aishasteel.com  
Website: www.aishasteel.com

### Share Registrar Office

CDC Share Registrar Services Limited  
CDC House, 99-B, Block B, SMCHS,  
Main Shahrāh-e-Faisal, Karachi - 74400  
Phone: 0800 – 23275  
Fax: (+92 21) 34326053  
Email: info@cdcsrsl.com  
Website: www.cdcsrsl.com

### Listing on Stock Exchanges

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

### Stock Code

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

### Investor Service Centre

ASML share department is operated by CDC Share Registrar Services Limited. 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 ASML Registered Office. For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

### Contact Persons

Mr. Manzoor Raza Tel: (021) 32467456  
Email: manzoor.raza@aishasteel.com

Mr. Mohsin Rajab Ali  
Tel: (92-21) 32416774  
Email: mohsin\_rajabali@cdcsrsl.com

### Statutory Compliance

During the year the Company has complied with all applicable provisions, filled all returns / forms and furnished all the relevant information as required under the Companies Act, 2017 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

Share transfer books of the Company will remain closed from October 22, 2022 to October 28, 2022 (both days inclusive). Transfers received in order at the office of our registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrāh-e-Faisal, Karachi, by the close of business on Friday, October 21, 2022 will be treated 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 and Voting Rights

Pursuant to Section 132 of the Companies Act, 2017 ASML holds an Annual General Meeting of shareholders at least once a year. Every shareholder has a right to attend the Annual General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and also be published in at least one English and one Urdu newspaper having Nationwide circulation.

### 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 in the 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 the 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, 2022 along with categories of shareholders may be viewed at Annexure III to the Directors Report.

# Notice of Eighteenth Annual General Meeting

Notice is hereby given that the Eighteenth Annual General Meeting of the Shareholders of Aisha Steel Mills Limited (“the Company”) will be held on Friday, October 28, 2022 at 10:30 a.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi to transact the following business:

## Ordinary Business

1. To confirm minutes of Seventeenth Annual General Meeting held on October 28, 2021.
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, 2022.
3. To consider and approve preferential dividend for the year ended June 30, 2022 on Cumulative Preference Shares ASLPS and ASLCPS, amounting to Rs. 52 million and Rs. 0.2 million respectively, as recommended by the Board of Directors in line with the terms and conditions of respective Preference Shares, to be distributed as follows:
  - (i) 1 (One) Ordinary Share (ASL) of the Company having face value of Rs. 10/-per share shall be distributed as preferential dividend against every Rs.10/- of the dividend accrued / payable on ASLPS for the year ended June 30, 2022 to ASLPS shareholders entitled for dividend as on the book closure date OR those ASLPS shareholders who have successfully exercised the conversion option before the book closure date.
  - (ii) 2.285 Ordinary Shares (ASL) of the Company having face value of Rs. 10/-per share shall be distributed as preferential dividend against every Rs.10/- of the dividend accrued / payable on ASLCPS for the year ended June 30, 2022 OR for a period during the year ended June 30, 2022 upto the date of conversion of Cumulative Preference shares (ASLCPS) into Ordinary Shares (ASL) (whichever is earlier), to those ASLCPS shareholders who have successfully exercised the conversion option before the book closure date.
  - (iii) Cash dividend for the year ended June 30, 2022 shall be paid as preferential dividend to those preference shareholders (ASLCPS) who have not converted the preference shares (ASLCPS) into Ordinary Shares (ASL) upto the book closure date.
4. To appoint the Auditors for the year ending June 30, 2023 and fix their remuneration. The Board of Directors has recommended for reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants as external auditors.

## Special Business

5. In order to give effect to Agenda Nos. 3(i) and 3(ii) above, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

**“Resolved that,** depending upon the number of ASLCPS preference shares applied for conversion into ordinary shares (ASL) upto the date of book closure, approximately upto 5.3 million ordinary shares of Rs.10/- each shall be issued / allotted in lieu of ASLPS and ASLCPS preferential dividends by capitalizing a sum of approximately upto Rs. 52.3 million out of Company’s Profit / Reserves available for appropriation, whereas a sum of approximately upto Rs. 0.2 million may be recorded as ‘Difference on conversion of preferential dividend.”

**“Further resolved that,** the ordinary shares to be allotted in lieu of preferential dividend shall rank pari passu with the existing ordinary shares of the Company in all respects.”

**“Further resolved that,** the residual nominal value of preferential dividend after allotment of ordinary shares in whole numbers to respective shareholder shall be donated to a charitable institution.”

**“Further resolved that,** the Chairman, Chief Executive, Chief Financial Officer and the Company Secretary be and are hereby singly authorized and empowered to give effect to the foregoing resolutions and in this regard to do or cause to be done all acts, deeds and things that may be necessary or required.”

6. To authorize the Board of Directors of the Company to approve those transactions with related parties (if executed) during the financial year ending June 30, 2023 which require approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, by passing the following special resolutions with or without modification:

**“Resolved that,** the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending June 30, 2023.”

**“Further resolved that,** the transactions approved by the Board shall be deemed to have been approved by the shareholders u/s 207 and / or 208 of the Companies Act, 2017 (if triggered) and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification / approval u/s 207 and / or 208 of the Companies Act, 2017 (if required).”

#### **Any Other Business**

7. To consider any other business with the permission of the Chair.

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

Karachi: October 7, 2022

By order of the Board  
**Manzoor Raza**  
Company Secretary

#### **Notes:**

1. Share transfer books of the Company will remain closed from October 22, 2022 to October 28, 2022 (both days inclusive). Transfers received in order at the office of our registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrāh-e-Faisal, Karachi [ (ASML’s Share Registrar (CDCSRSL) ], by the close of business on Friday, October 21, 2022 will be treated in time for the determination of entitlement of respective preferential shareholders to preferential dividends and for all 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 ASML’s Share Registrar (CDCSRSL) 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 ASML’s Share Registrar (CDCSRSL).

## 5. Online Participation in the Annual General Meeting

In the wake of prevailing situation due to pandemic, SECP has instructed listed companies to modify their usual planning for General Meetings for the safety and wellbeing of the shareholders and public at large. Accordingly, in order to maximize the member's participation, the Company is convening this AGM via video link in addition to holding physical meeting with shareholders.

The Company has made arrangements to ensure that all participants, including shareholders, can also participate in the AGM proceedings via video link. Accordingly, those members who desire online participation in the AGM are requested to register themselves by sending an email along with following particulars and valid copy of both sides of their CNIC at corporate.affairs@aishasteel.com with subject of 'Registration for ASML AGM 2022' not less than 48 hours before the time of the meeting:

Name of Shareholder	CNIC No.	Folio No. CDC Account No.	Cell No.	Email Address

Video Link to join the AGM will be shared with only those Members whose emails, containing all the required and correct particulars, are received at corporate.affairs@aishasteel.com. The Shareholders can also provide their comments and questions for the agenda items of the AGM on this email address and WhatsApp Number 0311-2706624.

## 6. Provision of 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. It may be noted that no person other than the member or proxy holder can attend the meeting through video link facility.

## 7. E-Voting

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 – 145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

## 8. Notice to Shareholders for provision of CNIC and other details

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 ASML's Share Registrar (CDCSRSL). The Corporate Entities are requested to provide their National Tax Number (NTN). Please provide Folio Number with the copy of CNIC / NTN details.

## 9. CNIC/Passport#/NTN/Exemption/Zakat Declaration

Shareholders are advised to ensure that they have provided their Passport#/NTN/CNIC/Tax exemption certificates (for tax exemption, where applicable) and valid Zakat Declaration (for Zakat Exemption) to their respective Participant/CDC Investor Account Services/ ASML's Share Registrar (CDCSRSL).

## 10. Payment of Cash Dividend through Electronic Mode (Mandatory):

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.

In order to receive cash dividends (if any) directly into their bank account, shareholders are requested to provide their IBAN by filling the Electronic Mode Dividend Form available at Company's website containing prescribed details and send it duly signed along with a copy of CNIC to ASML's Share Registrar (CDCSRSL), in case of physical shares. In case of book-entry securities, respective shareholders must get their respective records including IBAN updated as per the Electronic Mode Dividend Form with their Broker / Participant/ CDC account services.

In the absence of a members' valid bank account details and / or IBAN, the Company will be constrained to withhold the payment of dividend (if any) to such members in accordance with the requirements of the Companies (Distribution of Dividends) Regulations, 2017 read with Section 243(2)(a) of the Companies Act, 2017, till provision of prescribed details.

## 11. Withholding Tax on Dividend

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- For Filers [persons whose names are appearing in Active Taxpayers List (ATL)] : 15%
- For Non-filers [persons whose names are not appearing in ATL] : 30%

Shareholders are advised to make sure that their names (and/or the name of their joint holders) are appearing in latest ATL provided on the website of FBR, otherwise they (and/or joint holders) shall be treated as non-filers and tax on their cash dividend income (if any) will be deducted at the rate of 30% instead of 15%.

## 12. Withholding Tax on Dividend in Case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding proportion in case of Joint account, all shareholders who hold shares with Joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to ASML's Share Registrar (CDCSRSL), in writing, as follows:

Folio / CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding Proportion (%)	Name and CNIC #	Shareholding Proportion (%)

NOTE: In the event of non-receipt of the information by 21<sup>st</sup> October 2022, each ASLCPS shareholder entitled to cash dividend will be assumed to have equal proportion of shareholding with respective jointholder(s) and the tax will be deducted accordingly.

## 13. Distribution of Annual Report

The audited financial statements of the Company for the year ended June 30, 2022 (Annual Report) 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 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/>).

## 14. Deposit of Physical Shares in CDC Accounts

As per section 72 of the Companies Act, 2017 every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017, i.e 30<sup>th</sup> May 2017. The shareholders having physical shareholding are once again requested to open CDC sub-account with any of the brokers or investors account directly with CDC to place their physical shares into scrip less form. Conversion of physical shares into scrip less form will facilitate the shareholders in many ways, including safe custody, efficient trading and convenience in other corporate actions. ASML's Share Registrar (CDCSRSL) is available to facilitate the shareholders regarding conversion procedure.

## 15. Provision of Information by shareholders

To comply with various statutory requirements, and to avoid any non-compliance of law or any inconvenience in future, all shareholders are hereby advised to coordinate / update their records with their respective Participant / CDC Investor Account Services / ASML's Share Registrar (CDCSRSL) in connection with following :

- Provision of mandatory registration details in terms of Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018
- Provision of details of previous unclaimed dividend, if any.

### Statements under Section 134(3) of the Companies Act, 2017

#### Agenda # 5

This statement sets out the material facts concerning the Special Business given in Agenda item No. 5 of the Notice to be transacted at the Annual General Meeting of the Company.

Share capital of Aisha Steel Mills Limited comprises of Ordinary and Preference Shares. Security symbol of Ordinary shares is "ASL", whereas respective security symbols of two separate Convertible Cumulative Preference shares issued by the Company are "ASLPS" and "ASLCPS". All the three securities are listed at Pakistan Stock Exchange.

