

Annual Report 2021

# Rolling Dreams into Reality

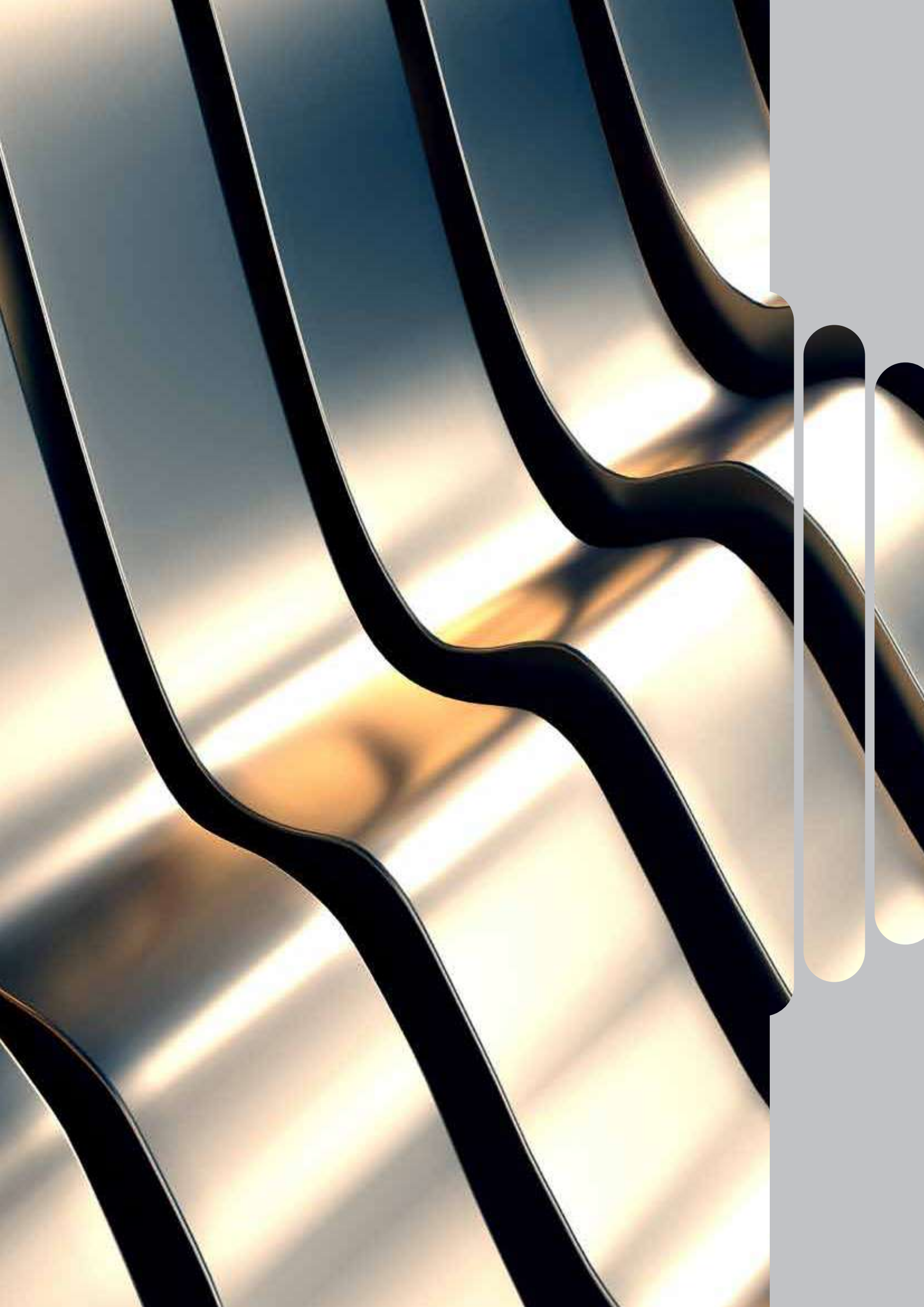






# Rolling Dreams into Reality

We at Aisha, **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.**





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# 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 Officer  
 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

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

## PLANT 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 Shahrah-e-Faisal, Karachi - 74400  
 Phone: 0800 – 23275  
 Fax: (+92 21) 34326053  
 Email: info@cdcsrcsl.com  
 Website: www.cdcsrcsl.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](http://www.aishasteel.com)





# Company Profile and Nature of Business

Aisha Steel Mills Limited (“ASML”) is a public limited company, incorporated in Pakistan under repealed Companies Ordinance, 1984.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

## Nature of Business

ASML is one of the major producers of Flat Steel Products i.e. Cold Rolled 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 is the only manufacturer that 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 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 April 2019. HDGC is used in vast applications including HVAC, pipes, containers, ceilings, light gauge steel structures and canopies. Your company started production of HDGC from May 10, 2019. HDGC is available as coils as well as sheet as per customer requirement. Currently, ASML is producing HDGC of 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 customer 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 January 15, 2021, ASML was market leader during 2020 with 30% share in flat steel segment.

Complete report can be accessed at:

[https://docs.vis.com.pk/RatingReports/OP\\_01018903004\\_00010189.pdf](https://docs.vis.com.pk/RatingReports/OP_01018903004_00010189.pdf)



## Machinery and Production Process

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

### 1. Push Pull Pickling Line

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

### 2. Cold Rolling Mill

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

### 3. Batch Annealing Furnace

Batch Annealing Furnace (BAF) transforms “Full Hard CRC” into “Annealed CRC” in controlled atmosphere furnaces. Currently the company is equipped with 8 heating bells and 7 cooling bells, with an annealing capacity of approximately 350,000 tons of CRC every year.

### 4. Skin Passing and Recoiling Mills

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

Moreover, the 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, scales and to prepare surface for application of 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, coating thickness Z06-Z27, at a temperature of around 400-450°C.

## 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 2020-21 began during the global health crisis caused by the pandemic of COVID-19. The pandemic not only claimed the lives of millions, but also had far-reaching economic and social impacts. The loss of millions of jobs, closure of businesses and the global economic slowdown further marginalized the low income household to the brink of poverty. The supply shock, which resulted due to abrupt closures of businesses worldwide gave way to decline of supplies and hoarding of essential resources.

In response to the economic crisis, central banks throughout the world engaged in various expansionary policies while the world governments focused on fiscal reforms which included deferment of loan installment, wage subsidies and liquidity support. These reforms acted as a deterrent to the further contraction of demand and led to the recovery of the economies in FY 2020-21. The global economies are expected to have had been recovered by 6% during FY 2020-21.

The advent of the vaccines in the financial year 2020-21 further enhanced the pace of economic activities.

#### Local Economic Environment

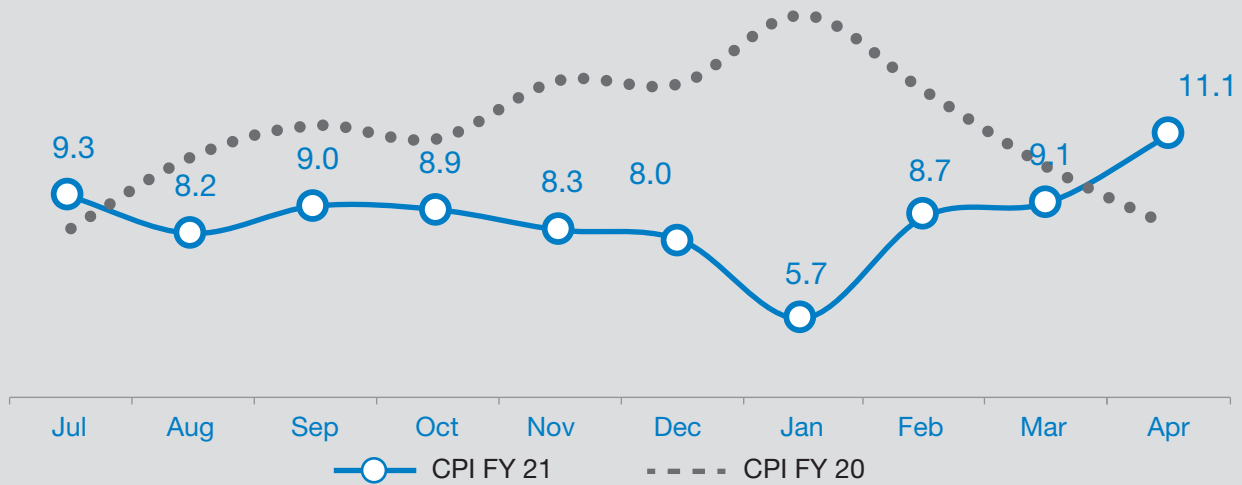
By the late FY2019, the Government of Pakistan had begun to implement reforms to cater the economic imbalance which had plagued the economy in the past. The reforms started to address the economic imbalances and laid the foundation for improved economic performance, exchange rate stability and improved investor's confidence. The progress came to a halt with the appearance of the first wave of COVID-19 pandemic.

As Pakistan successfully fended off against the first wave of COVID-19 during the summer of 2020, through effective containment measures along with comprehensive set of expansionary measures, which included a Rs. 1.24 trillion package to the construction industry. Then the country was hit by the second wave in the fall of 2020. However, smart lockdowns and improved containment strategies aided in managing the reported cases and the resumption of economic activities. The onslaught of the pandemic continued with a third and a fourth wave and a mutated Delta Variant. The government is in the process of contemplating the measures to contain the pandemic.

The expansionary policies and containment measures of the Government proved successful and resulted in a V-shaped recovery due to broad based growth in all sectors. The provisional GDP growth rate for FY2021 was reported at 3.94%. The main constituents of the growth were the improvements in agriculture, industrial and services sectors with a rise of 2.77%, 3.57% and 4.43% respectively.

By the end of FY2020, the inflation rate stabilized and turned out to be single digit mainly due to government prudent demand management policies. During first ten months of FY2021, National CPI inflation for FY2021 remained lower than last year. In April 2021, CPI rose to 11.1% mainly due to substantial increase in international commodity prices. The average CPI inflation rate for July-April FY2021 was 8.6%, whereas the Core inflation and Wholesale Price Index (WPI) was at 5.8% and 7.4% respectively.

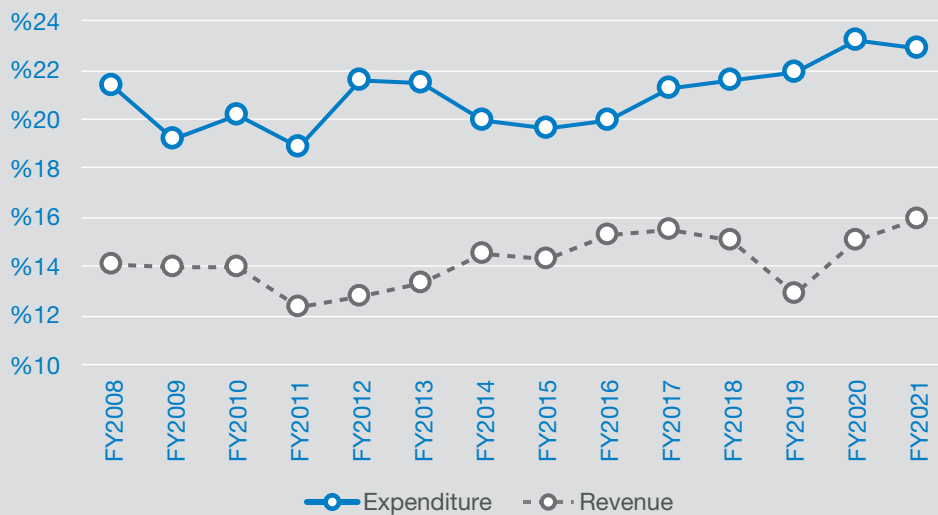
## CPI Movement - YoY



The economy of Pakistan, having already achieved stabilization by the end of FY2019, due to a series of policy measures taken by the government, was poised to enter in a period of growth in the FY2020, but this trajectory was subsided by the impact of COVID-19 pandemic. Despite the challenges caused by the economic slowdown, the economy still managed to salvage an overall fiscal deficit of 8.1% of GDP in FY2020 as compared to 9.1% in the prior comparable period.

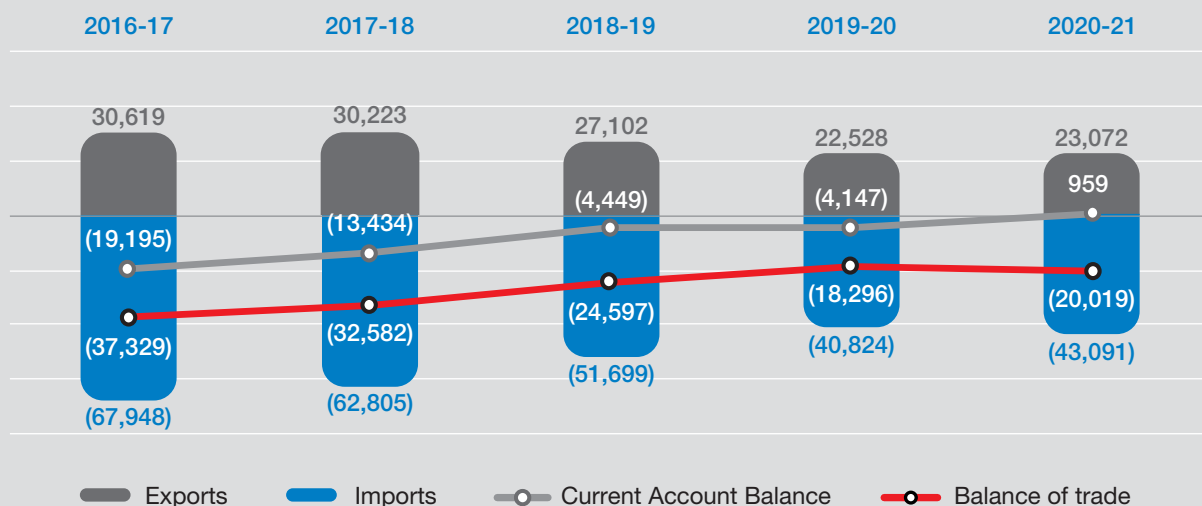
The expeditious response to the pandemic by the government, in the last quarter of FY2020 and all the way through FY2021, put the economy right on track, although the additional relief expenditure necessary to combat the pandemic did put a strain on the budget. The fiscal deficit for the period from July-March, 2021 was contained at 3.5% of GDP as compared to 4.1% for the comparable period in FY2020.

## Revenue Expenditure Gap (% of GDP)



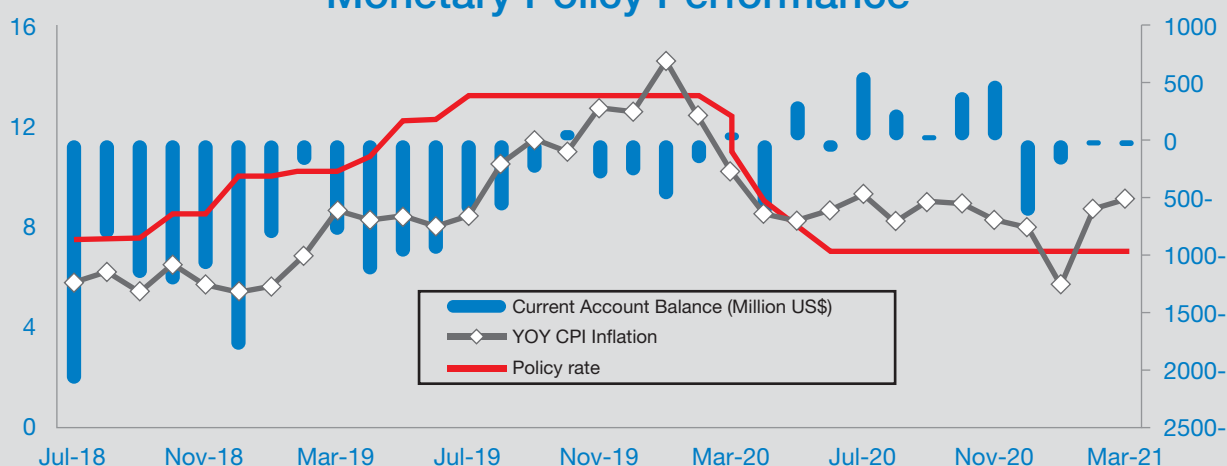
The FY2021 marked a historic six years high current account surplus of USD 959 million (0.5% of GDP) as against a deficit of US\$ 4,147 million last year (2.1 percent of GDP). The main constituent of the improvement was the increased inflow of remittance which accounted for a 26% spike against comparable period in the prior fiscal year. The increased inflow proved to be a pleasant surprise against the expectation of contraction of remittance, due to the turbulent pandemic conditions.

## Current Account and Balance of Trade

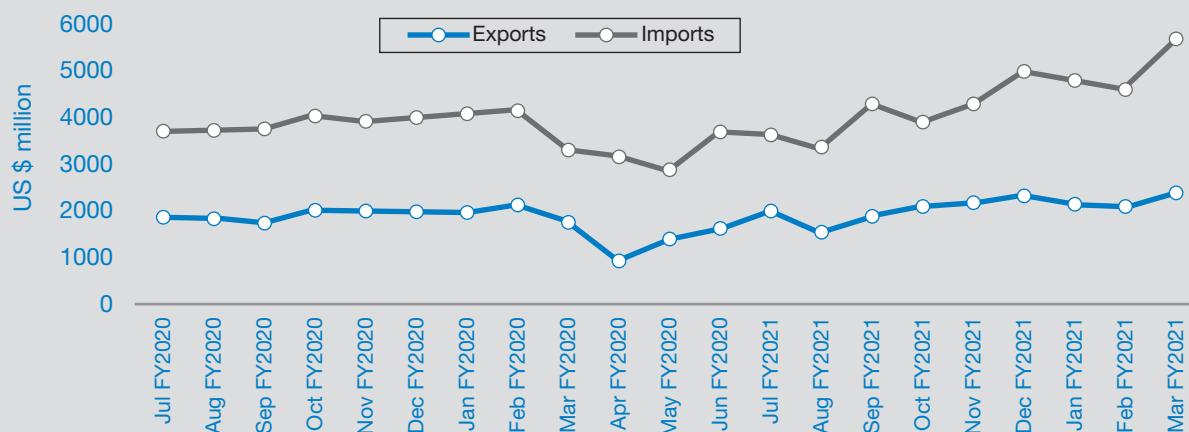


Following the outbreak of COVID-19 in February 2020, SBP had reduced the policy rate from 13.25% to 7%. During FY2021, SBP adhered its accommodative monetary policy stance by maintaining its policy rate with the intention of economic recovery while keeping inflationary expectations under-control and safeguarding financial stability. The government further went on to ease the tight containment restriction which led to resumption of economic activities including import and export of intermediary and finished goods.

## Monetary Policy Performance



## Trends of Pakistan's Exports & Imports



Pakistan Vision 2025, prepared by Federal and Provincial Governments, provides a road map for health and nutrition in the country. It sets a vision of reducing widespread prevalence of communicable diseases, disease surveillance, and addressing inadequacies in primary / secondary health care facilities. By 2018, public sector hospitals increased to 1,279. Further, the total count of registered doctors is 233,300, 24,900 dentists and 112,100 nurses bringing the current ratio of one doctor for 905 persons, 8,473 persons per dentist and availability of one hospital bed for 1,596 person. The number under each establishment has a rising trend.

PS: Economic data has been collected from “Pakistan Economic Survey 2020-21”.

## 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 competition.

### 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.

### Raw Material

The raw material mainly consists of Hot Rolled Coils (HRC), which is imported by ASML from eight 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. However, with reduction in number of COVID-19 cases and appearance of the vaccine, and accommodative monetary and fiscal policies introduced by the government, industrial activities have gained pace leading to improvement in sales revenue generated during the period.

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 Company objective.

### Flat Steel Sector

The peak local consumption in the year 2017-18 was around 1.23 million tons, higher by about 25%, compared to the current levels. It is highly likely that the demand will continue to rise, providing opportunity to the local producers.

The international steel industry, like other large scale manufacturing industries faced a slackening of demand at the close of FY2020 and prices were maintained at US\$ 400 per ton. The uptake of industrial activities at the outset of FY2021 lead to a demand derived booms the likes of which is yet to be seen. The HRC prices, which fared around US\$ 450 per ton at the start of the year soared to almost US\$ 1,100 per ton near June 2021. The international prices have peaked out and there is an expectation of a gradual decline in the prices. The trade war between China and America are still in its midst. The emergence of COVID variants and their containment still plays a defining role in the future of the industry.



## Political Factors

The political environment has stabilized over the period although the Government is still facing challenges on multiple fronts. The Board closely monitor 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 Company Ordinance 1984 and is listed in Pakistan Stock Exchange (PSX) since 2012. The Company prepare its financial statements in accordance to International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the Company Act, 2017.

The board promotes a culture of compliance with applicable framework, and with the help of professional legal counsels ensure 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.

The Company is in the process of implementing SAP HANA 4 for streamlining Company's overall operations, which inturn will lead to efficient reporting and informed decision making.

## Environmental Factors

Recent years have witnessed increased focus on climate change due to various disasters that took place around the world. Pakistan government also seek 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 planting 100+ trees. Moreover, ASML seeks to preserve the resources used, by using them efficiently. Waste water is treated with waste water recovery plant and reused at the factory.

## Imported versus Local Material and Foreign Currency Sensitivity

The cost of HRC comprises around 85% of total cost of CRC and HDGC. HRC is imported from eight 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 raw materials are procured locally. Further, the Company has exports sales, and therefore is exposed to foreign currency risk on receivables.

As at June 30, 2021, if the Pakistani Rupee had weakened / strengthened by 5% against US Dollar with all other variables held constant, loss before tax for the year would have been higher / lower by Rs. 229.68 million (2020: loss before tax Rs. 262.22 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. 14.47 bn equity and Rs. 7.63 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 686 permanent and 83 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
- 1st ASML Super League Cricket Tournament
- COVID – 19 Vaccination Drive



### 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 taken initiatives of implementing SAP 4 Hana to streamline reporting.



### Natural Resources

To produce, we use hard rolled coils, zinc, various chemicals, water and energy. We seek to preserve the resources we use by using them efficiently. A tree plantation drive was conducted planting more than 100 trees.

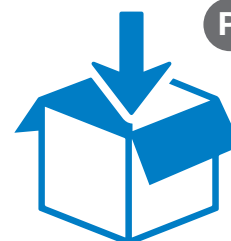
## How we do it (Process)



### Procurement



### Manufacturing\*\*



### Packing

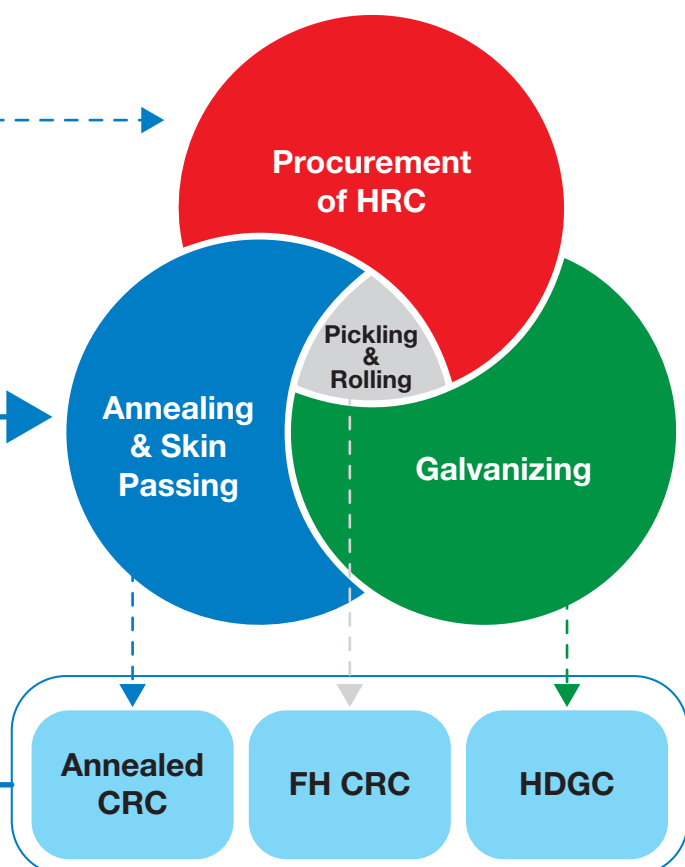


### Dealer Network



### Shipping

## What we do (Product)



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

## Value Generated and Added (Output)

### Financial Capital

- For Share Holders:
  - PAT – Rs. 6.37 bn
  - EPS – Rs. 8.19
  - Market Value: (ASL: Rs. 24.91 | ASLPS: Rs. 35.1)
- For Wider Stake Holders:
  - Contribution to National Exchequer - Rs. 9.41 bn
  - Donation – Rs. 20 mn
  - Return to providers of finance – Rs. 1.58 bn
  - Sales to our local and export customers – Rs. 55.12 bn
  - Paid to suppliers, service providers and employees – Rs. 38.3 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



# Code of Business Conduct and Ethical Principles

## Code of Business Conduct and Ethical Principles

At, Aisha Steel, we conduct our business with integrity, honesty and fairness. We respect views and the interests of all stakeholders and strive to fulfill them while remaining compliant with the legal framework. In order to ensure 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 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 reasonable be deemed by others to affect the employees impartiality, should be declared in writing to the Company.

### 4. Books and Records

Every employee must act in good faith, 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 stake holders. Information transmitted and dealings done in official capacity must be honest and shall never be made to mislead, take unfair advantage, manipulate, conceal or abuse information, or to misrepresent facts.

### 6. Work Place Harassment

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

### 7. Confidentiality

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



## 8. Political Contributions and Activities

Directors and employees are restricted from engaging in political activities or making political contributions.

## 9. Health and Safety

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

## 10. Weapons and Drugs

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

## 11. Protecting Company's Assets

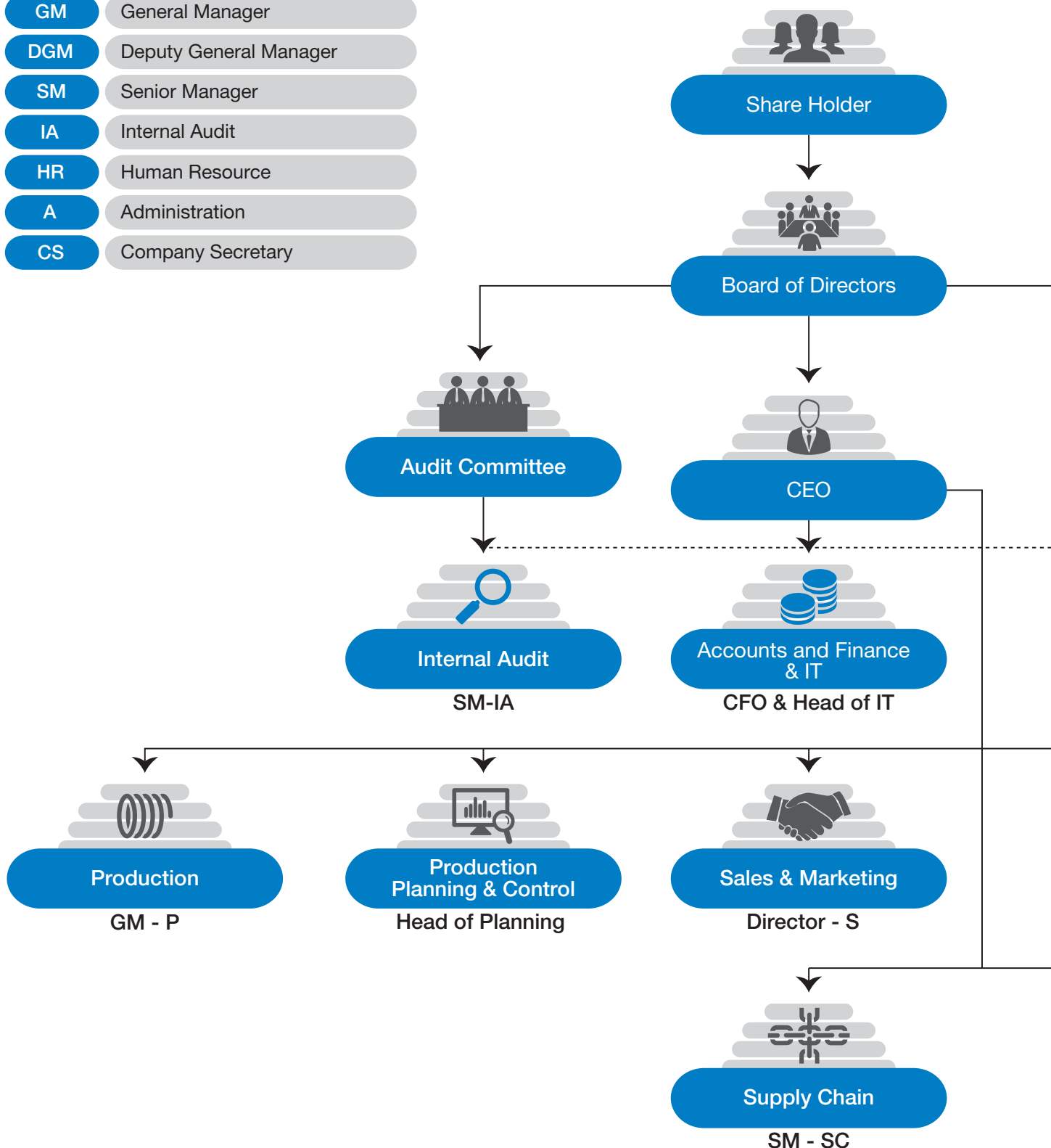
Every employee shall safeguard assets of the Company and their fair and efficient use. All assets of the Company, including utilities and official time of employee, shall be used efficiently and for legitimate business purposes only.

## 12. Non-Retaliation Policy

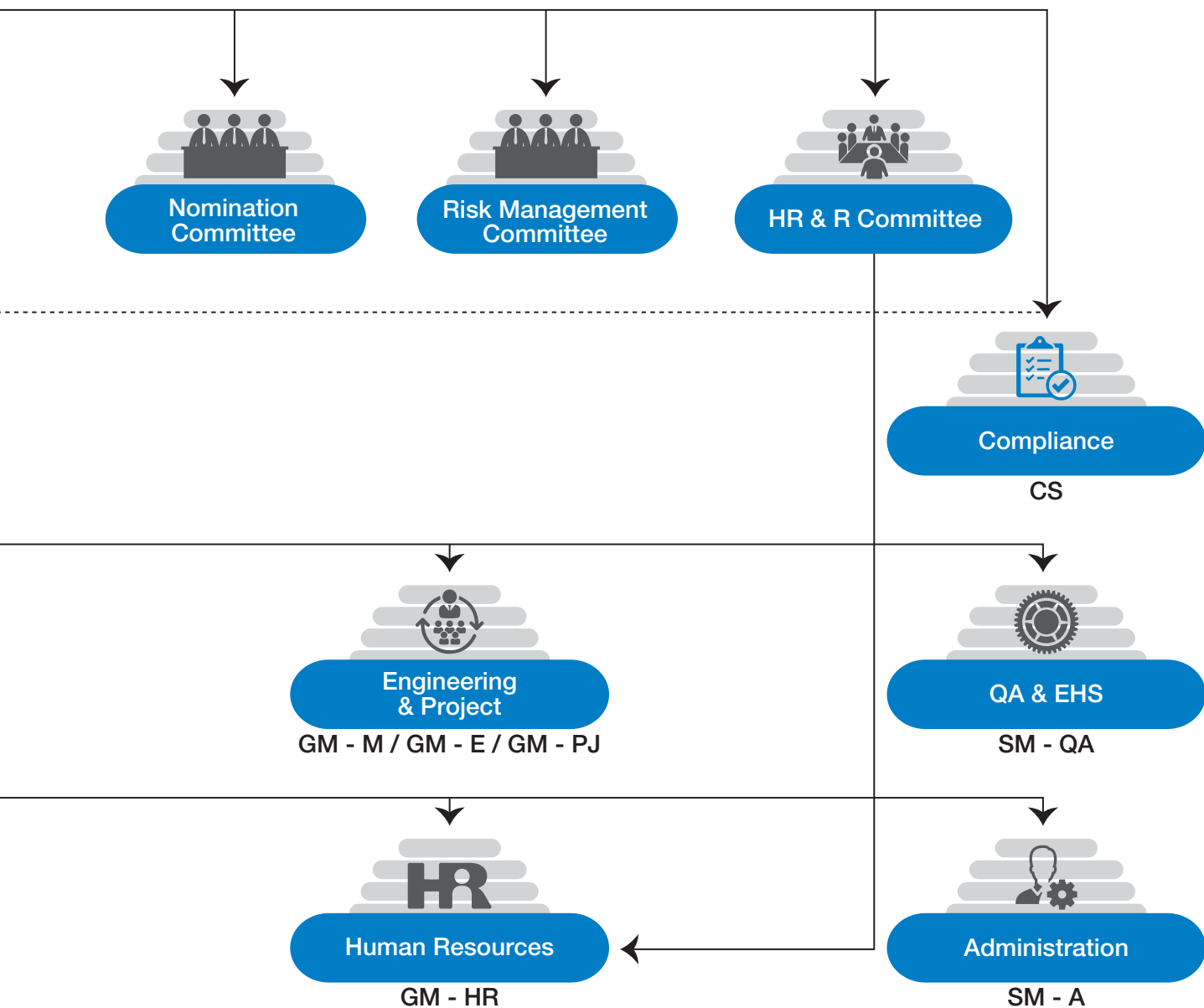
The company prohibits any retaliation against anyone who reports the misconduct in good faith. Any employee observing any violation may bring the same to the notice of the management in writing.

# Organization Chart

-  Direct Reporting Line
-  Administrative Reporting Line
- CEO** Chief Executive Officer
- 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
- PJ** Projects
- 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

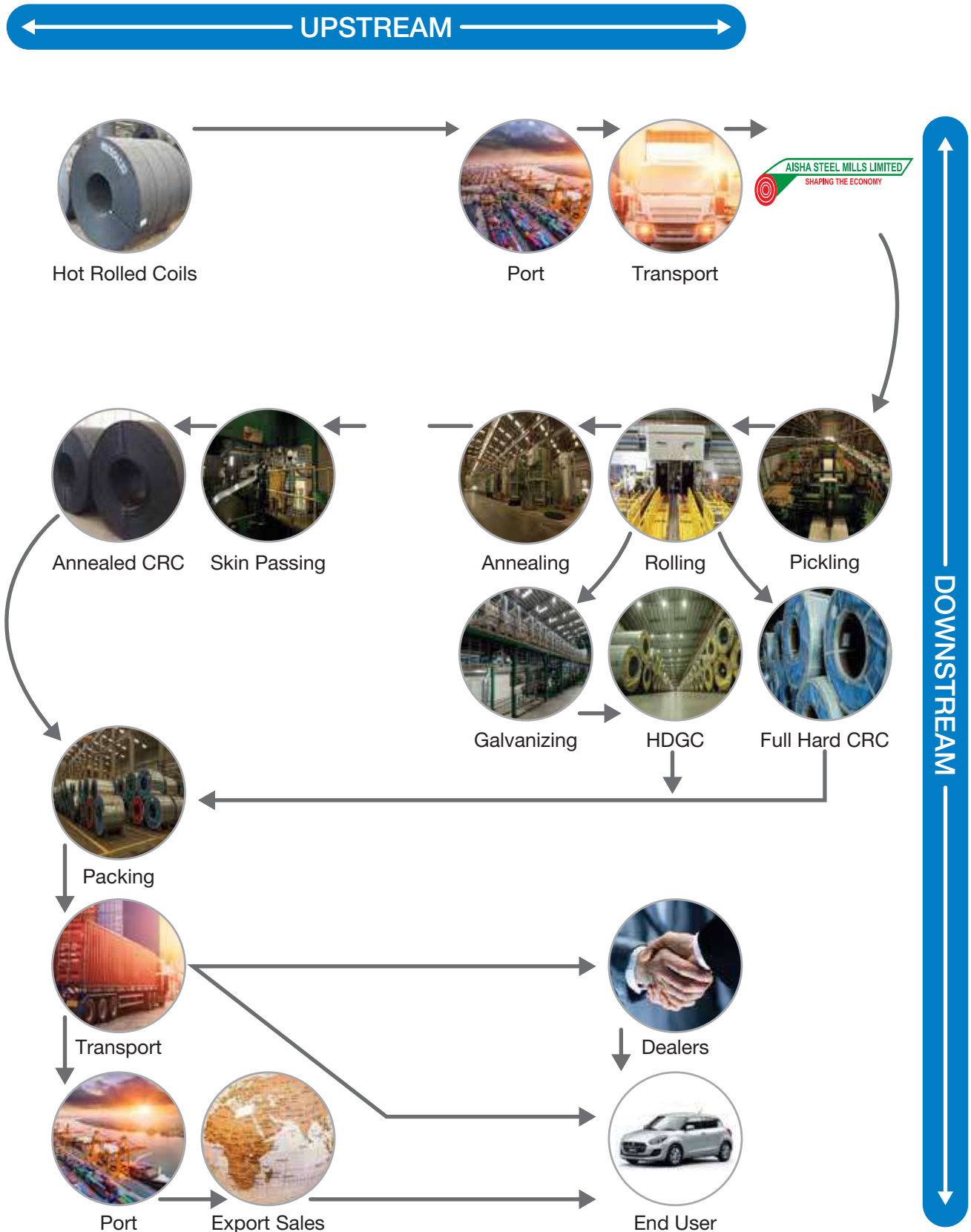
Our conviction for excellence emerges with the passion to satisfy our customer and to provide them with a product of international standards.

## 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

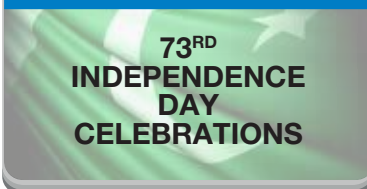
04<sup>th</sup> Aug'20

80<sup>TH</sup> BOD MEETING



14<sup>th</sup> Aug'20

73<sup>RD</sup>  
INDEPENDENCE  
DAY  
CELEBRATIONS



14<sup>th</sup> Aug'20

TREE PLANTATION  
DRIVE



23<sup>rd</sup> Sep'20

81<sup>ST</sup> BOD MEETING



26<sup>th</sup> Sep'20

BLOOD DONATION  
DRIVE



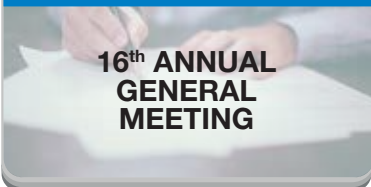
20<sup>th</sup> Oct'20

82<sup>ND</sup> BOD MEETING



28<sup>th</sup> Oct'20

16<sup>TH</sup> ANNUAL  
GENERAL  
MEETING



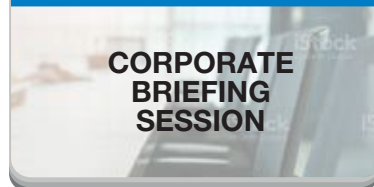
06<sup>th</sup> Nov'20

EMPLOYEE  
APPRECIATION  
DAY



27<sup>th</sup> Nov'20

CORPORATE  
BRIEFING  
SESSION



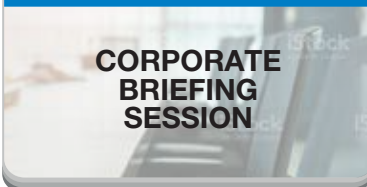
28<sup>th</sup> Jan'21

83<sup>RD</sup> BOD MEETING



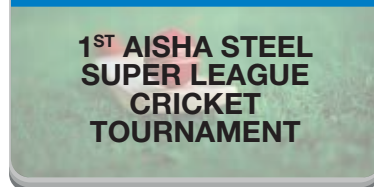
24<sup>th</sup> Feb'21

CORPORATE  
BRIEFING  
SESSION



20<sup>th</sup> Mar'21

1<sup>ST</sup> AISHA STEEL  
SUPER LEAGUE  
CRICKET  
TOURNAMENT



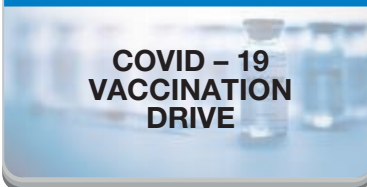
20<sup>th</sup> Apr'21

84<sup>TH</sup> BOD MEETING



11<sup>th</sup> June'21

COVID - 19  
VACCINATION  
DRIVE



30<sup>th</sup> Jun'21

ROAD SAFETY  
AWARENESS SESSION



# 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 organization goals and strategies. The policy aims to create IT governance structure establishing modus-operandi, roles and responsibility, and guidance for overall IT Management Framework including management, implementation and monitoring of IT investments.

### *The IT Governance Policy consists of:*

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

## Whistle Blowing Policy

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 Blower Policy are highlighted below:

- The complainants are ensured that he / she will not be subjected to any form of detrimental treatment as a result of any disclosure, where the disclosure is made in good faith. However, it should be noted that unfounded allegations made recklessly, maliciously or knowing that they were false can expose the complainant to disciplinary action
- All 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 no whistle blowing incidence was 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, programmes and activities.

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

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:

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

## Social and Environmental Responsibility Policy

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

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

1. Ensure our product and operations comply with relevant environmental legislation and regulations.
2. Maintain and continually improve our environmental management systems as dictated by specific markets or local regulations.
3. Operate in a manner that is committed to continuous improvement in environmental sustainability through conservation of resources, prevention of pollution, discouraging wastage of food, and promotion of environmental responsibility amongst our employees.
4. There 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 production process 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 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 placed 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 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:

- 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 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 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 approval of the Board.

## Policy for Security Clearance of Foreign Director

Where any Foreigner is elected / appointed as the Director of Aisha Steel Mills, he / she shall be elected / appointed subject to security clearance from the Ministry of Interior and other authorities as may be required under 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 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.

## 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 cloud 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 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 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 alongwith 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 transaction / contracts with the associated companies and related parties.

# 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 Aisha Steel Mills Limited, Fatima Fertilizer Company Limited, Javedan Corporation Limited (the owner of Naya Nazimabad) and Sachal Energy Development (Private) 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 is currently 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.

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

### Other Corporate Responsibilities

#### As Chairman

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

#### As Director

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

#### As Honorary Trustee / Director

- Fatimid Foundation
- Habib University Foundation
- Karachi Education Initiative
- Pakistan Centre for Philanthropy



Dr.  
**Munir Ahmed**  
Chief Executive Officer

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

He holds 36 years rich experience in progressively senior positions. Prior 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

Starting off with a career at Arif Habib Corporation Limited; Mr. Samad built up his experience in sales, marketing and corporate activities working his way up through various executive positions. Joining Arif Habib Limited in 2004, he led the company as Chairman and Chief Executive playing a key role in the strategic direction of the company where he specialized in capital market operations and corporate finance building achieving a range of significant IPOs and private placements.

In 2011 he moved to Javedan Corporation Limited as a part of the driving force behind the transformation of the dilapidated cement plant to a living community. At Naya Nazimabad, Mr. Samad Habib has contributed to making a positive impact on society providing a quality lifestyle to the middle class of the city. His dedication and optimism is set to further transform the area with the largest commercial precinct development in the city presently under planning.

### Other Corporate Responsibilities

#### As Chief Executive

- Javedan Corporation Limited
- Safemix Concrete Limited

#### As Director

- Arif Habib Corporation Limited
- Dolmen City REIT/Arif Habib Dolmen REIT Management Limited
- Power Cement Limited
- Arif Habib Equity (Private) Limited
- Arif Habib Foundation
- Arif Habib Real Estate Services (Private) Limited
- Black Gold Power Limited
- Nooriabad Spinning Mills (Private) Limited
- NN Maintenance Company (Private) Limited
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited
- Rotocast Engineering Company (Private) Limited
- Sukh Chayn Gardens (Private) Limited



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 Dhabi 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 (Private) Limited

#### As Director

- Arif Habib Corporation Limited
- Dolmen City REIT/Arif Habib Dolmen REIT Management Limited (non-executive Chairman)
- MCB-Arif Habib Savings & Investments Limited (non-executive Vice Chairman)
- Power Cement Limited (non-executive Chairman)
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited





Mr.  
**Kashif A. Habib**  
 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), where he gained experience of a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

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

### Other Corporate Responsibilities

#### As Chief Executive

- Power Cement Limited

#### As Director

- Arif Habib Corporation Limited
- Arif Habib Equity (Private) Limited
- Arif Habib Foundation
- Arif Habib Real Estate Services (Private) Limited
- Black Gold Power Limited
- Fatima Cement Limited
- Fatima Fertilizer Company Limited
- Fatimafert Limited
- Fatima Packaging Limited
- MCB-Arif Habib Savings & Investments Limited
- Nooriabad Spinning Mills (Private) Limited
- Pakarab Fertilizers Limited
- Rotocast Engineering Company (Private) 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 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
- Island Textile Mills Limited
- Pakistan Aluminium Beverage Cans Limited
- Salfi Textile Mills Limited
- Tata Textile Mills 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 is 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
- The Bank of Khyber



**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 19 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

- Dolmen City REIT/Arif Habib Dolmen REIT Management Limited
- Naymat Collateral Management Company
- United Brands Limited
- Unity Foods Limited

# 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, 2021 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:

The economic slowdown caused by pandemic COVID-19, in the financial year 2019-20, started to show signs of recovery soon after advent of the vaccines. Industrial activities held up for long, picked up from the very start of the current financial year in almost all segments of the economy. This led to a commodity boom, the likes of which we have not seen before. The steel industry was no exception and prices went through the roof and availability became tight. The HRC prices which were around US\$ 450 per ton at the start of the financial year, reached close to US\$ 1,100 per ton by June 2021. The local market also picked up and demand of both CRC and GI improved. The price trend followed international market and the local manufacturers were able to gradually pass on the increase in raw material purchase prices. The international market has since peaked and a gradual decline in prices is expected. The same trend will be seen in the local market as well. The consumption, however, on the back of vibrant auto and booming constructions sector is expected to remain strong.

The trade war between America and China is still very much on. International business environment is adjusting to the new reality and maneuvering accordingly.

The re-emergence of new COVID variants and its timely control will play an important role in defining future directions at the global scale.

## 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.

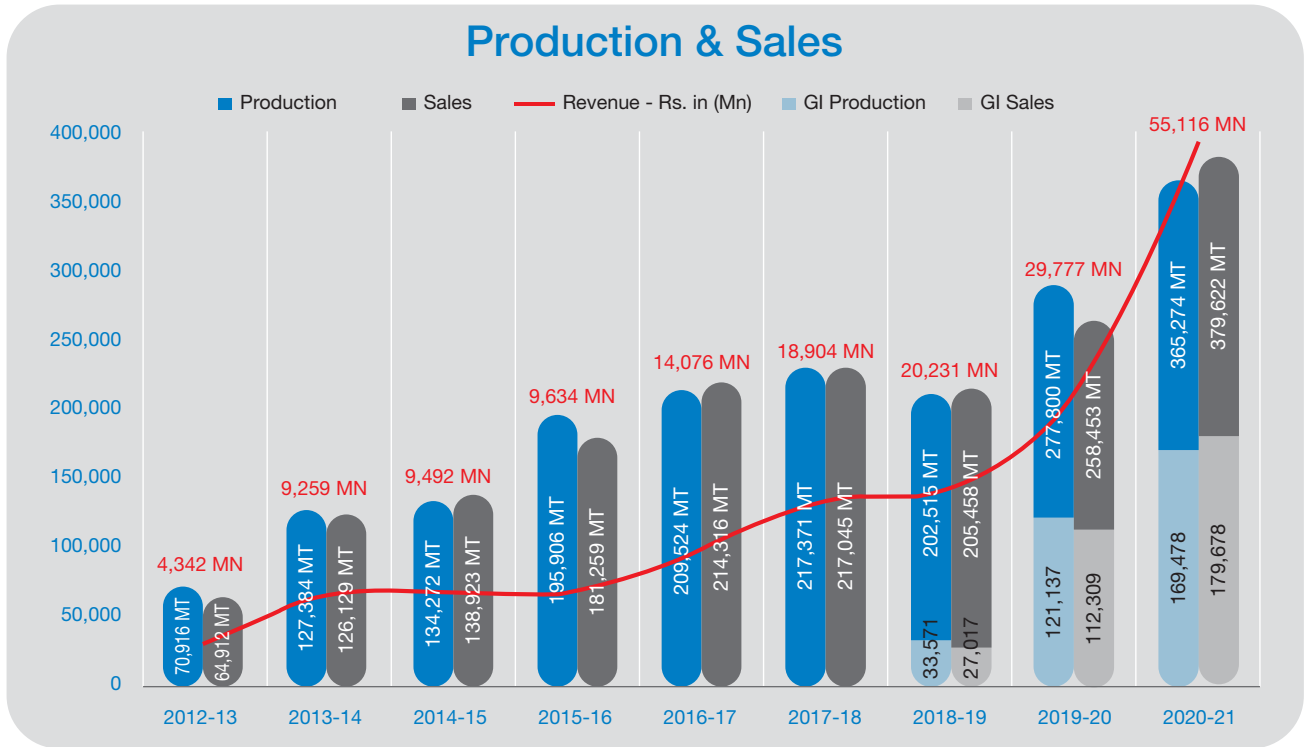
## Company's Performance Highlights

The sales quantity achieved in the year 2020-21 was 379,622 tons compared to 258,453 tons achieved last year, showing an increase of about 47%. The total production for the period was 365,274 tons compared to 277,800 tons, showing an increase of about 31%. The capacity utilization was around 52% compared to 40% recorded last year. The revenue generated during the year was PKR 55.12 billion, compared to PKR 29.78 billion achieved in 2019-20, showing an increase of 85%.



## Overview of Operational Performance

ASML operations have gained strength over the years as depicted in the following graph.



Governance

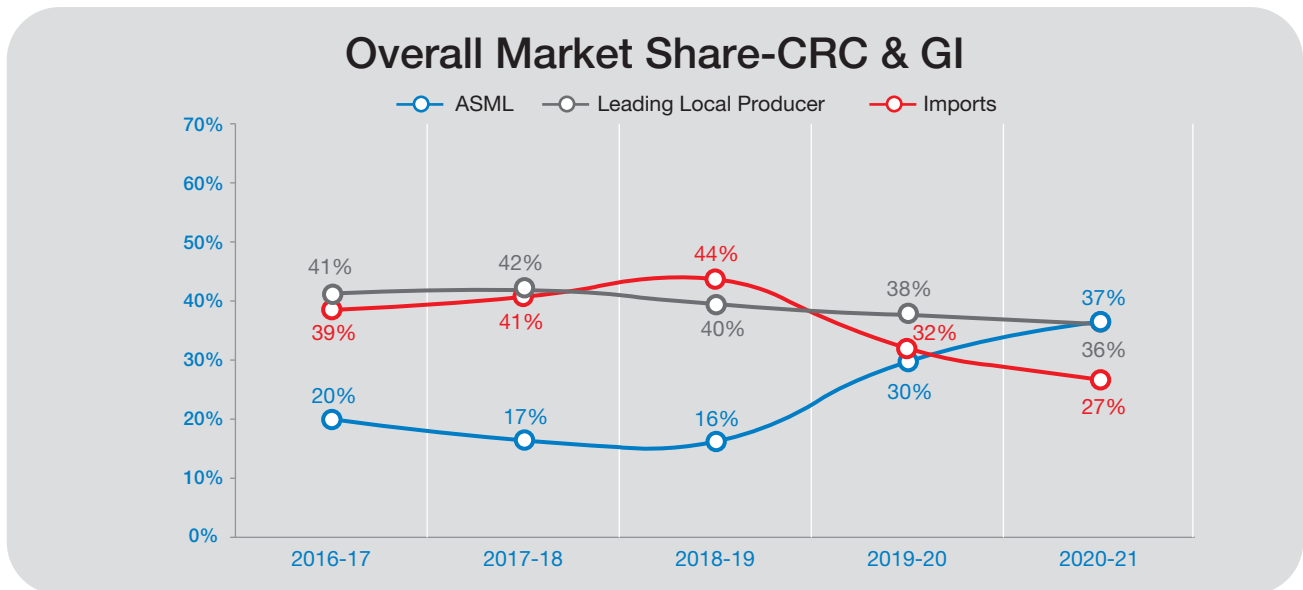
Production, Sales quantities (tons) and revenue achieved since operations commenced in 2012-13

## Overall Summary

	FY 2020-21 Jul-June	FY 2019-20 Jul-June
Avg. Monthly CRC & GI Production	30,440	23,150
Average Monthly CRC & GI Dispatch	31,635	21,538
Average Monthly FG Stock CRC & GI	12,960	24,116
<b>Production Increased by 31%</b>	<b>Sales Increased by 47%</b>	

## The Local Market Share

The local market share of ASML has increased since expansion in 2018-19. The figure below depicts market share of ASML, the leading local producer and imports.



ASML's overall local market share has increased from 16% in the year 2018-19 to about 37% in year 2020-21 bringing ASML at par with the main competitor.

## The Financial Indicators

The financial indicators reflect that ASML benefited from the speedy recovery of the economy following the COVID related slowdown. The rising trend in the international HRC prices helped in realizing inventory gains. The gross profit increased to 20.29% compared to 7.95% achieved last year. The profit before tax was PKR 8,588 million compared to a loss of PKR 1,343 million in the previous year. The table below depicts the comparison with the last financial year.

Description	2021	2020
	Rs. In Million	
Gross profit	11,185	2,366
Profit from operations	10,590	2,005
Profit / (loss) before tax	8,588	(1,343)
Profit / (loss) after tax	6,368	(617)
	Earnings / (loss) per share in (Rupees)	
Basic	8.19	(0.89)

## 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.

## Improvements in the Existing Operations and Market Share

Continuous improvements are being made in the existing setup to further improve productivity, quality and product range. 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. ASML, in the year 2020-21 has secured about 37% market share compared to 30% in the previous year. The imports were restricted to 27% compared to 32% last year. The competitor's share in the local market decreased from 38% to 36%. In the export market as well, ASML is increasing its footprint. Presently, both CRC and GI coils are being exported to more than 10 different countries including America, Canada, Belgium, Poland, South Africa and more.

## Future Outlook

The robust growth in the auto sector and revival of the construction sector augers well for CRC and GI consumption in the country. The overall growth recorded in 2020-21 was around 13% in comparison with the year 2019-20. It is expected to rise further in the year 2021-22. It is worth noting that the peak consumption in the year 2017-18 was around 1.23 million tons, higher by about 25%, compared to the current level. It is likely that the demand will continue to rise, an opportunity for the local producers to improve capacity utilization.

The prices, most likely, will go down gradually from the un-precedented highs seen in 2020-21. Inventory management will play a key role in avoiding losses when the down cycle intensifies.

New developments have taken place at policy level that can influence our business in both short and long term. In the finance bill 2021-22, the government has removed re-rollers from the concessionary regime of SRO 565 whereby only 5% customs duty was charged on import of HRC. The other importers had to pay 5% custom duty + 2% additional duty + 6% regulatory duty (13% in all). This has allowed the re-rolled material to compete in certain thick segments in place of HRC. Now, the duty structure is fixed, as 5% RD, for all the importers including re-rollers, pipe mills, manufacturers and traders. However, with this change, the restriction to supply to pipe mills has been lifted, opening up a fairly large market segment.

Another change that may have a positive effect on the local CRC / GI manufacturers is the withdrawal of export rebate by the Chinese government. Recently, the 13% rebate given to all exporters of CRC and GI from China have been reduced to zero. As China is the main supplier of CRC and GI into Pakistan market, the local supplies are likely to become more competitive as import volumes go down further.

## 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 will 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.

## 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 are striving each day for being thoughtful about global environment by adhering the core concerns like human health, schooling for less privilege & environment.

ASML aspires to be Pakistan's steel industry's benchmark for environment performance by focusing on climate change mitigation and resource efficiency. We have vigorously strived to contribute to the society and make the world a better place to live.

## 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 & 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 SOP's.

ASML contribute its part to keep clean and breathable environment. With this aim of improving the environmental conditions, ASML initiated a Tree Plantation Drive and planted 100+ trees during the year in surrounding area. ASML's management also carried out a Blood Donation Drive at its premise in collaboration with Indus Hospital.

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.

## Education

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.

## 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. ASML also hosted a Road Safety session in collaboration with National Highway Motorway Police (NHMP) for our employees to create awareness regarding road sense & traffic regulations. Basic first aid & medical emergency handling session for employees was also conducted during the year.



## 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.

## 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.

## Equal Opportunity Employer and Employment of Special Persons

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.

## 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. 9.41 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. 2.1.3 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.

Six directors including the Chief Executive Officer had 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. Jawaid Iqbal	Independent	Chairman	-	-	-
Ms. Tayyaba Rasheed (Female Director)		Member	-	-	-
Mr. Arslan Iqbal		-	-	-	-
Mr. Rashid Ali Khan		-	Chairman	-	-
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

## Changes in Board Composition and Election of Director

In accordance with the provisions of Section 159 of the Companies Act, 2017, the three years term of the nine Directors elected in the Annual General Meeting held on October 2017 was completed in October 2020. 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.

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

A statement showing the Company's shares bought and sold by its Directors, Chief Executive, Chief Financial Officer, Company Secretary and other Executives of the Company and their spouses and minor family members is annexed as Annexure-I.

Furthermore, it is informed to all above concerned persons to deliver written notices to the Company Secretary, to immediately inform in writing, any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 2 days of such transaction. 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, Director and Executives is presented in note no. 36 to the annexed audited financial statements.

## Pattern of Shareholding

The ordinary and preference shares of the Company are listed on Pakistan Stock Exchange. There were 8,091 (2020: 9,663) ordinary shareholders and 2,474 (2020: 2,710) preference shareholders of the Company as of June 30, 2021. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by Directors and Executives, if any, are annexed as Annexure-III.

## Financial and Business Highlights

The key operating and financial data has been given in summarized form under the caption "Key Operational and Financial Data and its Analysis" (Page Number 108) and graphical representation of the important statistics is presented on (Page Number 124).

## 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, 2021 and being eligible, have offered themselves for reappointment for the year ending on June 30, 2022. 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, 2022 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, 2021.

## 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, 2017 / Listed Companies (Code of Corporate Governance) Regulations, 2019 (as applicable) have been duly complied with.

## Post Balance Sheet Events – Subsequent Events

At its meeting held on September 30, 2021, the Board of Directors has proposed following dividends:

- i- A final cash dividend for the year ended June 30, 2021 of PKR 2 per share (20%) on Ordinary Shares (ASL) held on the date of determination of entitlement to receive dividend.
- ii- Cumulative dividend upto the year ended June 30, 2021 on Cumulative Preference Shares ASLPS and ASLCPS, amounting to Rs. 795 million and Rs. 308 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, 2021, 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, 2017, 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

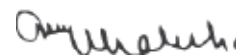
The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers and Financial Institutions. We thank the Ministry of Finance, Ministry of Industries and Production, 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 gone a long way in giving present shape to the Company.

The Directors acknowledge the hard work put in by employees of the Company and look forward for their continued and active involvement. 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 30, 2021

# Annexure I

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

From 1st July 2020 to 30th June 2021

Name of Directors	Designation	Shares bought	Shares sold	Remarks
Mr. Arif Habib	Chairman	-	-	-
Dr. Munir Ahmed	Chief Executive	-	-	-
Mr. Nasim Beg	Director	-	-	-
Mr. Samad Habib	Director (Elected during the year)	-	-	-
Mr. Kashif Habib	Director	-	-	-
Mr. Jawed Iqbal	Director	-	-	-
Mr. Rashid Ali Khan	Director	-	-	-
Ms. Tayyaba Rasheed	Director	-	-	-
Mr. Arslan M. Iqbal	Director	-	-	-
Mr. Muhammad Ejaz	Ex-Director (Retired on completion of term)	-	-	-
Mr. Umair Noor	CFO	-	-	-
Mr. Manzoor Raza	Company Secretary	-	-	-
Muhammad Shahid	Head of Internal Audit	12,000	-	-

Above does not include shares repurchased under REPO transaction.

# Annexure II

## Statement showing attendance at Board Meetings

From 1st July 2020 to 30th June 2021

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Arif Habib	Chairman	5	5	5	-	-
Dr. Munir Ahmed	Chief Executive	5	5	5	-	-
Mr. Nasim Beg	Director	5	5	5	-	-
Ms. Tayyaba Rasheed	Director	5	5	5	-	-
Mr. Kashif Habib	Director	5	5	5	-	-
Mr. Arslan M. Iqbal	Director	5	5	4	1	-
Mr. Jawed Iqbal	Director	5	5	4	1	-
Mr. Rashid Ali Khan	Director	5	5	5	-	-
Mr. Samad Habib	Director	5	2	1	1	Elected during the year
Mr. Muhammad Ejaz	Ex-Director	5	3	-	3	Retired on completion of term



## Statement showing attendance at Audit Committee Meetings

From 1st July 2020 to 30th June 2021

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

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

From 1st July 2020 to 30th June 2021

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted	Remarks
Mr. Rashid Ali Khan	Chairman	1	1	1	-	-
Mr. Arif Habib	Member	1	1	1	-	-
Mr. Kashif Habib	Member	1	1	1	-	-

## Statement showing attendance at Risk Management Committee Meeting

From 1st July 2020 to 30th June 2021

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 2020 to 30th June 2021

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, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	12	160,115,996	20.75
Associated Companies, undertakings and related parties	11	331,112,231	42.91
NIT and ICP	1	272,388	0.04
Banks Development Financial Institutions, Non-Banking Financial Institutions	5	19,520,500	2.53
Insurance Companies	9	27,606,078	3.58
Modarabas and Mutual Funds	60	61,069,395	7.91
General Public - Local	7,802	123,142,475	15.96
General Public - Foreign	55	1,432,239	0.19
Others	136	47,413,020	6.14
<b>Total</b>	<b>8,091</b>	<b>771,684,322</b>	<b>100.00</b>

## Pattern of Shareholding (Symbol: ASL)

Categories of Shareholders as at June 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. MUHAMMAD ARIF HABIB	4	160,109,606	20.75
MOHAMMAD KASHIF	1	5,039	0.00
MUHAMMAD JAWAID IQBAL	1	500	0.00
NASIM BEG / ZARI BEG	2	401	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	261,659,611	33.91
ARIF HABIB CORPORATION LIMITED	3	61,847,616	8.01
ARIF HABIB LIMITED	1	7,500,000	0.97
SHARMIN SHAHID	1	100,000	0.01
ARIF HABIB COMMODITIES (PVT) LTD	1	5,000	0.00
NIDA AHSAN	1	4	0.00
<b>NIT and ICP</b>	<b>1</b>	<b>272,388</b>	<b>0.04</b>
<b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b>	<b>5</b>	<b>19,520,500</b>	<b>2.53</b>
<b>Insurance Companies</b>	<b>9</b>	<b>27,606,078</b>	<b>3.58</b>
<b>Modarabas and Mutual Funds</b>	<b>60</b>	<b>61,069,395</b>	<b>7.91</b>
<b>General Public</b>			
a. Local	7,802	123,142,475	15.96
b. Foreign	55	1,432,239	0.19
Others	136	47,413,020	6.14
<b>Total</b>	<b>8,091</b>	<b>771,684,322</b>	<b>100.00</b>

## Pattern of Shareholding (Symbol: ASL)

### Categories of Shareholders as at June 30, 2021 (Continued)

Share holders holding 10% or more	Shares Held	Percentage
ARIF HABIB EQUITY (PVT) LIMITED	261,659,611	33.91
MR. MUHAMMAD ARIF HABIB	160,109,606	20.75

## Pattern of Shareholding (Symbol: ASL)

As at June 30, 2021

No. of Shareholders	Shareholdings' Slab			Total Shares Held
564	1	to	100	14,367
1,354	101	to	500	626,941
1,300	501	to	1,000	1,248,960
2,483	1,001	to	5,000	7,271,431
855	5,001	to	10,000	7,079,625
305	10,001	to	15,000	3,978,496
1,136	15,001	to	500,000	81,199,510
48	500,001	to	1,500,000	40,833,919
35	1,500,001	to	1,545,000	110,332,065
9	9,865,001	to	78,945,000	239,834,112
1	78,945,001	to	127,545,000	127,541,392
1	127,545,001	to	151,725,000	151,723,504
<b>8,091</b>				<b>771,684,322</b>

## Pattern of Shareholding (Symbol: ASLPS)

Categories of Shareholders as at June 30, 2021

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	5	38,960,072	87.83
NIT and ICP	1	121,208	0.27
Banks Development Financial Institutions, Non-Banking Financial Institutions	8	217,513	0.49
Insurance Companies	4	325,423	0.73
Modarabas and Mutual Funds	-	-	0.00
General Public - Local	2,306	1,032,740	2.33
General Public - Foreign	1	2	0.00
Others	49	890,427	2.01
	<b>Total</b>	<b>2,378</b>	<b>44,357,057</b>
			<b>100.00</b>

## Pattern of Shareholding (Symbol: ASLPS)

Categories of Shareholders as at June 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
NASIM BEG / ZARI BEG	2	2,006	0.00
MOHAMMAD KASHIF	1	3,208	0.01
ARIF HABIB	1	2,804,458	6.32
<b>Associated Companies, undertakings and related parties</b>			
ARIF HABIB CORPORATION LIMITED	1	18,114,999	40.84
SHARMIN SHAHID	1	16,741,500	37.74
ARIF HABIB EQUITY (PVT) LTD	1	3,991,549	9.00
ARIF HABIB LIMITED	1	112,000	0.25
NIDA AHSAN	1	24	0.00
<b>NIT and ICP</b>	<b>1</b>	<b>121,208</b>	<b>0.27</b>
<b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b>	<b>8</b>	<b>217,513</b>	<b>0.49</b>
<b>Insurance Companies</b>	<b>4</b>	<b>325,423</b>	<b>0.73</b>
<b>Modarabas and Mutual Funds</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
<b>General Public</b>			
a. Local	2,306	1,032,740	2.33
b. Foreign	1	2	0.00
Others	49	890,427	2.01
<b>Total</b>	<b>2,378</b>	<b>44,357,057</b>	<b>100.00</b>

Share holders holding 10% or more	Shares Held	Percentage
ARIF HABIB CORPORATION LIMITED	18,114,999	40.84
SHARMIN SHAHID	16,741,500	37.74

## Pattern of Shareholding (Symbol: ASLPS)

As at June 30, 2021

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1260	1	to	100	45,003
772	101	to	500	172,258
148	501	to	1000	104,893
160	1001	to	5000	314,336
14	5001	to	10000	103,998
14	10001	to	90000	554,916
8	90001	to	3995000	8,205,154
1	3995001	to	16745000	16,741,500
1	16745001	to	18115000	18,114,999
<b>2,378</b>				<b>44,357,057</b>

## Pattern of Shareholding (Symbol: ASLCPS)

### Categories of Shareholders as at June 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	1	250	0.14
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	91	169,007	95.80
General Public - Foreign	-	-	0.00
Others	4	7,163	4.06
<b>Total</b>	<b>96</b>	<b>176,420</b>	<b>100.00</b>

## Pattern of Shareholding (Symbol: ASLCPS)

### Categories of Shareholders as at June 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
Mr. Abdus Samad	1	250	0.14
<b>Associated Companies, undertakings and related parties</b>			
	-	-	0.00
<b>NIT and ICP</b>			
	-	-	0.00
<b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b>			
	-	-	0.00
<b>Insurance Companies</b>			
	-	-	0.00
<b>Modarabas and Mutual Funds</b>			
	-	-	0.00
<b>General Public</b>			
a. Local	91	169,007	95.80
b. Foreign	-	-	0.00
Others	4	7,163	4.06
<b>Total</b>	<b>96</b>	<b>176,420</b>	<b>100.00</b>
<b>Share holders holding 10% or more</b>		<b>Shares Held</b>	<b>Percentage</b>
Mr. Tariq Yaqoob		83,250	47.19



## Pattern of Shareholding (Symbol: ASLCPS)

As at June 30, 2021

No. of Shareholders	Shareholdings' Slab			Total Shares Held
39	1	to	100	901
33	101	to	500	10,322
4	501	to	1000	3,372
15	1001	to	5000	40,019
3	5001	to	10000	22,056
1	10001	to	20000	16,500
1	20001	to	85000	83,250
<b>96</b>				<b>176,420</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 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 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").

The Board during the year ended June 30, 2021 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 the Directors are provided with orientation courses to enable them to perform their duties in an effective manner;
- The Board has ensured that the meetings of the Board and that of its committees were held with the requisite quorum, all the decision making were taken through Board resolutions, and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed 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 and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities;
- The Board has developed and put in place the mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and 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 financial year 2020-21 began on a positive note. The vaccines developed against COVID-19 triggered economic activities, held up for long, at an unprecedented pace. This, ultimately, led to a commodity boom, the likes of which we have not seen before. The steel industry was no exception and prices went through the roof and availability became tight. The HRC prices which were around US\$ 450 per ton at the start of the financial year, reached close to US\$ 1100/ton by June 2021. The local prices also witnessed a rising trend replicating international market. The consumption of both CRC and GI, on the back of vibrant auto and booming constructions sector, remained strong. During the year, your company took advantage of the business conducive environment and posted impressive results. The business environment is still optimistic, however, some concerns remain.

The trade war between America and China still persists. The international business community is adjusting to this lingering reality and maneuvering accordingly. The re-emergence of new COVID variants is worrisome. Prudent management and control of these variants will play an important role in defining future business directions, both at global as well as local levels. The commodities prices have since peaked, are on a declining trend. It will be crucial to carefully manage inventory levels to avoid unnecessary risks and exposure to sudden changes.

However, a policy change in China will have positive affect on the local CRC/GI manufacturers. The Chinese government has withdrawn 13% export rebate given to all exporters of CRC and GI. As China is the main supplier of CRC and GI into Pakistan market, the local supplies will become more competitive and import volumes will go down further.

During the FY 2021, the sales quantity achieved was 379,622 tons compared to 258,453 tons of last year, showing an increase of about 47%. The production for the period was 365,274 tons compared to 277,800 tons achieved last year, showing an increase of about 31%. The capacity utilization was around 52% compared to 40% recorded last year. The revenue generated during the year was PKR 55.12 billion, compared to PKR 29.78 billion in FY 2020, showing an increase of 85%. The gross profit margin was 20.29% compared to 7.95% achieved last year. The profit before tax was PKR 8,588 million compared to a loss of PKR 1,343 million of the previous year.

ASML overall local market share increased from 30% in the FY 2020 to about 37% in year 2021, bringing ASML at par with the main competitor. The imports were restricted to 27% compared to 32% last year.

In the export market as well, ASML is increasing its footprint. Presently, both CRC and GI coils are being exported to more than 10 different countries including America, Canada, Belgium, Poland, South Africa and more. In total, about 16,800 tons was exported. The export volume is expected to cross 50,000 tons in the next financial year.

Looking forward, the robust growth in the auto and the construction sector augers well for CRC and GI consumption in the country. The growth recorded in FY 2021 was around 13% in comparison with FY20. It is expected to cross 15% in FY22. The prices, most likely, will go down gradually from the highs seen in 2021. As mentioned above, inventory management will play a key role in avoiding losses when the down cycle intensifies.

The team ASML is committed and focused. All efforts are being made to further improve, quality, productivity and product range.

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 30, 2021





# Forward Looking Statement

The year under review saw much awaited recovery in the economic activity which had slowed down on account of COVID-19 pandemic. The COVID-19 pandemic had been a driving force for most economic events that took place in the late FY2020. The prompt implementation of containment policies by the government proved successful in slowing the spread of the COVID-19 virus. On the other hand, the government had also introduced various expansionary policies to support the lower income groups of the country. These measures, along with the emergence of the vaccine, contributed to the industrial activities gaining momentum from the start of the year and the economy exhibiting recovery in a V-shaped trajectory. Policy rates, during the period were maintained at 7%. Further, the re-entry into the IMF program led to macroeconomic adjustments. The receipt of US\$ 500 million, along with improved remittances during the year, led to Pak Rupee appreciation which closed at 157.54 as at June 30, 2021 (FY2020: 168.05).

The emergence of the global pandemic had adversely effected the international steel industry. The fluctuating demand led to unstable prices which in turn led to HRC recorded at as low as US\$ 450 per ton, as at June 30, 2020. The fall of COVID-19 cases in China along with the recovery of economies around the world, led to an upward rising trend in international steel prices, which caused the prices of HRC peaking at almost US\$ 1,100 per ton. The international market has since peaked and a gradual decline in prices is expected in the upcoming year and domestic market will follow suit. The trade war between America and China is still very much on. International business environment is adjusting to the new reality and maneuvering accordingly. 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 increased its overall local market share from 30% in FY2020 to 37% in the current year. The volumes are further expected to rise considering the fact that the peak consumption in FY2018 was around 1.23 million tons, i.e higher by 25% as compared with FY2021. Moreover, withdrawal of export rebate (i.e 13%, given to all exporters of CRC and GI from China) is expected to further escalate the tough competition faced by declining exports.

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 second 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 increased its market share to almost 37% from 30% achieved last 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. 2.55 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. One of the damaged motor has been replaced with a new one and is being sent to ABB Italy for detailed inspection. The housing has already being inspected by SGS, Pakistan. Based on test reports, recommendations of SPCO and agreement of the insurance company, the complete plant will be revamped for rolling operations. The time line will be fixed in the next few weeks.

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

The budgeted sales and cost of goods sold were fixed at Rs. 49.02 billion and Rs. 43.33 billion, respectively. During the year, your Company exceeded the budgeted sale by Rs. 6.10 billion and the budgeted cost of goods sold by Rs. 0.6 billion. The higher than expected sales were due to increased local demand for the Company's product coupled with the upward rising trend of steel prices in the international market.

The Company was able to maintain the administrative and selling cost at the expected level. The appreciation in the Pak Rupee against US\$ led to an exchange gain of Rs. 392.6 million against budgeted loss of Rs. 278 million. The finance cost was lower than budgeted due to improved operational cash flows based on higher average monthly sales.

# 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 two Committees, namely the Audit Committee and the Human Resource & Remuneration Committee, to support its decision-making in their respective domains:

### Audit Committee

#### Members of Audit Committee on the Reporting Date

Name of Director	Designation	Nature of Directorship
Mr. 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 2020 - 21, 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, 2020 to June 30, 2021

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 Department 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, HR staffing, compensation and benefits that are compliant with the laws and regulations.

#### The Terms of Reference of the Committee includes 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 HR&R Committee are circulated to the Board.

## Statement Showing Attendance at Human Resource & Remuneration Committee Meetings from July 01, 2020 to June 30, 2021

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 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 committee are circulated to the Board after approval.

### ***Statement Showing Attendance at Nomination Committee Meeting from July 01, 2020 to June 30, 2021***

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 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 committee are circulated to the Board after approval.

### ***Statement Showing Attendance at Risk Management Committee Meeting from July 01, 2020 to June 30, 2021***

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. Umair Noor Muhammad, CFO & Head of IT
3. Mr. Farhatullah Siddiqui, Head of Engineering
4. Mr. Asad Malik, Head of Electrical
5. Mr. Amir Rasool, Head of Production & Operations
6. Mr. Khawar A. Siddiqui, Director Sales
7. Ms. Hina Akhtar, Head of Human Resource
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
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. Umair Noor Muhammad, CFO & Head of IT
3. Mr. Farhatullah Siddiqui, Head of Engineering
4. Ms. Hina Akhtar, Head of Human Resource
5. Mr. Amir Rasool, Head of Production



Back Row (Left to Right) :

Middle Row (Left to Right):

Front Row (Left to Right):

Mr. Farhatullah Siddiqui, Mr. Ghufran Ahmed

Mr. Asad Malik, Ms. Hina Akhtar, Mr. Muhammad Shahid, Mr. Altaf Hussain

Mr. Amir Rasool, Mr. Khawar A. Siddiqui, Umair Noor Muhammad,  
Dr. Munir Ahmed, Mr. Saadat Hussain

# Additional Information

## Liquidity and Cash Management

During the year, the Company has successfully managed the liquidity position of the Company through close monitoring of the funding requirements and effective management of its financial resources. As at June 30, 2021, short-term borrowings of Rs. 6.8 billion (2020: Rs. 9.95 billion) and long-term finance of Rs. 7.63 billion (2020: Rs. 9.35 billion) are outstanding. Decrease in long-term borrowing is due to repayment of debt. The average short-term borrowing have decreased during the year due to improved operational cash flow generated on the back of increased average monthly revenue.