The rate of dividends on both the Convertible Cumulative Preference shares, ASLPS and ASLCPS, are 3% above six months KIBOR (reset every six months). Entitlement of dividend ceases upon exercise by shareholder of conversion option of ASLPS / ASLCPS into Ordinary Shares (ASL). However, total accumulated dividend upto the date of conversion is payable by the Company to that Preference Shareholder who has successfully applied for conversion of ASLPS / ASLCPS in Ordinary shares (ASL), in his name.

Based on the terms and conditions, preferential dividend on ASLPS for the year ended June 30, 2022 can only be paid in the form of issuance of Ordinary shares (ASL) to respective shareholders i.e. those shareholders who hold the shares (ASLPS) as on the book closure date for entitlement of dividend, or those shareholders who have successfully exercised the conversion option between July 1, 2021 and the upcoming book closure date for the purpose of entitlement of dividend.

Based on the terms and conditions of the ASLCPS, for the shareholders who have not applied for the option of conversion of preference shares into ordinary share between July 1, 2021 and the start of upcoming book closure date for the purpose of entitlement of dividend, respective preferential dividend shall be payable in Cash. For the shareholders who have exercised the conversion option before the entitlement date, preferential dividend shall be paid in the form of Ordinary shares (ASL). Accordingly, in line with the terms and conditions, 2.285 Ordinary share (ASL) shall be issued as preferential dividend against every Rs.10/- of the dividend accrued / payable for respective holding period during the year, in case the dividend is payable in the form of Ordinary Shares.

Preferential dividend is payable before any dividend is paid to the ordinary shareholders. Considering the adequacy of profits for the year ended June 30, 2022, the Board of Directors proposed preferential dividend for the year on Cumulative Preference Shares ASLPS and ASLCPS amounting to Rs.52 million and Rs.0.2 million respectively, in accordance with respective preferential rates of dividend.

In line with the terms and conditions, and depending upon the number of ASLCPS preference shares are applied for conversion into ordinary shares (ASL) upto the date of book closure, approximately upto 5.3 million ordinary shares of Rs.10/- each shall be issued / allotted in lieu of ASLPS and ASLCPS preferential dividend by capitalizing a sum of approximately upto Rs. 52.3 million out of Company's Profit / Reserves available for appropriation, whereas a sum of approximately upto Rs. 0.2 million shall be recorded as 'Difference on conversion of preferential dividend'. Above amounts are a near approximate and are calculated as follows:

	(1) Description	(2) Nature (in Million)	(3) Value (in Million)	
			*	**
A	Preferential Dividend on ASLPS for the year ended June 30, 2022	Amount	52.2	52.2
B	Preferential Dividend on ASLCPS for the year ended June 30, 2022	Amount	0.2	0.2
C	Total preferential dividend payable	Amount (A3 + B3)	52.3	52.3
D	Preferential Dividend on ASLCPS for the year ended June 30, 2022 payable in cash to shareholders as on book closure date	Amount (Included in B3)	0.2	-
E	Amount to be capitalized against issuance of shares out of Company's Profit / Reserves available for appropriation	Amount (C3 - D3)	52.2	52.3
F	Ordinary Shares (ASL) to be issued against every Rs.10/- of ASLPS preferential dividend accrued	Number of shares (A3 x 1 / 10)	5.2	5.2
G	Ordinary Shares (ASL) to be issued against every Rs.10/- of ASLCPS preferential dividend accrued on ASLCPS shares already converted	Number of shares ((B3 - D3) x 2.285 / 10) (Rounded)	0.0005	0.0375
H	Approximate number of shares to be issued in lieu of ASLPS and ASLCPS preferential dividend	Number of shares (F3 + G3) (Rounded)	5.2	5.3
I	Additional paid-up capital (Ordinary Shares - ASL) in lieu of preferential dividends @ Rs.10/- per share	Amount (H3 x 10)	52.2	52.5
J	'Difference on conversion of preferential dividend' to be recorded in 'Share capital and reserves' in subsequent relevant 'Statement of Financial Position'	Amount I3 - (C3 - D3)	0.0028	0.2107

\* Approximate values in this column are arrived at based on the assumption that no ASLCPS shareholder converts its shareholding between June 30, 2022 and October 22, 2022 (book closure start date), thereby all outstanding ASLCPS shareholders will be entitled for preferential dividend in the form of cash in line with respective terms and conditions.

\*\* Approximate value of this column are arrived at based on the assumption that all ASLCPS shareholders have converted their shareholding by October 22, 2022 (book closure start date), thereby all the respective shareholders will be entitled for preferential dividend in the form of ordinary shares in line with respective terms and conditions.

\*\*\* Values mentioned under \* and \*\* in above chart are subject to variation in between, depending upon the quantum of conversions of ASLCPS shares into ASL shares between June 30, 2022 and October 22,2022 (book closure start date).

Note : Donation shall be paid against residual nominal value of preferential dividend after allotment of ordinary shares to respective preference shareholders .

## Agenda # 6

This statement sets out the material facts concerning the Special Business given in Agenda item No. 6 of the Notice to be transacted at the Annual General Meeting of the Company. Directors of the Company have no interest in the special business except in their capacity as director / shareholder.

Authorization for the Board of Directors to approve those transactions with related parties (if executed) during the financial year ending June 30, 2023 which require approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017.

The Company shall be conducting transactions with its related parties during the year ending June 30, 2023 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. Being the directors of multiple companies, many Directors may be deemed to be treated as interested in transactions with related parties due to their common directorships and/or shareholding. In order to promote good corporate governance and transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis, including transactions (if executed) triggering approval of shareholders u/s 207 and / or 208 of the Companies Act, 2017, for the year ending June 30, 2023, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification. The Directors are interested in the resolution only to the extent of their shareholding and / or common directorships in such related parties.

# BCR Criteria Index

SR.No	Criteria	Reference
1	<b>ORGANIZATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT</b>	
1.01	Principal business activities and markets local and international including key brands, products and services.	Pg#9
1.02	Geographical location and address of all business units including sales units and plants	Pg#10
1.03	Mission, vision, code of conduct, culture, ethics and values.	Pg#5, 18-19
1.04	Ownership, operating structure and relationship with group companies (i.e. subsidiary, associated undertaking etc.) and number of countries in which the organization operates. Also name and country of origin of the holding company/subsidiary company, if such companies are a foreign company.	Pg#74, 79
1.05	Organization chart indicating functional and administrative reporting, presented with legends.	Pg#20-21
1.06	Identification of the key elements of the business model of the company through simple diagram supported by a clear explanation of the relevance of those elements to the organization. (The key elements of business model are Inputs, Business activities, Outputs and Outcomes).	Pg#16-17
1.07	Key quantitative information (Number of persons employed as on the date of financial statements and average number of employees during the year, separately disclosing factory employees).	Pg#197
1.08	Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain. (This disclosure shall be provided by the companies in service and non-service sector organizations through graphical presentation).	Pg#24
1.09	Significant factors effecting the external environment and the associated organization's response (external environment includes commercial, political, economic, social, technological, environmental and legal environment). Also describe the effect of seasonality on business in terms of production and sales.	Pg#104-105, 15
1.10	Significant changes from prior years (regarding the information disclosed in this section).	Pg#14
1.11	Composition of local versus imported material and sensitivity analysis in narrative form due to foreign currency fluctuations.	Pg#15, 198
1.12	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, relative strengths and weaknesses of competitors and customer demand and the intensity of competitive rivalry).	Pg#80-81
2	<b>STRATEGY AND RESOURCE ALLOCATION</b>	
2.01	Short, medium and long term strategic objectives.	Pg#93-96
2.02	Strategies in place or intended to be implemented to achieve those strategic objectives	Pg#93-96
2.03	Resource allocation plans to implement the strategy and financial capital structure. (Resource mean CAPITALS including financial capital (e.g. liquidity, cash flows, financing arrangements); human capital, manufactured capital (e.g. building, equipment, infrastructure); intellectual capital (e.g. patents, copyrights, software, licenses, knowledge, system, procedures); social and relationship capital and natural capital).	Pg#93-96
2.04	The effect of technological change, societal issues such as (population and demographic changes, human rights, health, poverty, collective values and educational systems), environmental challenges, such as climate change, the loss of ecosystems, and resource shortages, on the company strategy and resource allocation.	-
2.05	Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues.	Pg#97
2.06	Key performance indicators (KPIs) to measure the achievement against strategic objectives including statement as to whether the indicators used will continue to be relevant in the future.	Pg#93-96
2.07	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and meet operational losses.	Pg#99
2.08	Significant plans and decisions such as corporate restructuring, business expansion and discontinuance of operations etc.	Pg#75
2.09	Significant changes in objectives and strategies from prior years	Pg#75
3	<b>RISKS AND OPPORTUNITIES</b>	
3.01	Key risks and opportunities effecting availability, quality and affordability of CAPITALS in the short, medium and long term.	Pg#97 - 102
3.02	Description of the Risk Management Framework including risk management methodology.	Pg#48-50, 15,197
3.03	Sources of risks and opportunities (internal and external).	Pg#97 - 102
3.04	The initiatives taken by the company in promoting and enabling innovation.	-
3.05	Assessment of the 'likelihood' that the risk or opportunity will come to fruition and the 'magnitude' of its effect if it does.	Pg#97 - 102

SR.No	Criteria	Reference
3.06	Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs.	Pg#97 - 102
3.07	Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.	Pg#48-50, 15, 197
3.08	A statement from the board of directors that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity.	Pg#97 - 102
3.09	Inadequacy in the capital structure and plans to address such inadequacy.	Pg#73 - 102
4	<b>GOVERNANCE</b>	
4.01	Board composition:	
a)	Leadership structure of those charged with governance.	Pg#37-45
b)	Name of independent directors indicating justification for their independence.	Pg#37-45
c)	Profile of each director including education, experience and involvement /engagement of in other entities as CEO, Director, CFO or Trustee etc.	Pg#37-45
4.02	Review Report by the Chairman of the company on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives.	Pg#62-63
4.03	A statement of how the board operates, including a high-level statement of which types of decisions are to be taken by the board and which are to be delegated to management.	Pg#75
4.04	Shariah Advisor Report and Profile of the Shariah Advisor / Members' of the Shariah Board.	N/A
4.05	Annual evaluation of performance, along with description of criteria used for the members of the board and its committees, CEO and the Chairman.	Pg#61
4.06	Disclosure if the board's performance evaluation is carried out by an external consultant once in three years.	N/A
4.07	Details of formal orientation courses for directors.	Pg#76-77
4.08	Directors' Training Program (DTP) attended by directors, female executive and head of department from the institutes approved by the SECP and names of those who availed exemptions during the year.	Pg#76-77
4.09	Description of external oversight of various functions like systems audit / internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.	N/A
4.10		
a)	Policy for remuneration to non-executive directors including independent directors.	Pg#30
b)	Policy of retention of board fee by the executive director earned by him against his services as non-executive director in other companies.	
4.11	Policy for security clearance of foreign directors.	Pg#31
4.12	How the organization's implemented governance practices exceeding legal requirements.	
4.13	Board's policy on diversity (including gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.	Pg#23
4.14	No. of companies in which the executive director of the reporting organization is serving as non-executive director.	-
4.15		
a)	Names of related parties in Pakistan and outside Pakistan, with whom the company had entered into transactions or had agreements and / or arrangements in place during the financial year, along with the basis of relationship describing common directorship and percentage of shareholding.	Pg#194-196
b)	Contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis, if any along with the justification for entering into such contract or arrangement.	Pg#194-196
c)	Approved policy for related party transactions including policy for disclosure of interest by directors in this regard.	Pg#31
4.16	Details of board meetings held outside Pakistan during the year.	Pg#75
4.17	Disclosure of policy for actual and perceived conflicts of interest relating to members of the board of directors and a disclosure that how such a conflict is managed and monitored.	-
4.18	Investors' grievance policy.	Pg#30
4.19	Policy for safety records of the company.	Pg#29-30
4.20	Disclosure of IT Governance Policy.	Pg#27
4.21	Disclosure of Whistle blowing policy established to receive, handle complains in a fair and transparent manner and providing protection to the complainant against victimization, and disclosure of the number of such incidences reported to the Audit Committee during the year.	Pg#27
4.22	Human resource management policies including preparation of a succession plan.	Pg#28-29
4.23	Social and environmental responsibility policy.	Pg#29
4.24	Review by the board of the organization's business continuity plan or disaster recovery plan.	Pg#31
4.25	Disclosure of beneficial (including indirect) ownership and flow chart of group shareholding and relationship as holding company, subsidiary company or associated undertaking.	Pg#79