Currently, finance facilities of more than Rs. 2.58 billion are unutilized. The Company has history of meeting its financial commitments on 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 daily basis and adjust the borrowing levels in line with 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 of amounted to Rs. 138.9 million. Further, long term loan of Rs. 2.05 billion was repaid during the year, in line with repayment terms.

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

## Adequacy in Capital Structure

Equity of the Company increased by 78.66% to Rs. 14.47 billion on account of increase in accumulated profits. Equity mainly comprises of ordinary share capital of Rs. 7.71 billion representing 771.68 million ordinary shares. Major shareholders of the Company are Arif Habib Equity (Private) Limited, Mr. Arif Habib and Arif Habib Corporation owning 32.55%, 19.96% and 9.80% of share capital of the Company, respectively.

## Ownership Structure

As at June 30, 2021 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 56).

Name of Shareholder	% Owned
Arif Habib Equity (Private) Limited	32.55%
Mr. Arif Habib	19.96%
Arif Habib Corporation Limited	9.80%

## 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 of both companies.
Power Cement Limited	Mr. Nasim Beg, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors of both companies.
Arif Habib Consultancy (Private) Limited	Mr. Arif Habib and Mr. Nasim Beg are directors of both companies.
MCB-Arif Habib Savings and Investments Limited	Mr. Nasim Beg and Mr. Kashif A. Habib are directors of both companies.
Fatima Fertilizer Company Limited	Mr. Arif Habib and Mr. Kashif A. Habib are directors of both companies.
Pakarab Fertilizers Limited	Mr. Arif Habib, Mr. Nasim Beg and Mr. Kashif A. Habib are directors of both companies.
Javedan Corporation Limited	Mr. Arif Habib and Mr. Samad A. Habib are directors of both companies.
Arif Habib Equity (Private) Limited	Mr. Arif Habib holds significant shares of Arif Habib Equity (Private) Limited. Further, Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors of both companies.
Sachal Energy Development (Private) Limited	Mr. Arif Habib is director of both companies.
Black Gold Power Limited	Mr. Arif Habib, Mr. Samad A. Habib and Mr. Kashif A. Habib are directors of both companies.
Rotocast Engineering Company (Private) Limited	Mr. Samad A. Habib and Mr. Kashif A. Habib are directors of both companies.

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

## 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 37%. The management now is focused to achieve maximum capacity utilization, and increase local and export market share. The Company has planned to open more regional offices within the country 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, five 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. He does not hold any other directorship in any other undertaking.

## Separate Office of Chairman and Chief Executive Officer

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



## Role of Chairman

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

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

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

## Role of Chief Executive Officer

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

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

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

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

## Directors' Orientation and Training Program

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

Board of Directors	Certification Status	Institute	Year of Certification
Mr. Arif Habib – Chairman	Exempt	Not Applicable	Not Applicable
Mr. Nasim Beg	Exempt	Not Applicable	Not Applicable
Mr. Kashif A. Habib	Certified	Pakistan Institute of Corporate Governance	2012
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

## 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 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. 680.30 million, Rs. 606.30 million and Rs. 82.25 million respectively. These additions were off-set by disposal proceeds received during the year.

## Issues Raised in Last Annual General Meeting

The Company's sixteenth AGM was held on October 28, 2020. 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 the enhanced capacity, diversified product line, increased market share and decreased interest rates shall help in reducing the finance cost of the Company. Various questions were asked by the members regarding financial performance, capacity utilisation, sales, outlook and other matters which were responded by the Chairman and the CEO to the satisfaction of 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. These 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.

## 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 2021, 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 <http://www.vis.com.pk/>

## Pandemic Policy

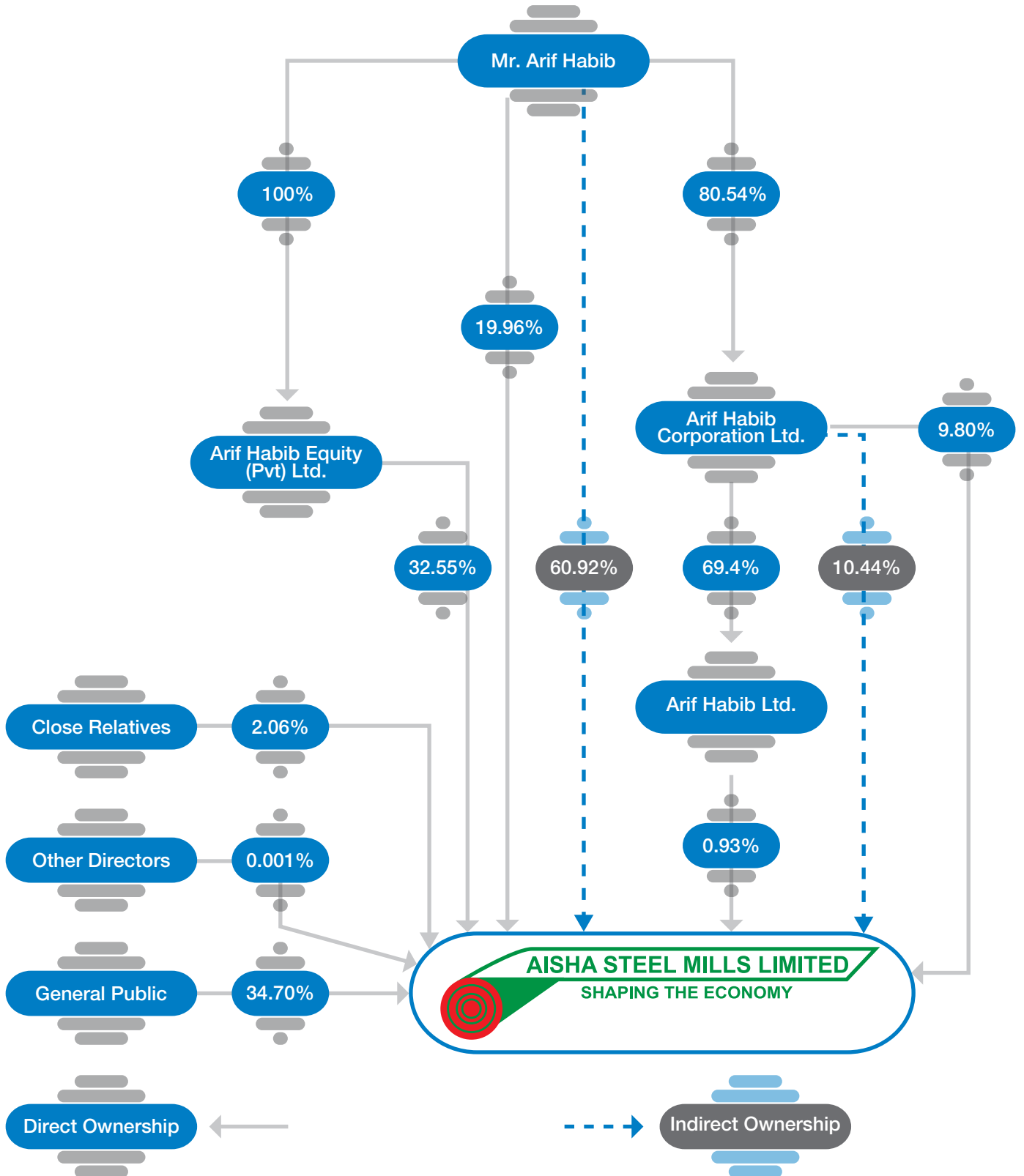
Given the developing situation of the coronavirus in Pakistan since 2020, Aisha Steel Mills Limited established various strict policies to control potential spread of coronavirus. The company took several measures, including:

- Installation of sanitization tunnels at the all 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, 2021



# 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. 55.12 billion (FY2020: 29.8 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 our 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 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, Aisha Steel 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 make 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 barrier to new entrants, therefore, risk of new entrant is minimum. However, Pakistan is net importer of flat-steel, therefore, any new entrant will act 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 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 three consecutive years which is consistent with its being successfully awarded. ASML secured 2nd Position for Best Corporate Reports of 2019 and 2020 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.

# Stakeholders' Engagement

Our stakeholders are the reason we exist, therefore, we consider engagement with them as highly valuable. 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 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 sixteenth AGM was held on October 28, 2020. 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 the enhanced capacity, diversified product line, increased market share and decreased interest rates shall help in reducing the finance cost of the Company. Various questions were asked by the members regarding financial performance, capacity utilisation, sales, outlook and other matters which were responded by the Chairman and the CEO to the satisfaction of 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 27, 2020 and February 24, 2021 through video conferencing facility. The sessions 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.

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 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. Bank 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 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 January 15, 2021, VIS published a rating report for Aisha Steel Mills Limited, the extracts of which have been reproduced below:

*“Aisha Steel Mills Limited (ASL) and International Steels Limited (ISL) are the only local manufacturers in the flat steel sector with a total installed capacity of 2.0m MT (FY19: 1.7m MT FY18: 1.22m MT). Overall demand of flat steel products contracted by 34% to 0.9m MT during FY20 on the back of weak macroeconomic environment and pandemic-induced slowdown. ASL and ISL cater to the majority of the flat steel demand (62%) while the remaining was met through imports in FY20.*”



The topline of the company (ASL) grew by notable 47% in FY20 to Rs. 29.7 billion from Rs.20.2 billion. The growth was contributed by both increase in volumetric sales and prices. In 1QFY21, the sales number displayed a growth of 82% to Rs. 11.2bn (1QFY20: Rs. 6.2bn). Growth was mainly driven by a sharp increase in HDGC off-take. The company has sustained its gross margin at 8% in FY20 relative to last year, albeit lagging historical average of 14% reported between FY16-FY18. The drop in FY19 was mainly caused by rupee devaluation. ASL posted a gross margin of 13% in 1QFY21 (FY20: 9%). Going forward, we anticipate the gross margins to come at 9%-10% levels due to stiff market competition and expected pressure on USD/PKR exchange rate parity.”



[https://docs.vis.com.pk/RatingReports/OP\\_01018903004\\_00010189.pdf](https://docs.vis.com.pk/RatingReports/OP_01018903004_00010189.pdf)

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

### ***Business Recorder***

ASML was also highlighted in the Business Recorder Research section on February 17, 2021, which discussed the historical operational performance and future outlook of the company.

<https://www.brecorder.com/news/40064677>

### ***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.

# 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.”**

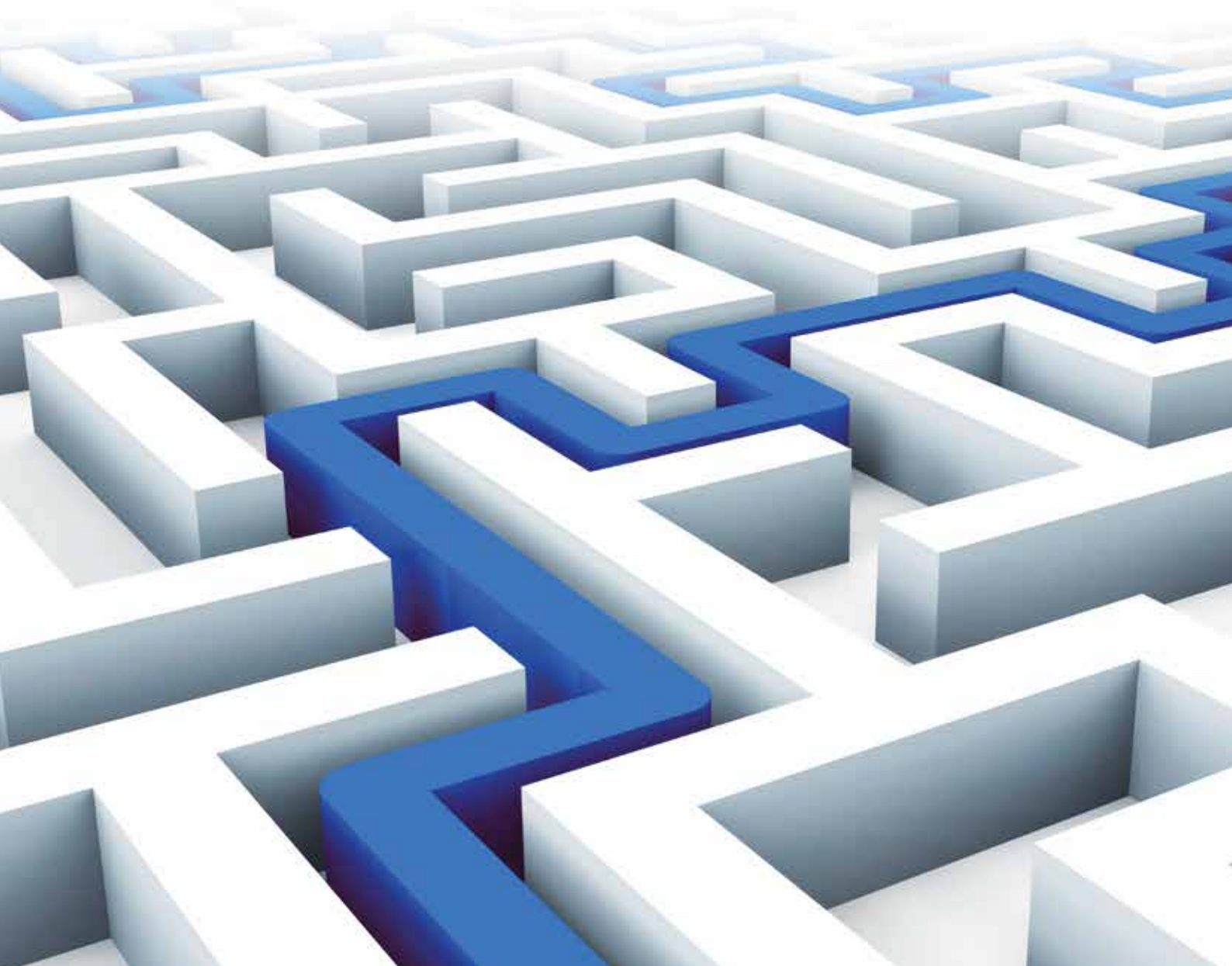
**– Pete Johnsona**

# 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

### Strategy

- ▶ 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,

### KPIs Monitored

- ▶ Total export sales, net value added locally, decline in shares of imports reduced.

### Status

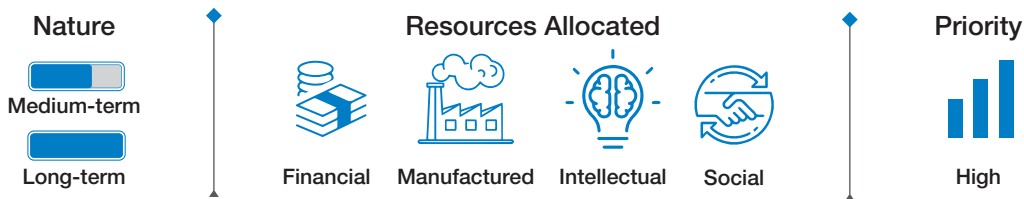
- ▶ The company has enhanced its export sales during the period. Further, with the enhanced capacity the Company is geared to meet future local demand, as well as, to export surplus quantities.

### Future Relevance of KPIs

- ▶ The KPI will remain relevant in the future as well.

### Opportunities and Threats

- ▶ 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

### Strategy

- ▶ Explore possible forward and backward integration options by building upon existing strengths and resources.

### KPIs Monitored

- ▶ Variants of products offered.

### Status

- ▶ 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.

### Future Relevance of KPIs

- ▶ The KPI will remain relevant in the future as well.

### Opportunities and Threats

- ▶ 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 momentum returns, 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**

**Strategy**

- ▶ 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.

**KPIs Monitored**

- ▶ Number of non-compliances

**Status**

- ▶ This is an ongoing process. However, ASML has strong compliance team consisting of qualified professionals who ensure that there is no non-compliance whatsoever.  
Further, during the year the Company carried various CSR activities which have been disclosed in the Directors' Report.

**Future Relevance of KPIs**

- ▶ The KPI will remain relevant in the future as well.

**Opportunities and Threats**

- ▶ 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.



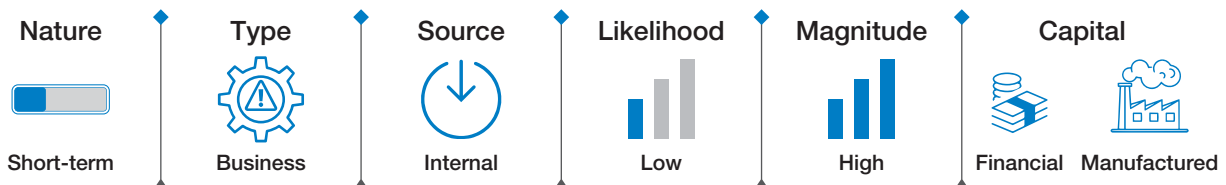
# Risk & Opportunity Report

## 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.

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

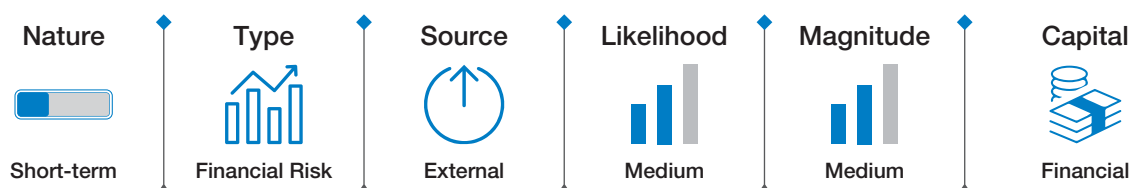
### Mitigant Measures

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

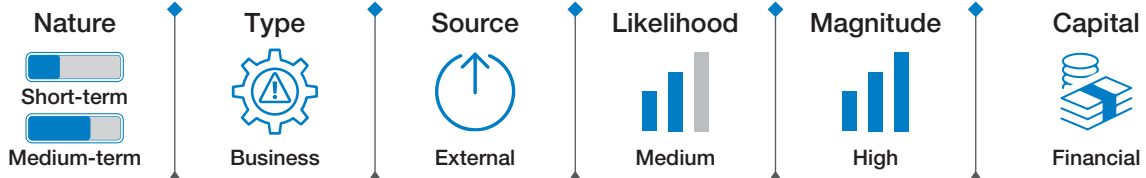
### Mitigant Measures

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

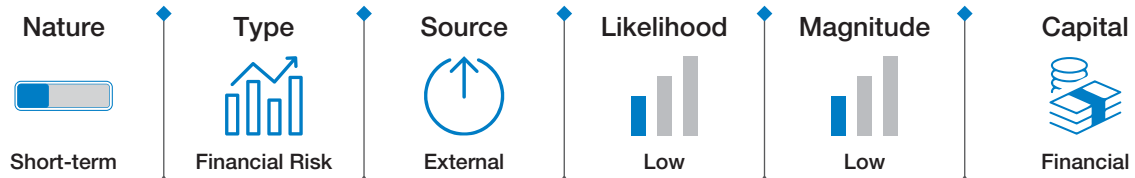
#### Mitigant Measures

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

During this year, 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

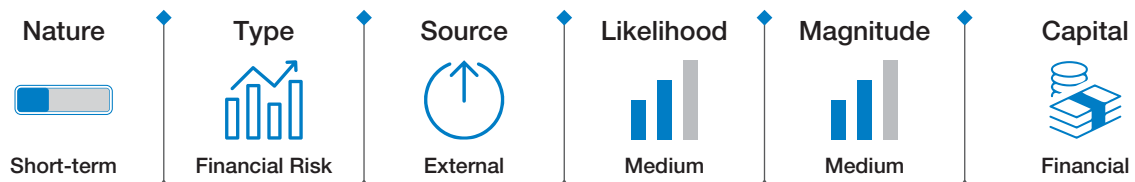
#### Mitigant Measures

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

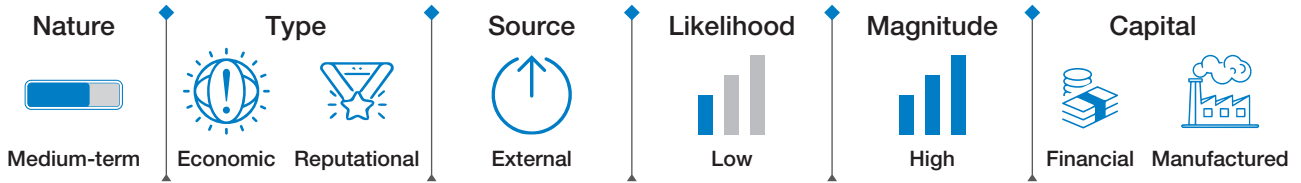
Local selling price of CRC and HDGC is benchmarked against international pricing. Therefore, any increase in cost of raw material is passed through, subject to market conditions. Further, also reducing manufacturing cost through operational efficiencies, synergies and tight cost control.

#### 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

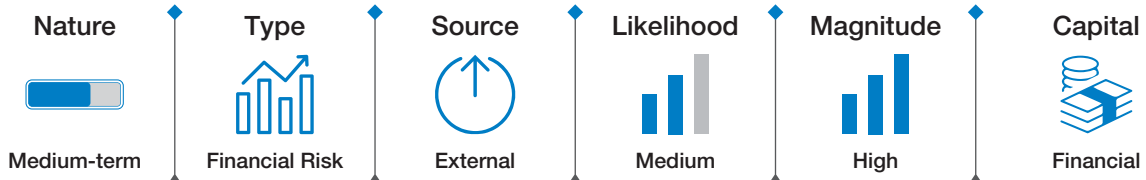
**Mitigant Measures**

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

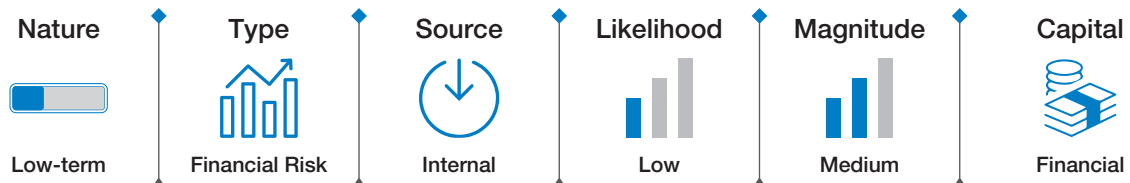
**Mitigant Measures**

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

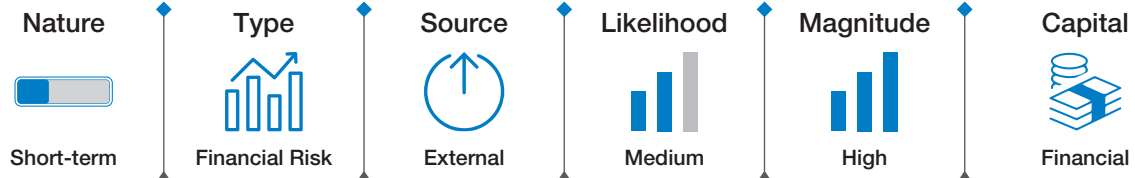
**Mitigant Measures**

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

**Opportunities**

Timely repayments and making sufficient credit lines are 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)

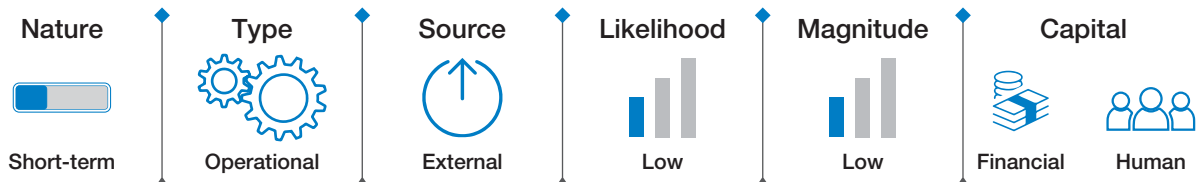
#### Mitigant Measures

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

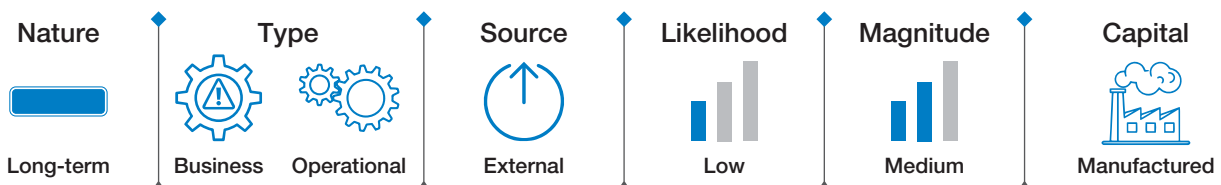
#### Mitigant Measures

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



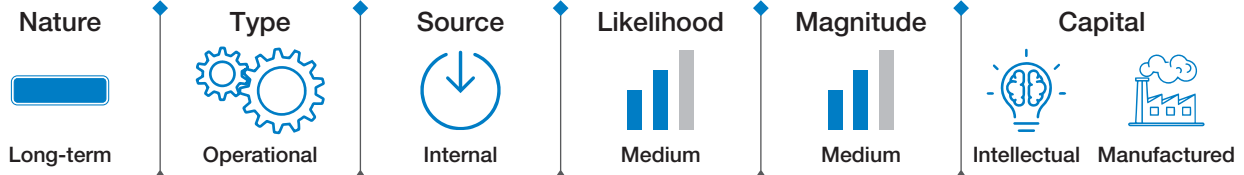
#### Objective

- 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



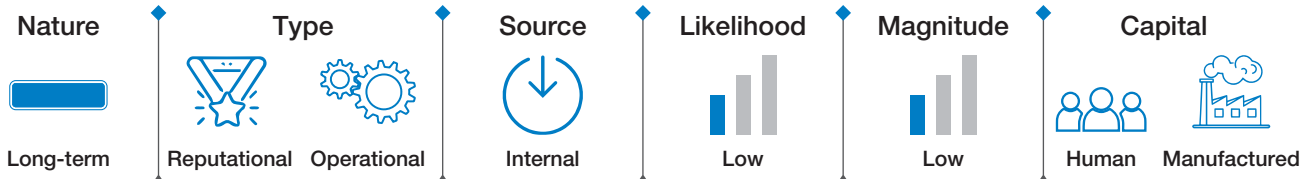
#### Objective

- 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



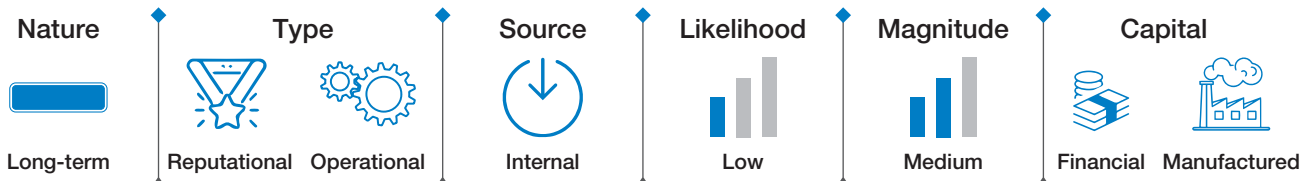
#### Objective

- 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



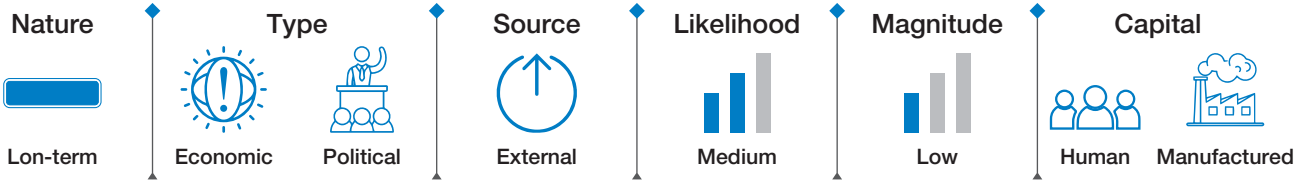
#### Objective

- 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**



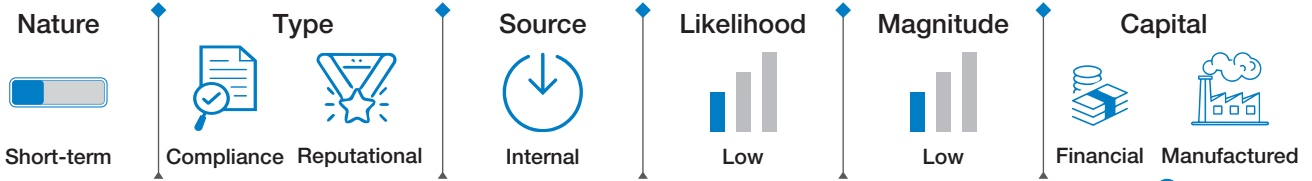
**Objective**

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

# SWOT Analysis



## STRENGTHS

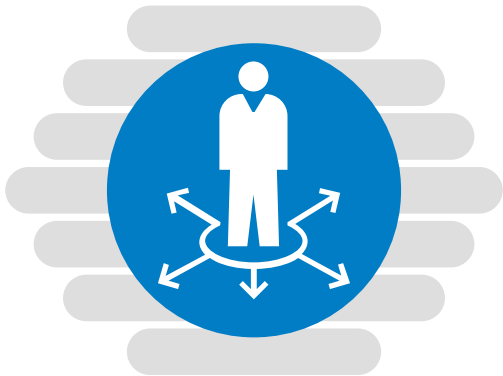
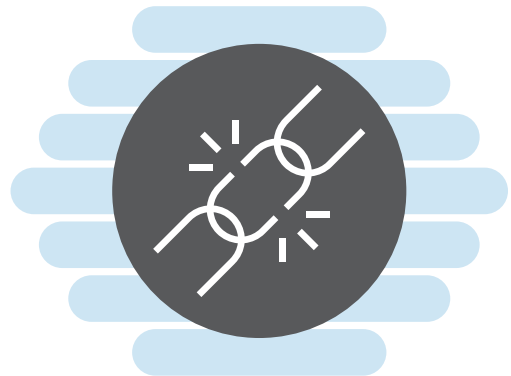
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- State-of-the-art plant and production facilities.
- One of the largest flat steel plant in local market.
- Experienced and energetic management with track record of envisaging and executing projects.
- Imposition of anti-dumping duty.
- Quality equivalent to international standards.
- Exclusive dealer partners supplying CRC and HDGC all-over Pakistan.

## WEAKNESS

- Leveraged.
- International market driven pricing.
- Rising freight cost relating to exports

# W



## OPPORTUNITIES

# O

- 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.

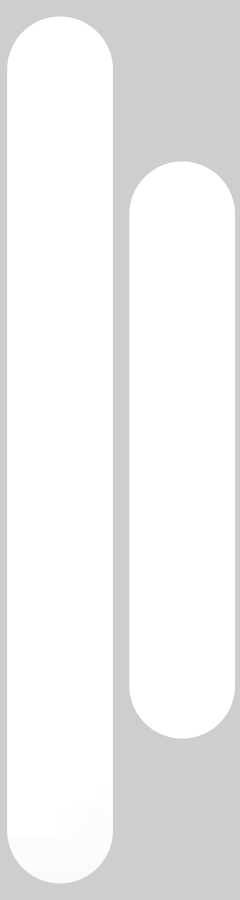
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# Performance Analysis





**“When performance is measured,  
performance improves. When  
performance is measured and  
reported, the rate of performance  
accelerates.”**

**– Thomas S. Monson**

# 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 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.

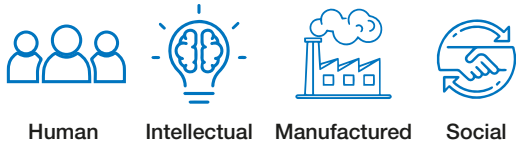
#### *KPIs Monitored: Market share, sales volume, customer base, dealer network, new markets reached*

ASML's overall local market share has increased from 16% in the year 2018-19 to about 37% in year 2020-21. Sales volume has significantly increased by 47%. Revenue from export sales have significantly multiplied depicting Company's entrance to new markets.

#### Future Relevance:

Maintaining and improving strong customer base ranging from large distributors to small end user customers is 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

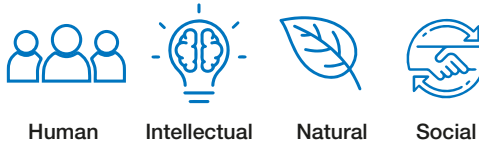
ASML pledges to adhere to highest standards of Environment, Health and Safety (EHS) policy. During the year, various EHS trainings, that included mock evacuation drills, basic first aid and emergency handling session, were conducted to enhance employees understanding of SOPs. Moreover, audit of fire 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. ASML also hosted a Road Safety session in collaboration with National Highway Motorway Police (NHMP) to create awareness regarding road sense & traffic regulations. Further, for improving its environmental footprint, a Tree Plantation Drive was conducted and 100+ trees were planted during the year in surrounding area of ASML's facility. 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 2021, amounting to Rs. 9,407.18 million, increased by 40% 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



## Financial Performance

### Financial Indicators:



### Overview of Financial Performance

During the current year, Aisha Steel Mills Limited (ASML) achieved another milestone by posting a **revenue** of Rs. 55,116 million which as compared to the prior year is 85% higher. The increase in sales is attributable to favourable volume and price variance. Sales volume increased significantly by 47% (FY21: 379,622 tons | FY20: 258,453) whereas average selling price per ton over the year also increased by 26% (FY21: Rs. 145,188 | FY20: Rs. 115,212). The favourable volume variance can be related to the resumption of economic activities during the year, which had slowed down, on account of containment measures taken by the government against the spread of the first wave of COVID-19. This led to a V-shaped recovery in the industrial activity, which in turn caused a rising demand trend for CRC and GI. This was further complemented by the expansionary measures taken by the Government towards the construction industry and the realization of pent-up demand in the automobile industry. Furthermore, the decline of COVID-19 cases in China acted as a stimulus which led to an upward rising trend in international sales prices that were previously reported at US\$450 per ton. FY2021 witnessed a rising price trend of steel in the international market which peaked out at almost US\$ 1,100 per ton by June, 2021. The rising local economic trends enabled the local manufacturer to transfer the rise to the local consumer leading to better margins during the year. As a result, Company recorded a **gross profit** of Rs. 11,185 million (FY2020: 2,366 million) which is almost five times of the corresponding period. **Gross profit percentage** also increased to 20% in FY 2021 (FY 2020: 8%).

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. (FY2021: Rs. 2,550 million | FY2020: 235 million).

Other expenses have primarily increased on account of WWF and WPPF expenses, recorded in the current year on profit before tax, whereas the same was not recorded last year due to loss before tax.

Other income in terms of percentage has increased significantly as compared to last year. The increase is mainly attributable to exchange gain on imports.

Finance cost, during the year, has decreased by Rs. 1,862 million (FY21: Rs. 1,524 million | FY20: Rs. 3,386 million). The decrease is further bifurcated with the decrease in long-term finance cost by Rs. 143 million, decrease in short-term finance cost by Rs. 1,218 million and decrease in other finance cost by Rs. 501 million.

Decrease in short-term finance cost is primarily due to decrease in average short-term borrowings (FY21: Rs. 6,438 million | FY20: Rs. 14,016 million). The decrease in average short-term borrowings is in line with the increase in average sales (FY21: Rs. 4,593 million | FY20: Rs. 2,481 million). Moreover, decrease in average borrowing rate have also contributed to the overall decrease in short-term finance cost (FY21: 8.93% | FY20: 12.72%). Decrease in other finance cost is primarily on account of appreciation in Pak Rupee value, as a result of which no exchange loss (on net basis) has been recorded on imports in the current year.

As a result of overall improved performance of the Company in the current year, **profit before tax** for the year was reported amounting to Rs. 8,588 million as against loss of Rs. 1,343 million in FY 2020.

Income tax expense of Rs. 2,220 million has been recorded in the current year against income tax credit of Rs. 726 million recorded last year. Over all improved performance, reflected by better margins and lower administrative, selling and finance cost have led to a taxable income in FY2021. Last year's income tax credit was on account of carried forward losses and tax credits.

As a result, **profit after tax** for the year was reported amounting to Rs. 6,368 million as against loss of Rs. 617 million in FY 2020.

**Earnings per share** of the current year stands at Rs. 8.19 per share as against Rs. 0.89 loss per share recorded last year. Earnings per share have increased mainly on account of improved performance, as mentioned above in detail.

### **Comparison Against Target**

**Revenue** during current year is has surpassed the targeted revenue of Rs. 49 billion, which is primarily on account of inventory gains earned, resulting in improved margins during the year. Accordingly, finance cost also reduced as against budgeted finance cost Rs. 2,165 million. As a result, the company posted **profit after tax** of Rs. 6,368 million as against targeted profit after tax of Rs. 2,226 million.

### **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 sales made within Pakistan. As at June 30, 2021, 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 & stand-by equipment. Net Capital expenditure during the year amounted to Rs. 1,184 million of which additions to operating assets amounted to Rs. 680 million, additions to major spare parts amounts to Rs. 606 million and additions to capital work in progress amounts to Rs. 82 million. This has been partially offset by the disposal of fixed asstes.

Deferred tax asset significantly reduced during the current year (FY2021: Rs. 449 million | FY 2020: Rs. 2,159 million). The decrease is mainly attributable to adjustment of carried forward losses from the current year's taxable income.

Stock in trade has increased by Rs. 3,136 million. The increase mainly relates to increase in stock of raw material goods to meet future sale orders.

Tax refunds due from Government - Sales tax that stood recoverable in the prior period has been offset during the year due to sales at higher prices leading to sales tax payable as at June 30, 2021.

Taxation - payments less provision has increased by Rs. 537 million, which pertains to advance tax paid on imports and local goods amounting to Rs. 764 million and Rs. 133 million respectively. This increase has been partially off-set by current income tax.

Staff retirement benefits increased by Rs. 26 million during 2021. During the year provision of Rs. 35 million, on basis of external expert report, has been recorded. Further, payment of Rs. 8 million in respect of staff retirement has been made.

Accrued mark-up has decreased by Rs. 340 million during FY2021, primarily on account of decrease in mark-up which is due to decrease in average short-term borrowings in the last quarter of the current period as compared to corresponding period in the previous year (FYQ4 2021: Rs. 6,010 million | FYQ4 2020: Rs. 9,876 million). Moreover, decrease in average borrowing rate in the last quarter of FY2021 as compared to the corresponding quarter last year (FYQ4 2021: 9.89% | FYQ4 2020: 11.68%) also contributed to the overall decrease in accrued mark-up.

Company's net worth as at June 30, 2021 stood at Rs. 14,467 million with a break-up value of Rs. 18.75 per share. Details of contingencies and commitments are disclosed in the note no. 21 of the notes to the financial statements.

Above was the brief overview of the Company's performance and the Company's financial position. The same has been further elaborated later in this section from page 108 to 130, 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 a key factor.

**Gross profit** and gross profit percentage are critical because it indicate 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.

### ***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 years.

# Key Operational & Financial Data

## Operational Summary

	2021	2020	2019	2018	2017	2016
	----- Tons -----					
Production	365,274	277,800	202,164	217,370	209,524	195,906
Sales	379,622	258,453	205,456	217,043	214,316	181,259

## Summary of Statement of Profit & Loss

	2021	2020	2019	2018	2017	2016
	----- Rs. In Million -----					
Revenue	55,116	29,777	20,231	18,904	14,076	9,634
Cost of sales	43,931	27,411	18,553	15,590	11,989	8,654
Gross profit	11,185	2,366	1,678	3,314	2,087	980
Profit from operations	10,590	2,005	1,404	3,104	1,880	804
Profit / (loss) before taxation	8,588	(1,343)	(412)	1,916	882	(192)
Profit / (loss) for the year	6,368	(617)	254	1,284	1,020	(155)

## Summary of Financial Position

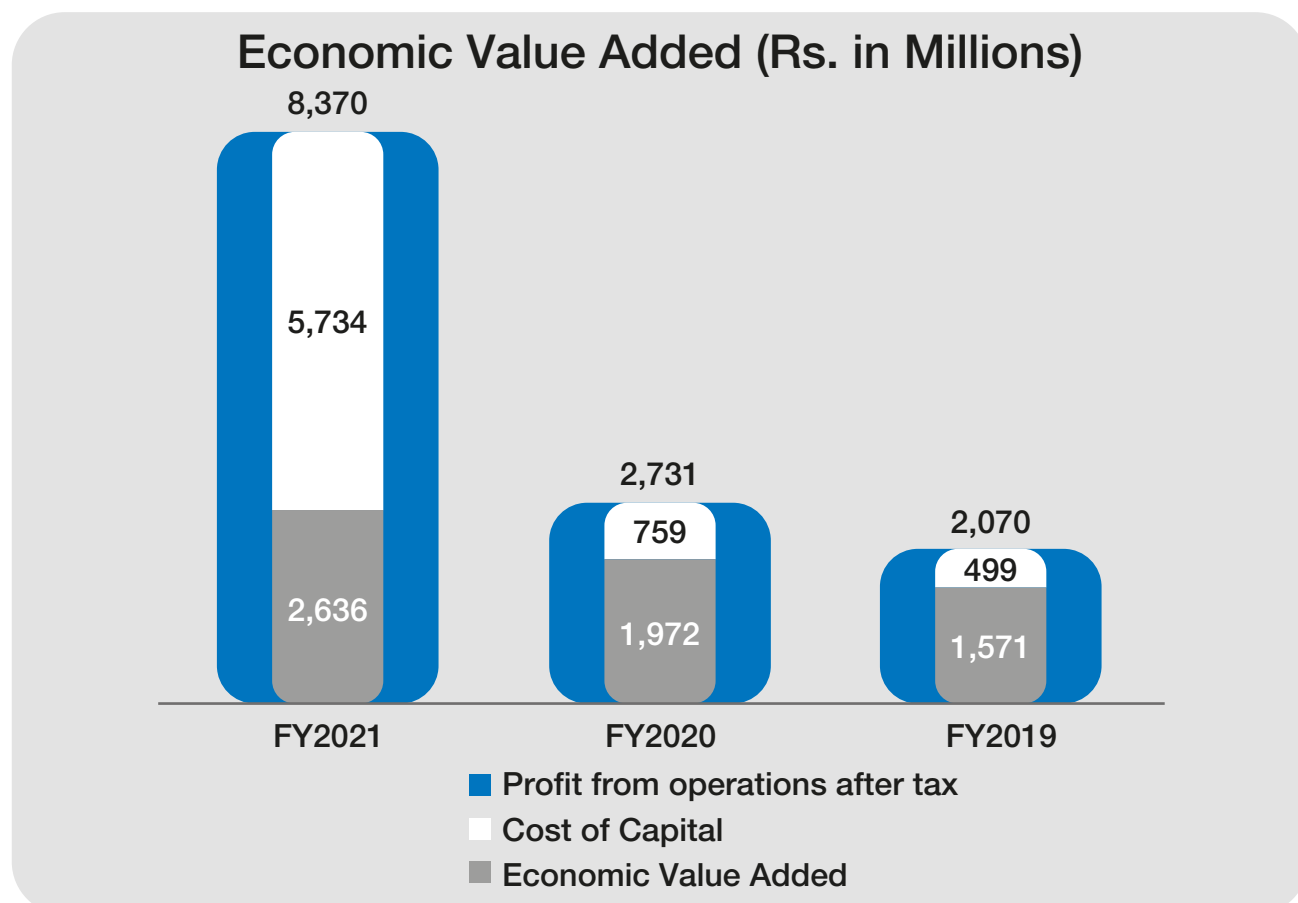
	2021	2020	2019	2018	2017	2016
	----- Rs. In Million -----					
<b>Assets</b>						
Non-Current Assets	19,951	21,227	21,560	14,366	11,959	10,884
Current Assets	16,573	13,304	11,171	6,060	6,225	4,468
<b>Total Assets</b>	<b>36,524</b>	<b>34,531</b>	<b>32,731</b>	<b>20,426</b>	<b>18,184</b>	<b>15,352</b>
<b>Equity and Liabilities</b>						
Shareholders' Equity	14,467	8,097	8,747	8,491	6,700	2,655
Non-Current Liabilities	6,274	9,462	7,273	4,934	5,078	5,355
Current Liabilities	15,783	16,972	16,711	7,001	6,406	7,342
<b>Total Equities and Liabilities</b>	<b>36,524</b>	<b>34,531</b>	<b>32,731</b>	<b>20,426</b>	<b>18,184</b>	<b>15,352</b>

# Economic Value Added

	2021	2020	2019
	----- Rs. In Million -----		
Profit from operations after tax	8,370	2,731	2,070
Cost of Capital	(2,636)	(1,972)	(1,571)
<b>EVA (Rs. In Millions)</b>	<b>5,734</b>	<b>759</b>	<b>499</b>
Total Assets	36,524	34,531	32,731
Less: Current Liabilities	(15,783)	(16,972)	(16,711)
<b>Net Capital Invested</b>	<b>20,741</b>	<b>17,559</b>	<b>16,020</b>
<b>WACC</b>	<b>12.71%</b>	<b>11.23%</b>	<b>9.81%</b>
<b>Cost of Capital</b>	<b>2,636</b>	<b>1,972</b>	<b>1,571</b>

## Comments

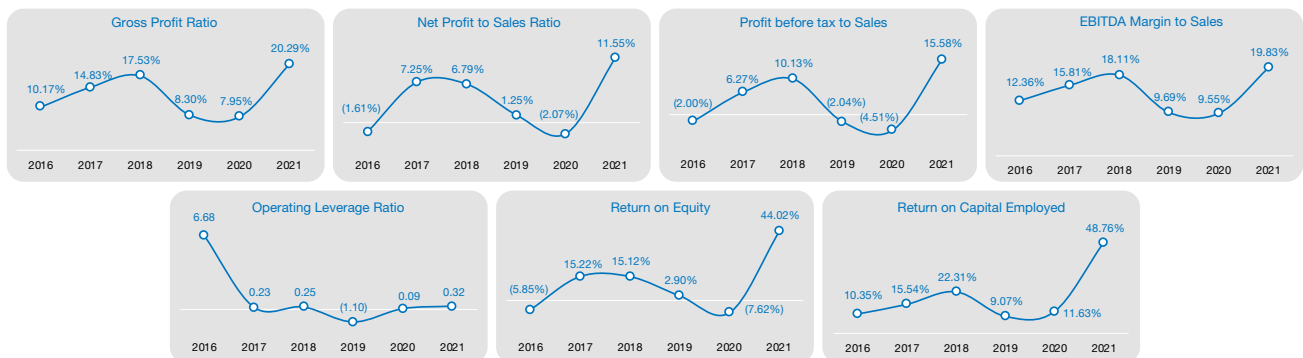
Economic value added has shown a significant increase from last year mainly due to increase in operating profit for the year. However, weighted average cost of capital (WACC) of the company has also increased due to increase in market value of equity. The rise in WACC has partially been offset by a decrease in average cost of borrowing.



# Ratio Analysis

## Profitability Ratios

Description	Formula	2021	2020	2019	2018	2017	2016
Gross Profit Ratio (%)	Gross Profit or (Loss) / Net Sales	20.29%	7.95%	8.30%	17.53%	14.83%	10.17%
Net Profit to Sales (%)	Net Profit or (Loss) / Net Sales	11.55%	-2.07%	1.25%	6.79%	7.25%	-1.61%
Profit Before Tax to Sales (%)	Profit or (Loss) Before Tax / Net Sales	15.58%	-4.51%	-2.04%	10.13%	6.27%	-2.00%
EBITDA Margin to Sales (%)	EBITDA / Net Sales	19.83%	9.55%	9.69%	18.11%	15.81%	12.36%
Operating leverage ratio (Times)	Change in EBITDA / Change in Net Sales	0.32	0.09	(1.10)	0.25	0.23	6.68
Return on Equity (%)	Profit or (Loss) After Tax / Shareholder's equity	44.02%	-7.62%	2.90%	15.12%	15.22%	-5.85%
Return on Capital employed (%)	EBIT / Capital employed	48.76%	11.63%	9.07%	22.31%	15.54%	10.35%

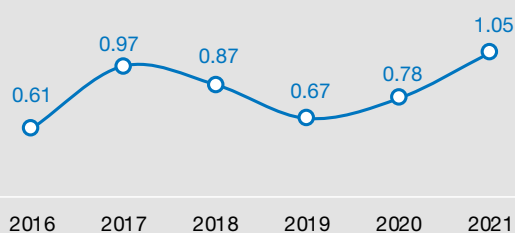


The downturn faced in 2019 and 2020, by the overall improving profitability, got back on track in 2021. This increase is primarily on account of significant rise in sales volume coupled with higher margins. The favourable rise in sales volume can be related to the resumption of economic activities during the year, supported by expansionary measures taken by the Government to mitigate the effects of COVID-19. Moreover, FY2021 witnessed a rising price trend of steel in the international market which peaked out at almost US\$ 1,100 by June, 2021. The rising local economic trends enabled the local manufacturer to transfer the rise to the local consumer leading to better margins during the year. These margins further translated in to a higher profit which reflects the Company's success in keeping expenses under check.

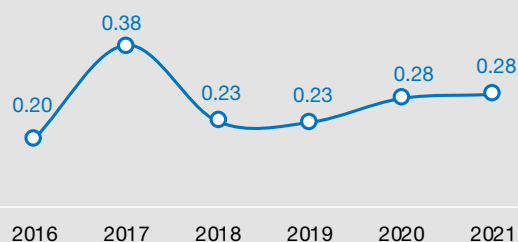
## Liquidity Ratios

Description	Formula	2021	2020	2019	2018	2017	2016
Current ratio (Times)	Current Assets / Current Liabilities	1.05	0.78	0.67	0.87	0.97	0.61
Quick / Acid test ratio (Times)	Liquid Assets / Current Liabilities	0.28	0.28	0.23	0.23	0.38	0.20
Cash to Current Liabilities (Times)	Cash and Bank / Current Liabilities	0.02	0.01	0.01	0.01	0.13	0.01
Operating Cash Flows to Sales (Times)	Cashflow from Operations / Net Sales	0.12	0.10	(0.19)	(0.04)	0.08	-

### Current Ratio (Times)



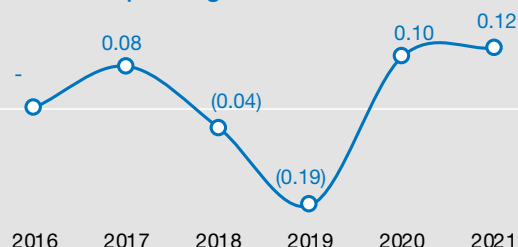
### Acid Test Ratio



### Cash to Current Liabilities



### Operating Cashflow to Sales



The company has consistently exhibited a picture of improving liquidity condition over the period. During FY2019, the company had faced a liquidity crunch on account of devaluing Pak Rupee against US Dollar and increasing inventory days. However, with rising sales volumes and margins, earned in FY 2021, liquidity ratios have significantly improved. Increase in average monthly revenue figures, helped out the Company to reduce its short-term borrowing levels, obtained to finance its working capital requirements. This was further complemented by the strengthening of Pak Rupee against US Dollar leading to cash flow savings in procurement.

## Investment / Market Ratios

Description	Formula	2021	2020	2019	2018	2017	2016
Basic Earnings / (Loss) per share (Rs. / Share)	Earnings Attributable to Ordinary Shareholders / Weight Average Number of Shares	8.19	(0.89)	0.26	1.57	1.74	(1.35)
Diluted Earnings / (Loss) per share (Rs. / Share) (N1)	Diluted Earnings Attributable to Ordinary Shareholders / Weight Average Number of Shares	6.61	N/A	N/A	1.54	1.31	N/A
Price Earning Ratios (Times) per Share*	Market Price / Basic Earnings or (Loss) per Share	3.04	(10.35)	35.38	10.04	10.39	(6.26)
Price to Book Value Ratio (Times)	Market Price / Book Value per Share	1.33	0.92	0.85	1.64	1.99	10.68
Dividend Yield Ratio	Dividend Per Share (Ordinary) / Market Price (ASL)	8.03%	Since no dividend has been paid, therefore, dividend yield ratio, dividend payout ratio and cash dividend per share ratio are not applicable.				
Dividend Payout Ratio	Dividend Per Share (Ordinary) / EPS (ASL)	24.4%					
Cash Dividend per Share	Total Dividend Paid (Ordinary) / Outstanding Ordinary Shares	2					
Break up Value per Share (with Revaluation Surplus) (Rs. / Share)	Equity including surplus on revaluation of fixed assets / Number of shares	18.75	10.58	11.43	10.20	9.77	9.77
Break up Value per Share (without Revaluation Surplus) (Rs. / Share)	Equity excluding surplus on revaluation of fixed assets / number of shares	16.93	8.69	9.45	8.33	7.99	8.36
Free Cash Flows (Rs. in Millions)		5,132	2,427	(11,071)	(3,399)	3,051	(75)

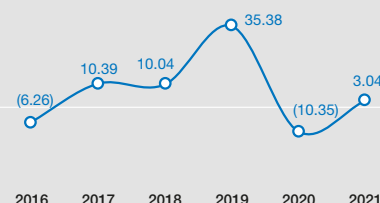
### Basic Earnings Per Share



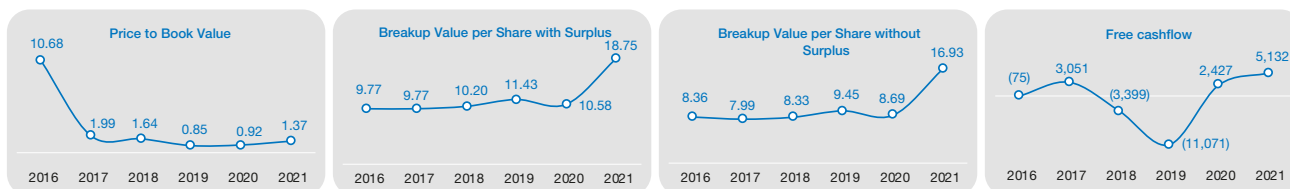
### Diluted Earnings Per Share



### Price Earning Ratio







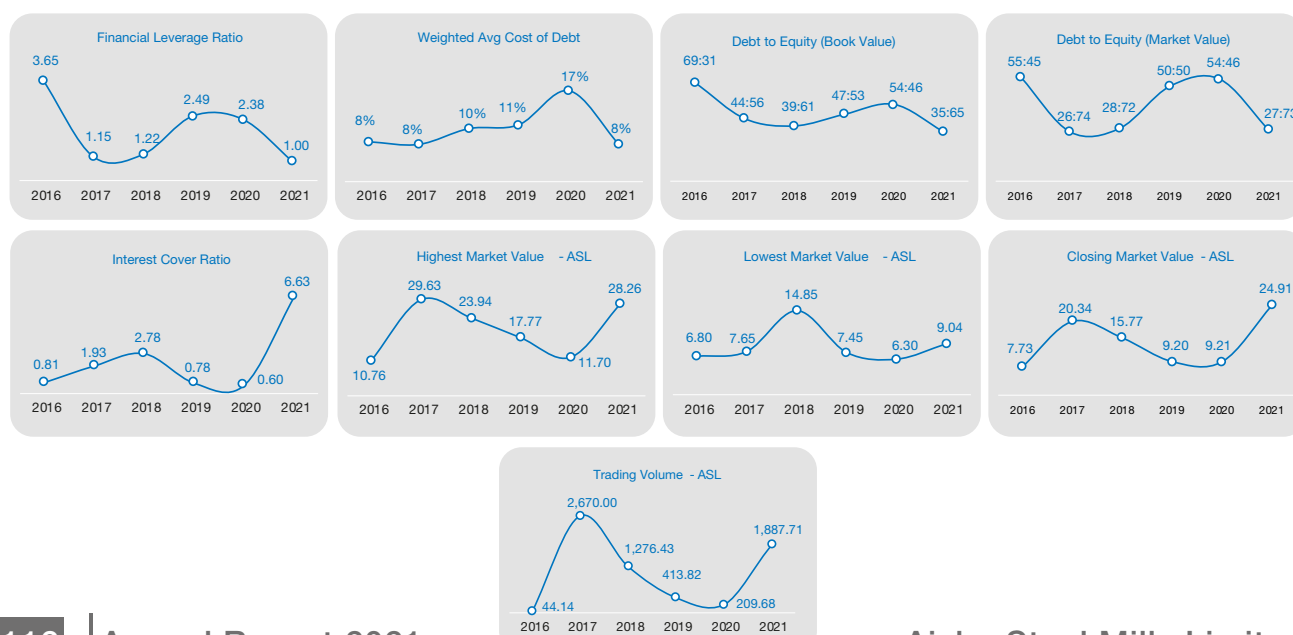
The year started with the country recovering through economic slowdown. Further, due to the prompt fiscal management and expansionary policies undertaken by the government, the economy recovered on a V-shaped trend and moved towards maintaining its pre-covid trajectory of improving economic growth. Overall market sentiments, which were bearish during FY19 and FY20 turned to bullish and KSE 100 index increased by 35.6% and was recorded around 47,378 points (FY2020 34,442 points) at June 30, 2021. The Company has delivered improved performance during the year on the back of record high sales revenue of Rs. 55.17 billion, which has translated into an earning per share of Rs. 8.19, which is nothing short of a feat from loss per share of Rs. 0.89 in the corresponding period previous year. Aisha has managed once again to maintain market confidence, which is evident with an improvement in annual trade volume, which was at 1,887.71 million (FY2020: 209.68 million).

## Notes

N1 - Due to losses dilution of earnings per share had anti-dilutive effect for financial year 2014, 2015, 2016, 2019 and 2020, therefore, the same has not been disclosed and presented.

## Capital Structure Ratios

Description	Formula	2021	2020	2019	2018	2017	2016
Financial Leverage Ratio (Times)	Total Debt / Total Equity	1.00	2.38	2.49	1.22	1.15	3.65
Weighted Average Cost of Debt (%) (N1)	Total Interest / Total Debt	8%	17%	11%	10%	8%	8%
Debt to equity ratio (book value)	Total Long Term Debt / Equity	35:65	54:46	47:53	39:61	44:56	69:31
Debt to equity ratio (market value)	Market Value (MV) of Long Term Debt / MV of Equity	27:73	54:46	50:50	28:72	26:74	55:45
Interest Cover Ratio (Times)	EBTI / Finance Cost	6.63	0.60	0.78	2.78	1.93	0.81
Market Value per share (Symbol: ASL)							
- High (Rs. / Share)	N/A	28.26	11.70	17.77	23.94	29.63	10.76
- Low (Rs. / Share)	N/A	9.04	6.30	7.45	14.85	7.65	6.80
- Closing (Rs. / Share)	N/A	24.91	9.21	9.20	15.77	20.34	7.73
Total Volume Traded (Number of shares in million)	N/A	1,887.71	209.68	413.82	1,276.43	2,670.00	44.14



In the current year, the Company was able to get back on the low-gearing trajectory which had been impaired in 2019. During the year, the entity had attained operational profitability due to sales at better margin backed by robust demand for CRC & GI, due to improving industrial activity trends. The profitability in turn led to an improved gearing. Furthermore, the interest cover ratios improved due to the overall operations being supported by improved gearing and less reliance on short-term finance leading to a lower average finance cost and short-term debt profile.

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

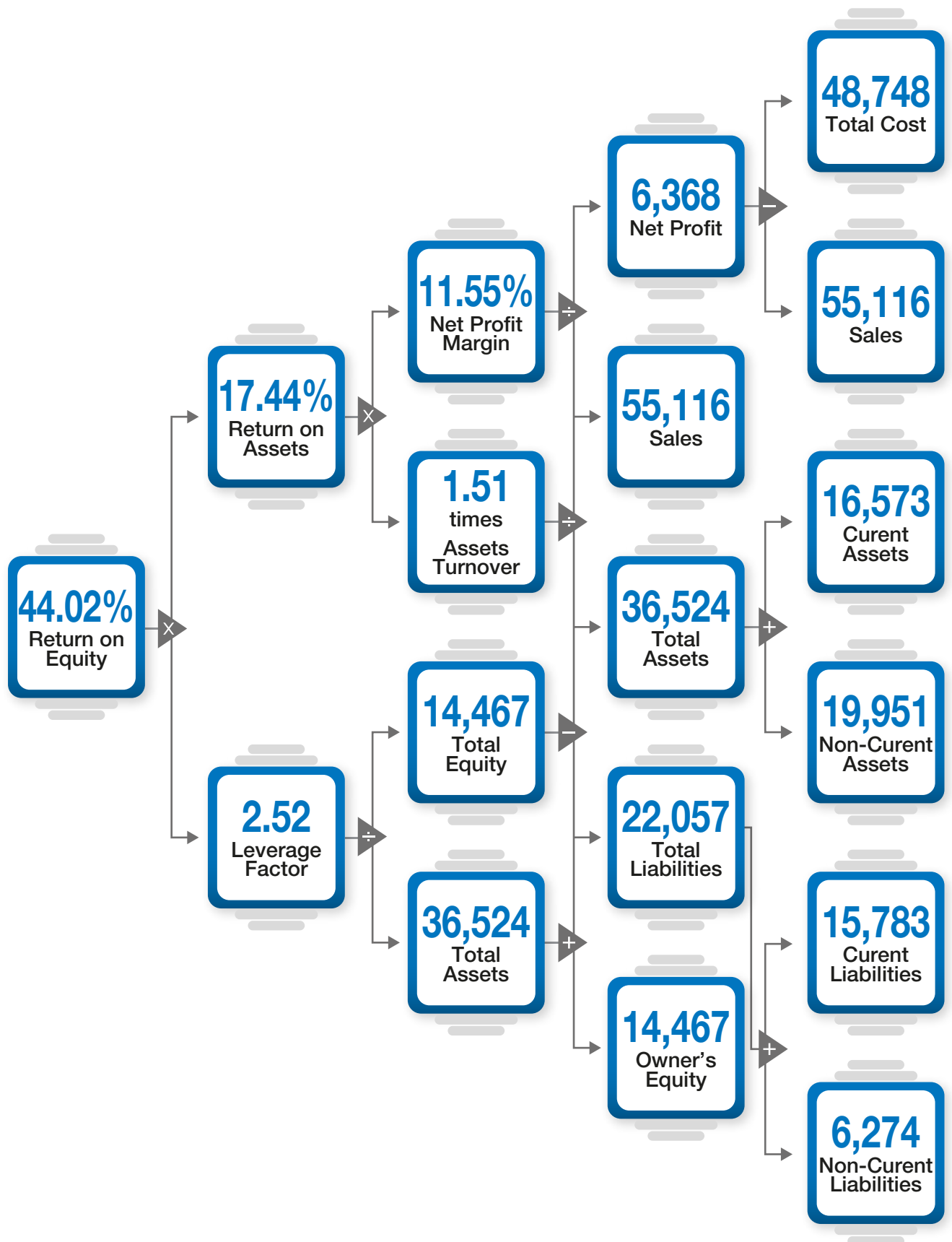
## Activity Ratios

Description	Formula	2021	2020	2019	2018	2017	2016
Total Assets Turnover Ratio (Times)	Net Sales / Total Assets	1.51	0.86	0.62	0.93	0.77	0.63
Fixed Assets Turnover Ratio (Times)	Net Sales / Total Fixed Assets	2.84	1.57	1.00	1.41	1.34	0.99
Inventory Turnover	Cost of Goods Sold / Average Inventory	4.63	3.70	3.30	3.88	3.67	3.30
Inventory Turnover (Days)	Average Inventory / Cost of Goods Sold x 365	78.80	98.78	110.49	93.98	99.40	110.66
Debtors Turnover	Sales / Average Receivable	97.28	78.23	57.49	146.74	122.72	125.94
Debtors Turnover (Days)	Average Receivables / Sales x 365	3.75	4.67	6.35	2.49	2.97	2.90
Creditors Turnover	Cost of Goods Sold / Average Creditors	6.63	7.26	15.18	6.54	3.79	3.14
Creditors Turnover (Days)	Average Creditors / Cost of Goods Sold x 365	55.05	50.25	24.04	55.85	96.42	116.35
Operating Cycle (Days)	Days in Inventory + Days in Receivables	82.56	103.45	116.84	96.47	102.37	113.56



Operational cycle that had deteriorated in 2019 and 2020 due to higher inventory levels and lower sales volume, improved during the year. The robust demand for CRC and GI, on account of improving industrial activity and efficient inventory management led to improvement in inventory cycles during the year. The record high increase in revenue by 85% (FY2021 Rs. 55.12 billion | FY2020: Rs. 29.78 billion) compared to a 5% increase in total asset, translated to a higher asset turnover.

# DuPont Analysis



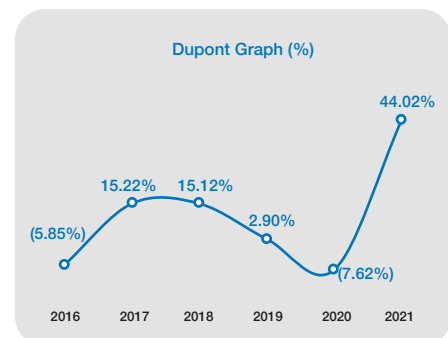
# DuPont Analysis

DuPont Analysis (Rs. In Million)

		2021	2020	2019	2018	2017	2016
<b>A</b>	Non-current Liabilities	6,274	9,462	7,273	4,934	5,078	5,355
<b>B</b>	Current Liabilities	15,783	16,972	16,711	7,001	6,406	7,342
<b>C = A+B</b>	<b>Total Liabilities</b>	<b>22,057</b>	<b>26,433</b>	<b>23,984</b>	<b>11,935</b>	<b>11,484</b>	<b>12,697</b>
<b>D</b>	Non-current Assets	19,951	21,227	21,560	14,366	11,959	10,884
<b>E</b>	Current Assets	16,573	13,304	11,171	6,060	6,225	4,468
<b>F = D + E</b>	<b>Total Assets</b>	<b>36,524</b>	<b>34,531</b>	<b>32,731</b>	<b>20,426</b>	<b>18,184</b>	<b>15,352</b>
<b>G = C - F</b>	<b>Owners' Equity</b>	<b>14,467</b>	<b>8,097</b>	<b>8,747</b>	<b>8,491</b>	<b>6,700</b>	<b>2,655</b>
<b>H</b>	Sales	55,116	29,777	20,231	18,904	14,076	9,634
<b>I</b>	Total Cost	48,748	30,394	19,977	17,620	13,056	9,789
<b>J = H - I</b>	<b>Net Profit / (Loss)</b>	<b>6,368</b>	<b>(617)</b>	<b>254</b>	<b>1,284</b>	<b>1,020</b>	<b>(155)</b>
<b>K = J / H</b>	<b>Net Profit / Loss Margin (%)</b>	<b>11.55%</b>	<b>(2.07%)</b>	<b>1.26%</b>	<b>6.79%</b>	<b>7.25%</b>	<b>(1.61%)</b>
<b>L = H / F</b>	<b>Assets Turnover (Times)</b>	<b>1.51</b>	<b>0.86</b>	<b>0.62</b>	<b>0.93</b>	<b>0.77</b>	<b>0.63</b>
<b>M = F / G</b>	<b>Leverage Factor (Times)</b>	<b>2.52</b>	<b>4.26</b>	<b>3.74</b>	<b>2.41</b>	<b>2.71</b>	<b>5.78</b>
<b>N = K x L</b>	<b>Return on Assets (%)</b>	<b>17.44%</b>	<b>(1.79%)</b>	<b>0.78%</b>	<b>6.29%</b>	<b>5.61%</b>	<b>(1.01%)</b>
<b>O = M x N</b>	<b>Return on Equity (%)</b>	<b>44.02%</b>	<b>(7.62%)</b>	<b>2.90%</b>	<b>15.12%</b>	<b>15.22%</b>	<b>(5.85%)</b>

## Analysis

- The overall profitability trend, which was impaired on account of economic and political downturn in FY2019 and FY2020, recovered in FY2021. The improved industrial activity and a V-shaped economic recovery facilitated improved revenue, leading to the Company achieving a record sales volume of 379,622 tons, i.e. 47% higher than the corresponding period last year. The upward rising trend in the international steel market coupled with high local demand eventually led to higher margins and improved profitability.
- 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 76% increase in asset turnover ratio during the year which is primarily due to significant increase in revenue as compared to last year,
- The leverage ratio has improved by 40% during the year on account of improved profitability while maintaining almost the same asset base.



## Conclusion

The overall DuPont analysis depicts a trend of recovery in the return on equity of the Company. In 2019, return on equity had deteriorated on account of unstable political situation and the lowering of demand on account of economic downturn. In the current year, a positive return on equity has been reported 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

	2021		2020		2019		2018		2017		2016	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
<b>Assets</b>												
Non-Current Assets	19,951	-6%	21,227	-2%	21,560	50%	14,366	20%	11,959	10%	10,884	-3%
Current Assets	16,573	25%	13,304	19%	11,171	84%	6,060	-3%	6,225	39%	4,468	7%
<b>Total Assets</b>	<b>36,524</b>	<b>6%</b>	<b>34,531</b>	<b>5%</b>	<b>32,731</b>	<b>60%</b>	<b>20,426</b>	<b>12%</b>	<b>18,184</b>	<b>18%</b>	<b>15,352</b>	<b>0%</b>

## Equity and Liabilities

Shareholders' Equity	14,467	79%	8,097	-7%	8,747	3%	8,491	27%	6,700	152%	2,655	-6%
Non-Current Liabilities	6,274	-34%	9,462	30%	7,273	47%	4,934	-3%	5,078	-5%	5,355	-5%
Current Liabilities	15,783	-7%	16,972	2%	16,711	139%	7,001	9%	6,406	-13%	7,342	6%
<b>Total Equity and Liabilities</b>	<b>36,524</b>	<b>6%</b>	<b>34,531</b>	<b>5%</b>	<b>32,731</b>	<b>60%</b>	<b>20,426</b>	<b>12%</b>	<b>18,184</b>	<b>18%</b>	<b>15,352</b>	<b>0%</b>

## Statement of Profit & Loss

	2021		2020		2019		2018		2017		2016	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Revenue	55,116	85%	29,777	47%	20,231	7%	18,904	34%	14,076	46%	9,634	1%
Cost of sales	(43,931)	60%	(27,411)	48%	(18,553)	19%	(15,590)	30%	(11,989)	39%	(8,654)	-8%
<b>Gross profit</b>	<b>11,185</b>	<b>373%</b>	<b>2,366</b>	<b>41%</b>	<b>1,678</b>	<b>-49%</b>	<b>3,314</b>	<b>59%</b>	<b>2,087</b>	<b>113%</b>	<b>980</b>	<b>2,290%</b>
Selling and distribution cost	(239)	469%	(42)	68%	(25)	32%	(19)	0%	(19)	-5%	(20)	-47%
Administrative expenses	(356)	12%	(319)	28%	(249)	30%	(191)	2%	(188)	20%	(156)	26%
<b>Profit from operations</b>	<b>10,590</b>	<b>428%</b>	<b>2,005</b>	<b>43%</b>	<b>1,404</b>	<b>-55%</b>	<b>3,104</b>	<b>65%</b>	<b>1,880</b>	<b>134%</b>	<b>804</b>	<b>-764%</b>
Other expenses	(977)	100%	-	-100%	(3)	-98%	(144)	120%	(65)	-100%	-	0%
Other Income	499	1213%	38	-27%	52	49%	35	119%	16	36%	25	317%
Finance cost	(1,524)	-55%	(3,386)	82%	(1,865)	73%	(1,079)	14%	(949)	-7%	(1,021)	-26%
<b>Profit / (loss) before taxation</b>	<b>8,588</b>	<b>739%</b>	<b>(1,343)</b>	<b>226%</b>	<b>(412)</b>	<b>-121%</b>	<b>1,916</b>	<b>117%</b>	<b>882</b>	<b>559%</b>	<b>(192)</b>	<b>-87%</b>
Taxation	(2,220)	-406%	726	-9%	666	205%	(632)	-558%	138	273%	37	-87%
<b>Profit / (loss) for the year</b>	<b>6,368</b>	<b>1,132%</b>	<b>(617)</b>	<b>-343%</b>	<b>254</b>	<b>-80%</b>	<b>1,284</b>	<b>26%</b>	<b>1,020</b>	<b>758%</b>	<b>(155)</b>	<b>87%</b>

## Comments on Horizontal Analysis

### Statement of Financial Position

Non-current assets have witnessed a decrease due to utilization of deferred tax asset on account of adjustment of brought forward tax loss. On the other hand, current assets have increased majorly on account of rising inventory levels due to stock in transit amounting to Rs. 4.63 billion (FY2020: Rs. 1.48 billion) as at June 30, 2021.

Shareholders' equity has improved during the year due to improved performance and higher profitability. The decrease in long-term liabilities is due to repayment of long-term debt whereas short-term liabilities have decreased on account of decrease in average borrowing levels and decrease in applicable borrowing rates.

### Profitability

The Company has demonstrated steady growth in revenue over the years. Current year saw a record high sales revenue generation of Rs. 55.12 billion which was based on robust demand of CRC and GI and upward rising price trend which further translated into higher cumulative profits. The decrease in average short-term borrowing levels contributed to a finance cost lower than the prior period.

# Vertical Analysis

## Statement of Financial Position

	2021		2020		2019		2018		2017		2016	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
<b>Assets</b>												
Non-Current Assets	19,951	55%	21,227	61%	21,560	66%	14,366	70%	11,959	66%	10,884	71%
Current Assets	16,573	45%	13,304	39%	11,171	34%	6,060	30%	6,225	34%	4,468	29%
<b>Total Assets</b>	<b>36,524</b>	<b>100%</b>	<b>34,531</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>	<b>15,352</b>	<b>100%</b>

## Equity and Liabilities

Shareholders' Equity	14,467	40%	8,097	23%	8,747	27%	8,491	42%	6,700	37%	2,655	17%
Non-Current Liabilities	6,274	17%	9,462	27%	7,273	22%	4,934	24%	5,078	28%	5,355	35%
Current Liabilities	15,783	43%	16,972	49%	16,711	51%	7,001	34%	6,406	35%	7,342	48%
<b>Total Equity and Liabilities</b>	<b>36,524</b>	<b>100%</b>	<b>34,531</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>	<b>15,352</b>	<b>100%</b>

## Statement of Profit & Loss

	2021		2020		2019		2018		2017		2016	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Revenue	55,116	100%	29,777	100%	20,231	100%	18,904	100%	14,076	100%	9,634	100%
Cost of sales	(43,931)	80%	(27,411)	92%	(18,553)	92%	(15,590)	-82%	(11,989)	-85%	(8,654)	-90%
<b>Gross profit</b>	<b>11,185</b>	<b>20%</b>	<b>2,366</b>	<b>8%</b>	<b>1,678</b>	<b>8%</b>	<b>3,314</b>	<b>18%</b>	<b>2,087</b>	<b>15%</b>	<b>980</b>	<b>10%</b>
Selling and distribution cost	(239)	0%	(42)	0%	(25)	0%	(19)	0%	(19)	0%	(20)	0%
Administrative expenses	(356)	-1%	(319)	-1%	(249)	-1%	(191)	-1%	(188)	-1%	(156)	-2%
<b>Profit from operations</b>	<b>10,590</b>	<b>19%</b>	<b>2,005</b>	<b>7%</b>	<b>1,404</b>	<b>7%</b>	<b>3,104</b>	<b>16%</b>	<b>1,880</b>	<b>13%</b>	<b>804</b>	<b>8%</b>
Other expenses	(977)	-2%	-	0%	(3)	0%	(144)	-1%	(65)	0%	-	0%
Other Income	499	1%	38	0%	52	0%	35	0%	16	0%	25	0%
Finance cost	(1,524)	-3%	(3,386)	-11%	(1,865)	-9%	(1,079)	-6%	(949)	-7%	(1,021)	-11%
<b>Profit / (loss) before taxation</b>	<b>8,588</b>	<b>16%</b>	<b>(1,343)</b>	<b>-5%</b>	<b>(412)</b>	<b>-2%</b>	<b>1,916</b>	<b>10%</b>	<b>882</b>	<b>6%</b>	<b>(192)</b>	<b>-2%</b>
Taxation	(2,220)	-4%	726	2%	666	3%	(632)	-3%	138	1%	37	0%
<b>Profit / (loss) for the year</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>	<b>(155)</b>	<b>-2%</b>

## Comments on Vertical Analysis

### Statement of Financial Position

The current assets have increased primarily due to higher in-transit inventory which amounted to Rs. 4.63 billion (FY2020: Rs. 1.48 billion). Furthermore, non-current assets have witnessed a decrease due to utilization of deferred tax asset on account of adjustment of brought forward tax loss. Non-current liabilities have decreased due to repayment of principal during the year. Further, the current liabilities declined due to lower average short-term borrowing levels maintained on account of higher average monthly sales generation.