SR.No	Criteria	Reference
4.26	Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).	Pg#143-144
4.27	A brief description about role of the Chairman and the CEO.	Pg#75-76
4.28	Shares held by Sponsors / Directors / Executives.	Pg#57-60
4.29	Salient features of TOR and attendance in meetings of the board committees (Audit, Human Resource, Nomination and Risk management).	Pg#55-56
4.30	Timely Communication Date of authorization of financial statements by the board of directors: within 40 days ---6 marks within 60 days ---3 marks (Entities requiring approval from a Regulator before finalization of their Financial Statements would be provided a 20 days relaxation, on providing evidence to the Committee).	-
4.31	Audit Committee Report should describe the work of the committee in discharging its responsibilities. The report should include:	
a)	Composition of the committee with at least one member qualified as "financially literate and all members are non-executive / Independent directors including the Chairman of the Audit Committee.	Pg#145-147
b)	Role of the committee in discharging its responsibilities for the significant issues in relation to the financial statements, and how these issues were addressed with details where particular attention was paid in this regard.	Pg#145-147
c)	Committee's overall approach to risk management and internal control, and its processes, outcomes and disclosure.	Pg#145-147
d)	Role of Internal Audit to risk management and internal control, and approach to Internal Audit to have direct access to Audit Committee and evaluation of Internal Auditor's performance.	Pg#145-147
e)	Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures.	Pg#145-147
f)	An explanation as to how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, and information on the length of tenure of the current statutory auditor; and if the external auditor provides non-audit services, an explanation as to how auditor's objectivity and independence is safeguarded.	Pg#145-147
g)	If Audit Committee recommends external auditors other than the retiring external auditors, before the lapse of three consecutive years, reasons shall be reported.	Pg#145-147
h)	The Audit Committee's views whether the Annual Report was fair, balanced and understandable and also whether it provided the necessary information for shareholders to assess the company's position and performance, business model and strategy.	Pg#145-147
i)	Results of the self-evaluation of the Audit Committee carried out of its own performance.	Pg#145-147
4.32	Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities and matters within the scope of the Audit Committee's responsibilities.	Pg#77
4.33	Where an external search consultancy has been used in the appointment of the Chairman or a non-executive director, it should be disclosed if it has any other connection with the company.	N/A
4.34	Chairman's significant commitments and any changes thereto.	Pg#37
4.35	Disclosure about the Government of Pakistan policies related to company's business/sector in Directors' Report and their impact on the company business and performance.	Pg#46-54
4.36	Pandemic Recovery Plan by the management and policy statement.	Pg#78
5	<b>PERFORMANCE AND POSITION</b>	
5.01	Analysis of the financial and non-financial performance using both qualitative and quantitative indicators showing linkage between:	Pg#108 - 110
a)	Past and current performance; and	Pg#111
b)	Performance against targets /budget	Pg#112
c)	Objectives to assess stewardship of management.	-
5.02	<b>Analysis of financial statements:</b>	
a)	Financial Ratios Refer Annexure I	Refer Annexure I
b)	DuPont Analysis	Pg#122 - 123
c)	Free Cash Flow	Pg#117
d)	Economic Value Added (EVA)	Pg#115
5.03	Combined analysis both vertical and horizontal of the Balance Sheet and Profit and Loss Account for last 6 years.	Pg#124 - 125
5.04	Summary of Cash Flow Statement for last 6 years.	Pg#126
5.05	Graphical presentation of the Balance Sheet, Profit & Loss Account and analysis in 5.02, 5.03 and 5.04 above.	Pg#132 - 134

SR.No	Criteria	Reference
5.06	Explanation of negative change in the performance against prior year including analysis of variation in results reported in interim reports with the final accounts, including comments on the results disclosed as per 5.02, 5.03 and 5.04 above.	Pg#128 - 129
5.07	Information about defaults in payment of any debts and reasons thereof period.	Pg#173
5.08	Methods and assumptions used in compiling the indicators.	Pg#113
5.09	Cash Flow Statement based on Direct Method (separate Cash Flow for specific funds e.g. Zakat).	Pg#135
5.10	Segmental review of business performance.	Pg#112
5.11	Share price sensitivity analysis using key variables (i.e. selling price, raw material cost, interest rate and currency) with the consequent impact on the company's earning.	Pg#136 - 138
5.12	History of major events during the year.	Pg#26
5.13	Business rationale of major capital expenditure /projects during the year and for those planned for next year.	Pg#77
5.14	<b>Brief description and reasons;</b>	
a)	For not declaring dividend despite earning profits and future prospects of dividend.	Pg#47
b)	Where any payment on account of taxes, duties, levies etc. is overdue or outstanding.	Pg#51
5.15	CEO presentation video on the organization's website explaining the business overview, performance, strategy and outlook. (Please provide reference / web link on company's annual report).	Page# 64-65
6	<b>OUTLOOK</b>	
6.01	Forward looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the entity's resources, revenues and operations in the short, medium and long term. Also explaining the external environment including political, economic, social, technological, environmental and legal environment that is likely to be faced in the short, medium and long term and how it will affect the organization in terms of its business performance, strategic objectives and availability, quality and affordability of capitals.	Page# 66 - 67
6.02	Explanation as to how the performance of the entity meets the forward looking disclosures made in the previous year.	Page# 67
6.03	Status of the projects in progress and were disclosed in the forward looking statement in the previous year.	Page# 67
6.04	Sources of information and assumptions used for projections / forecasts in the forward looking statement and assistance taken by any external consultant.	Page# 66
6.05	How the organization is currently equipped in responding to the critical challenges and uncertainties that are likely to arise.	Page# 67
7	<b>STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT</b>	
7.01	How the company has identified its stakeholders.	Page# 84
7.02	Stakeholders' engagement process and the frequency of such engagements during the year. Explanation on how these relationships are likely to affect the performance and value of the entity, and how those relationships are managed. These engagements may be with:	Page# 84-86
a)	Institutional investors;	Pg#86
b)	Customers & suppliers;	Page# 85
c)	Banks and other lenders;	Page# 85
d)	Media;	Pg#84-86
e)	Regulators;	Page# 86
f)	Local committees and	Pg#84-86
g)	Analysts.	Pg#84-86
7.03	Steps taken by the management to encourage the minority shareholders to attend the general meetings.	Page# 85
7.04	Investors' Relations section on the corporate website.	Page# 84
7.05	Issues raised in the last AGM, decisions taken and their implementation status.	Page# 84
7.06	Statement of value added and its distribution with graphical presentation:	Page# 139
a)	Employees as remuneration	Page# 139
b)	Government as taxes (separately direct and indirect)	Page# 139
c)	Shareholders as dividends	Page# 139
d)	Providers of financial capital as financial charges	Page# 139
e)	Society as donation; and	Page# 139
f)	Retained within the business	Page# 139
7.07	Stakeholders engagement policy and steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions and disclosure of brief summary of Analyst briefing conducted during the year.	Page# 30, 84-87
7.08	Highlights about redressal of investors' complaints.	Page# 31, 84

SR.No	Criteria	Reference
8	<b>SPECIFIC DISCLOSURES OF THE FINANCIAL STATEMENTS</b>	
8.01	For Specific Disclosures of the Financial Statements please refer Annexure 'II'.	Refer Annexure 'II'
8.02	<b>Industry specific additional disclosures (if applicable):</b>	
a	Insurance Company - Annexure 'III'	N/A
b	Banking Company - Annexure 'IV'	N/A
c	Shariah compliant companies/ companies listed on the Islamic Indices - Annexure 'V'	N/A
9	<b>SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY</b>	
9.01	Highlights of the entity's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and corporate social responsibility (including environment related obligation applicable on the company and initiatives taken to fulfil during the year and company's responsibility towards the staff, their health & safety).	Page#46-51
9.02	Certifications acquired and international standards adopted for best sustainability and CSR practices.	-
10	<b>BUSINESS MODEL</b>	
10.01	Describe the business model including inputs, business activities, outputs and outcomes in accordance with the guidance as set out under section 4C of the International Integrated Reporting Framework .	Page# 16-17
11	<b>STRIVING FOR EXCELLENCE IN CORPORATE REPORTING</b>	
11.01	Statement by management of unreserved compliance of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).	Page# 77-78, 156
11.02	Adoption of International Integrated Reporting Framework by fully applying the 'Fundamental Concepts' and 'Guiding Principles' of into their corporate reporting in addition to the 'Content Elements' (disclosures) of , as covered in this criteria.	Page# 78
11.03	Disclosures beyond BCR criteria (Note: The participating organization to send the list of additional disclosures to BCR Committee).	Page# 152-204
12	<b>ASSESSMENT BASED ON QUALITATIVE FACTORS</b>	
12.01	Please refer Annexure 'VI'	Pg#5-209
13	<b>Others</b>	
13.01	BCR criteria cross referred with page numbers of the annual report.	Pg#215-219
13.02	Brief about contents, scope and boundaries of the annual report.	
13.03	SWOT analysis.	Pg#104-105
	<b>ANNEXURE I - FINANCIAL RATIOS</b>	
	<b>Profitability Ratios</b>	
a)	Gross Profit Ratio	Page# 116
b)	Net Profit to sales ratio	Page# 116
c)	EBITDA Margin to Sales ratio	Page# 116
d)	Operating Leverage Ratio	Page# 116
e)	Return on Equity	Page# 116
f)	Return on Capital Employed	Page# 116
g)	Shareholders' Funds	Page# 116
h)	Return on Shareholders' Funds	Page# 116
	<b>Liquidity Ratios</b>	
a)	Current ratio	Page# 117
b)	Quick / Acid test ratio	Page# 117
c)	Cash to Current Liabilities	Page# 117
d)	Cash flow from operations to Sales	Page# 117
	<b>Investment / Market Ratio</b>	
a)	Earnings per share (EPS) and Diluted EPS	Page# 117
b)	Price Earnings Ratio	Page# 117
c)	Price to Book value ratio	Page# 117
d)	Dividend Yield Ratio	Page# 117
e)	Dividend Payout / Dividend Cover Ratio	Page# 117
f)	Cash Dividend per Share / Stock Dividend per share	Page# 117
g)	Market value per share at the year end and high / low during the year	Page# 117