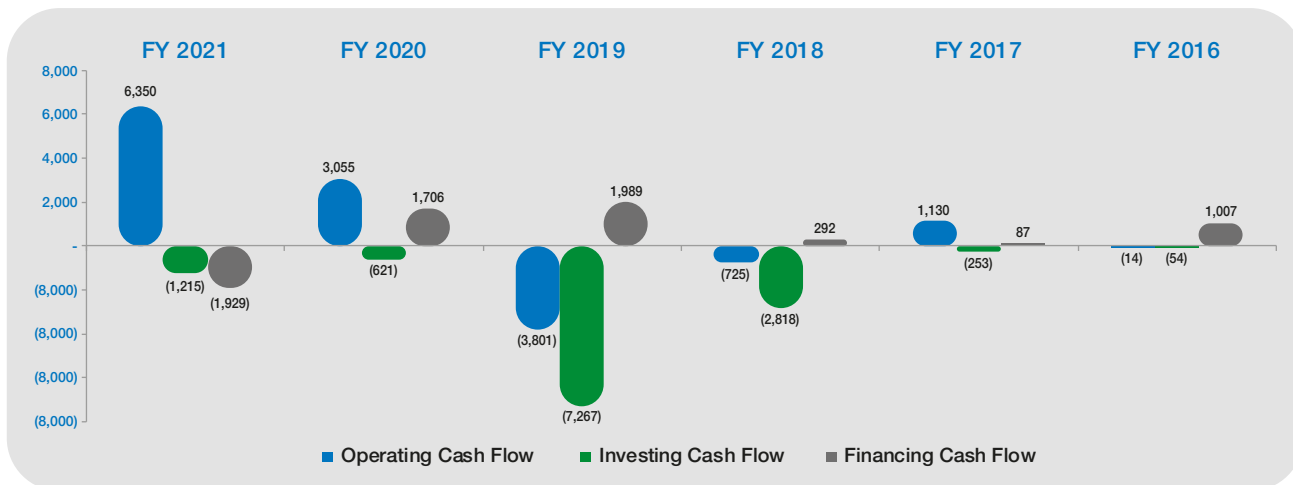
### Profit or Loss

The company has obtained higher revenue during the year which has translated in to higher margins and hence gross profits. The increase in revenue is because of higher demand during the year which had responded to the improving industrial activity which has responded to V-shaped economic growth. During the year, the average short term borrowings has decreased, due to better operational cash flows based on account of improved average monthly sale, leading to lower finance cost to the Company.



# Summary of Cash Flow Statement

	2021	2020	2019	2018	2017	2016
	----- Rs. In Million -----					
Cash generated / (used in) from operations	8,964	6,165	(2,901)	395	1,918	879
Income tax paid	(1,046)	(116)	(152)	(540)	(80)	(127)
Mark-up on loans paid	(1,580)	(3,025)	(724)	(583)	(703)	(764)
Return on bank deposits received	33	15	10	12	3	4
Staff retirement benefit paid	(8)	(5)	(5)	(6)	(8)	(8)
Decrease in long-term loans and advances	-	-	-	(2)	-	-
(Increase) / decrease Increase in long-term deposits	(13)	20	(29)	(1)	-	2
<b>Net cash generated / (used in) from operating activities</b>	<b>6,350</b>	<b>3,054</b>	<b>(3,801)</b>	<b>(725)</b>	<b>1,130</b>	<b>(14)</b>
Purchase of property, plant and equipment	(1,184)	(628)	(7,270)	(2,823)	(256)	(61)
Purchase of intangibles	(34)	-	-	-	-	-
Sale proceeds from disposal of property, plant and equipment and intangible assets	3	7	3	5	3	7
<b>Net cash used in investing activities</b>	<b>(1,215)</b>	<b>(621)</b>	<b>(7,267)</b>	<b>(2,818)</b>	<b>(253)</b>	<b>(54)</b>
Proceeds from issue of share capital	-	-	-	148	2,177	-
Long term loan obtained / (repaid) - net	(1,908)	1,731	2,193	(65)	(800)	(10)
Short-term borrowings obtained / (paid)	-	-	(175)	175	(1,288)	1,038
Repayment of sponer's Loan	-	-	-	-	-	(18)
(Decrease) / Increase in liabilities against assets subject to finance leases	(21)	(25)	(29)	34	(2)	(3)
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,929)</b>	<b>1,706</b>	<b>1,989</b>	<b>292</b>	<b>87</b>	<b>1,007</b>
Net increase / (decrease) in cash and cash equivalents	3,206	4,139	(9,079)	(3,251)	964	939
Cash and cash equivalents at beginning of the year	(9,764)	(13,903)	(4,824)	(1,573)	(2,537)	(3,476)
<b>Cash and cash equivalents at end of the year</b>	<b>(6,558)</b>	<b>(9,764)</b>	<b>(13,903)</b>	<b>(4,824)</b>	<b>(1,573)</b>	<b>(2,537)</b>



## Comments on Cash Flow Analysis

Cash flows from operating activities has significantly improved since FY2019, when the company was facing liquidity crunch due to increased inventory days coupled with PKR Devaluation, inflating the working capital requirements of the Company. Since then, Company has successfully managed to continuously improve its inventory days, debtor days and thus operating cycle days. This, coupled with improved profitability has resulted in significant increase in cash flows generated from operations.

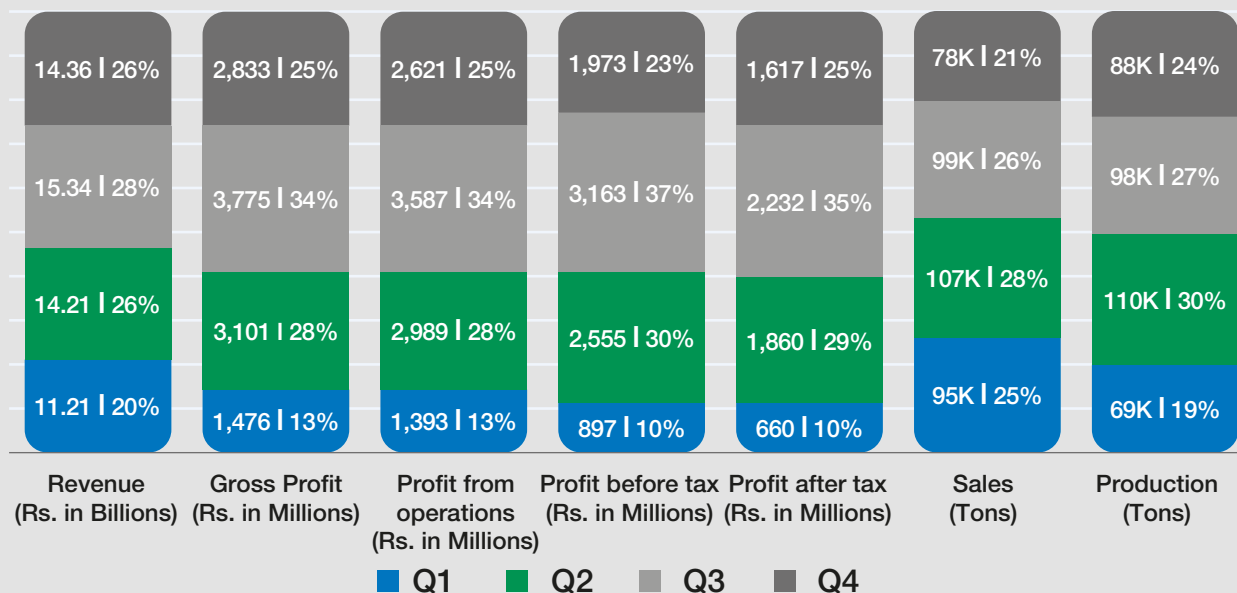
Net cash used in investing activities exhibits cash utilization on account of fixed capital expenditure. Significant increase in fixed capital expenditures represents replacement of capital spares and additions plant and machinery during the year.

Cash flows from financing activities depends on net cash requirements of the Company. The decrease represents repayment of long term debt during the year.

# Results Reported in Interim Financial Statements & Final Accounts

FY 2021	1st QTR	2nd QTR	3rd QTR	4th QTR	FY 2021
	Rs. In '000				
Revenue	11,205,862	14,211,160	15,336,609	14,362,740	55,116,371
Cost of sales	(9,729,701)	(11,110,247)	(11,561,432)	(11,529,624)	(43,931,004)
<b>Gross profit</b>	<b>1,476,161</b>	<b>3,100,913</b>	<b>3,775,177</b>	<b>2,833,116</b>	<b>11,185,367</b>
Selling and distribution cost	(12,112)	(31,168)	(106,116)	(89,665)	(239,061)
Administrative expenses	(71,316)	(81,061)	(82,087)	(122,239)	(356,703)
	(83,428)	(112,229)	(188,203)	(211,904)	(595,764)
<b>Profit from operations</b>	<b>1,392,733</b>	<b>2,988,684</b>	<b>3,586,974</b>	<b>2,621,212</b>	<b>10,589,603</b>
Other expenses	(64,264)	(195,865)	(239,042)	(477,849)	(977,020)
Other income	12,156	22,758	21,000	443,454	499,368
Finance cost	(443,518)	(260,667)	(206,069)	(613,849)	(1,524,103)
<b>Profit before taxation</b>	<b>897,107</b>	<b>2,554,910</b>	<b>3,162,863</b>	<b>1,972,968</b>	<b>8,587,848</b>
Taxation	(236,883)	(694,940)	(931,333)	(356,344)	(2,219,500)
<b>Profit after taxation</b>	<b>660,224</b>	<b>1,859,970</b>	<b>2,231,530</b>	<b>1,616,624</b>	<b>6,368,348</b>
Sales Qty (Tons)	94,878	107,369	99,398	77,977	379,622
Production Qty (Tons)	69,201	109,868	97,718	88,487	365,274

## Comparison of Interim Results



## Quarterly Results Analysis

### Quarter 1

With the decline of COVID-19 cases in Pakistan and government measures to gradually open the economy, coupled with much needed policy changes that included reduction in policy rate to 8%, the steel demand picked up sharply. Sales quantity during the quarter increased by 110% as compared to the previous quarter (Q1FY21: 94,878 tons | Q4FY20: 44,985 tons). Moreover, sales quantity during the quarter, compared to corresponding period, also increased by 79% (Q1FY21: 94,878 tons | Q1FY20: 52,868 tons).

Recovery in international steel prices was also observed, following decline in COVID-19 cases in China, prices which fell back to the levels of US\$400 per ton increased to the level of US\$520 in the Q1FY21. With this gradual increase in prices, pressure on margins was released, resulting in increase in gross profit percentage by 6% as compared to the previous quarter and 4% as compared to corresponding period (Q1FY21: 13% | Q4FY20: 7% | Q1FY20: 9%)

Increase in consumer demand, coupled with better margins, and reduced finance cost, collectively contributed well in earning profit after four consecutive loss-making quarters.

### **Quarter 2**

Steel prices strengthened further to US\$700 in December, 2020, so as the margins, which significantly improved by 9% from Q1FY21 and 16% from Q2FY20, touched the level of 22%.

Improved margin on one hand and higher dispatch volume on the other in Q2FY21 (107,369 tons) set the steering tone for the Company. Moreover, strengthening PKR against USD served as a cream on the cake. With revenue of Rs. 25.42 billion in H1FY21, borrowings reduced to all time low level of Rs. 5.08 billion. Above facts rolled up to generate profit of Rs. 1.86 billion for Q2FY21, as against loss of Rs. 0.08 billion when comparing to Q2FY20.

### **Quarter 3**

Our dreams further, rolled up to reality with highest ever revenue (Rs. 15.34 billion), margins (25%), volume (99,398 tons) and profit (Rs. 2.23 billion) in Q3FY21. Steel prices further strengthened to US\$ 750 per ton. Automotive and construction sector roared the flat steel demand thereby stimulating the over all economy resulting in extra ordinary results.

Continued appreciation of PKR also added to our cup where profits exceeded Rs. 4.75 billion, higher than the cumulative profits earned in FY2017, FY2018 and FY2019.

Company's strategies reaped organic growth capturing market share together with focus on exports. In 9MFY21 exports reached 12,921 tons, higher by 18 times (718 tons in FY2020).

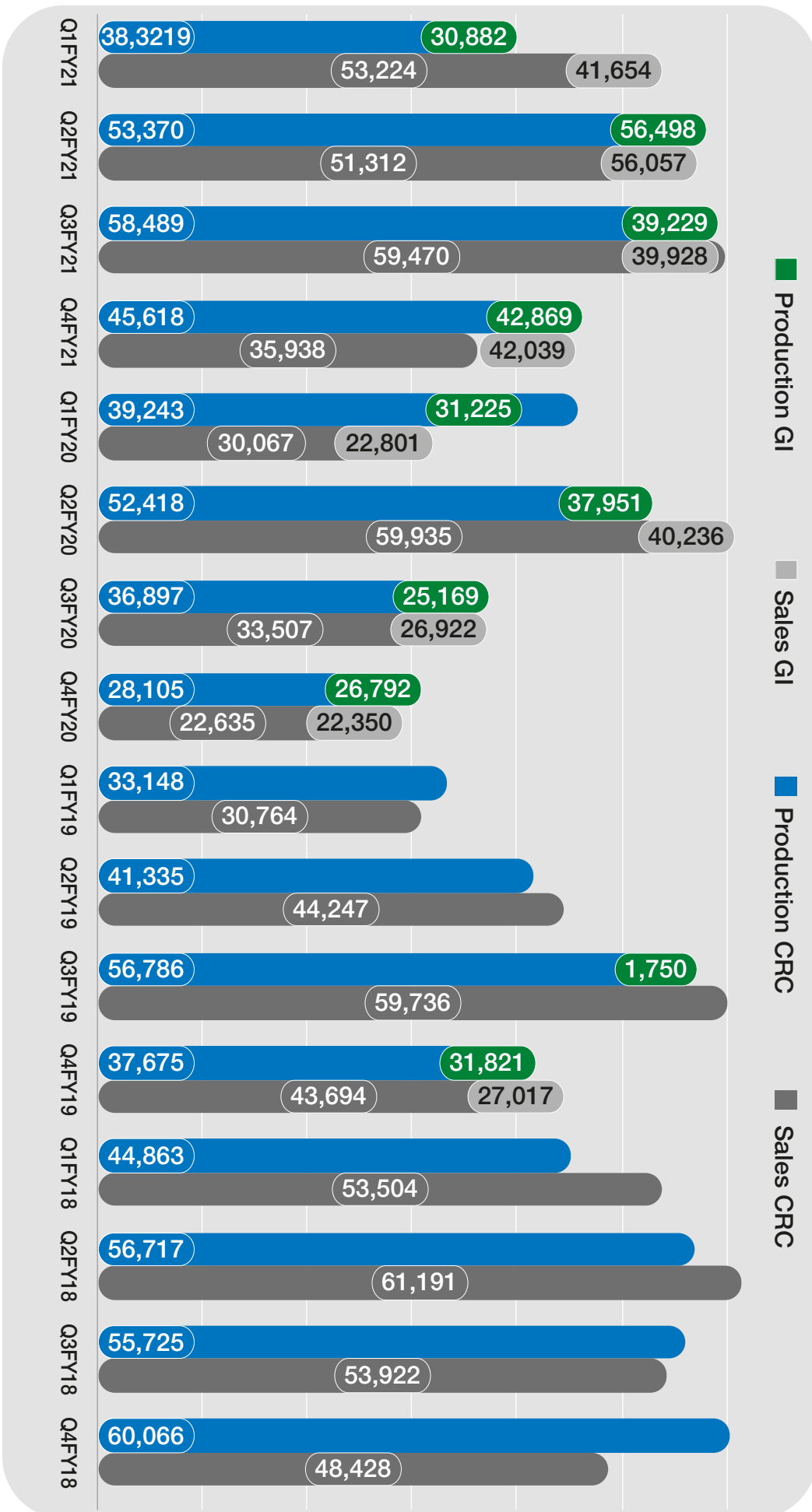
### **Quarter 4**

HRC prices rocketed to unprecedented level of US\$ 1,100 per ton which lowered the volume to 88,487 tons in Q4FY21. Despite demand, production in various sectors curtailed as market anticipated dropping of international prices.

Q4FY21 once again posed with challenge of weakening PKR, which when coupled with lower volume, resulted in higher finance cost, though gross margins were stable (20% for Q4FY21).

Highest ever market share and routing meaningful volume in export was the key performance of FY2021, thereby pocketing profit after tax of Rs. 6.37 billion (Q4FY21: Rs. 1.62 billion).

# Historical Sales & Production Statement - cont'd

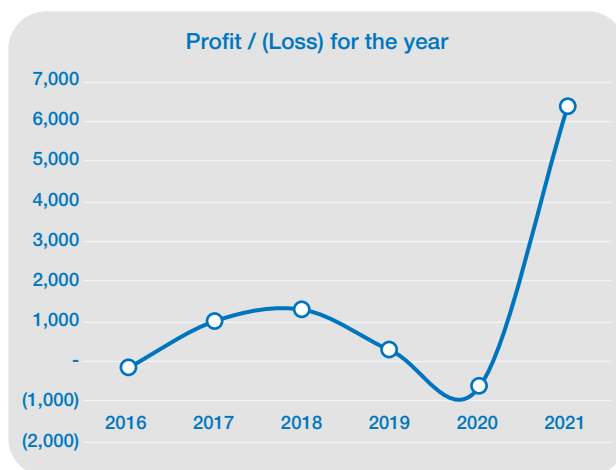
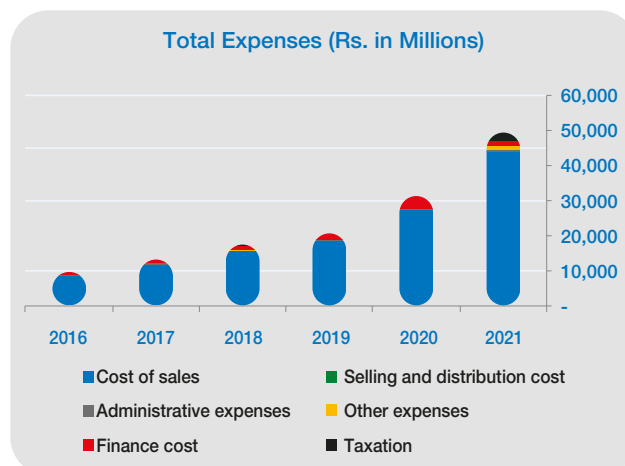
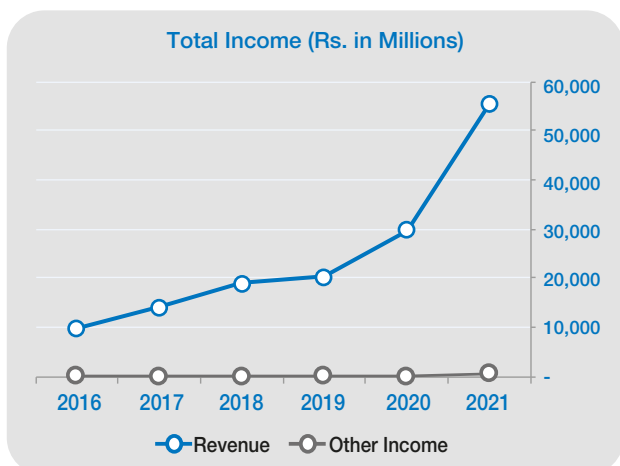
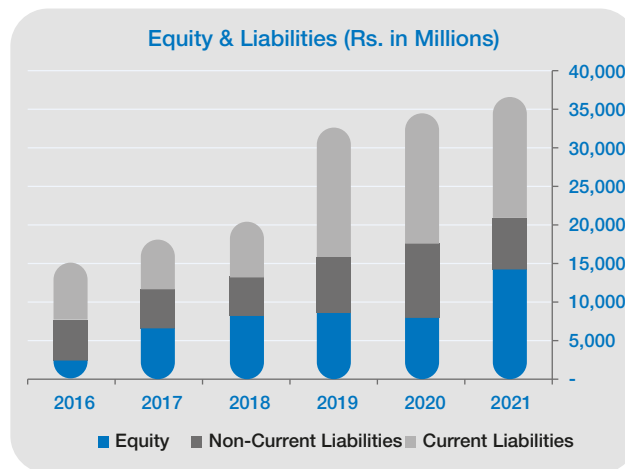
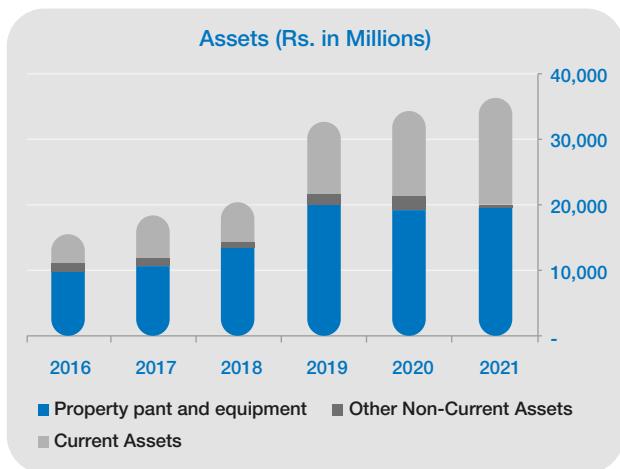


# Historical Sales & Production Statement

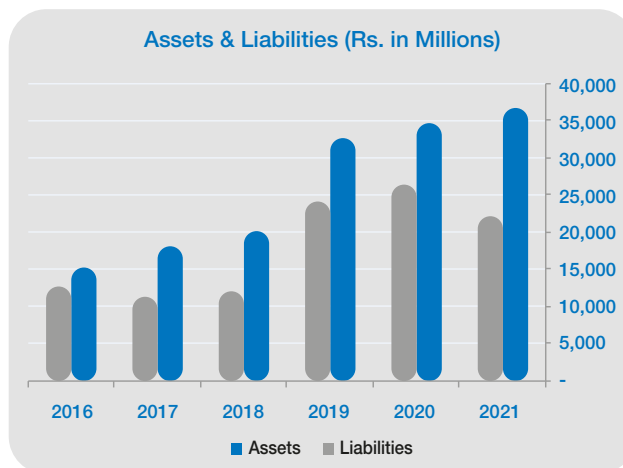
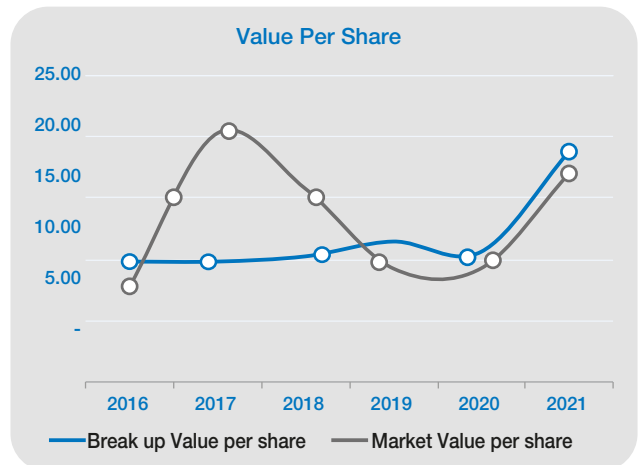
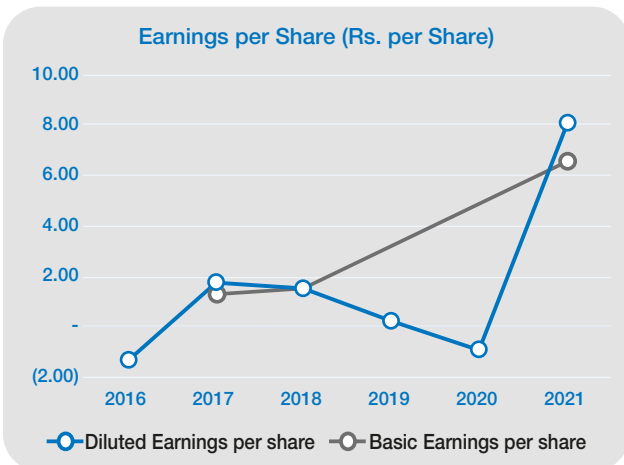
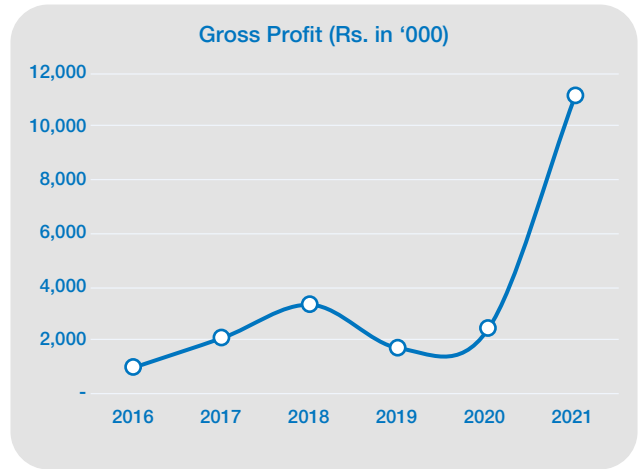
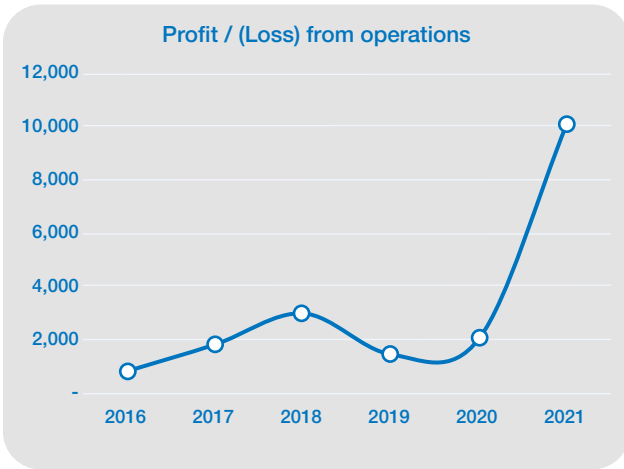
Description	Product	2021				2020			
		Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Production	CRC	38,319	53,370	58,489	45,618	39,243	52,418	36,897	28,105
	GI	30,882	56,498	39,229	42,869	31,225	37,951	25,169	26,792
	Total	69,201	109,868	97,718	88,487	70,468	90,369	62,066	54,897
	Product	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY18	Q2FY18	Q3FY18	Q4FY18
	CRC	33,148	41,335	56,786	37,675	44,863	56,717	55,725	60,066
	GI	-	-	1,750	31,821	-	-	-	-
	Total	33,148	41,335	58,536	69,496	44,863	56,717	55,725	60,066
	Product	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY20	Q2FY20	Q3FY20	Q4FY20
	CRC	53,224	51,312	59,470	35,938	30,067	59,935	33,507	22,635
	GI	41,654	56,057	39,928	42,039	22,801	40,236	26,922	22,350
Total	94,878	107,369	99,398	77,977	52,868	100,171	60,429	44,985	
Sales	Product	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY18	Q2FY18	Q3FY18	Q4FY18
	CRC	30,764	44,247	59,736	43,694	53,504	61,191	53,922	48,428
	GI	-	-	-	27,017	-	-	-	-
	Total	30,764	44,247	59,736	70,711	53,504	61,191	53,922	48,428



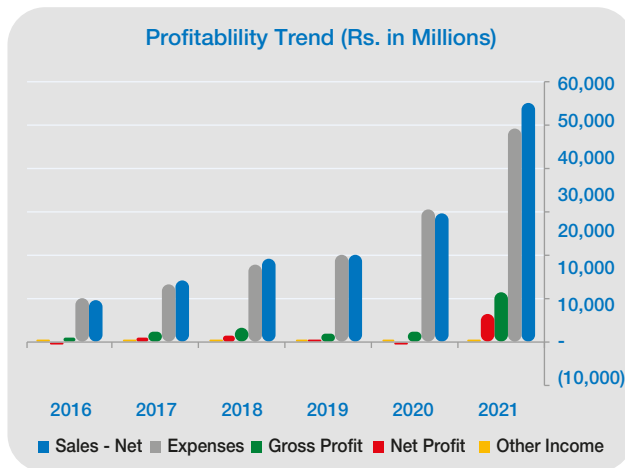
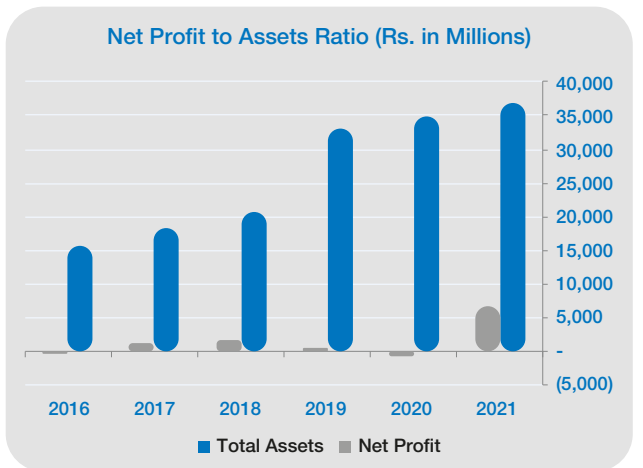
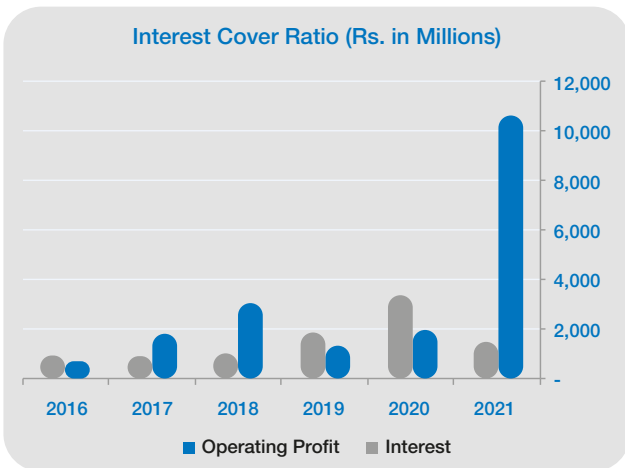
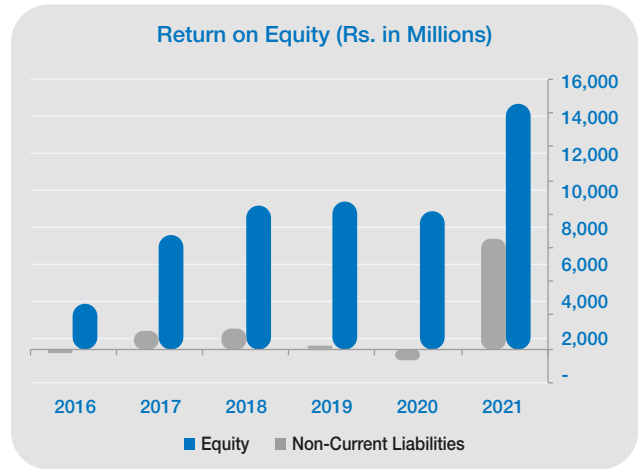
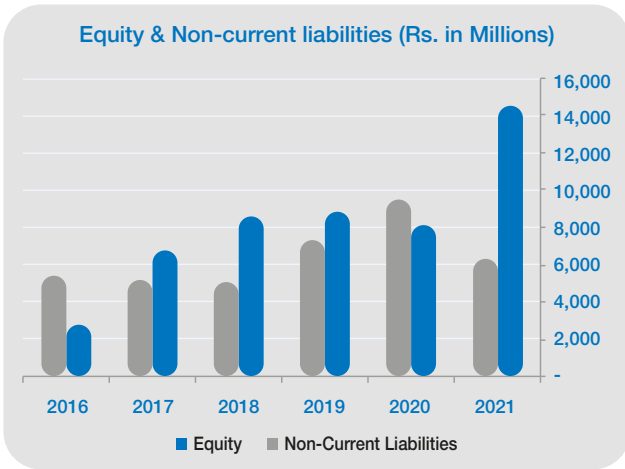
# Graphical Representation of ASML



## Graphical Representation of ASML - Cont'd.



## Graphical Representation of ASML - Cont'd.



# Cash Flow Statement - Direct Method

2021

2020

----- Rs. In '000 -----

## Cash Flows from Operating Activities

Cash received from customers	54,308,603	30,212,651
Cash paid to suppliers / service providers and employees	(45,357,724)	(24,026,924)
Income tax paid	(1,045,998)	(116,388)
Mark-up on loans paid	(1,579,964)	(3,025,436)
Return on bank deposits received	33,595	16,111
Staff retirement benefits paid	(8,337)	(5,360)
Net cash generated from operating activities	6,350,175	3,054,654

## Cash Flows from Investing Activities

Purchase of property, plant and equipment	(1,184,207)	(627,858)
Purchase of intangibles	(33,753)	-
Sale proceeds from disposal of property, plant and equipment	2,801	6,632
Net cash used in investing activities	(1,215,159)	(621,226)

## Cash Flows from Financing Activities

Repayment of long-term finance	(2,046,740)	(500,000)
Long-term loan obtained	138,913	2,230,919
Lease rentals paid	(20,979)	(24,873)
Net cash (used in) / generated from financing activities	(1,928,806)	1,706,046
Net increase in cash and cash equivalents	3,206,210	4,139,474
Cash and cash equivalents at beginning of the year	(9,763,855)	(13,903,329)
Cash and cash equivalents at end of the year	(6,557,645)	(9,763,855)

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

# Share Price Sensitivity

Aisha Steel Mills Limited is a public limited company incorporated in Pakistan under repealed Companies Ordinance, 1984. The shares of the Company are listed on Pakistan Stock Exchange (PSX) in three categories namely Ordinary Shares (ASL), Cumulative Preference Shares (ASLCPs) and Cumulative Preference Shares (ASLPS). During the year, the Company's shares were included in the Category B of Deliverable Futures Contract, with effect from March 2021.

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.

## Appreciation of Pakistani Rupee Resulting in Increase in Primary Margins

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, increased inflows of foreign currency in the form of remittance and receipt of loan tranche from International Monetary Fund (IMF) amounting to US\$ 500 Million under Extended Fund Facility, led to build up of foreign reserve which in turn had appreciating effects on PKR.

During the period, PKR appreciated by 5.97% i.e. from Rs. 167.05/USD to Rs. 157.5/USD. This appreciation gave room to margins to grow in the companies favour. Emphasis was placed on planning of raw material to optimize inventory gains and inturn maximize return to the stakeholders.

## Upward Rising Trends for 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. The decline in COVID-19 cases in China introduced rising price trends in the international market. The average prices gradually started rising from US\$ 400 per ton, as at June 30, 2021, and peaked out to almost US\$ 1,100 per ton. The high consumer demand in the local market led to the eventual pass on of the price and hence better margins. This had a favourable effect on the share price.

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

Any change in government policies relating to micro / macro economic factors effecting consumers buying power in general, and CRC and HDGC in particular, may affect the share price of the Company. Current financial year began with industrial and economic activities gaining momentum lost due to economic slackening policies adopted by the government to control the spread of the first wave of COVID-19. Due to the success of the containment polices adopted by the government coupled with the expansionary and fiscal measures taken by the government the economy depicted a V-shaped recovery. This stimulus brought the economic activity to gain pace especially in the construction and automobile sector. This led to greater opportunities of business for the companies and had a positive impact on the share price.

## 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 from FY2020 but a major change is still anticipated. Share price has responded positively to such improvements during the year.

## 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 postively impacted the share price.

## Growing Consumers' Demand Due to Economic Revival

Increase in demand of flat steel goods may impact the price of Company's product, thus, may increase margins and profitability. Uncertainty in the economic conditions, significantly affected the consumption side of the economy. The government incentives for the construction industry and the release of the pent-up demand in the automobile sector translated in increasing demand for the company product.

## 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. The unequivocal positive impact of the factors including appreciation of PKR, change in government policies, improving law and order situation, rise in consumers demand, rise in international steel prices contributed to increased 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
2020	6.3	11.7	209,682,550	2020	9	20.5	1,110,500	2020	-	-	-
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.