SR.No	Criteria	Reference
h)	Breakup value per share:	Page# 117
	i) without surplus on revaluation of Property, plant and equipment	Page# 117
	ii) with surplus on revaluation of Property, plant and equipment including effect of all investments	Page# 117
	iii) including investment in related party at fair / market value and also with surplus on revaluation of Property, plant and equipment.	-
	<b>Capital Structure</b>	
a)	Financial Leverage Ratio	Page# 119
b)	Weighted average cost of debt	Page# 119
c)	Debt to Equity ratio (as per book and as per market value)	Page# 119
d)	Interest Cover / Time Interest Earned Ratio	Page# 119
	<b>Activity / Turnover Ratio</b>	
a)	Total Assets Turnover Ratio	Page# 120
b)	Fixed Assets Turnover Ratio	Page# 120
c)	No. of Days in Inventory	Page# 120
d)	No. of Days in Receivables	Page# 120
e)	No. of Days in Payables	Page# 120
f)	Operating Cycle	Page# 120
	<b>Employee Productivity Ratios</b>	
a)	Production per Employee	Page# 121
b)	Revenue per Employee	Page# 121
c)	Staff turnover ratio	-
	<b>Non-Financial Ratios</b>	
a)	% of Plant Availability	-
b)	Customer Satisfaction Index	-
	<b>Others</b>	
a)	Spares Inventory as % of Assets Cost	Page# 121
b)	Maintenance Cost as % of Operating Expenses	Page# 121
	<b>ANNEXURE II - SPECIFIC DISCLOSURES</b>	
1	Fair value of Property, Plant and Equipment.	Pg#177
2	Segment analysis of gross income and profit before tax.	Pg#194
3	Reconciliation of weighted average number of shares for calculating EPS and diluted EPS.	Pg#192
4	Particulars of significant / material assets and immovable property including location and area of land.	Pg#167
5	Disclosure of product wise data mentioning, product revenue, profit etc.	
6	Disclosure of discounts on revenue.	Pg#188
7	Sector wise analysis of deposits and advances.	Pg#169
8	Complete set of financial statements (Balance sheet, Income statement & Cash flow) for Islamic banking operations.	N/A
9	Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP.	Pg#156
10	Summary of significant transactions and events that have affected the company's financial position and performance during the year.	-
11	Forced sale value in case of revaluation of Property, Plant and Equipment or investment property.	Pg#166
12	Distribution of shareholders (Number of shares as well as category wise, e.g. Promoter, Directors/Executives or close family member of Directors/Executives etc.).	Pg#57-60
13	Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up in the company in pattern of shareholding.	Pg#57-60
14	Particulars where the company has given loans or advances or has made investments in foreign companies or undertaking.	N/A
15	Accounts receivables in respect of export sales - name of the company or undertaking in case of related party and in case of default brief description of any legal action taken against the defaulting parties.	Pg#171
16	Treasury shares in respect of issued share capital of the company.	N/A
17	In describing legal proceedings, under any court, agency or government authority, whether local or foreign, include the name of court, agency or authority in which the legal proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis of the proceeding and relief sought.	Pg#186-188
18	Management assessment of the sufficiency of the tax provision made in the company's financial statements shall be stated along with comparisons of tax provision as per accounts vis a vis tax assessment for last 3 years.	-
19	Income tax reconciliation as required by IFRS and applicable tax regime for the year.	Pg#191

SR.No	Criteria	Reference
20	In respect of loans and advances, other than those to the suppliers of goods and services, the name of the borrower and terms of repayment if the loan or advance exceeds rupees 1 million, together with the collateral security, if any.	-
21	Disclosure about Human Resource Accounting (includes the disclosure of process of identifying and measuring the cost incurred by the company to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets).	-
22	In FS issued after IPO or secondary public offering of securities of issuance of debt instruments - Implementation of plans as disclosed in the prospectus with regards to utilization of proceeds raised till full implementation of such plans.	N/A
23	Where any property or asset acquired with the funds of the Company and is not held in the name of the company or is not in the possession of the company, this fact along with the reasons shall be stated, and the description and value of property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A
24	Standards, amendments and interpretations adopted during the year alongwith their impact on company's financial statements.	Pg#157
25	Standards, amendments and interpretations, not yet effective alongwith their impact on company's financial statements.	Pg#157

# Glossary

ASML	Aisha Steel Mills Limited
AGM	Annual General Meeting
ATIR	Appellate Tribunal Inland Revenue
ATL	Active Tax Payer List
BAC	Board Audit Committee
BCP	Business Continuity Planning
Bn	Billion
Board / BOD	Board of Directors
CCG	Code of Corporate Governance
CDC	Central Depository Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIR	Commissioner Inland Revenue
CIT	Commissioner Income Tax
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
EC	Executive Committee
EPS	Earning Per Share
FBR	Federal Board of Revenue
FTR	Final Tax Regime
FY	Fiscal Year
GDP	Gross Domestic Product
GIDC	Gas Infrastructure Development Cess
GoP	Government of Pakistan
HDGC	Hot Dipped Galvanized Coil
HoD	Head of Department
HR	Human Resource
HR & RC	Human Resources & Remuneration 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
IIL	International Industries Limited
IPO	Initial Public Offering
ISL	International Steels Limited
ISO	International Standards Organization
IT	Information Technology
ITAT	Income Tax Appellate Tribunal
ITRA	Income Tax Reference Application
JV	Joint Ventures
KE	Karachi Electric
KIBOR	Karachi Interbank Offer Rate
KPMG	Klynveld Peat Marwick Goerdeler
LIBOR	London Interbank Offered Rate
LTU	Large Taxpayers Unit
M & A	Memorandum and Articles
MAP	Management Association of Pakistan
MC	Management Committee
MOC	Metal One Corporation Limited
Mn	Million
MoM	Month on Month
MT	Metric Ton(s)
NBV	Net Book Value
NEPRA	National Electric Power Regulatory Authority
NOC	No Objection Certificate
NRV	Net Realizable Value
PACRA	Pakistan Credit Rating Agency
PAT	Profit after tax
PCL	Pakistan Cables Limited
PICG	Pakistan Institute of Corporate Governance
PKR / Rs.	Pakistani Rupee
PSX	Pakistan Stock Exchange
SECP	Securities and Exchange Commission of Pakistan
SHC	Sindh High Court
TCF	The Citizens Foundation
US\$ / USD	United States Dollar
YoY	Year on Year

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# Form of Proxy

18<sup>th</sup> 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 Eighteenth Annual General Meeting of the Company to be held on Friday, October 28, 2022 and/or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Witnesses:

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



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 original CNIC or 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. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrāh-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.

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

میں مسٹی / مسماة \_\_\_\_\_ ساکن \_\_\_\_\_ ضلع \_\_\_\_\_ بحیثیت ممبر عائشہ اسٹیل ملز لمیٹڈ،  
مسٹی / مسماة \_\_\_\_\_ ساکن \_\_\_\_\_ کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری

جگہ اور میری طرف سے کمپنی کے سالانہ اجلاس عام جو بتاریخ 28 اکتوبر، 2022 بروز جمعہ منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط: \_\_\_\_\_ بروز/بتاریخ \_\_\_\_\_ 2022

گواہان:

1 نام: \_\_\_\_\_  
2 نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
شناختی کارڈ نمبر: \_\_\_\_\_  
دستخط: \_\_\_\_\_  
شناختی کارڈ نمبر: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
دستخط: \_\_\_\_\_  
شناختی کارڈ نمبر: \_\_\_\_\_  
دستخط: \_\_\_\_\_

دستخط  
ریونیو اسٹیٹمپ

نوٹ:

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



## شیر ہولڈنگ کا پٹرن

کمپنی کے عام اور ترجیحی حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ 30 جون 2022 تک کمپنی کے 12,045 (8,091: 2021) عام شیر ہولڈرز اور 2,391 (2,474: 2021) ترجیحی شیر ہولڈرز تھے۔ کمپنی کے شیر ہولڈنگ کے تفصیلی نمونے اور شیر ہولڈنگ کی کیٹیگریز پر بشمول ڈائریکٹرز اور ایگزیکٹوز کے شیر زائر کوئی ہیں، ضمیمہ III کے طور پر منسلک ہے۔

زیر نظر سال کے دوران کمپنی نے 153,028,516 عام حصص (ASL) حقدار ترجیحی شیر ہولڈرز (ASLPS اور ASLPCS) کو ترجیحی ڈیویڈنڈ کے طور پر جاری کیے جو کمپنی کے شیر ہولڈرز کی جانب سے گزشتہ سال کی 28 اکتوبر 2021 کو منعقدہ سالانہ اجلاس عام میں دی گئی منظوری کے مطابق تھے۔

## مالیاتی اور کاروباری جھلکیاں

کلیدی آپریٹنگ اور مالی اعداد شمار کو "کلیدی آپریٹنگ اور فنانشل اور فنانشل ڈیٹا اور اس کا تجزیہ" کے عنوان سے صفحہ نمبر 114 پر خلاصہ کی شکل میں دیا گیا ہے اور اہم اعداد و شمار کی گرافیکل نمائندگی صفحہ نمبر 132 پر پیش کی گئی ہے۔

## آڈٹ کمیٹی

جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضرورت ہے، آڈٹ کمیٹی نے بورڈ کی طرف سے منظور شدہ شرائط کے مطابق اپنی کارکردگی جاری رکھی۔

## آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، 28 اکتوبر 2022 کو سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کے سبب، 30 جون 2023 کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کر چکے ہیں۔ بیرونی آڈیٹرز کی ریٹنگ انسٹیٹیوٹ آف چارٹرزڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے مطابق تسلی بخش ہے جیسا کہ ان کے کوالٹی کنٹرول ریویو پروگرام کے تحت درکار ہے۔ جیسا کہ آڈٹ کمیٹی نے تجویز کیا ہے، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کرتا ہے اور 30 جون 2023 کو ختم ہونے والے مالی سال کیلئے کمپنی کے بطور آڈیٹرز طے شدہ فیس پر باہمی رضامندی سے 28 اکتوبر 2022 کو منعقد ہونے والی سالانہ اجلاس عام میں شیر ہولڈرز سے اس حوالے سے منظوری طلب کریں گے۔

## سیکریریٹریل طریقوں کی تعمیل

زیر نظر مالی سال کے دوران کمپنی ایکٹ، 2017 اور سیکریٹریٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت سیکریٹری اور کارپوریٹ ضروریات کو مناسب طریقے سے پورا کیا گیا ہے۔

## پوسٹ بیلنس شیڈ واقعات۔ بعد کے واقعات

27 ستمبر 2022 کو ہونے والے اجلاس میں، بورڈ آف ڈائریکٹرز نے متعلقہ ترجیحی حصص کی شرائط و ضوابط کے مطابق 30 جون 2022 کو ختم ہونے والے سال کے لیے مجموعی ترجیحی حصص ASLPS اور ASLPCS پر بالترتیب 52 ملین اور 0.2 ملین کے لیے ترجیحی ڈیویڈنڈ تجویز کیا ہے۔

28 اکتوبر 2022 کو ہونے والے سالانہ عام اجلاس میں ممبران کی منظوری سے مشروط، مندرجہ بالا ڈیویڈنڈ کی تقسیم اور ریزرو سے متعلقہ اختصاص کا اثرا گلے سال کے مالی بیانات میں ظاہر ہوگا۔

## بورڈ کی تشکیل اور ڈائریکٹرز کے انتخاب میں تبدیلیاں

کمپنی نے 28 اکتوبر 2020 کو ہونے والی اپنی سالانہ جنرل میٹنگ میں، آٹھ ڈائریکٹرز کو منتخب کیا تھا جو 31 اکتوبر 2020 سے شروع ہونے والی تین سال کی مدت کے لئے خدمات سرانجام دیں گے۔ کمپنی کے الیکشن کے بعد بورڈ آف ڈائریکٹرز کی کل تعداد آٹھ (8) منتخب ڈائریکٹرز اور کمپنی کے سی ای او ہیں جو ایکٹ کے سیکشن (3) 188 کے تحت ایک ڈیوڈ ڈائریکٹر متصور ہوں گے کمپنیز ایکٹ 2017 کے سیکشن 161 کی دفعات کے مطابق منتخب ڈائریکٹرز کی تین سال کی مدت اکتوبر 2023 میں مکمل ہو جائے گی۔

## ڈائریکٹرز اور ایگزیکٹوز کی طرف سے کمپنی کے شیئرز کا لین دین

تمام ڈائریکٹرز بشمول چیف ایگزیکٹو، چیف فنانشل آفیسر اور کمپنی کے اعلیٰ عہدے داران کو کمپنی سیکرٹری کی جانب سے مطلع کر دیا گیا تھا کہ اگر انہوں نے بذات خود یا ان کے شریک حیات نے کمپنی کے حصص میں کوئی خرید و فروخت کی ہے تو تحریری طور پر ان سودوں کی قیمت، حصص کی تعداد و قسم اور لین دین کی نوعیت کی تفصیلات سودے کے 7 دن کے اندر کمپنی سیکرٹری کو ارسال کر دیں۔

ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کے شریک حیات اور کم عمر فیملی ممبران کی کمپنی کے حصص میں خرید و فروخت سے متعلق بیان کو ضمیمہ-1 میں منسلک کیا گیا ہے۔ ضمیمہ-1 میں دیئے گئے منکشفات کے علاوہ کمپنی کے کسی بھی 'ایگزیکٹو' (جو کہ سی ای او، سی ایف او، ہیڈ آف انٹرنل آڈٹ، کمپنی سیکرٹری اور کمپنی میں جنرل مینیجر کے طور پر نامزد دیگر ملازمین ہیں) نے کمپنی کے شیئرز میں کوئی تجارت نہیں کی ہے۔ سالانہ رپورٹوں میں شیئرز کی خرید و فروخت منکشف کیے جانے کے لئے اس سطح کو کمپنی کے بورڈ نے طے کیا ہے۔

## بورڈ میٹنگز میں حاضری

ایک اسٹیٹمنٹ جو ان افراد کے نام ظاہر کرتا ہے جو مالی سال کے دوران کمپنی کے ڈائریکٹر تھے اور بورڈ اور کمیٹی کے اجلاسوں میں ان کی حاضری کے ساتھ ضمیمہ-11 کے ساتھ منسلک ہے۔

## ڈائریکٹرز کے معاوضے کی پالیسی

وہ نان ایگزیکٹو ڈائریکٹرز جن میں عائشہ اسٹیل ملز لمیٹڈ کے آڈیٹڈ ڈائریکٹرز شامل ہیں جو کسی گروپ کمپنی میں سینئر ایگزیکٹو یا مینجمنٹ کا عہدہ یا ڈائریکٹر شپ نہیں رکھتے وہ بورڈ آف ڈائریکٹرز کے اجلاس میں شرکت کے لئے میٹنگ فیس کا دعویٰ کر سکتے ہیں جو بورڈ کی طرف سے وقتاً فوقتاً منظور کی گئی ہو۔

کسی بھی ڈائریکٹر کی طرف سے اضافی خدمات کی تفویض کے حوالے سے معاوضے کی ادائیگی کا تعین بورڈ آف ڈائریکٹرز مارکیٹ کے معیار اور کام کے دائرہ کار کی بنیاد پر کرے گا جو کمپنی کے آرٹیکل آف ایسوسی ایشن کی اجازت کے مطابق ہوگا۔ معاوضے کی سطحیں بھی مناسب ہوں گی اور ذمہ دار اور مہارت کی سطح کے مطابق ہوں گی۔ تاہم، ایک آڈیٹڈ ڈائریکٹر کے لئے، یہ اس سطح پر نہیں ہوگا جو کہ آزادی سے سمجھوتہ کرنے کے لئے سمجھا جاسکے۔

جہاں عائشہ اسٹیل ملز لمیٹڈ کے کسی بھی ایگزیکٹو کو دیگر کمپنیوں میں ڈائریکٹر کے طور پر مقرر کیا گیا ہے، وہ بورڈ کی فوری آنے والی میٹنگ میں اپنی تقرری کے حوالے سے بورڈ کو تحریری طور پر آگاہ کرے گا۔ مزید یہ کہ ایگزیکٹو ڈائریکٹر کی جانب سے کسی دوسرے ادارے میں اس کی ڈائریکٹر شپ کی وجہ سے حاصل کردہ کوئی بھی فیس بورڈ کی منظوری سے خود ڈائریکٹر اپنے پاس رکھ سکتا ہے۔

چیف ایگزیکٹو بورڈ کے واحد ایگزیکٹو ڈائریکٹر ہیں۔ ڈائریکٹران میٹنگ میں شرکت کے لئے سفر سے متعلق اخراجات کی ادائیگی کے بھی حقدار ہیں۔ چیف ایگزیکٹو، ایگزیکٹوز اور نان ایگزیکٹو کے معاوضہ چیک اور دیگر اخراجات کے حوالے سے انکشاف منسلک آڈٹ شدہ مالی اسٹیٹمنٹ کے نوٹ نمبر 36 میں پیش کیا گیا ہے۔ زیر جائزہ سال کے دوران، جناب راشد علی خان اور محترمہ طیبہ رشید (دونوں نان ایگزیکٹو ڈائریکٹرز) کو بورڈ آف ڈائریکٹرز اور کمیٹیوں کے اجلاسوں میں شرکت اور میٹنگ سے متعلق دیگر اخراجات کے لیے بالترتیب 0.81 ملین روپے اور 0.15 ملین روپے ادا کیے گئے۔

بورڈ یہ بتانا چاہے گا کہ کمپنی کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں اور مناسب اکاؤنٹنگ پالیسیاں اپنائی گئی ہیں اور مستقل طور پر لاگو کی گئی ہیں سوائے اکاؤنٹنگ کے نئے معیارات اور موجودہ معیارات میں ترمیم کے جیسا کہ منسلک آڈٹ شدہ مالی بیانات میں نوٹ نمبر 2.1.3 میں بیان کیا گیا ہے۔ اکاؤنٹس کی تیاری اور اکاؤنٹنگ کا تخمینہ معقول اور سمجھدار فیصلے پر مبنی ہے۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) جیسا کہ کمپنیز ایکٹ 2017، اسلامک فنانشل اکاؤنٹنگ اسٹینڈرڈز (IFAS) جیسا کہ کمپنیز ایکٹ 2017 اور کمپنیز ایکٹ 2017 کے تحت جاری کردہ ہدایات اور پاکستان میں قابل اطلاق ہدایات پر عمل کیا جاتا ہے۔ مالی اسٹیٹمنٹ کی تیاری میں اندرونی کنٹرول کا نظام، بشمول مالیاتی کنٹرول ڈیزائن میں درست ہے اور اسے موثر طریقے سے نافذ اور مانیٹر کیا گیا ہے۔ کمپنی کے مالیاتی اسٹیٹمنٹ کافی حد تک اس کے حالات، اس کے آپریشنز، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کا نتیجہ پیش کرتے ہیں۔ کسی بھی ٹیکس، ڈیوٹی، لیویز یا چارجز کی وجہ سے کوئی مادی ادائیگی بقایا نہیں رہی۔

بورڈ اس کے ذریعہ اس بات کی تصدیق کرتا ہے کہ کمپنی کی مستقل تشویش کے طور پر جاری رکھنے کی صلاحیت کے بارے میں کوئی شک نہیں ہے کہ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے جیسا کہ قابل اطلاق قواعد و ضوابط میں بیان کیا گیا ہے، اور یہ کہ کمپنی کو مناسب اندرونی مالیاتی کنٹرول حاصل ہے۔

چیف ایگزیکٹو آفیسر سمیت سات ڈائریکٹرز نے ڈائریکٹرز ٹریننگ / ایجوکیشن پروگرام مکمل کیا تھا جبکہ دو ڈائریکٹرز کو ڈی آف کارپوریٹ گورننس کے تحت بیان کردہ معیار کے مطابق ڈائریکٹرز ٹریننگ پروگرام میں شرکت سے پہلے ہی مستثنیٰ تھے۔

کمپنی کی ہمیشہ سے کوشش رہی ہے کہ بہتر کارپوریٹ گورننس اور منصفانہ اور شفاف طریقوں سے کامیابی حاصل کی جائے جن میں سے بہت سے قانون کی طرف سے لازمی ہونے سے پہلے ہی موجود ہیں۔

## بورڈ / کمیٹیوں کی تشکیل

کل آٹھ منتخب ڈائریکٹرز میں سے سات ڈائریکٹرز مرد ہیں جبکہ ایک ڈائریکٹر خاتون ہے۔ موجودہ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل مندرجہ ذیل ہے:

بورڈ آف ڈائریکٹر	کیٹیگری	آڈٹ کمیٹی	افراد کی وسائل اور معاوضہ کمیٹی	نامزدگی کمیٹی	رسک مینجمنٹ کمیٹی
محترم جاوید اقبال	آزاد	چیرمین	-	-	-
محترمہ طیبہ رشید (خاتون ڈائریکٹر)	آزاد	ممبر	-	-	-
محترم ارسلان اقبال	آزاد	-	-	-	-
محترم راشد علی خان	آزاد	-	چیرمین	-	-
محترم عارف حبیب (چیرمین)	نان ایگزیکٹو	-	ممبر	چیرمین	چیرمین
محترم صمد حبیب	نان ایگزیکٹو	-	-	ممبر	-
محترم کاشف حبیب	نان ایگزیکٹو	ممبر	ممبر	-	ممبر
محترم نسیم بیگ	نان ایگزیکٹو	ممبر	-	-	-
ڈاکٹر منیر احمد (چیف ایگزیکٹو)	ایگزیکٹو	-	-	-	ممبر