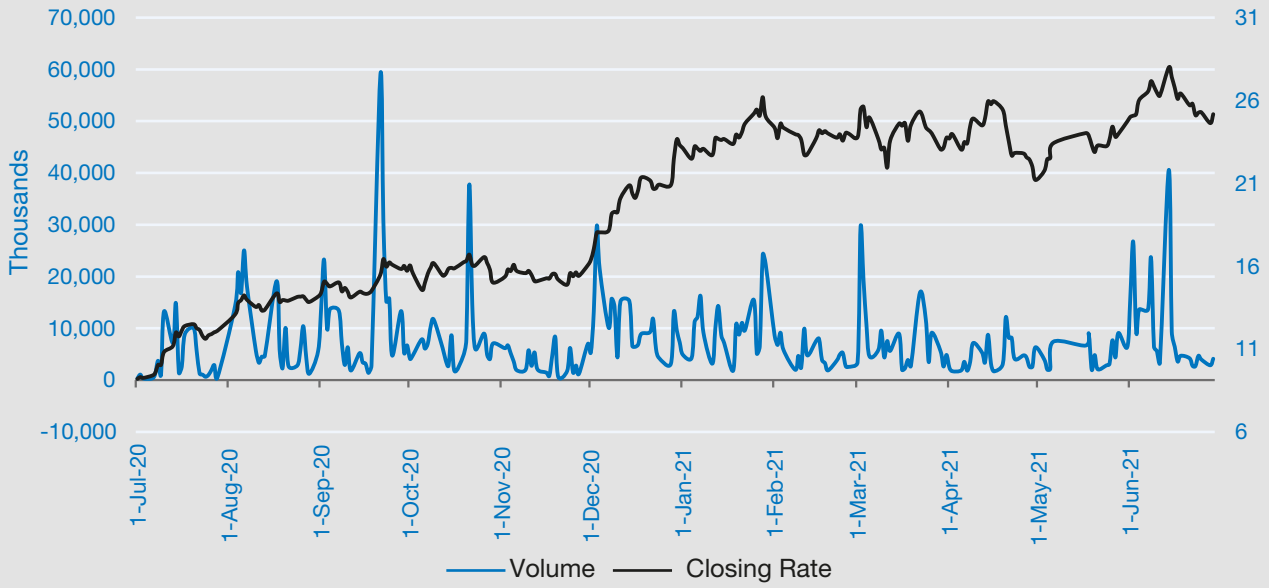
Key Factors	Impact on Profit before tax	EPS (Rs.)
Selling Price (Increase or Decrease by 10%)	Lower or higher by Rs. 5.51 billion	7.18
Selling Volume (Increase or Decrease by 5%)	Lower or higher by 559.3 million	0.73
Interest Rates (Increase or Decrease by 2%)	Lower or higher by Rs. 30.5 million	0.05
Exchange Rate (Increase or Decrease by 5%)	Lower or higher by Rs. 19.6 million	0.34

Price and volume data is as under:

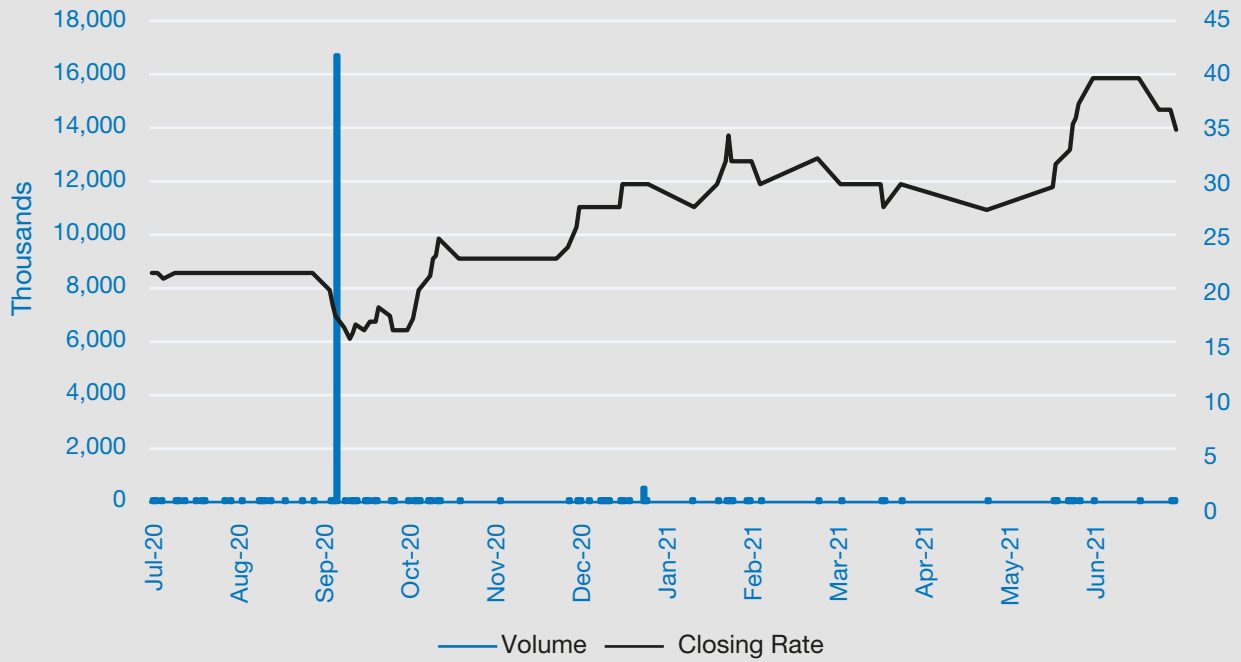
Months	Ordinary Share (Symbol: ASL)			Preference Share (Symbol: ASLPS)			Preference Share (Symbol: ASLCPS)		
	High	Low	Volume	High	Low	Volume	High	Low	Volume
Jul-20	9.04	13.1	81,268,000	19.9	21.9	42,000	-	-	-
Aug-20	12.13	14.65	183,728,500	21.5	21.5	21,500	-	-	-
Sep-20	13.9	16.95	259,312,500	15.2	21.5	16,784,000	-	-	-
Oct-20	14.4	17.4	171,562,500	14.1	24.7	127,500	-	-	-
Nov-20	14.5	16.29	78,130,000	22.9	22.9	5,000	-	-	-
Dec-20	16	24	238,056,000	24	30	33,000	-	-	-
Jan-21	22.05	26.7	217,044,000	27.8	30	553,000	-	-	-
Feb-21	22.4	25.4	98,204,500	29.6	34.5	123,000	-	-	-
Mar-21	21.65	26.6	174,816,000	27.7	32.3	21,500	-	-	-
Apr-21	20.86	26.4	100,963,000	27.5	27.5	500	-	-	-
May-21	20.7	24.9	73,739,500	29.5	38	10,500	45.15	45.15	20,500
Jun-21	24.4	28.26	210,882,000	35.1	40	4,000	45.15	45.15	3,000
			<u>1,887,706,500</u>			<u>17,725,500</u>			<u>23,500</u>



### Share Price & Volume -ASL



### Share Price & Volume -ASLPS



# Statement of Value Addition & Distribution

## Wealth Created

	2021		2020	
	Rs. In '000	%	Rs. In '000	%
Receipts from Customers	54,308,657	106%	30,212,651	106%
Other Receipts	101,514	0%	44,818	0%
Cash & Bank - Opening	182,561	0%	208,648	1%
Long-Term Loan Obtained - Net	138,913	0%	2,230,919	8%
Short-Term Loan (Paid) / Obtained	(3,150,711)	-6%	(4,165,561)	-15%
	<u>51,580,934</u>	<u>100%</u>	<u>28,531,475</u>	<u>100%</u>

## Wealth Distributed

### To Employees

Salaries, Wages & Other Benefits	738,236	1%	577,003	2%
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### To Government

Income Tax, Sales Tax, Custom / Excise Duty	9,407,176	18%	6,699,112	23%
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### To Providers of Capital

Repayment of Borrowings	2,046,740	4%	500,000	2%
Finance Cost	1,579,964	3%	3,025,436	11%

### To Suppliers

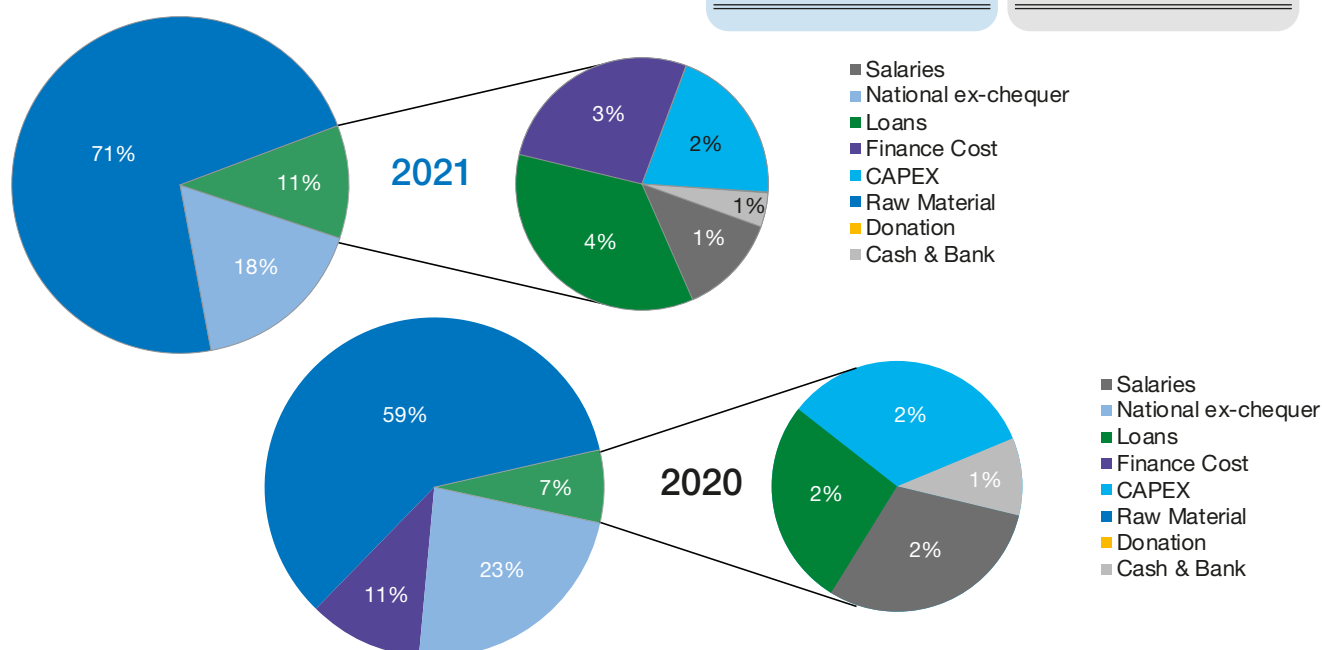
Capital Expenditure	1,184,207	2%	627,858	2%
Raw Material & Other Suppliers	36,366,551	71%	16,919,170	59%

### To Society

Donation	20,000	0%	335	0%
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### Retained in Business


Cash & Bank - Closing	238,060	0%	182,561	1%
	<u>51,580,934</u>	<u>100%</u>	<u>28,531,475</u>	<u>100%</u>



# Financial Statements

**FINANCIAL PERFORMANCE**





“Everyone can rise above their  
circumstances and achieve  
success if they are dedicated to  
and passionate about what  
they do .”

– Nelson Mandela

# 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, 2021 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, 2021.



Chartered Accountants  
Place: Karachi

Date: October 07, 2021

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <[www.pwc.com/pk](http://www.pwc.com/pk)>

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

For the Year Ended June 30, 2021

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. Abdus Samad
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. Six directors including the Chief Executive Officer had 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 Habib	Member
Mr. Nasim Beg	Member
Ms. Tayyaba Rasheed	Member

b) HR and Remuneration Committee:

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

c) Nomination Committee :

Mr. Arif Habib	Chairman
Mr. Samad Habib	Member

d) Risk Management Committee :

Mr. Arif Habib	Chairman
Dr. Munir Ahmed	Member
Mr. Kashif 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 – 1 (One) meeting of the Committee was 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.

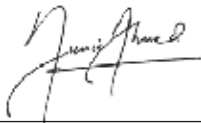
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

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.

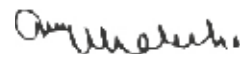
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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 30, 2021

# Report of the Board Audit Committee

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

Meetings of the Audit Committee are held at least once every quarter. Four meetings of the Audit Committee were held during the year 2020-2021. 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, 2021 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, 2021 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 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 26, 2020 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, 2021 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 with the Audit Committee before the start of the financial year.
4. The internal audit plan provides a high degree of financial and business segment wise coverage and devotes significant effort to the review of the risk management framework surrounding the major business risks.
5. Internal audit 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, 2021 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, 2021 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 2020-2021 be proposed at the forthcoming Annual General Meeting.

## Chairman – Audit Committee

Karachi: September 30, 2021

# 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, 2021, 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, 2021 and of the loss and other comprehensive loss, 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.

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <[www.pwc.com/pk](http://www.pwc.com/pk)>*

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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><b>Revenue from contracts with customers</b></p> <p><b>(Refer notes 2.16 and 22 to the annexed financial statements)</b></p> <p>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>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><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>- understood and evaluated the design, implementation and operating effectiveness of controls over revenue;</li> <li>- evaluated appropriateness of Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li> <li>- performed verification of revenue transactions with the underlying documentation including gate pass, delivery order, sales invoice etc.;</li> <li>- performed cut-off procedures on sample basis to ensure sales have been recorded in the correct period;</li> <li>- performed verification over discounts on sample basis;</li> <li>- 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>- 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 07, 2021

# Statement of Financial Position

As at June 30, 2021

		2021	2020
	Note	Rupees '000	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	19,398,632	19,007,339
Intangible assets	4	35,401	4,126
Long-term advances	5	528	543
Long-term deposits	6	68,112	55,380
Deferred tax asset	7	448,612	2,158,956
		<u>19,951,285</u>	<u>21,226,344</u>
<b>Current assets</b>			
Inventories	8	12,088,077	8,595,255
Trade and other receivables	9	2,045,504	1,170,636
Loans, advances and prepayments	10	545,508	1,013,015
Tax refunds due from government - sales tax		-	1,224,696
Taxation - payments less provision		1,655,083	1,118,241
Cash and bank balances	11	238,060	182,561
		<u>16,572,232</u>	<u>13,304,404</u>
<b>Total assets</b>		<u><u>36,523,517</u></u>	<u><u>34,530,748</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	12		
Ordinary shares		7,716,843	7,655,293
Cumulative preference shares		445,335	472,272
Difference on conversion of cumulative preference shares into ordinary shares		(1,348,402)	(1,313,789)
		<u>6,813,776</u>	<u>6,813,776</u>
Surplus on revaluation of property, plant and equipment	13	1,404,689	1,445,832
Capital reduction reserve		667,686	667,686
Unappropriated profit / (accumulated loss)		5,580,433	(829,857)
		<u>14,466,584</u>	<u>8,097,437</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term finance - secured	14	6,096,715	9,324,998
Lease liabilities	15	52,250	35,159
Employee benefit obligations	16	123,261	97,601
Deferred income - Government grant	17	1,367	3,586
		<u>6,273,593</u>	<u>9,461,344</u>
<b>Current liabilities</b>			
Trade and other payables	18	6,937,551	6,313,984
Short-term borrowings	19	6,795,705	9,946,416
Sales tax payable		175,338	-
Current maturity of long-term finance	14	1,531,480	26,074
Current maturity of lease liabilities	15	20,784	24,227
Accrued mark-up	20	315,174	654,856
Current portion of deferred income - Government grant	17	7,308	6,410
		<u>15,783,340</u>	<u>16,971,967</u>
<b>Total liabilities</b>		<u><u>22,056,933</u></u>	<u><u>26,433,311</u></u>
<b>Contingencies and commitments</b>	21		
<b>Total equity and liabilities</b>		<u><u>36,523,517</u></u>	<u><u>34,530,748</u></u>

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, 2021

		2021	2020
	Note	Rupees '000	
Revenue from contracts with customers	22	55,116,371	29,776,828
Cost of sales	23	(43,931,004)	(27,410,644)
<b>Gross profit</b>		<b>11,185,367</b>	<b>2,366,184</b>
Selling and distribution cost	24	(239,061)	(41,889)
Administrative expenses	25	(356,703)	(319,589)
<b>Operating profit</b>		<b>10,589,603</b>	<b>2,004,706</b>
Other expenses	26	(977,020)	-
Other income	27	499,368	38,186
Finance costs	28	(1,524,103)	(3,386,116)
<b>Profit / (loss) before tax</b>		<b>8,587,848</b>	<b>(1,343,224)</b>
Income tax (expense) / credit	29	(2,219,500)	726,651
<b>Profit / (loss) for the year</b>		<b>6,368,348</b>	<b>(616,573)</b>
Other comprehensive income / (loss):			
<b>Items not potentially reclassifiably to profit or loss</b>			
Remeasurements of employee benefit obligations	16	799	(8,233)
Net loss on revaluation of land and buildings		-	(22,422)
Impact of deferred tax		-	(2,163)
		-	(24,585)
<b>Other comprehensive income / (loss) for the year</b>		<b>799</b>	<b>(32,818)</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>6,369,147</b>	<b>(649,391)</b>
Earnings / (loss) per share			Rupees
- Basic	30.1	8.19	(0.89)
- Diluted	30.2	6.61	

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, 2021

	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, 2019</b>	7,655,293	472,272	(1,313,789)	1,511,560	667,686	(246,194)	8,746,828
Incremental depreciation net of deferred tax transferred	-	-	-	(41,143)	-	41,143	-
<b>Total comprehensive loss for the year ended June 30, 2020</b>							
- Loss for the year ended June 30, 2020	-	-	-	-	-	(616,573)	(616,573)
- Other comprehensive loss for the year ended June 30, 2020	-	-	-	(24,585)	-	(8,233)	(32,818)
	-	-	-	(24,585)	-	(624,806)	(649,391)
<b>Balance as at June 30, 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

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, 2021

		2021	2020
	Note	Rupees '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	31	8,963,596	6,164,523
Income tax paid		(1,045,998)	(116,388)
Mark-up on loans paid		(1,579,964)	(3,025,436)
Return on bank deposits received		33,595	16,111
Employee benefits paid		(8,337)	(5,360)
Decrease in long-term advances		15	10
(Increase) / decrease in long-term deposits		(12,732)	21,194
<b>Net cash generated from operating activities</b>		<b>6,350,175</b>	<b>3,054,654</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,184,207)	(627,858)
Purchase of intangible assets		(33,753)	-
Sale proceeds from disposal of property, plant and equipment		2,801	6,632
<b>Net cash used in investing activities</b>		<b>(1,215,159)</b>	<b>(621,226)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term finance	14.1	(2,046,740)	(500,000)
Long-term loan obtained - net		138,913	2,230,919
Lease rentals paid		(20,979)	(24,873)
<b>Net cash (used in) / generated from financing activities</b>		<b>(1,928,806)</b>	<b>1,706,046</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,206,210</b>	<b>4,139,474</b>
Cash and cash equivalents at beginning of the year		(9,763,855)	(13,903,329)
<b>Cash and cash equivalents at end of the year</b>	32	<b>(6,557,645)</b>	<b>(9,763,855)</b>

Cash flow statement 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, 2021

## 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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 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.

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 01, 2020. However, these do not have any significant impact on the Company's financial statements.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

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

The certain amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2020 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

The new standard, certain amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2021 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

## **2.2 Overall valuation policy**

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

## **2.3 Property, plant and equipment**

These are stated at cost less accumulated depreciation, except 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 month the asset is available for use and on disposals upto the month preceding the month of disposal.

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

The 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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 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.

## 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 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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

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

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

## 2.8 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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 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.

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).



# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 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.

## 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. Twelve month ECLs are portion of ECL that result from default events that are possible within Twelve 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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 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.

### 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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 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.

## 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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

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.

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 Twelve 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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

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.

2021

2020

Rupees '000

## 3. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 3.1	17,512,473	17,809,753
Capital work-in-progress - at cost - note 3.2	82,848	623
Major spare parts and stand-by equipment - note 3.3	1,803,311	1,196,963
	<u>19,398,632</u>	<u>19,007,339</u>

### 3.1 Operating assets

	Owned						Right-of-use asset			Total	
	Leasehold land	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, 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) - note 3.1.1	-	19,698	515,119	94,951	31,974	-	165	-	18,350	-	680,257
Disposals (at NBV) - note 3.1.5	-	-	-	-	(145)	-	-	-	(5,649)	-	(5,794)
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)	-	2,038,437	13,567,306	534,324	44,729	1,499	7,299	1,272,004	36,885	9,990	17,512,473
<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)	-	2,038,437	13,567,306	534,324	44,729	1,499	7,299	1,272,004	36,885	9,990	17,512,473
<b>Net carrying value basis</b>											
<b>At June 30, 2020</b>											
Opening net book value (NBV)	1,347,004	2,137,255	15,075,027	552,036	25,888	2,540	736	-	44,173	-	19,184,659
Transition to IFRS 16	(1,347,004)	-	-	-	-	-	-	1,347,004	-	-	-
Recognition of right-of-use asset	-	-	-	-	-	-	-	10,868	-	19,960	30,828
Opening NBV after transition to IFRS 16	-	2,137,255	15,075,027	552,036	25,888	2,540	736	1,357,872	44,173	19,960	19,215,487
Additions & transfers from CWIP (at cost)	-	15,947	328,250	7,699	10,476	-	10,209	-	6,416	-	378,997
Disposals (at NBV)	-	-	(959,017)	-	(102)	-	(766)	-	(3,149)	-	(963,034)
Revaluation surplus / (deficit)	-	7,458	-	-	-	-	-	(29,880)	-	-	(22,422)
Amortisation / depreciation charge	-	(70,453)	(613,476)	(58,406)	(10,766)	(562)	(944)	(27,992)	(11,686)	(4,990)	(799,275)
Closing 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
<b>Gross carrying value basis</b>											
<b>At June 30, 2020</b>											
Cost / revalued amount	-	2,212,856	15,981,308	896,274	98,132	17,427	10,482	1,355,988	58,159	19,960	20,650,586
Accumulated amortisation / depreciation	-	(122,649)	(2,150,524)	(394,945)	(72,636)	(15,449)	(1,247)	(55,988)	(22,405)	(4,990)	(2,840,833)
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
<b>Useful life in years</b>											
	60	20-33	3 - 40	10 - 33	3 - 5	5	5	60	5	4	

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

**3.1.1** These include costs transferred from capital work-in-progress amounting to Rs. 7.62 million (2020: Rs. 110.29 million) - note 3.2.

**3.1.2** The Company's leasehold land measuring 50 acres located at plot no. DSU-45, Steel Mill, Downstream Industrial Estate, Bin Qasim, Karachi and the buildings thereon 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, 2021 would have been Rs. 192.3 million (2020: Rs. 196.46 million) and Rs. 1,539.04 million (2020: Rs. 1,572.74 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.

**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	35,709

**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	7,301	3,284	4,017	1,697	(2,320)	Company Policy	Mr. Munir Ahmed - Chief Executive Officer
Motor vehicle	2,968	1,336	1,632	653	(979)	Company Policy	Mr. Munir Ahmed - Chief Executive Officer
	10,269	4,620	5,649	2,350	(3,299)		
Aggregate of assets having book value of less than 500,000 each							
Motor vehicle	1,693	1,693	-	339	339		
Office equipment	465	320	145	112	(33)		
<b>2021</b>	<b>12,427</b>	<b>6,633</b>	<b>5,794</b>	<b>2,801</b>	<b>(2,993)</b>		
2020	1,286,419	323,385	963,034	965,649	2,615		



# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

2021

2020

Rupees '000

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

Cost of sales - note 23	798,817	785,412
Selling and distribution cost - note 24	790	693
Administrative expenses - note 25	15,006	13,170
	<u>814,613</u>	<u>799,275</u>

## 3.2 Capital work-in-progress

	2021				2020			
	Balance as at July 1, 2020	Additions during the year	Transfers to operating assets	Balance as at June 30, 2021	Balance as at July 1, 2019	Additions during the year	Transfers to operating assets	Balance as at June 30, 2020
	Rupees '000							
Civil works	623	6,994	(7,617)	-	-	16,570	(15,947)	623
Plant and machinery	-	82,848	-	82,848	-	94,343	(94,343)	-
	<u>623</u>	<u>89,842</u>	<u>(7,617)</u>	<u>82,848</u>	<u>-</u>	<u>110,913</u>	<u>(110,290)</u>	<u>623</u>

2021

2020

Rupees '000

## 3.3 Major spare parts and stand-by equipment

Balance at beginning of the year	1,196,963	948,725
Additions during the year	1,024,035	727,484
Transfers made during the year	(417,687)	(479,246)
Balance at end of the year	<u>1,803,311</u>	<u>1,196,963</u>

3.4 During the year, the Company has 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 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 - note 4.1	(2,478)	-	(2,478)
Closing net book value	<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)
Net book value	<u>19,841</u>	<u>15,560</u>	<u>35,401</u>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

	Computer Software	Intangible asset under development	Total
	Rupees in '000		
<b>Year ended 30 June 2020</b>			
Opening net book value	5,826	-	5,826
Additions during the year	-	-	-
Transfers from Intangibles under development	-	-	-
Amortisation charge for the year	(1,700)	-	(1,700)
<b>Closing net book value</b>	<b>4,126</b>	<b>-</b>	<b>4,126</b>
<b>At 30 June 2020</b>			
Cost	20,914	-	20,914
Accumulated amortisation	(16,788)	-	(16,788)
<b>Net book value</b>	<b>4,126</b>	<b>-</b>	<b>4,126</b>
<b>Rate of amortisation</b>	<b>10% to 33.33%</b>		

	2021	2020
	Rupees '000	

#### 4.1 Amortisation for the year has been allocated as follows:

Selling and distribution cost - note 24	124	85
Administrative expenses - note 25	2,354	1,615
	<b>2,478</b>	<b>1,700</b>

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

##### Due from

- executives	122	122
- other employees	406	421
	<b>528</b>	<b>543</b>

5.1 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.

5.2 The maximum aggregate amount of advances due from executives and employees at the end of any month during the year was Rs. 0.54 million (2020: Rs. 0.55 million).

	2021	2020
	Rupees '000	

#### 6. LONG-TERM DEPOSITS

##### Security deposits:

- Energy, power and fuel sector	35,255	33,036
- Financial institutions, banking and leasing companies	17,256	10,033
- Hotels and clubs	1,000	2,005
- Steel sector	12,625	9,366
- Others	1,976	940
	<b>68,112</b>	<b>55,380</b>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

2021

2020

Rupees '000

## 7. DEFERRED TAX ASSET

### Debit balances arising in respect of:

- carried forward losses - note 7.2	1,850,412	3,766,573
- tax credit under section 65B of Income Tax Ordinance, 2001 - notes 7.2 & 7.3	-	346,668
- minimum tax - notes 7.2 & 7.4	-	615,277
- alternate corporate tax - note 7.2	-	7,686
- provisions	95,881	-
- provision for employee benefit obligations	35,746	28,304

### Credit balances arising in respect of:

- property, plant and equipment	(1,426,369)	(2,440,696)
- surplus on revaluation of operating assets	(142,747)	(150,189)
- long-term finance	26,270	(17,150)
- lease liabilities	10,484	2,512
- intangible assets	(1,065)	(29)
	<u>448,612</u>	<u>2,158,956</u>

### 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, 2019	(2,563,093)	(5,222)	(153,295)	3,072,392	600,628	363,663	7,686	-	20,337	859	1,343,955
(Charge) / credit to profit or loss for the year	122,368	(11,928)	3,106	694,181	(253,960)	251,614	-	-	7,967	1,653	815,001
Balance as at June 30, 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

**7.2** The Company's tax losses amount to Rs. 6.38 billion (2020: Rs. 13 billion) as at June 30, 2021. 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. 1.85 billion (2020: Rs. 3.77 billion) including an amount of Rs. 1.59 billion (2020: Rs. 3.16 billion) on unabsorbed tax depreciation, amortisation and initial allowance of Rs. 5.49 billion (2020: Rs. 10.91 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%. The amount of deferred tax asset recognised on these grounds amount to Rs. 411 million. During the current year, the aforementioned tax credit has been adjusted against Company's tax liability.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

- 7.4** The Company has recognised deferred tax asset on minimum tax paid in tax years 2013 to 2016, tax year 2019 and 2020 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. 300.86 million paid in previous years with the tax liability. Further, the Company has also adjusted the remaining minimum tax of Rs. 647.34 million from the current year's taxable 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.

	2021	2020
	Rupees '000	
<b>8. INVENTORIES</b>		
Raw material [including in transit Rs. 4,625.72 million (2020: Rs. 1,479.8 million)]	7,850,190	4,137,373
Work-in-process	765,110	511,976
Finished goods [including coil end sheets Rs. 22.31 million (2020: Rs. 37.38 million)]	2,352,387	3,187,972
Packing and other materials	85,186	79,178
	<u>11,052,873</u>	<u>7,916,499</u>
Stores	327,435	255,715
Spares	707,769	423,041
	<u>1,035,204</u>	<u>678,756</u>
	<u><u>12,088,077</u></u>	<u><u>8,595,255</u></u>
<b>9. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables - considered good: Not yet due - note 9.1	970,482	162,714
Other receivables:		
Receivable from Etimaad Engineering (Private) Limited - note 9.2	138,485	138,485
Margin on import letters of credit	71,654	2,805
Receivable from insurance company - note 9.3	859,018	859,018
Others	5,865	7,614
	<u>1,075,022</u>	<u>1,007,922</u>
	<u><u>2,045,504</u></u>	<u><u>1,170,636</u></u>

- 9.1** These include trade receivables of Rs. 507.44 million (2020: Rs. 55.55 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 Etimaad Engineering (Private) Limited (Etimaad) for mobilisation and procurements. The Company awarded a contract to Etimaad on December 01, 2007 for certain civil, mechanical and electrical works. However, Etimaad did not complete the work and discontinued the contract. Out of the total outstanding book balance of Rs. 237.86 million, the Company recovered Rs. 99.37 million from Etimaad on January 05, 2012 through encashment of bank guarantee.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

At present, the Company is in dispute with the contractor in respect of the outstanding balance of advances. Initially Etimaad had filed a winding up petition against the Company in the High Court of Sindh alleging that the Company has failed to clear its unpaid invoices of Rs. 230 million. Whereas to the contrary, a sum of Rs. 237 million before recovery of aforesaid amount was receivable from Etimaad 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.

In 2012, arbitration proceedings were initiated in which the Company had filed a claim for recovery of the aforesaid over payments made to Etimaad 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 Etimaad. Etimaad has made a capricious counter claim 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 Etimaad, 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 Etimaad 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 Etimaad were rejected.

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

The Company 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.

Etimaad 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. 959.02 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.

In 2020, the Company received Rs. 100 million from the insurance company as an interim amount to pay initial cost which had been off-set against the receivable. Subsequent to the year end, the Company has received an additional amount of Rs. 150 million against the outstanding balance from the insurance company.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

2021

2020

Rupees '000

## 10. LOANS, ADVANCES AND PREPAYMENTS

### Loans - considered good

- executives - note 10.1 to 10.4	7,126	2,936
- other employees - note 10.1 to 10.4	3,872	2,894
	<u>10,998</u>	<u>5,830</u>

### Advances - considered good

- executives - note 10.2 to 10.4	2,166	2,633
- other employees - note 10.2 to 10.4	399	3,210
- suppliers and others	241,465	771,428
	<u>244,030</u>	<u>777,271</u>
Receivable from Government - note 10.5	213,486	213,486
Prepayments	76,994	16,428
	<u>545,508</u>	<u>1,013,015</u>

**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:

	2021			2020		
	Executives	Other employees	Total	Executives	Other employees	Total
	Rupees '000					
Balance at July 1	5,569	6,104	11,673	5,864	5,218	11,082
Disbursements	14,536	6,787	21,323	3,170	6,241	9,411
Repayments	(12,890)	(6,543)	(19,433)	(3,465)	(5,355)	(8,820)
Balance at June 30	<u>7,215</u>	<u>6,348</u>	<u>13,563</u>	<u>5,569</u>	<u>6,104</u>	<u>11,673</u>

**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. 16.69 million (2020: Rs. 13.07 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
	<u>213,486</u>	<u>-</u>	<u>213,486</u>



# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

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.

	2021	2020
	Rupees '000	
<b>11. CASH AND BANK BALANCES</b>		
With banks on		
- Current accounts:		
- Conventional	151,499	69,685
- Islamic	5,139	40,903
- Saving accounts:		
- Conventional - note 11.1	69,769	49,296
- Islamic - note 11.2	11,398	22,323
Cash in hand	255	354
	<u>238,060</u>	<u>182,561</u>

**11.1** At June 30, 2021, the rates of mark-up on PLS savings accounts ranged from 4% to 5.5% (2020: 5.15% to 11.25%) per annum.

**11.2** These are shariah compliant bank balances and carry profit at rates ranging from 4% to 6.4% (2020: 4% to 6%) per annum as at June 30, 2021.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 12. SHARE CAPITAL

### Authorised share capital

2021	2020		2021	2020
(Number of shares)			Rupees '000	
1,100,000,000	1,100,000,000	Ordinary and Cumulative Preference Shares of Rs. 10 each	11,000,000	11,000,000

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

2021	2020			
765,529,303	765,529,303	Ordinary Shares of Rs. 10 each - Opening	7,655,293	7,655,293
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"	61,550	-
771,684,322	765,529,303	Closing	7,716,843	7,655,293

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

2021	2020			
44,357,057	44,357,057	Cumulative Preference Shares of Rs. 10 each - note 12.3	443,571	443,571

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

2021	2020			
(Number of shares)				
2,870,083	2,870,083	Cumulative Preference Shares of Rs. 10 each - note 12.4	28,701	28,701
(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	(26,937)	-
176,420	2,870,083	Cumulative Preference Shares of Rs. 10 each Closing	1,764	28,701

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

445,335	472,272
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# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

**12.1** 491,128,223 (2020: 516,982,879) Ordinary Shares, 25,028,220 'ASLPS' (2020: 24,692,760) Cumulative Preference Shares and 250 'ASLCPS' (2020: 250) Cumulative Preference Shares of Rs. 10 each as at June 30, 2021 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 was filed before the High Court of Sindh on December 29, 2016 for reduction of share capital of the Company. The Honourable High Court of Sindh in its order dated June 25, 2018 has allowed the petition and minutes passed in Annual General Meeting of the Company held on October 27, 2016 for reduction of paid-up capital. As required by section 93 of the Companies Act, 2017, the Company filed the application for registration of order of reduction and consequently, the SECP through its letter dated July 13, 2018 has acknowledged the registration of the High Court order for reduction of share capital. The reduction in capital is 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 (2020: 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, then such unpaid dividend will accumulate and will be paid in the subsequent year(s) before any dividend is paid to the ordinary shareholders.

As at June 30, 2021, the undeclared cumulative dividend on Cumulative Preference Shares (ASLPS) amounted to Rs. 795 million (2020: Rs. 746 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) have been 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, 2021

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 6,155,019 (2020: Nil) Ordinary Shares (PSX symbol - ASL) against conversion of 2,693,663 (2020: Nil) Cumulative Preference Shares (PSX Symbol - ASLCPS) in the ratio of 2.285 Ordinary Shares for each Cumulative Preference Share at purchase price of Rs. 10 per share.

As at June 30, 2021, the undeclared cumulative dividend on Cumulative Preference Shares (ASLCPS) amounted to Rs. 308 million (2020: Rs. 306 million).

## 13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	Rupees '000	
<b>Leasehold land and buildings on leasehold land</b>		
Balance at beginning of the year	2,036,383	2,128,958
Surplus / (deficit) arising on revaluation	-	(34,627)
Transferred to retained earnings in respect of incremental depreciation charged during the year	(57,948)	(57,948)
Balance at end of the year	1,978,435	2,036,383
Related deferred tax liability	(573,746)	(590,551)
Balance at end of the year - net of deferred tax	1,404,689	1,445,832

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, 2021

2021

2020

Rupees '000

## 14. LONG-TERM FINANCE – secured

### Loan

- under restructuring agreement - notes 14.2, 14.3 & 14.5	3,653,436	4,246,555
- for expansion project - notes 14.4 & 14.5	2,385,214	3,006,466
- from related party - note 14.6	-	1,980,000
- under refinance scheme - note 14.7	58,065	91,977
	<u>6,096,715</u>	<u>9,324,998</u>

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).

2021

2020

Rupees '000

Balance as at July 1	9,022,933	7,292,014
Disbursements during the year	138,913	2,230,919
Repayment	(2,046,740)	(500,000)
Balance as at June 30	<u>7,115,106</u>	<u>9,022,933</u>

## 14.2 Loan under restructuring agreement

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

2021

2020

Rupees '000

Opening		
- long-term finance	4,246,555	4,235,355
- current maturity of long-term finance	-	500,000
	4,246,555	4,735,355
Impact of unwinding - finance cost	156,881	11,200
Repayment	-	(500,000)
	4,403,436	4,246,555
Less: Current maturity shown under current liabilities	(750,000)	-
	<u>3,653,436</u>	<u>4,246,555</u>

14.3 Original term finance facilities amounting to Rs. 6.53 billion were obtained under three Syndicate Term Finance Facility (STFF) agreements, a Syndicated Running Finance Facility (SRFF) agreement and a 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, 2021

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. While no repayment (2020: Rs. 500 million) was made in the current year, subsequently, ten unequal semi-annual installments have to be paid, which are 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 instalment 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 (2020: Rs. 172.8 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:

	2021	2020
	Rupees '000	
<b>Opening</b>		
- Syndicate Term Finance (STF) - note 14.4.1	1,801,623	1,732,470
- Musharaka facility - note 14.4.2	1,204,843	1,203,455
	<b>3,006,466</b>	<b>2,935,925</b>
- Amount received during the year in STF - note 14.4.1	-	100,512
- Amount received during the year in Musharaka Facility - note 14.4.2	-	22,360
	-	122,872
Impact of unwinding - finance cost	26,748	(52,331)
Less: Current maturity shown under current liabilities	(648,000)	-
	<b>2,385,214</b>	<b>3,006,466</b>



# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

**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 instalments 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.

In previous year, with the approval of State Bank of Pakistan, Rs. 1.41 billion of the STF facility has 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 instalments 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, with the approval of State Bank of Pakistan, Rs. 661.43 million of the Musharaka facility has 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 facility and Musharaka facility.

**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 instalments 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.

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

	2021	2020
	Rupees '000	
Balance as at July 1	1,980,000	-
Disbursements during the year	-	1,980,000
Repayment	(1,980,000)	-
Balance as at June 30	-	1,980,000

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

2021

2020

Rupees '000

## 14.7 Loan under refinance scheme

Balance as at July 1	118,051	-
Disbursements during the year	138,913	128,047
Deferred income - Government grant - note 17	1,321	(9,996)
Repayment	(66,740)	-
	191,545	118,051
Less: Current portion shown under current liabilities	(133,480)	(26,074)
Balance as at June 30	58,065	91,977

**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 instalments, which started from January 2021. The loan is secured by way of hypothecation of plant and machinery and current assets of the Company.

2021

2020

Rupees '000

## 15. LEASE LIABILITIES

Opening balance	59,386	48,388
Additions to lease liability	27,493	30,829
Unwinding of finance cost	7,134	5,042
Lease rentals paid	(20,979)	(24,873)
	73,034	59,386
Less: Current portion of lease liabilities	(20,784)	(24,227)
Long-term portion of lease liabilities	52,250	35,159

### 15.1

	2021			2020		
	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	20,784	5,628	26,412	24,227	5,411	29,638
Later than one year but not later than five years	38,754	9,798	48,552	21,979	107,391	129,370
Later than five years	13,496	104,626	118,122	13,180	106,524	119,704
	73,034	120,052	193,086	59,386	219,326	278,712

**15.2** These represent liabilities for vehicles acquired under lease arrangements and rented properties. Finance charge ranging from 8.12% to 12.84% (2020: 8.12% to 14.95%) 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, 2021.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

2021

2020

Rupees '000

## 16.2 Statement of financial position reconciliation

Present value of defined benefit obligation	123,261	97,601
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## 16.3 Movement in the present value of defined benefit obligation

Obligation as at July 1	97,601	64,493
Current service cost	26,154	21,427
Interest expense	8,642	8,808
Benefits due but not paid	(592)	-
Remeasurements	(799)	8,233
Benefits paid	(7,745)	(5,360)
Obligation as at June 30	123,261	97,601

## 16.4 Expense recognised in profit or loss

Current service cost	26,154	21,427
Interest cost	8,642	8,808
	34,796	30,235

## 16.5 Remeasurement recognised in other comprehensive income

Actuarial losses	(2,484)	7,499
Experience losses	1,685	734
	(799)	8,233

## 16.6 Net recognised liability

Balance as at July 1	97,601	64,493
Expense for the year	34,796	30,235
Benefits paid	(7,745)	(5,360)
Remeasurement recognised in other comprehensive income	(799)	8,233
Benefits payable transferred to trade and other payables	(592)	-
Balance as at June 30	123,261	97,601

## 16.7 Maturity profile of the defined benefit obligation

Less than five years	80,812	65,799
Later than five but less than ten years	137,863	107,794
Later than ten years	2,475,897	1,662,601

## 16.8 Actuarial assumptions

Discount rate used for year end obligation	10.25%	9.25%
Expected rate of increase in salaries	9.25%	8.25%
Retirement age (years)	60	60

16.9 Mortality was assumed to be SLIC (2001-2005) set back one year (2020: SLIC 2001-2005 set back one year).

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 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	
		2021	2020	2021	2020
Discount rate at June 30	1%	(10,938)	(8,835)	12,960	10,494
Future salary increases	1%	10,272	8,281	(8,860)	(7,132)

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, 2022 is expected to be Rs. 41.41 million.