## کارپوریٹ سماجی ذمہ داری (CSR)

اسٹیل سیکٹر پاکستان کی معیشت کا بڑھتا ہوا انجن ہے اور ہم ASML میں حکمت عملی کے ساتھ ایک مضبوط اسٹیل سیکٹر پورٹ فولیو کی طرف گامزن ہیں جس میں ہم اپنے گاہکوں کی ضروریات کو پورا کرتے ہیں اور ماحول کے بارے میں شعوی تشویش کے ساتھ اس بات کو یقینی بناتے ہیں کہ ہمارے لوگ پر عزم، فعال اور سماجی طور پر ذمہ دار شہری رہیں۔ ہم نے بھرپور کوشش کی ہے کہ معاشرے میں اپنا حصہ ڈالیں اور دنیا کو رہنے کیلئے ایک بہتر جگہ بنائیں۔ ASML میں، ہم سمجھتے ہیں کہ عوام کو معیاری تعلیم دے کر، ہم اپنے معاشرے کی ترقی میں اپنا حصہ ڈال سکتے ہیں جس کے نتیجے میں ہمارے ملک کی معاشی ترقی کو استحکام حاصل ہوتا ہے۔ ASML تحقیق، کانفرنسوں، تجارتی میلوں، ورکشاپس اور دیگر تقریبات کی حمایت کرتا ہے۔ ہم ہر دن انسانی صحت، کم استحقاق والے افراد اور عالمی ماحول کے لئے بنیادی تعلیم جیسے اہم خدشات پر عمل کرتے ہوئے عالمی ماحول کی بہتری کے بارے میں سوچنے کیلئے کوشاں ہیں۔

دوران سال ASML انتظامیہ نے انڈس ہسپتال کے ساتھ مل کر اس کی بنیاد پر خون کے عطیہ کی مہم چلائی۔ ہنرمند پاکستان کے لیے کام کرتے ہوئے ASML نے ہنرفاؤنڈیشن کے ساتھ ایک جاب فیئر میں حصہ لے کر ناخواندہ، نیم خواندہ اور پڑھے لکھے نوجوان طلبہ کو ہنرمند بنانے کی تحریک کا آغاز کیا۔

## ایمپلائز آف چوائس: ASML

☆ تنوع اور شمولیت  
آپ کی کمپنی مساوی مواقع کے آجر ہونے پر فخر کرتی ہے اور اسی وجہ سے صنف، مسلک، مذہب یا کسی بھی دوسری وابستگی سے قطع نظر میرٹ پر روزگار کے مواقع فراہم کرتی ہے۔ ASML متنوع ورک کچھ بنانے کے لئے پر عزم ہے۔ مساوات کے علاوہ، آپ کی کمپنی خاص ضروریات کے حامل افراد کو روزگار کے مواقع بھی فراہم کرتی ہے۔

☆ گریجویٹ اسکیم:  
کمپنی ایک منصوبہ رکھتی ہے جو اپنے ملازمین کو ریٹائرمنٹ کے فوائد فراہم کرتا ہے۔ اس میں مستقل ملازمین کے لئے ایک غیر شراکت دار اور بلا معاوضہ گریجویٹ اسکیم شامل ہے۔

☆ صنعتی تعلقات  
آپ کی کمپنی ایک منصفانہ، مشفقانہ اور میرٹ پر مبنی ماحول فراہم کرنے پر یقین رکھتی ہے۔ ہمیں یقین ہے کہ اگر ملازمین کے ساتھ منصفانہ اور احترام کے ساتھ سلوک کیا جائے گا تو اس کے نتیجے میں افرادی قوت کی حوصلہ افزائی ہوگی جس کے نتیجے میں پرامن اور روادار ماحول پیدا ہوگا۔ ہم آنے والے برسوں میں اس نقطہ نظر کو برقرار رکھنے کا ارادہ رکھتے ہیں۔

☆ کھیل اور دیگر سرگرمیاں  
ASML ملازمین کے درمیان ایک پر جوش اور فعال رویے کو پروان چڑھاتا ہے اور قومی وقار کو بڑھانے میں یقین رکھتا ہے۔ سال بھر ملازمین کے لئے مختلف سرگرمیوں کا اہتمام کیا جاتا ہے جن میں ملازمین کی تعریف کا دن، یوم آزادی کی تقریبات، انٹراڈیپارٹمنٹل کرکٹ ٹورنامنٹ وغیرہ شامل ہیں۔ ملازمین کیلئے بنیادی فرسٹ ایڈ اور طبی ایمرجنسی ہینڈلنگ سیشن بھی سال کے دوران منعقد کیا گیا۔

## قومی خزانے میں شراکت

آپ کی کمپنی قومی معیشت میں اپنی شراکت کو سنجیدگی سے لیتی ہے اور ہمیشہ اپنی ذمہ داریوں کو شفاف، درست اور بروقت ادا کرتی ہے۔ کمپنی نے سال کے دوران اٹک ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز ڈیوٹی کی مدد میں قومی خزانے میں 13.3 ملین روپے سے زائد جمع کرائے۔

## کارپوریٹ گورننس

کمپنی پاکستان اشاک ایکٹیو میں درج ہے۔ اس کا بورڈ اور انتظام فہرست کمپنیوں کے لئے مقرر کردہ کارپوریٹ گورننس کے ضابطے کا مشاہدہ کرنے کے لئے پر عزم ہے اور اپنی ذمہ داریوں سے واقف ہے اور مالی اور غیر مالیاتی معلومات کی درستگی، جامعیت اور شفافیت کو بڑھانے کے لئے آپریشن اور کارکردگی کی نگرانی کرتا ہے۔

رسک مینجمنٹ پر تفصیلی کوالٹی رپورٹس اور مقداری تجزیہ نوٹ نمبر 38 میں پیش کیا گیا ہے جو آڈٹ شدہ مالی اسٹیٹمنٹ پر مشتمل ہے۔

خطرہ	تکینہ کی نوعیت	تحقیقی عوامل
انوتھری کے ڈھیر کا خطرہ اصل خام مال اور CRC/GI برنس کی بنیادی قیمت کا نثر HRC ہے۔ فی الوقت HRC کو مقامی طور پر تیار نہیں کیا جا رہا ہے اور اسے دنیا بھر کے معیاری میٹھنچرز سے درآمد کرنا پڑتا ہے۔ یہ تمام مٹھریڈ اس آرڈر کی بنیاد پر کام کرتی ہیں۔ عام طور پر آرڈر کو دو سے تین ماہ قبل دیا جانا ہوتا ہے۔ شپنگ اور کلیرنس کا تاخیر شامل کر لیں تو HRC انوتھری مہیہ ہونے تک، عموماً چار ماہ میں جا کر برنس سائیکل مکمل ہوتا ہے۔ قیمت کے غیر معمولی گرنے اور صارفین کی جانب سے ست روی کا مظاہرہ کرنے کے سبب انوتھری کے جمع ہوجانے اور نتیجتاً نقصان کا قوی امکان رہتا ہے۔	زیادہ	انوتھری کے جمع ہوجانے کے خطرے کو کم کرنے کے لئے آرڈر کی تعداد اور مارکیٹ کی مانگ کو پیش نظر رکھنا چاہیے۔ بین الاقوامی مارکیٹ کے رجحانات پر مستقل نظر اور مقامی سطح پر وقفا نو قفا ایڈجسٹمنٹ سے انوتھری کے جمع ہوجانے کے خطرہ کو کم کیا جاسکتا ہے۔
ڈمپنگ کا خطرہ جب قیمت میں فرق بڑھ جاتا ہے تو تاجر سرمایہ کار CRC اور GI درآمد کرتے ہیں۔	اوسط	مارکیٹ پر مبنی قیمتوں کے تعین کی پالیسی اپناتے ہوئے CRC اور GI درآمد کے خطرے کو کم کیا جاتا ہے۔ ڈمپنگ کو روکنے کی پالیسیوں کو اپنانے کے لیے کسٹم حکام کے ساتھ مذاکرات کیے جاتے ہیں۔ مقامی پروڈیوسروں کی طرف سے پیداواری صلاحیتوں میں اضافہ اور مسابقتی کرنسی بھی اس خطرے کو کم کرے گی۔
آلات کار کے مصروف عمل ہونے کے دوران خطرہ مشینری چلنے کے دوران زخمی ہونے کا خطرہ	اوسط	جدید ترین پلانٹ اور مشینری کے حصول، معیاری آپریٹرز کی خدمات حاصل کرنے اور آرمودہ اور جانچ شدہ نظاموں کے نفاذ سے خطرے کو کم کیا جاتا ہے۔ حفاظتی ڈیزائنز، کنٹرول اور طے شدہ پروڈوکٹوں کو لاگو ہیں۔ پلانٹ کی باقائستگی سے دیکھ بھال اور عملے کی تربیت کی جاتی ہے۔
قرض کا خطرہ خطرہ ہے کہ کمپنی تجارتی قرضوں کی وصولی نہ کر پائے۔	کم	95 فیصد سے زیادہ فروخت پیشگی رقم کے عوض ہوتی ہے۔ مزید برآں، صرف قابل اعتماد گاہکوں کو ایک ماہ سے بھی کم مدت کے لیے کریڈٹ پیش کیا جاتا ہے۔

## مادیت کے لائحہ عمل کا نفاذ

بورڈ آف ڈائریکٹرز کمپنی کے تمام اہم مادی معاملات پر کڑی نظر رکھتے ہیں۔ عمومی طور پر ان معاملات کو مادی اہم سمجھا جاتا ہے اگر انفرادی طور پر یا مجموعی طور پر، ان سے کمپنی کی کارکردگی اور منافع کو نمایاں طور پر متاثر ہونے کا امکان پایا جاتا ہے۔

## ماحولیات، صحت اور حفاظت

ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے، ASML EHS پالیسی کے اعلیٰ معیارات پر عمل کرنے کا عہد کرتا ہے اور یہ کمپنی کی اولین ترجیحات میں شامل ہے۔  
CRSM میں بدقسمت حادثے کے پیش نظر پالیسیوں کا مزید جائزہ لیا گیا اور مستقبل میں ایسے حادثات سے بچنے کے لئے اضافی حفاظتی اقدامات کئے گئے ہیں۔  
اقدامات میں ملازمین کی تربیت، غیر ملکی فرم کی طرف سے فائر ہائیڈرنٹ اور فائر فائٹنگ سسٹم کا آڈٹ، فائر فائٹنگ وسائل اور آلات میں اضافہ اور تصویروں کی  
نمائندگی کے ساتھ ایس او بیس میں اپ ڈیٹ اور اردو زبان میں ان کا ترجمہ شامل ہیں۔ اصولوں کی سخت تعمیل لازمی ہے، اور ملازمین کو عادات کے طور قواعد و ضوابط پر  
عمل کرنے کی تربیت دی جاتی ہے۔ ملازمین کو تمام ایس او بیس سے واقف رکھنے کے لئے فرضی انٹرا ڈرل سمیت تربیتی سیشن منعقد کئے جاتے ہیں۔

ASML آب و ہوا میں بہتری لاکر ماحولیاتی کارکردگی کے لئے پاکستان کی اسٹیل انڈسٹری کا معیار بننا چاہتا ہے۔

## مستقبل کا جائزہ

طویل مدتی نقطہ نظر روشن ہے۔ تاہم، مختصر مدت میں، مارکیٹ کو چیلنجنگ موجودہ اقتصادی نقطہ نظر کو ایڈجسٹ کرنے کی ضرورت ہے۔ سیاسی غیر یقینی صورتحال، ادائیگی کے توازن کے بحران، کرنسی کی قدر میں تیزی سے کمی اور زیادہ کاروباری لاگت ترقی کی راہ میں رکاوٹ بن سکتی ہے۔ ہم مانگ میں اضافے کیلئے پرامید ہیں جو کہ معاشی اور سیاسی استحکام سے مشروط ہے۔

## کاروبار کی نوعیت

دوران سال کمپنی کے کاروبار کی نوعیت میں کوئی تبدیلی نہیں آئی ہے۔

## خام مال کی خریداری

صحیح قیمت پر معیاری HRC کی خریداری GI/CRQ کاروبار میں بہت اہمیت رکھتی ہے۔ کمپنی کی اعلیٰ انتظامیہ HRC کی خریداری میں براہ راست ملوث ہے اور زیادہ سے زیادہ قیمت پر بروقت دستیابی کو یقینی بنانے کی ہر ممکن کوشش کر رہی ہے۔ کمپنی کے خریداری کے ذرائع کو متنوع بنانے کے لئے تمام کوششیں جاری ہیں۔ فی الحال، ASML دنیا کے آٹھ مختلف ممالک سے HRC درآمد کرتا ہے۔

## خطرات سے نمٹنا

کمپنی خطرے سے نمٹنے کے احتیاطی طریقوں پر عمل کرتی ہے۔ بورڈ نے ایک رسک مینجمنٹ پالیسی وضع کی ہے اور باقاعدگی سے ان تمام کلیدی خطرات کا جائزہ لیتا ہے جن کا کمپنی کو سامنا ہے۔ رسک مینجمنٹ تمام تنظیمی سطحوں پر خطرات کے توازن کے لئے متوازن انداز کو فروغ دینے کیلئے بنایا گیا ہے۔ نظام ابتدائی مراحل میں مواقع اور خطرات کی شناخت اور تجزیہ، ان کی پیمائش اور خطرات سے نمٹنے اور نگرانی کے لئے مناسب حکمت عملی کے استعمال کیلئے تیار ہے۔

کمپنی کا بنیادی کاروبار مینوفیکچرنگ ہے جس کے سبب اس نے اپنے رسک مینجمنٹ سسٹم کو ایسا واضح کیا جس میں پیداوار اور فروخت کی حکمت عملی شامل ہے۔ کمپنی اپنے فیصلوں کی بنیاد، چاہے وہ خام مال کی خرید ہو، مصنوعات کے کس، صارفین کی مانگ اور مارکیٹ کے تجزیے پر رکھی ہے جس میں ہمیشہ معیار اور ذرائع کے تنوع کی پالیسی پر عمل درآمد کیا ہے۔

کمپنی خام مال کے انتخاب اور مصنوعات کی مقداری سطح کے معاملے میں محتاط رویے، کنسنٹریشن رسک سے بچنے، صارفین کے کریڈٹ رسک اور ان سے صاف فنڈز وصول کرنے کو یقینی بنانے اور مد مقابل کی قابلیت کے مسلسل جائزے کے ذریعے اپنے خطرات سے بچنے کی کوشش کرتی ہے۔ کمپنی نے اپنے نمائندوں کے ذریعے کارخانے داروں اور صارفین کی آگاہی اور کسٹمر اور ٹیرف معاملات ک اصلاح کے شعبوں میں اپنا اہم کردار ادا کیا ہے۔

آپریٹنگ رسک کو کم سے کم کرنے اور انتظام کرنے کیلئے، انویسٹری کی خریداری میں سرمایہ کاری کرنے سے پہلے نقطہ آغاز کا ہمیشہ گہرائی سے تجزیہ کیا ہے۔ اس کی تکمیل یہ ہے کہ اہل اور تجربہ کار پیشہ ور افراد کی خدمات حاصل کریں، بجٹ اور دیگر داخلی کنٹرول لگائیں، خریداری، پیداوار، فروخت اور کارپوریٹ گورننس کے حصوں کی کارکردگی کا مسلسل جائزہ لیں اور ضرورت کے مطابق اصلاحی اقدامات کریں۔

آپریٹنگ ماحول کے سخت ہونے کی وجہ سے بورڈ نے عام شیئر ہولڈرز (ASL) میں کسی منافع منقسمہ پر غور نہیں کیا۔ آپ کی کمپنی اپنے شیئر ہولڈرز کے لئے پائیدار منافع حاصل کرنے کے لئے پر عزم ہے اور اس کا پختہ یقین رکھتی ہے کہ طویل مدت میں شیئر ہولڈرز کی قدر میں نمایاں اضافہ ہوگا۔

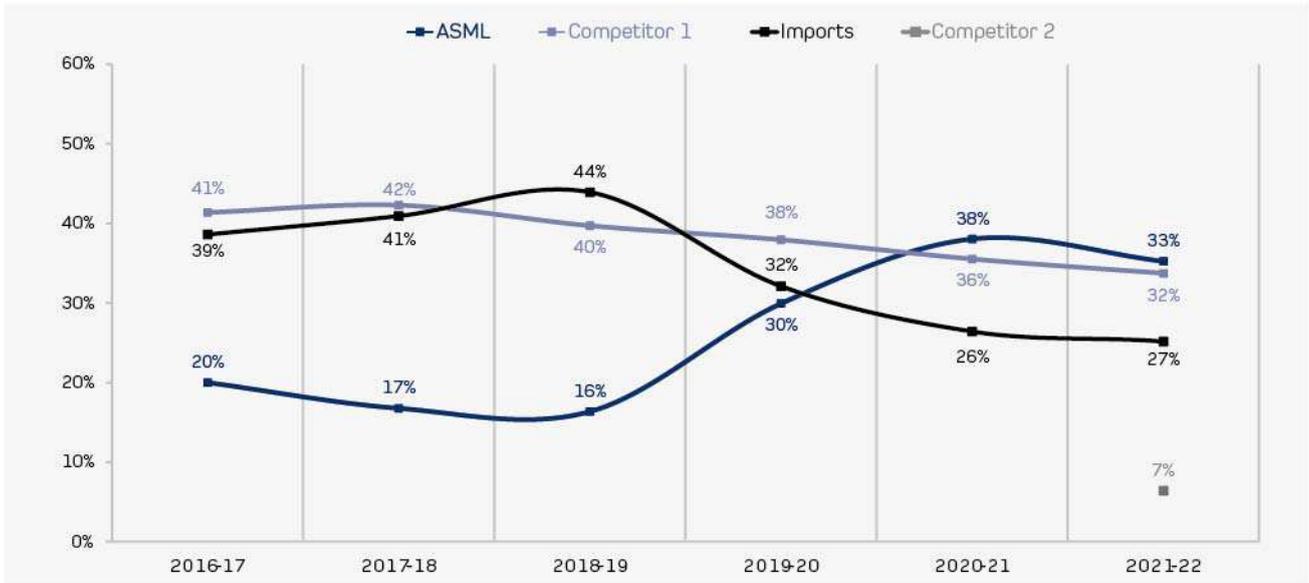
## غیر مالیاتی کارکردگی

آپ کی کمپنی نے اپنے آپ کو، CRC اور GI کو اعلیٰ معیار کے پروڈیوسر کے طور پر قائم کیا ہے۔ اس کے پاس نظام اور طریقہ کار کے ساتھ ساتھ ایک تجربہ کار مینجمنٹ ٹیم ہے جو اس عالمی معیار کی سہولت کو کامیابی سے چلاتی ہے۔ معیار اور پیداوار میں مسلسل بہتری بنیادی آپریشنل فلسفہ ہے۔ ہم نے صنعت میں اعلیٰ کسٹمر سروس اور اطمینان بخش معیارات مرتب اور حاصل کئے ہیں۔ دوران سال، کمپنی نے اپنے ہیومن رییسورس کیپٹل کے لئے تکنیکی اور طرز عمل دونوں طرح کے مختلف تربیتی کورسز منعقد کئے۔ کمپنی تمام قانونی اور ریگولیٹری شرائط و ضوابط پر عمل کرتی ہے اور تمام اسٹیک ہولڈرز کے ساتھ مضبوط و مستحکم تعلقات کو برقرار رکھتی ہے۔

جنوری 2020 میں آتشزدگی کے واقعے کے بعد CRSM کی بحالی کا سلسلہ جاری ہے۔ ابتدائی اصلاح کے بعد 35 دن کے اندر اسکن پاس آپریشن بحال کر دیئے گئے۔ رولنگ آپریشنز، جن میں کافی زیادہ رولنگ فورسز کی ضرورت ہوتی ہے، جاپان کی انسٹیل پلانٹیک کمپنی (SPCO) جو کہ CRSM کے ڈیزائنرز اور مینوفیکچررز ہیں، کی نگرانی میں بڑے پیمانے پر نظر ثانی کے بعد شروع کئے جائیں گے۔ CRSM کو بحال کرنے کے لئے جس مشینری کی ضرورت ہے اس کو حتمی شکل دے دی گئی ہے اور وہ خرید کے مراحل میں ہے۔ مکمل بحالی میں تقریباً دو سال لگیں گے۔ تاہم اس کا ہماری موجودہ پیداوار اور فرخت پر کوئی منفی اثر نہیں پڑ رہا کیونکہ موجودہ طلب مناسب طریقے سے پوری ہو رہی ہے۔

## موجودہ آپریشنز اور مارکیٹ شیئر

مقامی مارکیٹ میں ASML کو CRC اور GI کے سب سے بڑے مینوفیکچرر کے برابر گردانا جاتا ہے اور توقع کی جاتی ہے کہ وہ صنعت کی CRC اور GI دونوں کی ضروریات کو پورا کرنے میں تیزی سے اہم کردار ادا کرے گا۔



سال 2021-22 میں ASML کا مارکیٹ شیئر گزشتہ سال کے حاصل کردہ 38% کے مقابلے میں تقریباً 33% تک گر گیا۔ درآمدات 27% رہی، جو گزشتہ سال کے برابر تھی۔ مقامی مارکیٹ میں مد مقابل کا حصہ بھی گزشتہ سال کے 36% کے مقابلے میں کم ہو کر 32% ہو گیا۔ لاہور میں قائم ہونے والی نئی کولڈ رولنگ مل کا بقایا 7% ہے۔ ASML نے تقریباً تیس ہزار ٹن CRC اور GI امریکہ، کینیڈا، چین، پولینڈ، جنوبی افریقہ اور مشرق وسطیٰ کے ممالک سمیت کئی ممالک کو برآمد کیا۔ مستقبل میں بین الاقوامی مارکیٹ میں ہماری موجودگی میں اضافہ متوقع ہے۔