16.15 Historical information for the five years is as follows:

	2021	2020	2019	2018	2017
	Rupees '000				
Present value of the defined benefit obligation	123,261	97,601	64,493	51,536	40,876
Experience adjustments - loss / (gain)	1,684	734	(2,024)	954	4,975

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

	2021	2020
	Rupees '000	

## 17. DEFERRED INCOME - GOVERNMENT GRANT

Balance at beginning of the year	9,996	-
Deferred grant recognised during the year	10,170	9,996
Government grant recognised in income	(11,491)	-
Balance at end of the year	8,675	9,996
Less: Current portion of deferred income - Government grant	(7,308)	(6,410)
	1,367	3,586

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, 2021

2021

2020

Rupees '000

## 18. TRADE AND OTHER PAYABLES

Creditors	460,954	433,184
Bills payable	4,593,564	5,244,436
Accrued liabilities	181,096	206,187
Retention money	116,823	124,597
Contract liability	402,194	62,190
Security deposit from dealers - note 18.1	11,000	11,500
Withholding tax	28,327	72,882
Provisions - note 18.2.1	497,195	159,008
Workers' Profits Participation Fund - note 18.3	461,713	-
Workers' Welfare Fund	184,685	-
	<u>6,937,551</u>	<u>6,313,984</u>

**18.1** 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:

	2021		2020		Balance as at June 30, 2020
	Balance as at July 1, 2020	Recognised during the year	Balance as at June 30, 2021	Balance as at July 1, 2019	
	(Rupees '000)				
Provision for Gas Infrastructure Development Cess - note 18.2.2	137,659	7,565	145,224	-	137,659
Provision against receivable from Eitmaad Engineering (Private) Limited - note 18.2.3	-	138,485	138,485	-	-
Provision for collector of customs - note 18.2.4	21,349	192,137	213,486	-	21,349
<b>Balance as at June 30, 2021</b>	<u>159,008</u>	<u>338,187</u>	<u>497,195</u>	<u>-</u>	<u>159,008</u>

**18.2.2** It represents provision for Gas Infrastructure Development Cess (GIDC) of Rs. 145.22 million (2020: Rs. 137.67 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.

2021

2020

Rupees '000

## 18.3 Workers' Profit Participation Fund

Balance at beginning of the year	-	-
Charge for the year - note 26	461,713	-
Balance at end of the year	<u>461,713</u>	<u>-</u>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

2021

2020

Rupees '000

## 19. SHORT-TERM BORROWINGS - secured

Short term finance facilities under:

- running finance under mark-up arrangement	300,842	2,194,645
- Istisna-cum-Wakala arrangement	500,000	676,000
- finance against Trust Receipts:		
- Conventional	5,163,863	5,804,990
- Islamic	831,000	1,270,781
	<u>6,795,705</u>	<u>9,946,416</u>

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

2021

2020

Rupees '000

Habib Metropolitan Bank Limited	3,006,142	2,641,694
National Bank of Pakistan	2,149,091	1,984,312
Dubai Islamic Bank Limited	831,000	1,000,000
Askari Bank Limited	682,672	98,861
JS Bank Limited	108,546	791,851
Summit Bank Limited	18,254	494,658
Bank Islami Pakistan Limited	-	176,000
The Bank of Punjab	-	75,469
Sindh Bank Limited	-	499,720
MCB Bank Limited	-	319,230
Habib Bank Limited	-	1,499,821
United Bank Limited	-	78,558
Bank Alfalah Limited	-	286,242
	<u>6,795,705</u>	<u>9,946,416</u>

19.2 Facilities for finance available from above banks amount to Rs. 23.63 billion (2020: Rs. 17.93 billion). The rates of mark-up range between six months KIBOR plus 0.85% to three months KIBOR plus 3% (2020: one month KIBOR plus 0.75% to three months KIBOR plus 3%) per annum. The balance is secured against ranking hypothecation charge over plant, machinery and equipment and parri passu charge over the current assets and fixed assets of the Company.

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 (2020: Rs. 3.5 billion). The facilities carry mark-up ranging between three months KIBOR plus 2.25% to six months KIBOR plus 3.55% per annum (2020: 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, 2021 amounted to Rs. 16.59 billion (2020: Rs. 8.45 billion) of which the amount remained unutilised at year end was Rs. 2.58 billion (2020: Rs. 0.42 billion). Corporate and personal guarantees provided by related parties against LC facility amounted to Rs. 4.3 billion (2020: Rs. 4.3 billion) out of which amount remained unutilised at year end was Rs. 4.3 billion (2020: 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, Musharaka 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'.



# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 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 has not distributed any dividend to date. 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. Subsequent to year end, 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, 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, Company received an order from Federal Board of Revenue 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-IV), Karachi. 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.

### 21.2 COMMITMENTS

**21.2.1** Commitments for capital expenditure outstanding as at June 30, 2021 amounted to Rs. 697.77 million (2020: Rs. 753.59 million).

**21.2.2** Commitments for intangible assets outstanding as at June 30, 2021 amounted to Rs. 23.34 million (2020: Nil).

**21.2.3** Commitments for rentals under ijarah arrangements amounted to Nil (2020: Rs. 0.24 million) payable as follows:

	2021	2020
	Rupees '000	
Not later than 1 year	-	242
Later than 1 year but not later than 5 years	-	-
	<u>-</u>	<u>242</u>

## 22. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sale of goods - note 22.1	62,444,061	35,385,741
Less: Sales tax	(9,086,412)	(5,092,483)
Rebates and discounts	(791,068)	(751,021)
	<u>52,566,581</u>	<u>29,542,237</u>
Export sales	2,549,790	234,591
	<u>55,116,371</u>	<u>29,776,828</u>

**22.1** This includes sale of scrap (coil end sheets) net of sales tax amounting to Rs. 1.98 billion (2020: Rs. 1.2 billion).

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

**22.2** During the year, sales to one dealer account for more than 8% (2020: 8%) of net revenue amounting to Rs. 4.44 billion (2020: Rs 2.49 billion).

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

	2021	2020
	Rupees '000	
<b>22.4 DISAGGREGATION OF REVENUE</b>		
Primary geographical markets		
Local	52,566,581	29,542,237
North America	1,250,061	5,520
Asia	654,853	209,302
Africa	270,467	7,339
Europe	207,051	-
Middle East	167,358	12,430
	<u>55,116,371</u>	<u>29,776,828</u>
<b>23. COST OF SALES</b>		
Raw material consumed	38,331,660	24,890,275
Salaries, wages and benefits - note 23.1	541,162	431,040
Utilities	1,201,764	1,007,646
Depreciation	798,817	785,412
Stores, spares and consumables	1,694,856	1,565,845
Packing charges	309,407	190,713
Repairs and maintenance	141,311	106,773
Travelling and conveyance	63,794	61,193
Insurance	66,863	32,225
Material handling charges	861	2,097
Security charges	13,070	9,329
Consultancy charges	3,798	2,617
Rent, rates and taxes	4,816	2,813
Communication	1,321	1,610
Write offs - note 3.4	157,130	-
Others	17,923	14,099
	<u>43,348,553</u>	<u>29,103,687</u>
Work-in-process - opening	511,976	718,171
	<u>43,860,529</u>	<u>29,821,858</u>
Work-in-process - closing	(765,110)	(511,976)
Cost of goods manufactured	<u>43,095,419</u>	<u>29,309,882</u>
Finished goods - opening	3,187,972	1,288,734
Finished goods - closing	(2,352,387)	(3,187,972)
	<u>835,585</u>	<u>(1,899,238)</u>
	<u>43,931,004</u>	<u>27,410,644</u>

**23.1** Salaries, wages and benefits include Rs. 26.10 million (2020: Rs. 22.68 million) in respect of defined benefit plan.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

2021

2020

Rupees '000

## 24. SELLING AND DISTRIBUTION COST

Salaries and benefits - note 24.1	41,637	28,361
Export clearance charges - note 24.2	188,596	4,210
Travelling and conveyance	3,163	2,633
Communication	1,161	1,032
Rent, rates and taxes	490	419
Utilities	388	275
Insurance	680	563
Depreciation and amortisation	914	778
Printing, stationery and office supplies	167	186
Others	1,865	3,432
	<u>239,061</u>	<u>41,889</u>

24.1 Salaries and benefits include Rs. 1.74 million (2020: Rs. 1.51 million) in respect of defined benefit plan.

24.2 These includes amount in respect of storage charges, outward freight, loading charges, etc.

2021

2020

Rupees '000

## 25. ADMINISTRATIVE EXPENSES

Salaries, allowances and benefits - note 25.1	155,437	117,602
Rent, rates and taxes	9,319	7,945
Depreciation and amortisation	17,360	14,785
Repairs and maintenance	35,972	34,485
Travelling & conveyance	25,291	24,328
Utilities	7,376	17,765
Communication and information technology	23,842	20,143
Printing and stationery	3,181	3,513
Insurance	11,555	8,072
Legal and professional charges	30,130	41,747
Auditors' remuneration - note 25.2	3,985	3,370
Donation - note 25.3	20,000	-
Ujrah payments	1,005	628
Security charges	4,142	3,028
Others	8,108	22,178
	<u>356,703</u>	<u>319,589</u>

25.1 Salaries, allowances and benefits include Rs. 6.96 million (2020: Rs. 6.05 million) in respect of defined benefit plan.

2021

2020

Rupees '000

## 25.2 Auditors' remuneration

Audit fee	2,750	1,925
Fee for half year audit and other certifications	1,000	1,100
Out-of-pocket expenses	235	345
	<u>3,985</u>	<u>3,370</u>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 25.3 Donation

It represents donation of Rs. 20 million paid by the Company to Patrons of Expo 2020 for the construction of Pakistan Pavilion. None of the directors or their spouses had any interest in the donees.

	2021	2020
	Rupees '000	
<b>26. OTHER EXPENSES</b>		
Workers' Profits Participation Fund - note 18.3	461,713	-
Workers' Welfare Fund	184,685	-
Loss allowance - note 18.2.3 & 18.2.4	330,622	-
	<u>977,020</u>	<u>-</u>
<b>27. OTHER INCOME</b>		
<b>Income from financial assets</b>		
<b>Return on saving accounts:</b>		
- Conventional	26,529	13,632
- Islamic	7,066	2,479
Deferred income - Government grant	11,491	-
	45,086	16,111
<b>Income from non-financial assets</b>		
Scrap sales	64,414	16,030
(Loss) / gain on disposal of operating assets	(2,993)	2,615
Exchange gain - net	392,647	-
Miscellaneous income	214	3,430
	454,282	22,075
	<u>499,368</u>	<u>38,186</u>
<b>28. FINANCE COSTS</b>		
<b>Mark-up expense:</b>		
- long-term finance - note 28.1	676,014	1,043,831
- Impact of unwinding on long term finance	183,629	(41,131)
- short-term borrowings - note 28.1	564,268	1,782,425
Guarantee commission	4,462	5,093
Finance lease charges	7,134	5,042
Exchange loss - net	-	377,131
Bank and other charges	88,596	213,725
	<u>1,524,103</u>	<u>3,386,116</u>
<b>28.1</b>		
It includes mark-up expense of shariah compliant banks in respect of long term finance of Rs. 114.66 million (2020: 162.32 million) and short term borrowings of Rs. 107.77 million (2020: 233.98 million).		

	2021	2020
	Rupees '000	
<b>29. INCOME TAX EXPENSE / (CREDIT)</b>		
Current		
- for the year	498,547	-
- prior year	10,609	90,513
Deferred	1,710,344	(817,164)
	<u>2,219,500</u>	<u>(726,651)</u>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 29.1 Relationship between tax expense and accounting profit / (loss)

	2021	2020	2021	2020
	(Effective tax rate %)		(Rupees in '000)	
Accounting profit / (loss) before tax			8,587,848	(1,343,224)
Tax at applicable tax rate of 29% (2020: 29%)	29.00	29.00	2,490,476	(389,535)
Effect of exempt income	(19.57)	23.14	(1,680,535)	(310,757)
Tax effect of permanent differences	-	8.12	-	(109,098)
Effect of final tax regime	-	(0.17)	-	2,346
Tax credit	0.10	18.91	8,241	(253,960)
Tax losses	16.75	-	1,438,860	-
Minimum tax	-	(18.73)	-	251,614
Prior year charge / (reversal)	0.12	(6.74)	10,609	90,513
Others	(0.56)	0.58	(48,151)	(7,774)
	<u>25.84</u>	<u>54.10</u>	<u>2,219,500</u>	<u>(726,651)</u>

## 30. EARNINGS / (LOSS) PER SHARE

	2021	2020
	Rupees '000	
<b>30.1 BASIC</b>		
Profit / (loss) for the year attributable to ordinary shareholders	6,368,348	(616,573)
Adjustment for cumulative preference share dividend	(82,145)	(62,859)
Profit / (loss) for the year for calculation of basic earnings / (loss) per share	<u>6,286,203</u>	<u>(679,432)</u>
Weighted average number of ordinary shares outstanding at year end (in thousand)	<u>767,789</u>	<u>765,529</u>
	Rupees	Rupees
Basic earnings / (loss) per share	<u>8.19</u>	<u>(0.89)</u>
Diluted		
<b>30.2 DILUTED</b>		
Profit after tax attributable to ordinary shareholders	6,368,348	
Weighted average number of ordinary shares outstanding at year end (in thousand)	767,789	
Adjustment for conversion of convertible preference shares	196,351	
Weighted average number of potential ordinary shares in issue (in thousand)	<u>964,140</u>	
	Rupees	
Diluted earnings per share	6.61	

Diluted earnings per share for the year ended June 30, 2020 has not been presented as it had anti-dilutive effect on earnings per share.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

2021

2020

Rupees '000

## 31. CASH GENERATED FROM OPERATIONS

Profit / (loss) before tax	8,587,848	(1,343,224)
<b>Add / (less): Adjustments for non-cash income &amp; expenses</b>		
Depreciation of property, plant and equipment	814,613	799,275
Amortisation of intangible assets	2,478	1,700
Finance lease charges	7,134	5,042
Mark up charges	1,240,282	2,826,256
Unwinding of long term finance	183,629	(41,131)
Expense recognised for employee benefit obligations	34,796	30,235
Expense for WPPF and WWF	646,398	-
Return on PLS savings accounts	(33,595)	(16,111)
Provisions	330,622	21,349
Loss / (gain) on disposal of property, plant and equipment	2,993	(2,615)
	3,229,350	3,624,000
<b>Profit before working capital changes</b>	<b>11,817,198</b>	<b>2,280,776</b>
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Inventories	(3,492,822)	(1,295,711)
Trade and other receivables	(874,868)	510,069
Loans, advances, deposits and prepayments	467,507	(47,653)
Tax refunds due from government - sales tax	1,400,034	(341,686)
	(2,500,149)	(1,174,981)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(353,453)	5,058,728
	(2,853,602)	3,883,747
<b>Cash generated from operations</b>	<b>8,963,596</b>	<b>6,164,523</b>

## 32. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 11	238,060	182,561
Short-term borrowings - note 19	(6,795,705)	(9,946,416)
	(6,557,645)	(9,763,855)



# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

2021

2020

Rupees '000

## 33 STATEMENT OF CASH FLOWS - Direct method

### CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	54,308,603	30,212,651
Cash paid to suppliers / service providers and employees	(45,357,724)	(24,026,924)
Income tax paid	(1,045,998)	(116,388)
Mark-up on loans paid	(1,579,964)	(3,025,436)
Return on bank deposits received	33,595	16,111
Employee benefits paid	(8,337)	(5,360)
<b>Net cash generated from operating activities</b>	<b>6,350,175</b>	<b>3,054,654</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(1,184,207)	(627,858)
Purchase of intangible assets	(33,753)	-
Sale proceeds from disposal of property, plant and equipment	2,801	6,632
<b>Net cash used in investing activities</b>	<b>(1,215,159)</b>	<b>(621,226)</b>

### CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term finance	(2,046,740)	(500,000)
Long-term loan obtained	138,913	2,230,919
Lease rentals paid	(20,979)	(24,873)
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,928,806)</b>	<b>1,706,046</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,206,210</b>	<b>4,139,474</b>
Cash and cash equivalents at beginning of the year	(9,763,855)	(13,903,329)
<b>Cash and cash equivalents at end of the year - note 32</b>	<b>(6,557,645)</b>	<b>(9,763,855)</b>

## 34. RESULTS OF OPERATIONS

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

	2021				2020			
	Cold roll coil	Galvanized iron	Internal transfers	Total	Cold roll coil	Galvanized iron	Internal transfers	Total
	Rupees '000							
Revenue from contracts with customers	53,644,622	26,323,493	(24,851,744)	55,116,371	28,924,491	12,982,390	(12,130,053)	29,776,828
Cost of sales	(48,327,701)	(20,455,047)	24,851,744	(43,931,004)	(27,670,635)	(11,870,062)	12,130,053	(27,410,644)
<b>Gross profit</b>	<b>5,316,921</b>	<b>5,868,446</b>	<b>-</b>	<b>11,185,367</b>	<b>1,253,856</b>	<b>1,112,328</b>	<b>-</b>	<b>2,366,184</b>
Selling and distribution cost	(232,677)	(6,384)	-	(239,061)	(40,690)	(1,199)	-	(41,889)
Administrative expenses	(347,178)	(9,525)	-	(356,703)	(310,441)	(9,148)	-	(319,589)
<b>Operating profit</b>	<b>4,737,066</b>	<b>5,852,537</b>	<b>-</b>	<b>10,589,603</b>	<b>902,725</b>	<b>1,101,981</b>	<b>-</b>	<b>2,004,706</b>
Other expenses	(950,931)	(26,089)	-	(977,020)	-	-	-	-
Other income	486,034	13,334	-	499,368	37,093	1,093	-	38,186
Finance costs	(1,479,270)	(44,833)	-	(1,524,103)	(3,346,116)	(40,000)	-	(3,386,116)
<b>Profit / (loss) before tax</b>	<b>2,792,899</b>	<b>5,794,949</b>	<b>-</b>	<b>8,587,848</b>	<b>(2,406,298)</b>	<b>1,063,074</b>	<b>-</b>	<b>(1,343,224)</b>
Income tax (expense) / credit	(2,219,500)	-	-	(2,219,500)	726,651	-	-	726,651
<b>Profit / (loss) after tax</b>	<b>573,399</b>	<b>5,794,949</b>	<b>-</b>	<b>6,368,348</b>	<b>(1,679,647)</b>	<b>1,063,074</b>	<b>-</b>	<b>(616,573)</b>

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 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. 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.

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

			2021	2020	
			Rupees '000		
Relationship	Name of company	Nature of transaction			
<b>Associated companies</b>	Arif Habib Corporation Limited	- Finance facility utilised	1,630,000	2,075,000	
		- Repayment of short-term finance	1,630,000	2,075,000	
		- Long-term loan repaid	17,405	18,956	
		- Mark-up on finance facilities	20,492	59,359	
		- Mark-up on finance facilities paid	11,067	74,441	
		- Guarantee commission	4,462	5,069	
		- Guarantee commission paid	4,453	4,915	
	Arif Habib Equity (Private) Limited	- Finance facility utilised	-		839,000
		- Repayment of finance facility	-		78,625
		- Mark-up on finance facilities	206		51,575
		- Mark-up on finance facilities paid	27,318		
	Power Cement Limited	- Purchase of construction material	867		369
		- Payment made against purchase of construction material	673		217
	Rotocast Engineering Co. (Private) Limited	- Finance facility utilised	-		
		- Repayment of finance facility	1,980,000		-
		- Mark-up on finance facilities	103,408		139,254
		- Mark-up on finance facilities paid	143,350		99,312
		- Rent and maintenance	8,151		8,849
	- Rent and maintenance paid	8,151		8,849	
	Sachal Energy Development (Private) Limited	- Finance facility utilised	-		300,000
- Payment made against finance facility		-		300,000	
- Mark-up on finance facilities		-		22,577	
- Mark-up on finance facilities paid		-		22,566	
<b>Other related parties</b>	Mr. Arif Habib, Chairman	- Finance facility utilised	-	3,003,000	
		- Repayment of finance facility	-	3,003,000	
		- Mark-up on finance facility	90	182,078	
		- Mark-up on finance facility paid	8,156	478,435	
<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	29,077	21,467	
		- Post retirement benefits	566	553	
		- Meeting and other expenses	627	710	
		- Proceeds from sale of assets	2,350	-	

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

**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	19.96%
2)	Arif Habib Corporation Limited	Shareholder Common Directorship	9.80%
3)	Arif Habib Equity (Pvt.) Limited	Shareholder Common Directorship	32.55%
4)	Power Cement Limited	Group Company Common Directorship	N/A
5)	Rotocast Engineering Co. (Pvt.) Limited	Group Company	N/A
6)	Sachal Energy Development (Pvt.) Limited	Group Company Common Directorship	N/A

**35.3** The status of outstanding balances with related parties as at June 30, 2021 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	
	2021	2020	2021	2020
	Rupees '000			
Managerial remuneration	11,348	9,762	134,296	112,833
Retirement benefits	-	-	8,091	6,462
Reimbursable expenses	-	-	9,203	9,065
Club subscription				
Bonus	3,248	-	22,659	-
Lease rentals	5,103	4,509	9,490	8,039
	<b>19,699</b>	<b>14,271</b>	<b>183,739</b>	<b>136,399</b>
Number of persons	1	1	36	28

**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. 0.63 million (2020: Rs. 0.88 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, 2021

2021

2020

## 37. NUMBER OF EMPLOYEES

### 37.1 Number of employees at June 30

- Permanent
- Contractual

686	655
83	98
769	753

**37.1.1** Number of employees includes 648 (2020: 600) factory employees.

### 37.2 Average number of employees during the year

- Permanent
- Contractual

648	654
113	95
761	749

**37.2.1** Average number of employees includes 657 (2020: 611) factory employees.

## 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>FINANCIAL ASSETS</b>							
At amortised cost							
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
Other receivables	-	-	-	-	-	-	-
Short-term investment	-	-	-	-	-	-	-
Accrued mark-up	-	-	-	-	-	-	-
Cash and bank balances	81,167	-	81,167	156,893	-	156,893	238,060
	81,167	-	81,167	2,213,395	68,112	2,281,507	2,362,674
<b>FINANCIAL LIABILITIES</b>							
At amortised cost							
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
	8,327,185	6,096,715	14,423,900	5,497,515	-	5,497,515	19,921,415

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

	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>2020</b>							
<b>FINANCIAL ASSETS</b>							
At amortised cost							
Deposits	-	-	-	-	55,380	55,380	55,380
Trade and other receivables	-	-	-	1,170,636	-	1,170,636	1,170,636
Loans to employees	-	-	-	5,830	-	5,830	5,830
Cash and bank balances	71,619	-	71,619	110,942	-	110,942	182,561
	<u>71,619</u>	<u>-</u>	<u>71,619</u>	<u>1,287,408</u>	<u>55,380</u>	<u>1,342,788</u>	<u>1,414,407</u>
<b>FINANCIAL LIABILITIES</b>							
At amortised cost							
Long-term finance	26,074	9,324,998	9,351,072	-	-	-	9,351,072
Short-term finance	9,946,416	-	9,946,416	-	-	-	9,946,416
Trade and other payables	-	-	-	5,813,717	-	5,813,717	5,813,717
Accrued mark-up	-	-	-	654,856	-	654,856	654,856
	<u>9,972,490</u>	<u>9,324,998</u>	<u>19,297,488</u>	<u>6,468,573</u>	<u>-</u>	<u>6,468,573</u>	<u>25,766,061</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, 2021, the Company has variable interest bearing net financial liabilities of Rs. 14.34 billion (2020: Rs. 19.23 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. 286.8 million (2020: loss before tax for the year higher / lower by Rs. 384.6 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 because 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, 2021 trade and other payables exposed to foreign currency risk amount to Rs. 4.59 billion (2020: Rs. 5.24 billion). Further, as at June 30, 2021, the Company has exposure against open letters of credit of Rs. 14.01 billion (2020: Rs. 8.03 billion) denominated in foreign currencies.

As at June 30, 2021, 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. 229.68 million (2020: loss before tax for the year would have been higher / lower by Rs. 262.22 million) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated financial assets or liabilities.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

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

The following table summarises the financial currency exposure as on June 30, 2021 and 2020 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, 2021 - (Rupees in billion)	4.59	3.67	4.13	4.54	4.64	5.05	5.51
June 30, 2020 - (Rupees in billion)	5.24	4.19	4.72	5.19	5.29	5.76	6.29

## 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. 2.36 billion (2020: Rs. 1.41 billion), the financial assets exposed to the credit risk amount to Rs. 2.22 billion (2020: Rs. 1.41 billion). The carrying values of financial assets which are neither past due nor impaired are as under:

	2021	2020
	Rupees '000	
Deposits	68,112	55,380
Trade and other receivables	1,907,019	1,032,151
Loans to employees	10,998	5,830
Trade receivables	-	-
Bank balances	237,805	182,207
	<u>2,223,934</u>	<u>1,275,568</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			2021	2020
	Short term	Long term	Rating Agency	Rupees '000	
K-Electric Limited	A1+	AA	PACRA	33,000	33,000
Pakistan State Oil Company Limited	A1+	AA+	JCR-VIS	1,921	1,921
Others	-	-	-	33,191	20,459
				<u>68,112</u>	<u>55,380</u>



# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

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		Rating Agency	2021	2020
	Short term	Long term		Rupees '000	
Allied Bank Limited	A1+	AAA	PACRA	2,405	7,565
Askari Bank Limited	A1+	AA+	PACRA	28,763	302
Bank Alfalah Limited	A1+	AA+	PACRA	53,054	11,187
Bank Al-Habib Limited	A1+	AAA	PACRA	24,116	7,816
Bank Islami Pakistan Limited	A1	A+	PACRA	10,597	3,447
Dubai Islamic Bank Limited	A1+	AA	JCR-VIS	756	17,702
Faysal Bank Limited	A1+	AA	PACRA	5,362	499
Habib Bank Limited	A1+	AAA	JCR-VIS	17,443	9,797
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	60,275	-
JS Bank Limited	A1+	AA-	PACRA	387	4,853
MCB Bank Limited	A1+	AAA	PACRA	1,654	26,474
Meezan Bank Limited	A1+	AAA	JCR-VIS	5,062	39,363
National Bank of Pakistan	A1+	AAA	PACRA	88	11,474
Silk Bank Limited	A2	A-	JCR-VIS	384	7,571
Sindh Bank Limited	A1	A+	JCR-VIS	87	469
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	18,857	1,085
Summit Bank Limited	N/A	N/A	N/A	142	452
The Bank of Khyber	A1	A	PACRA	47	78
The Bank of Punjab	A1+	AA+	PACRA	380	26,857
United Bank Limited	A1+	AAA	JCR-VIS	7,946	5,216

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, 2021

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

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees in '000					
<b>Financial liabilities</b>						
Long-term finance - secured	7,628,195	(8,252,604)	(883,387)	(905,441)	(6,463,776)	-
Short-term borrowings	6,795,705	(6,795,705)	(6,795,705)	-	-	-
Accrued mark-up	315,174	(315,174)	(315,174)	-	-	-
Trade and other payables	5,182,341	(5,182,341)	(5,182,341)	-	-	-
	<u>19,921,415</u>	<u>(20,545,824)</u>	<u>(13,176,607)</u>	<u>(905,441)</u>	<u>(6,463,776)</u>	<u>-</u>
	2020					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	Rupees in '000					
<b>Financial liabilities</b>						
Long-term finance - secured	9,351,072	(10,881,168)	(567,099)	(207,046)	(8,371,999)	(1,735,024)
Short-term borrowings	9,946,416	(9,946,416)	(9,946,416)	-	-	-
Accrued mark-up	654,856	(654,856)	(654,856)	-	-	-
Trade and other payables	5,813,717	(5,813,717)	(5,813,717)	-	-	-
	<u>25,766,061</u>	<u>(27,296,157)</u>	<u>(16,982,088)</u>	<u>(207,046)</u>	<u>(8,371,999)</u>	<u>(1,735,024)</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at June 30. The rate of mark-up has been disclosed in respective notes to these financial statements.

Long term financing from various banks contains certain loan covenants. A breach of covenant, in future, may require the Company to repay the respective loans earlier than as directed in the above table.

## d) Fair values of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximate their reasonable fair values largely due to the short-term maturities of these instruments.

## 39. CAPITAL RISK MANAGEMENT

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

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

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:

	2021	2020
	Rupees '000	
Total borrowings	14,423,900	19,297,488
Cash and bank	(238,060)	(182,561)
Net debt	14,185,840	19,114,927
Equity	14,466,584	8,097,437
Total capital	28,652,424	27,212,364
Debt to capital ratio	0.50	0.70

#### 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, 2021, 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.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

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.

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 consider that their carrying values approximates 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, 2021 are as follows:

	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
	2021			
Rolling	700,000	480,000	365,275	52.2%
Galvanization	250,000	250,000	169,478	67.8%
	2020			
Rolling	700,000	480,000	277,800	39.7%
Galvanization	250,000	250,000	121,137	48.5%

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 30, 2021 has proposed a final cash dividend on Ordinary Shares ASL of Rs. 2 per share (2020: Nil) for the year ended June 30, 2021 which shall be approved by the members of the Company in the Annual General Meeting to be held on October 28, 2021.

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. 795 million and Rs. 308 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, 2022.

# Notes To And Forming Part Of The Financial Statements

For The Year Ended June 30, 2021

## 43. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged, wherever necessary for better presentation. Following major reclassifications have been made during the year:

	2021
	Rupees '000
- Reclassified stores and spares to inventories	678,756
- Reclassified other receivables to trade and other receivables	1,007,922
- Reclassified provision for custom duties from loans, advances and prepayments to trade and other payables	21,349
- Reclassified retention money from creditors	124,357
- Reclassified current portion of deferred income - Government grant	6,410

## 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 30, 2021.



Chief Financial Officer



Chief Executive



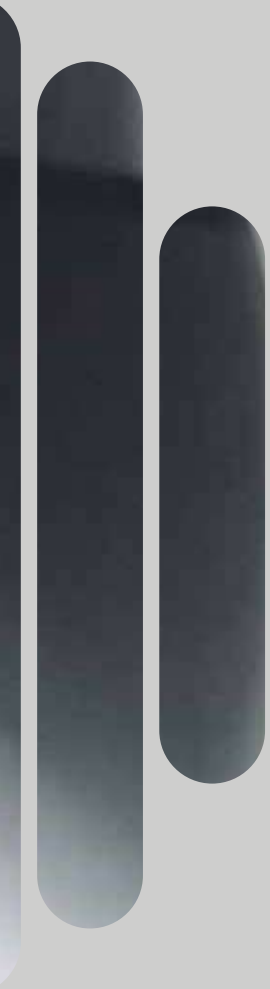
Director

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# Other Information





**“Information is a source of learning. But unless it is organized, processed, and available to the right people in a format for decision making, it is a burden, not a benefit.”**

**– William Pollard**

# Shareholders' Information

## Aisha Steel Mills Limited

### Registered Office

Arif Habib Centre, 23 – M. T. Khan Road,  
Karachi – Pakistan – 74000  
Tel: (+92 21) 32470217  
Fax No: (021)34740151  
Email: info@aishasteel.com  
Website: www.aishasteel.com

### Share Registrar Office

CDC Share Registrar Services Limited  
CDC House, 99-B, SMCHS,  
Main Shahrah-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: (021) 111-111-500  
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, 2021 to October 28, 2021 (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 Shahrah-e-Faisal, Karachi, by the close of business on Thursday, October 21, 2021 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 a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and will also published in at least one English and one Urdu newspaper having circulation in Sindh province.

### Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote a General Meeting of the Company can appoint another person as his / her proxy to attend and vote at the meeting. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy.

### Web Presence

The website of the Company has been maintained in accordance with directives of SECP vide various SROs. Updated information about the company and its affiliates can be accessed at ASML website, www.aishasteel.com



### Shareholding Pattern

The shareholding pattern of the equity share capital of the company as on June 30, 2021 along with categories of shareholders are given on page 56 to 60.

# Notice of Seventeenth Annual General Meeting

Notice is hereby given that the Seventeenth Annual General Meeting of the Shareholders of Aisha Steel Mills Limited (“the Company”) will be held on Thursday, October 28, 2021 at 05:00 p.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi to transact the following business:

## Ordinary Business

1. To confirm minutes of Sixteenth Annual General Meeting held on October 28, 2020.
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, 2021.
3. To consider and approve final Cash Dividend of Rs. 2 per share (20%) on Ordinary Shares (ASL) for the year ended June 30, 2021 as recommended by the Board of Directors.
4. To consider and approve cumulative dividend upto the year ended June 30, 2021 on Cumulative Preference Shares ASLPS and ASLCPS, amounting to Rs. 795 million and Rs. 308 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 to the respective preference shareholders entitled for dividend as on the book closure date.
  - (ii) 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 up to June 30, 2021 OR the date of conversion of Cumulative Preference shares (ASLPS) into Ordinary Shares (ASL) (whichever is earlier), to those ASLPS shareholders who have successfully exercised the conversion option before September 30, 2021.
  - (iii) 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 up to June 30, 2021 OR 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 September 30, 2021.
  - (iv) Cash dividend shall be paid as preferential dividend to those preference shareholders (ASLCPS) who have not converted the preference shares (ASLCPS) into Ordinary Shares (ASL) upto September 30, 2021.
5. To appoint the Auditors for the year ending June 30, 2022 and fix their remuneration. The Board of Directors have recommended for reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants as external auditors.

## Special Business

6. In order to give effect to Agenda Nos. 4(i), 4(ii) and 4(iii) above, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

“Resolved that, approximately 150 million ordinary shares of Rs.10/- each shall be issued / allotted in lieu of preferential dividend by capitalizing a sum of approximately Rs. 1.1 Billion out of Company’s Profit / Reserves available for appropriation, whereas a sum of approximately Rs. 395 million shall be recorded as ‘Difference on conversion of preferential dividend’.”

“Further resolved that, the ordinary shares of Rs.10/- each to be allotted in lieu of preferential dividend on ASLPS and ASLPCPS shall not be entitled for the final cash dividend on Ordinary Shares (ASL) for the year ended June 30, 2021.”

“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 as regards to future dividends and in all other 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.”

7. 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, 2022 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, 2022.”

“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

8. 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.

By order of the Board

Manzoor Raza

Company Secretary

Karachi: October 7, 2021

## Notes:

1. Share transfer books of the Company will remain closed from October 22, 2021 to October 28, 2021 (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 Shahrah-e-Faisal, Karachi [ (ASML’s Share Registrar (CDCSRSL) ], by the close of business on Thursday, October 21, 2021 will be treated in time for the determination of entitlement of shareholders to ordinary / preferential dividend and to attend and vote at the meeting.

Since the Company has communicated its announcement on October 1, 2021 at Pakistan Stock Exchange regarding dividend on its Ordinary Shares (ASL) and Preference Shares (ASLPS & ASLCPS) for / upto the year ended June 30, 2021, it has been decided that the shares to be lodged for conversion after September 30, 2021 from Preference Shares to Ordinary Shares will be processed and effectuate after book closure start date for entitlement of dividends, i.e. October 22, 2021.

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, the Company intends to convene this AGM with minimal physical interaction with shareholders while ensuring compliance with quorum requirements and requests the Members to consolidate their attendance and voting at the AGM through proxies.

The Company has therefore made arrangements to ensure that all participants, including shareholders, can also participate in the AGM proceeding 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](mailto:corporate.affairs@aishasteel.com) with subject of 'Registration for ASML AGM 2021' 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](mailto: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 dividend 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 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 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 21st October 2021, each shareholder will be assumed to have equal proportion of shares 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, 2021 (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 30th 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.

### Statements under Section 134(3) of the Companies Act 2017

#### 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.

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, Preference Dividend on ASLPS can only be paid in the form of issuance of Ordinary shares (ASL) to respective shareholders i.e. those who hold the shares (ASLPS) as on the book closure date for entitlement of dividend, and those who have exercised the conversion option earlier. Based on the terms and conditions of the ASLCPS, for the shareholders who have not converted Preference shares into Ordinary share upto the book closure date for entitlement of dividend, Preference Dividend shall be payable in Cash. For the shareholders who have exercised the conversion option before the entitlement date, Preference 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 Preference Dividend against every Rs.10/- of the dividend accrued/payable, in case the dividend is payable in the form of Ordinary Shares.

Due to loss or inadequate profits, preferential dividend or any part thereof has never been paid earlier. The unpaid dividend is accumulated and is payable before any dividend is paid to the ordinary shareholders. Considering the adequacy of profits for the year ended June 30, 2021, the Board of Directors proposed preferential dividend for a period upto June 30, 2021 on Cumulative Preference Shares ASLPS and ASLCPS amounting to Rs. 795 million and Rs. 308 million respectively, in accordance with respective preferential rates of dividend.