## Production & Sales



### کارکردگی کا مجموعی خلاصہ درج ذیل ہے مجموعی خلاصہ

مالیاتی سال 2020-21 جولائی - جون	مالیاتی سال 2021-22 جولائی - جون	
30,439	25,544	CRC اور G کی اوسط ماہانہ پیداوار (ٹن میں)
31,635	25,518	CRC اور G کی اوسط ماہانہ ترسیل (ٹن میں)
12,960	28,012	تیار مال کا اوسط ماہانہ اشاک (ٹن میں)
فروخت میں کمی 19 فیصد		پیداوار میں کمی 16 فیصد

### مالیاتی اشارے

مالیاتی سال 2021-22 کے دوران فروخت کی مقدار گزشتہ سال کے مقابلے میں 19% کم تھی لیکن آمدنی 18% زیادہ تھی جو روپے کے لحاظ سے فی ٹن زیادہ قیمت فروخت کو ظاہر کرتی ہے۔ بین الاقوامی HRC قیمتوں میں کمی کے رجحان کے نتیجے میں گزشتہ سال کے انونٹری میں منافع کے بجائے انونٹری میں نقصان ہوا۔ گزشتہ سال حاصل کردہ خام منافع کا مارجن 20.3% کے مقابلے میں 8.5% تک کم ہو گیا۔ قبل از ٹیکس منافع 1,275 ملین روپے رہا جو کہ گزشتہ سال 8,588 ملین روپے ریکارڈ کیا گیا تھا۔

نیچے دیئے گئے جدول میں گزشتہ مالی سال سے موازنہ دکھایا گیا ہے۔

2021	2022	تفصیل
ملین روپے		
55,116	64,830	ریونیو
11,185	5,514	خام منافع
10,590	4,697	آپریشنز سے منافع
8,588	1,275	قبل از ٹیکس منافع
6,368	1,146	بعد از ٹیکس منافع
فی شیئر منافع (روپے میں)		
8.21	1.27	بنیادی

# ڈائریکٹرز کی رپورٹ

## معزز ساتھی شیئر ہولڈرز

عائشہ اسٹیل ملز لمیٹڈ (ASML) کے ڈائریکٹران سال مختتمہ 30 جون 2022ء کے حوالے سے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے بشمول آڈیٹرز رپورٹ اور اسٹیل مارکیٹ کا مختصر جائزہ اور کمپنی کی مالی اور آپریشنل کارکردگی پیش کرتے ہیں۔

## وسیع تر اقتصادی، معاشی اور عالمی ماحول

سال 2020-21 میں کموڈٹی میں جو تیزی دیکھنے میں آئی اس کے پیچھے، اسٹیل کی قیمتیں اس سطح پر بڑھ گئیں جو اس سے پہلے شاذ و نادر ہی دیکھی گئی تھیں۔ تاہم مالی سال 2021-22 کے آغاز سے ہی قیمتیں ٹھیک ہونا شروع ہو گئیں۔ مئی 2021ء میں HRC کی قیمت بتدریج 1,050 امریکی ڈالر فی ٹن FOB چائنا کی سطح سے کم ہو کر دسمبر 2021ء میں 800 امریکی ڈالر FOB چائنا ہو گئی۔ روس اور یوکرین کی جنگ کی وجہ سے جنوری 2022ء سے مارچ 2022ء کے درمیان عرصے میں زوال کا رجحان مختصر طور پر تبدیل ہوا۔ تاہم، مارچ 2022ء کے بعد قیمتوں میں دوبارہ کمی ہوئی اور اس کے بعد سے قیمتیں 700 امریکی ڈالر فی ٹن کی سطح سے نیچے آ گئیں۔

چین میں COVID کی دوبارہ تشخیص اور مغربی معیشتوں کی سست روی نے بین الاقوامی اسٹیل کی طلب کو مزید کم کر دیا ہے اور قیمتیں مزید نیچے آ سکتی ہیں۔

ملکی مارکیٹ کو بین الاقوامی قیمتوں میں کمی کے علاوہ سیاسی غیر یقینی صورتحال، روپے کی قدر میں تیزی سے کمی اور بڑھتی ہوئی کاروباری لاگت کا بھی سامنا کرنا پڑا۔ ان پیش رفتوں نے مقامی مارکیٹ کے حجم میں تقریباً 20 فیصد کمی کی۔ مارکیٹ مختصر مدت میں ابھرتے ہوئے چیلنجوں کے لیے حساس ہے۔ تاہم، مالی سال 2022-23 کی دوسری سہ ماہی تک اس کے مستحکم ہونے اور بحال ہونے کی امید ہے۔

## اہم سرگرمیاں

ASML درآمد شدہ HRC سے CRC اور GI بین الاقوامی معیار کے مطابق تیار کرتا ہے۔ کمپنی کی مصنوعات کو آٹوموٹیو، صنعتی، انجینئرنگ اور مینوفیکچرنگ کے شعبوں میں مقامی اور برآمدی مارکیٹ کے لئے وسیع اقسام کی مصنوعات میں مزید پروسیسنگ کیلئے ایک اہم خام مال کے طور پر استعمال کیا جاتا ہے۔ GI مصنوعات مختلف ایپلی کیشنز بشمول تعمیراتی ساز و سامان، پائپ، برقی آلات وغیرہ میں استعمال ہوتی ہیں۔

## کمپنی کی کارکردگی پر ایک نظر

جولائی 2021ء تا جون 2022ء کے دوران فروخت کی مقدار 306,213 ٹن تھی جس میں سے 30,647 ٹن یورپ، امریکہ، کینیڈا اور کئی دیگر ممالک کو برآمد کیا گیا۔ گذشتہ سال کی اسی مدت میں فروخت کی مقدار 379,622 ٹن تھی جو کہ تقریباً 19 فیصد کمی کو ظاہر کرتی ہے۔ گذشتہ سال کی اسی مدت کے دوران برآمدات 16,800 ٹن تک محدود تھیں۔

دوران سال پیداوار کی کل مقدار 306,527 ٹن رہی جبکہ گذشتہ سال کی اسی مدت میں پیداوار 365,274 تھی جو تقریباً 16 فیصد کمی کو ظاہر کرتی ہے۔ پیداوار میں کمی کی بنیادی وجہ سست رفتاری اور تیار سامان کی انویٹری کی تعمیر تھی۔ جولائی تا جون کی مدت میں اوسط انویٹری بڑھ کر 28,012 ٹن ہو گئی جو گذشتہ سال کی اسی مدت میں 12,960 ٹن ریکارڈ کی گئی تھی۔

دوران مدت کل آمدنی 64.8 بلین روپے رہی جو کہ گذشتہ سال 55.1 بلین روپے تھی، جس میں تقریباً 18 فیصد اضافہ ظاہر کرتا ہے۔

## چیف ایگزیکٹو آفیسر کا پیغام

مالیاتی سال 2020-21 میں بین الاقوامی اجناس میں قیمتوں جو تیزی دیکھنے میں آئی تھی وہ مالیاتی سال 2021-22 کے آغاز سے ہی ٹھیک ہونا شروع ہو گئی۔ HRC کی قیمتیں جو کہ مئی 2021ء میں 1100 امریکی ڈالر فی ٹن تھیں وہ دسمبر 2021ء تک 800 امریکی ڈالر فی ٹن کے قریب پہنچ گئیں۔ دوران سہ ماہی جنوری 2022ء تا مارچ 2022ء، روس اور یوکرین کی جنگ سے پیدا ہونے والے ترسیل کے خدشات کی وجہ سے قیمتیں مختصر طور پر مستحکم ہوئیں۔ تاہم، اس کے بعد قیمتوں میں تیزی سے کمی آئی اور 700 امریکی ڈالر فی ٹن سے نچلی سطح پر آ گئیں۔ چین میں COVID میں اضافے اور مغربی معیشتوں کی سست روی نے طلب کو مزید بادیادیا اور اسٹیل کی قیمتیں دباؤ میں رہیں۔

مقامی اسٹیل کی قیمت میں بھی کمی آئی ہے۔ ایک طویل عرصہ کے لیے طلب میں مجموعی طور پر کمی ایک بڑی تشویش کا باعث بنی رہی۔ موجودہ سیاسی اور معاشی چیلنجز پریشان کن ہیں۔ تمام بڑی کرنسیوں کے مقابلے میں روپے کی قدر میں گراوٹ غیر معمولی رہی۔ زیادہ ڈسکاؤنٹ ریٹ، بڑھتی ہوئی توانائی کی قیمتیں، درآمدی پابندیاں یہ سب کاروباری لاگت میں اضافے کا باعث بنی رہی ہیں جس کی وجہ سے مانگ میں مزید کمی اور اس کے نتیجے میں پیداواری سرگرمیوں میں کمی ہو رہی ہے۔ آٹو اور تعمیراتی شعبے میں مندی نے ہماری مارکیٹ کے حجم کو تقریباً 25 فیصد تک محدود کر دیا۔ حکومت کی جانب سے طویل مدتی پالیسیوں کے ساتھ معقولیت کے لیے اٹھائے گئے عبوری اقدامات کے بعد مارکیٹ نیچے گئی۔

### کمپنی کی کارکردگی پر ایک نظر:

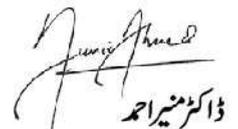
جولائی 2021ء تا جون 2022ء کے دوران فروخت کی مقدار 306,213 ٹن تھی جس میں سے 30,647 ٹن یورپ، امریکہ، کینیڈا اور کئی دیگر ممالک کو برآمد کیا گیا۔ گذشتہ سال کی اسی مدت میں فروخت کی مقدار 379,622 ٹن تھی جو کہ تقریباً 19 فیصد کمی کو ظاہر کرتی ہے۔ جولائی 2020ء تا جون 2021ء کے دوران برآمدات 16,800 ٹن تک محدود تھیں۔

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دوران مدت کل آمدنی 64.8 بلین روپے رہی جو کہ گذشتہ سال 55.1 بلین روپے تھی، جس میں تقریباً 18 فیصد اضافہ ظاہر ہوتا ہے۔

ASML ٹیم منظم ہے اور اس کی بھرپور توجہ صورت حال پر مرکوز ہے۔ کوششیں جاری ہیں کہ معیار، پیداوار اور پروڈکٹ کی رینج کو زیادہ سے زیادہ بڑھایا جائے۔ بین الاقوامی صارفین سے موصول ہونے والی مثبت آراء اور سفارشات ہمیں نئی مصنوعات کی ترقی پر توجہ مرکوز کرنے میں مدد کریں گی۔

میں، ہمارے شیئر ہولڈرز، اسپانسرز، بورڈ آف ڈائریکٹرز، ملازمین، کسٹمرز، بینکوں اور تمام اسٹیک ہولڈرز کا اُن کی مسلسل سپورٹ، اعتماد اور رہنمائی کیلئے بے حد شکر گزار ہوں جن کی وجہ سے ہم آگے بڑھتے جا رہے ہیں۔ اپنے ملازمین اور بورڈ کی اجتماعی کاوشوں سے ہمیں قوی امید ہے کہ ہم آئندہ برسوں میں نمایاں ترقی کرنے میں کامیاب ہوں گے۔



ڈائریکٹر منیر احمد

چیف ایگزیکٹو آفیسر

کراچی: 27 ستمبر 2022





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