In line with the terms and conditions, approximately 150 million ordinary shares of Rs.10/- each shall be issued / allotted in lieu of preferential dividend by capitalizing a sum of approximately Rs. 1.1 Billion out of Company's Profit / Reserves available for appropriation, whereas a sum of approximately Rs. 395 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 upto June 30, 2021	Amount	795
B	Preferential Dividend on ASLCPS upto June 30, 2021	Amount	308
C	Total preferential dividend payable	Amount (A3 + B3)	1,103
D	Preferential Dividend on ASLCPS upto June 30, 2021 payable in cash to shareholders as on book closure date	Amount (Included in B3)	1.26
E	Amount to be capitalized against issuance of shares out of Company's Profit / Reserves available for appropriation	Amount (C3 - D3)	1,102
F	Ordinary Shares (ASL) to be issued against every Rs.10/- of ASLPS preferential dividend accrued	Number of shares (A3 x 1 / 10)	79.5
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)	70.2
H	Approximate number of shares to be issued in lieu of ASLPS and ASLCPS preferential dividend	Number of shares (F3 + G3) (Rounded)	150
I	Additional paid-up capital (Ordinary Shares - ASL) in lieu of preferential dividends @ Rs.10/- per share	Amount (H3 x 10)	1,500
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)	395

Note: Donation shall be paid against residual nominal value of preferential dividend after allotment of ordinary shares to respective preference shareholders.

## Agenda # 7

This statement sets out the material facts concerning the Special Business given in Agenda item No. 7 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, 2022 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, 2022 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, 2022, 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.

# 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

<b>IFC</b>	International Finance Corporation
<b>IFRIC</b>	International Financial Reporting Interpretation Committee
<b>IFRS</b>	International Financial Reporting Standards
<b>IIL</b>	International Industries Limited
<b>IPO</b>	Initial Public Offering
<b>ISL</b>	International Steels Limited
<b>ISO</b>	International Standards Organization
<b>IT</b>	Information Technology
<b>ITAT</b>	Income Tax Appellate Tribunal
<b>ITRA</b>	Income Tax Reference Application
<b>JV</b>	Joint Ventures
<b>KE</b>	Karachi Electric
<b>KIBOR</b>	Karachi Interbank Offer Rate
<b>KPMG</b>	Klynveld Peat Marwick Goerdeler
<b>LIBOR</b>	London Interbank Offered Rate
<b>LTU</b>	Large Taxpayers Unit
<b>M &amp; A</b>	Memorandum and Articles
<b>MAP</b>	Management Association of Pakistan
<b>MC</b>	Management Committee
<b>MOC</b>	Metal One Corporation Limited
<b>Mn</b>	Million
<b>MoM</b>	Month on Month
<b>MT</b>	Metric Ton(s)
<b>NBV</b>	Net Book Value
<b>NEPRA</b>	National Electric Power Regulatory Authority
<b>NOC</b>	No Objection Certificate
<b>NRV</b>	Net Realizable Value
<b>PACRA</b>	Pakistan Credit Rating Agency
<b>PAT</b>	Profit after tax
<b>PCL</b>	Pakistan Cables Limited
<b>PICG</b>	Pakistan Institute of Corporate Governance
<b>PKR / Rs.</b>	Pakistan Rupees
<b>PSX</b>	Pakistan Stock Exchange
<b>SECP</b>	Securities and Exchange Commission of Pakistan
<b>SHC</b>	Sindh High Court
<b>TCF</b>	The Citizens Foundation
<b>US\$ / USD</b>	United States Dollar
<b>YoY</b>	Year on Year



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# Form of Proxy

17<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 Seventeenth Annual General Meeting of the Company to be held on Thursday, October 28, 2021 and/or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

Witnesses:

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

Signature on  
Rs. 5/-  
Revenue Stamp

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another person as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. Proxy shall authenticate his/her identity by showing his/her 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 Shahrah-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by the two persons with their signatures, name, address and CNIC number given on the form.
4. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy Form.
5. In case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.

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، 2021 بروز جمعرات منعقد ہو رہا ہے میں اور ان کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط: \_\_\_\_\_ بروز/بتاریخ \_\_\_\_\_ 2021

گواہان:

1

نام: \_\_\_\_\_

2

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

پتہ: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

دستخط: \_\_\_\_\_

دستخط: \_\_\_\_\_

دستخط ۵ روپے  
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 سے 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 سروسز 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 اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد، پاور آف اٹارنی، شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

آئندہ برسوں میں آٹو اور تعمیراتی صنعت کی تیز رفتار ترقی کے سبب ملک میں CRC اور GI کی حوصلہ افزا کھپت کے قوی امکانات ہیں۔ مالی سال 2021 میں پیداوار کی افزائش مالی سال 2020 کے مقابلے میں 13% تھی۔ مالی سال 2022 میں 15% سے بڑھ جانے کی توقع ہے۔ قیمتوں کے رفتہ رفتہ 2021 کی اونچی سطح سے نیچے آ جانے کے قوی امکانات ہیں۔ جیسا کہ پہلے بیان کیا گیا، انونٹری مینجمنٹ ناگہانی صورتحال میں ممکنہ خسارے سے بچنے کیلئے کلیدی کردار ادا کریگا۔

ASML ٹیم منظم ہے اور اُس کی بھرپور توجہ صورتحال پر مرکوز ہے۔ کوششیں کی جارہی ہیں کہ معیار، پیداوار اور پروڈکٹ کے رینج کو زیادہ سے زیادہ بڑھایا جائے۔ میں، ہمارے شیئر ہولڈرز، اسپانسرز، بورڈ آف ڈائریکٹرز، ملازمین، کسٹمرز، بینکوں اور تمام اسٹیک ہولڈرز کا اُن کی انتھک سپورٹ، اعتماد اور رہنمائی کیلئے بیحد شکر گزار ہوں جس نے ہماری کامیابی میں اہم کردار ادا کیا۔ اپنے ملازمین اور بورڈ کی اجتماعی کاوشوں سے ہمیں قوی اُمید ہے کہ ہم آئندہ برسوں کے میں نمایاں ترقی کرنے میں کامیاب ہوں گے۔



ڈاکٹر منیر احمد

چیف ایگزیکٹو آفیسر

کراچی: 30 ستمبر، 2021

## چیف ایگزیکٹو آفیسر کا پیغام

مالی سال 2020-21 کا آغاز مثبت انداز میں ہوا۔ COVID-19 کے علاج کیلئے جو ویلکسن تیار کی گئیں، انہوں نے معاشی سرگرمیوں میں جو عرصے سے سست روی کا شکار تھیں غیر معمولی اضافہ کیا۔ اس نے نتیجتاً اشیاء کی خرید و فروخت کے رجحان میں اس قدر تیزی دکھائی جو اس سے پہلے نہیں دیکھی گئی۔ اسٹیل کی صنعت بھی اس عمل سے مستثنیٰ نہ تھی اور قیمتیں آسمان سے باتیں کرنے لگیں اور یوں دستیابی مشکل سے مشکل تر ہوتی گئی۔ HRC کی قیمتیں، جو کہ مالی سال کے آغاز میں USD 450 فی ٹن کے لگ بھگ تھیں، جون 2021 میں USD 1,100 فی ٹن کے قریب جا پہنچیں۔ بین الاقوامی مارکیٹ کی تقلید میں مقامی قیمتوں میں بھی تیزی کا رجحان دیکھا گیا۔ CRC اور GI دونوں کا استعمال بھی آٹو اور تیز رفتار کنسٹرکشن سیکٹر کی پشت پناہی کے سبب مستحکم رہا۔ سال کے دوران، آپ کی کمپنی نے سازگار کاروباری ماحول کا فائدہ اٹھاتے ہوئے متاثر گن اور حوصلہ افزا نتائج ظاہر کئے۔ کاروباری ماحول بجز چند مسائل کے، اب بھی سازگار ہے۔

امریکہ اور چین کے درمیان تجارتی جنگ اب بھی جاری ہے۔ بین الاقوامی بزنس کمیونٹی ان رواں حقائق سے نبرد آزما ہوتے ہوئے خود کو حالات کے مطابق ڈھال رہی ہے۔ COVID-19 کی نئی اقسام کی آمد قدرے تشویشناک ہے۔ بین الاقوامی اور مقامی سطح پر ان نئی اقسام کا دانشمندانہ کنٹرول اور انتظام مستقبل کی کاروباری سمتوں کے تعین میں اہم کردار ادا کرے گا۔ جیسا کہ اشیاء کی بلند ترین قیمتوں میں اب گرنے کا رجحان پایا جاتا ہے، یہ انتہائی ضروری ہے کہ ہم اپنی انویسٹری لیولز کا خاص خیال رکھیں تاکہ کسی بھی ناگہانی صورتحال میں نقصان کا اندیشہ نہ رہے۔

تاہم، چین کی جانب سے پالیسی میں تبدیلی کے سبب مقامی CRC/GI مینوفیکچررز پر مثبت اثرات مرتب ہوں گے۔ چین کی حکومت نے CRC اور GI کے تمام برآمد کنندگان کو دی جانے والی 13% ایکسپورٹ پر چھوٹ (Export Rebate) ختم کر دی ہے۔ جیسا کہ چین پاکستانی مارکیٹ میں CRC اور GI کا اصل سپلائر ہے، مقامی سپلائر پہلے سے زیادہ مقابلے کی قیمتوں پر آ جائیں گی اور درآمدات کی مقدار اور زیادہ نیچے آ جائے گی۔

سال 2021 کے دوران سیلز کی مقدار 379,622 ٹن تھی جو گزشتہ سال کی سیلز 258,453 ٹن کے مقابلے میں 47% فیصد اضافہ ظاہر کرتی ہے۔ اسی طرح سال رواں کے دوران پیداوار 365,274 ٹن ہے جو گزشتہ سال کے 277,800 ٹن کے مقابلے میں 31% اضافہ ظاہر کرتی ہے۔ گنجائش کا استعمال رواں سال 52% رہا جبکہ گزشتہ سال یہ 40% ریکارڈ کیا گیا۔ رواں سال کارپوریٹ پاکستانی روپے میں 55.12 بلین تھا جبکہ سال 2020 میں یہ 29.78 بلین پاکستانی روپے تھا جو 85% اضافہ ظاہر کرتا ہے۔ اسی طرح مجموعی منافع (Gross Profit) 20.29% تھا جبکہ گزشتہ سال 7.95% تھا۔ نیز، ٹیکس سے پہلے کا منافع 8,588 ملین پاکستانی روپے تھا جبکہ گزشتہ سال یہ خسارہ 1,343 ملین پاکستانی روپے تھا۔

ASML کا مجموعی لوکل مارکیٹ شیئر 2020 کے 30% سے بڑھ کر 2021 میں تقریباً 37% ہو گیا جس کی بدولت ASML اپنے اصل مد مقابل کے ہم پلہ ہو گئی۔ گزشتہ سال کی 32% درآمدات کے مقابلے میں رواں سال درآمدات محدود ہو کر 27% رہ گئیں۔

ASML ایکسپورٹ مارکیٹ میں بھی اپنے قدم جما رہی ہے۔ فی الوقت CRC اور GI کو اٹلر دونوں 10 سے زیادہ مختلف ممالک کو برآمد کئے جا رہے ہیں جن میں امریکہ، کینیڈا، بلجیم، پولینڈ، ساؤتھ افریقہ اور دیگر بہت سے ممالک شامل ہیں۔ مجموعی طور پر تقریباً 16,800 ٹن ایکسپورٹ کیا گیا۔ اگلے مالی سال میں ایکسپورٹ کا حجم 50,000 ٹن سے بڑھ جانے کی توقع ہے۔

## آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، 28 اکتوبر 2021ء کو سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کے سبب، 30 جون 2022ء کو ختم ہونے والے سال کیلئے دوبارہ تقرری کیلئے خود کو پیش کر چکے ہیں۔ بیرونی آڈیٹرز کی ریٹنگ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے مطابق تلی بخش ہے جیسا کہ ان کے کوالٹی کنٹرول ریویو پروگرام کے تحت درکار ہے۔ جیسا کہ آڈٹ کمیٹی نے تجویز کیا ہے، بورڈ میسرز کی اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کرتا ہے، اور 30 جون 2022ء کو ختم ہونے والے مالی سال کیلئے کمپنی کے بطور آڈیٹر طے شدہ فیس پر باہمی رضامندی سے 28 اکتوبر 2021ء کو شیڈول ہونے والی سالانہ جنرل میٹنگ میں شیئر ہولڈرز سے اس حوالے سے منظوری طلب کریں گے۔

## سیکرٹریٹریل طریقوں کی تعمیل

زیر نظر مالی سال کے دوران کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (جیسا کہ قابل اطلاق) کی سیکریٹری اور کارپوریٹ ضروریات کو مناسب طریقے سے پورا کیا گیا ہے۔

## پوسٹ بیلنس شیٹ واقعات - بعد کے واقعات :-

30 ستمبر 2021ء کو منعقدہ اپنی میٹنگ میں بورڈ آف ڈائریکٹرز نے درج ذیل ڈیویڈنڈس تجویز کیے:

(i) 30 جون 2021ء کو اختتام پذیر ہونے والے سال کیلئے حتمی کیش ڈیویڈنڈ پاکستانی 2 روپے فی حصص (20%) عام شیئرز (ASL) پر ڈیویڈنڈ حاصل کرنے کے استحقاق کا فیصلہ تاریخ کے تعین پر ہوگا۔

(ii) سال مختتمہ 30 جون 2021ء تک جمع شدہ ڈیویڈنڈ جمع شدہ ترجیحی حصص ASLPS اور ASLPCS بالترتیب 795 ملین روپے اور 308 ملین روپے جو کہ ترجیحی حصص کی شرائط و ضوابط کے مطابق ہوں گے۔

28 اکتوبر 2021ء کو منعقد ہونے والی سالانہ جنرل میٹنگ میں ممبران سے منظوری کے بعد، مذکورہ ڈیویڈنڈ کی تقسیم اور متعلقہ ریزرو سے اس کا تعلق نئے سال کے مالی گوشواروں میں ظاہر ہوگا۔

## متعلقہ پارٹیوں سے لین دین

لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کی ضروریات کی تعمیل کے لیے، کمپنی نے تمام متعلقہ پارٹی لین دین کو آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیے پیش کیا۔ ان لین دین کو آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے اپنے متعلقہ اجلاسوں میں منظور کیا ہے۔ متعلقہ پارٹی لین دین کی تفصیلات، ضم شدہ اور آڈٹ شدہ مالی اسٹیٹمنٹ نوٹ نمبر 35 میں فراہم کئے گئے ہیں۔

## اعتراف

ڈائریکٹرز کمپنی کے اسٹیک ہولڈرز کے مسلسل اعتماد اور سرپرستی کے لیے ان کے شکر گزار ہیں۔ ہم اپنے کاروباری شراکت داروں، بینکاروں اور مالیاتی اداروں کے اعتماد اور بھروسے کے لیے اپنی تعریف اور شکر یہ کوریکارڈ پر لانا چاہتے ہیں۔ ہم وزارت خزانہ، وزارت صنعت و پیداوار، وزارت تجارت، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، نیشنل ٹیرف کمیشن، مسابقتی کمیشن آف پاکستان، سینٹرل ڈپازٹری کمپنی آف پاکستان اور مینجمنٹ آف پاکستان اسٹاک ایکسچینج کا شکر یہ ادا کرتے ہیں جن کی مسلسل مدد اور رہنمائی کی بدولت کمپنی کو موجودہ شکل دینے اور آگے بڑھنے کا موقع ملا۔

ڈائریکٹرز کمپنی کے ملازمین کی محنت کو تسلیم کرتے ہیں اور ان کی مسلسل اور فعال شمولیت کے خواہاں ہیں۔ ہم آڈٹ اور دیگر کمیٹیوں کے ممبران کی قیمتی شراکت اور فعال کردار کو بھی سراہتے ہیں جو کہ انتہائی اہمیت کے معاملات پر مینجمنٹ کی مدد اور رہنمائی فرماتے رہے۔

بورڈ کے لیے اور اس کی جانب سے۔

جناب عارف حبیب  
چیئر مین

ڈاکٹر منیر احمد  
چیف ایگزیکٹو

کراچی: تاریخ: 30 ستمبر، 2021



گیا ہے، کمپنی کے کسی بھی "ایگزیکٹو" کی طرف سے کمپنی کے حصص میں کوئی تجارت نہیں ہوئی جو سی ای او، سی ایف او، اندرونی آڈٹ کے سربراہ، کمپنی سیکرٹری اور کمپنی میں جنرل منیجر کے طور پر نامزد دیگر ملازمین ہیں، سالانہ رپورٹوں میں انکشاف کے لیے ڈائریکٹرز کی طرف سے مقرر کردہ حد ہے۔

## بورڈ میٹنگز میں حاضری

ایک اسٹیٹمنٹ جو ان افراد کے نام ظاہر کرتا ہے جو مالی سال کے دوران کمپنی کے ڈائریکٹرز اور بورڈ اور کمیٹی کے اجلاسوں میں ان کی حاضری کے ساتھ ضمیمہ-II کے ساتھ منسلک ہے۔

## ڈائریکٹرز کے معاوضے کی پالیسی

وہ نان ایگزیکٹو ڈائریکٹرز جن میں عائشہ اسٹیل ملز لمیٹڈ کے آزاد ڈائریکٹرز شامل ہیں جو کسی گروپ کمپنی میں سینئر ایگزیکٹو یا مینجمنٹ کا عہدہ یا ڈائریکٹرشپ نہیں رکھتے وہ بورڈ آف ڈائریکٹرز کے اجلاس میں شرکت کے لیے مینٹنگ 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 داری اور مہارت کی سطح کے مطابق ہوں گی۔ تاہم، ایک آزاد ڈائریکٹر کے لیے، یہ اس سطح پر نہیں ہوگا جو کہ آزادی سے سمجھوتہ کرنے کے لیے سمجھا جاسکے۔

جہاں عائشہ اسٹیل ملز لمیٹڈ کے کسی بھی ایگزیکٹو ڈائریکٹر کو دیگر کمپنیوں میں ڈائریکٹر کے طور پر مقرر کیا گیا ہے، وہ بورڈ کی فوری آنے والی مینٹنگ میں اپنی تفریحی کے حوالے سے بورڈ کو تفریحی طور پر آگاہ کرے گا۔ مزید یہ کہ ایگزیکٹو ڈائریکٹر کی جانب سے کسی دوسرے ادارے میں اس کی ڈائریکٹرشپ کی وجہ سے حاصل کردہ کوئی بھی فیس بورڈ کی منظوری سے خود ڈائریکٹر اپنے پاس رکھ سکتا ہے۔

چیف ایگزیکٹو بورڈ کا واحد ایگزیکٹو ڈائریکٹر ہے۔ ڈائریکٹران مینٹنگ میں شرکت کے لیے سفر سے متعلق اخراجات کی ادائیگی کے بھی حقدار ہیں۔ چیف ایگزیکٹو، ڈائریکٹر اور ایگزیکٹو کے معاوضے چیک کے حوالے سے انکشاف نوٹ نمبر 36 کے منسلک آڈٹ شدہ مالی اسٹیٹمنٹ میں پیش کیا گیا ہے۔

## شیر ہولڈنگ کا پیٹرن

کمپنی کے عام اور ترجیحی حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ 30 جون، 2021 تک کمپنی کے 8,091 (9,663: 2020) عام شیر ہولڈرز اور 2,738 (2,710: 2020) ترجیحی شیر ہولڈرز تھے۔ کمپنی کے شیر ہولڈنگ کے تفصیلی نمونے اور شیر ہولڈنگ کی کٹیگریز بشمول ڈائریکٹرز اور ایگزیکٹوز کے شیر ہولڈرز اگر کوئی ہیں، ضمیمہ III کے طور پر منسلک ہے۔

## مالیاتی اور کاروباری جھلکیاں

کلیدی آپریٹنگ اور مالی اعداد و شمار کو "کلیدی آپریٹنگ اور فنانشل ڈیٹا اور اس کا تجزیہ کے عنوان سے (صفحہ نمبر 108) پر خلاصہ کی شکل میں دیا گیا ہے اور اہم اعداد و شمار کی گرافیکل نمائندگی (صفحہ نمبر 123) پر پیش کی گئی ہے۔

## آڈٹ کمیٹی

جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضرورت ہے، آڈٹ کمیٹی نے بورڈ کی طرف سے منظوری دی گئی شرائط کے مطابق اپنی کارکردگی جاری رکھی۔

چیف ایگزیکٹو آفیسر سمیت چھ ڈائریکٹرز نے ڈائریکٹرز ٹریننگ / ایجوکیشن پروگرام مکمل کیا تھا جبکہ دو ڈائریکٹرز کو ڈ 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 ڈائریکٹر 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	آزاد	ممبر	-	-	-
محترم ارسلان اقبال	آزاد	-	-	-	-
محترم راشد علی خان	آزاد	-	چیرمین	-	-
محترم عارف حبیب (چیرمین)	نان ایگزیکٹو	-	ممبر	چیرمین	چیرمین
محترم نسیم بیگ	نان ایگزیکٹو	ممبر	-	-	-
محترم کاشف حبیب	نان ایگزیکٹو	ممبر	ممبر	-	ممبر
محترم صد حبیب	نان ایگزیکٹو	-	-	ممبر	-
ڈاکٹر منیر احمد (چیف ایگزیکٹو)	ایگزیکٹو	-	-	-	ممبر

## بورڈ کی تشکیل اور ڈائریکٹرز کے انتخاب میں تبدیلیاں

کمپنیز ایکٹ، 2017 کے سیکشن 159 کی دفعات کے مطابق، اکتوبر 2017 کو ہونے والی سالانہ جنرل میٹنگ میں منتخب ہونے والے نو ڈائریکٹرز کی تین سال کی مدت اکتوبر 2020 میں مکمل ہوئی۔ کمپنی نے 28 اکتوبر 2020 کو ہونے والی اپنی سالانہ جنرل میٹنگ میں، آٹھ ڈائریکٹرز کو منتخب کیا ہے، جو 31 اکتوبر 2020 سے شروع ہونے والی تین سال کی مدت کے لیے 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 ڈیپنڈنٹ ڈائریکٹر متصور ہوں گے۔

## ڈائریکٹرز اور ایگزیکٹوز کی طرف سے کمپنی کے شیئرز کا لین دین

اس کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور کمپنی کے دیگر ایگزیکٹوز اور ان کے شریک حیات اور خاندان کے چھوٹے ممبران کی جانب سے خریدے اور فروخت کیے گئے کمپنی کے حصص کو ظاہر کرنے والا اسٹیٹمنٹ ضمیمہ 1 کے ساتھ منسلک ہے۔

مزید برآں، تمام متعلقہ افراد کو مطلع کیا جاتا ہے کہ وہ کمپنی سیکریٹری کو تحریری نوٹس دیں اور فوری طور پر تحریری طور پر مطلع کریں، کمپنی کے حصص میں کسی بھی ٹریڈنگ کا خود یا ان کے شریک حیات کے ذریعہ اور قیمت کا تحریری ریکارڈ، حصص کی تعداد اور اس طرح کے لین دین کے 2 دن کے اندر سی ڈی سی کا بیان۔ جیسا کہ ضمیمہ 1 میں ظاہر کیا

## 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 پڑامن اور روادارانہ ماحول پیدا ہوگا۔ ہم آنے والے برسوں میں اس نقطہ نظر کو برقرار رکھنے کا ارادہ رکھتے ہیں۔

## گر بجویٹی اسکیم

کمپنی ایک منصوبہ رکھتی ہے جو اپنے ملازمین کو ریٹائرمنٹ کے فوائد فراہم کرتا ہے۔ اس میں مستقل ملازمین کے لیے ایک غیر شراکت دار اور بلا معاوضہ گر بجویٹی اسکیم شامل ہے۔

## مساوی مواقع کا ایسپلائر اور خصوصی افراد کی ایسپلائمنٹ

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 لیے پرعزم ہے۔ مساوات کے علاوہ، آپ کی کمپنی خاص ضروریات کے حامل افراد کو روزگار کے مواقع بھی فراہم کرتی ہے۔

## 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 اٹکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز ڈیوٹی کی مد میں قومی خزانے میں 9.41 بلین روپے سے زائد جمع کرائے۔

## کارپوریٹ گورننس

کمپنی پاکستان اسٹاک ایکسچینج میں درج ہے۔ اس کا بورڈ اور انتظام فہرست کمپنیوں کے لیے مقرر کردہ کارپوریٹ گورننس کے ضابطے کا مشاہدہ کرنے کے لیے پرعزم ہے اور اپنی ذمہ داریوں سے واقف ہے اور مالی اور غیر مالیاتی معلومات کی درستگی، جامعیت اور شفافیت کو بڑھانے کے لیے آپریشن اور کارکردگی کی نگرانی کرتا ہے۔

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 مؤثر 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 ذریعے 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۔

## 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 سٹیل سیکٹر پورٹ فولیو کی طرف گامزن ہیں جس میں ہم اپنے گاہکوں کی ضروریات کو پورا کرتے ہیں اور ماحول کے بارے میں شعوری تشویش کے ساتھ اس بات کو یقینی بناتے ہیں کہ ہمارے لوگ پرعزم، فعال اور سماجی طور پر ذمہ دار شہری رہیں۔ ہم ہر دن انسانی صحت، کم استحقاق والے افراد اور عالمی ماحول کے لیے بنیادی تعلیم جیسے اہم خدشات پر عمل کرتے ہوئے عالمی ماحول کی بہتری کے بارے میں سوچنے کے لیے کوشاں ہیں۔

ASML آج وہاں بہتری لاکر ماحولیاتی کارکردگی کے لیے پاکستان کی اسٹیل انڈسٹری کا معیار بننا چاہتا ہے۔ ہم نے بھرپور کوشش کی ہے کہ معاشرے میں اپنا حصہ ڈالیں اور دنیا کو رہنے کے لیے ایک بہتر جگہ بنائیں۔

## 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 لیے اضافی حفاظتی اقدامات کیے 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 پیز میں آپ ڈیٹ اور اردوزبان میں ان کا ترجمہ شامل ہیں۔ اصولوں کی سخت تعمیل لازمی ہے، اور ملازمین کو عادت کے طور پر قواعد و ضوابط پر عمل کرنے کی تربیت دی جاتی ہے۔ ملازمین کو تمام ایس او پیز سے واقف رکھنے کے لیے فرضی انخلاء رول سمیت تربیتی سیشن منعقد کیے جاتے ہیں۔

ASML سانس لینے کے ماحول کو صاف اور صحت بخش رکھنے کیلئے اپنا حصہ ڈالتا ہے۔ ماحولیاتی حالات کو بہتر بنانے کے اس مقصد کے ساتھ، ASML نے درخت لگانے کی مہم شروع کی اور آس پاس کے علاقے میں سال کے دوران 100+ درخت لگائے۔ ASML کی انتظامیہ نے انڈس ہسپتال کے اشتراک سے بلڈ ڈونیشن ڈرائیو کا آغاز بھی کیا۔

حکومت سندھ (محکمہ صحت) کے اشتراک سے، ASML نے ASML کے احاطے میں ملازمین اور ان کے خاندانوں کے لیے ویکسینیشن کی سہولت مہیا کر کے COVID-19 ڈرائیو کا کامیابی سے آغاز کیا۔

## تعلیم

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۔

## کھیل اور دیگر سرگرمیاں

ASML ملازمین کے درمیان ایک پرجوش اور فعال رویے کو پروان چڑھاتا ہے اور قومی وقار کو بڑھانے میں یقین رکھتا ہے۔ سال بھر میں ملازمین کے لیے مختلف سرگرمیوں کا اہتمام کیا جاتا ہے جن میں ملازمین کی تعریف کا دن، یوم آزادی کی تقریبات، انٹراڈیپارٹمنٹل کرکٹ ٹورنامنٹ وغیرہ شامل ہیں۔ ٹریفک قوانین بنیادی فرسٹ ایڈ اور طبی ایمرجنسی ہینڈلنگ سیشن بھی سال کے دوران منعقد کیا گیا۔

ASML نے نیشنل ہائی وے موٹروے پولیس (NHMP) کے تعاون سے اپنے ملازمین میں روڈ سینس اور ٹریفک قوانین سے واقفیت کے لئے روڈ سیفٹی سیشن منعقد کیا۔ سال کے دوران ملازمین کے لئے بنیادی فرسٹ ایڈ اور میڈیکل ایمرجنسی ہینڈلنگ سیشن بھی منعقد کیے گئے۔

کمپنی کا کلیدی کاروبار مینوفیکچرنگ پر غور و فکر ہونے کے سبب اس نے اپنے رسک مینجمنٹ سسٹم کو ایسا واضح کیا ہے جس میں پیداوار اور فروخت دونوں کی حکمت عملی شامل ہے۔ خام مال کی خریداری سے شروع کرتے ہوئے، کمپنی نے ہمیشہ معیار پر توجہ مرکوز کرتے ہوئے، ذرائع کے تنوع کی پالیسی پر عمل کیا ہے اور مصنوعات کے مکس کی ضروریات، کسٹمر کی مانگ اور مارکیٹ کے تجزیے پر اپنے فیصلوں کی بنیاد رکھی۔ کمپنی اسٹاک سلیکشن اور انویسٹری لیول کے حوالے سے احتیاط کا استعمال کرتے ہوئے، حراستی خطرے سے بچنے، خریدار ڈیلرز سے کریڈٹ / صاف فنڈز کی وصولی کو یقینی بنانے اور مخالف فریق کی صلاحیت کا مسلسل جائزہ لے کر اپنے خطرات کا انتظام کرتی ہے۔ اس کے علاوہ، کمپنی نے صنعت کاروں اور صارفین کی آگاہی اور کسٹم اور ٹیرف کے معاملات کو آسان بنانے کے شعبوں کی ترقی میں اپنے نمائندوں کے ذریعے مسلسل کردار ادا کیا ہے۔

آپریشنل رسک کو کم سے کم کرنے اور انتظام کرنے کے لیے، 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۔

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	تجزیہ کی نوعیت	تحقیقی عوامل
انویسٹری کے ڈھیر کا خطرہ	زیادہ	انویسٹری کے جمع ہو جانے 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 وقتاً فوقتاً ایڈجسٹمنٹ سے انویسٹری کے جمع ہو جانے کے خطرے کو کم کیا جاسکتا ہے۔
ڈمپنگ کا خطرہ	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	اوسط	جدید ترین پلانٹ اور مشینری کے حصول، معیاری آپریٹرز کی خدمات حاصل کرنے اور آرمود اور جانچ شدہ نظاموں کے نفاذ سے خطرے کو کم کیا جاتا ہے۔ حفاظتی ڈیزائنز، کنٹرول اور طے شدہ پروٹوکول لاگو ہیں۔ پلانٹ کی باقائستگی سے دیکھ بھال اور عملے کی تربیت کی جاتی ہے۔
قرض کا خطرہ	کم	90 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 کا نقطہ نظر اپنایا گیا

بورڈ آف ڈائریکٹرز کمپنی کے تمام مادی معاملات پر کڑی نظر رکھتے ہیں۔ عمومی طور پر، معاملات کو مادی 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۔



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 آپریشنز بحال کر دیئے گئے۔ رولنگ آپریشنز، جن میں کافی زیادہ رولنگ فوسرز کی ضرورت ہوتی ہے، جاپان کی اسٹیل پلانٹیک کمپنی (SPCO) جو کہ آلات کے ڈیزائنرز اور مینوفیکچررز ہیں، کی نگرانی میں بڑے پیمانے پر نظر ثانی کے بعد شروع کئے جائیں گے۔

## صلاحیت کا استعمال موجودہ آپریشنز اور مارکیٹ شیئر میں بہتری

موجودہ سیٹ اپ میں پیداواری صلاحیت، معیار اور مصنوعات کی رینج کو بڑھا کر مسلسل بہتری لائی جا رہی ہے۔ 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۔ ASML، سال 2020-21 میں پچھلے سال کے 30% کے مقابلے میں تقریباً 37% مارکیٹ شیئر حاصل کر چکا ہے۔ درآمدات گزشتہ سال 32% کے مقابلے میں 27% تک محدود کر دی گئی تھیں۔ مقامی مارکیٹ میں مد مقابل کا حصہ 38% سے کم ہو کر 36% ہو گیا۔ ایکسپورٹ مارکیٹ میں بھی، ASML اپنے قدم جمارا ہے۔ فی الحال، دونوں CRC اور GI کو اگلے 10 سے زائد مختلف ممالک بشمول امریکہ، کینیڈا، بیلجیئم، پولینڈ، جنوبی افریقہ اور مزید دیگر ممالک کو برآمد کیے جا رہے ہیں۔

## مستقبل کا جائزہ

آٹو سیلٹر میں مستحکم ترقی اور تعمیراتی شعبے کی بحالی ملک میں CRC اور GI کے استعمال کیلئے ایک اچھا شگون ہے۔ سال 2019-20 کے مقابلے میں 2020-21 میں مجموعی طور پر 13% فیصد اضافہ ریکارڈ کیا گیا۔ توقع ہے کہ سال 2021-22 میں مزید اضافہ ہو گا۔ یہ بات قابل غور ہے کہ سال 2017-18 میں سب سے زیادہ کھپت 1.23 ملین ٹن کے لگ بھگ تھی جو کہ موجودہ سطح کے مقابلے میں تقریباً 25% زیادہ ہے۔ امکان ہے کہ طلب مزید بڑھتی رہے گی جس سے مقامی پروڈیوسرز کو صلاحیت کے استعمال کو بہتر بنانے کا موقع ملے گا۔ اگرچہ قیمتیں، ممکنہ طور پر 2020-21 میں دیکھی گئی مثالی بلندی سے آہستہ آہستہ نیچے جائیں گی تاہم ڈاؤن سائیکل تیز ہونے پر انویسٹری مینجمنٹ نقصانات سے بچنے میں کلیدی کردار ادا کرے گی۔

پالیسی کی سطح پر نئی پیش رفت ہوئی ہے جو ہمارے کاروبار پر مختصر اور طویل مدتی دونوں طرح اثر انداز ہو سکتی ہے۔ مالیاتی بل 2021-22 میں، حکومت نے ایس آر او 565 کی رعایتی سہولت سے دوبارہ رولرز کو ہٹا دیا ہے جس کے تحت ایچ آر سی کی درآمد پر صرف 5% کسٹم ڈیوٹی وصول کی جاتی تھی۔ دیگر درآمد کنندگان کو 5% کسٹم ڈیوٹی + 2% اضافی ڈیوٹی + 6% ریگولیٹری ڈیوٹی (مجموعی طور پر 13%) ادا کرنا پڑتی تھی۔ اس نے ری رولڈ میٹریل کو HRC کی جگہ کچھ Thick Segments میں مقابلہ کرنے کی اجازت دی ہے۔ اب، تمام درآمد کنندگان بشمول ری رولرز، پائپ ملز، مینوفیکچررز اور تاجروں کے لیے 5% RD کے طور پر ڈیوٹی کا ڈھانچہ طے کیا گیا ہے۔ تاہم، اس تبدیلی کے ساتھ، پائپ ملوں کو سپلائی کرنے کی پابندی ختم کر دی گئی ہے، جس سے مارکیٹ کا کافی بڑا حصہ کھل گیا ہے۔

ایک اور تبدیلی جو مقامی CRC / GI مینوفیکچررز پر مثبت اثرات ڈال سکتی ہے وہ چینی حکومت کی جانب سے برآمدی چھوٹ واپس لینا ہے۔ حال ہی میں، چین سے CRC / GI کے تمام درآمد کنندگان کو دی گئی 13% چھوٹ کو صفر کر دیا گیا ہے۔ چونکہ چین پاکستان مارکیٹ میں CRC / GI کا اہم سپلائر ہے، مقامی سپلائی زیادہ مسابقتی ہونے کا امکان ہے کیونکہ درآمدی حجم مزید نیچے جاتا ہے۔

## کاروبار کی نوعیت

سال کے دوران کمپنی کے کاروبار کی نوعیت میں کوئی تبدیلی نہیں آئی ہے۔

## خام مال کی خریداری

صحیح قیمت پر معیاری HRC کی خریداری GI / CRC 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 لیے تمام کوششیں کی جا رہی ہیں۔ فی الحال، ASML دنیا کے آٹھ مختلف ممالک سے HRC درآمد کرتا ہے۔

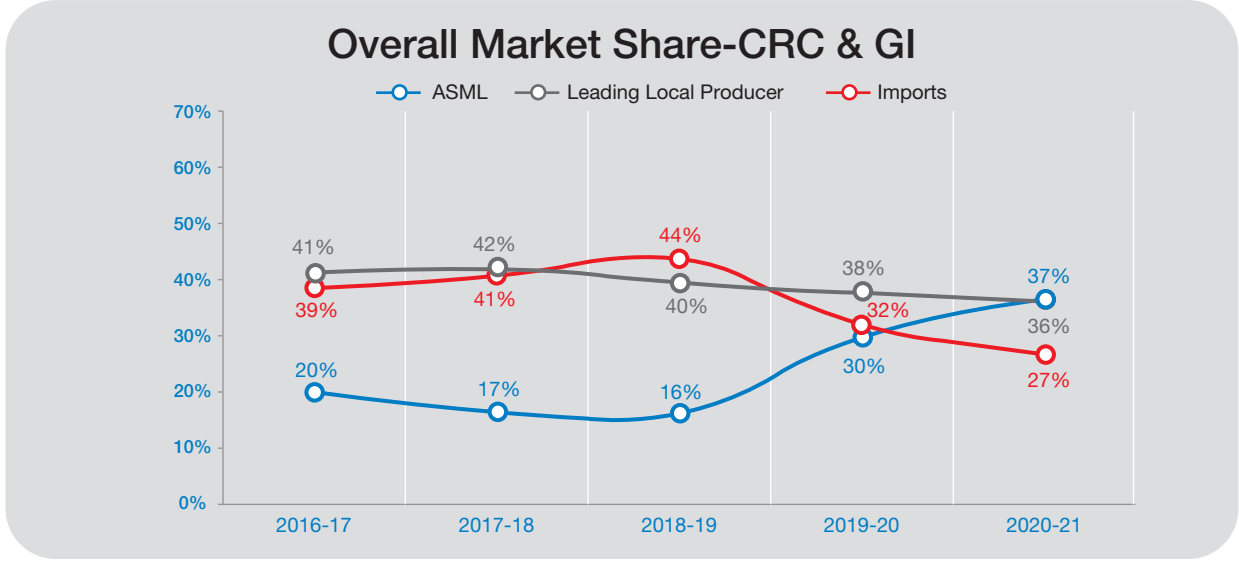
## بنیادی خطرات اور ان میں تخفیف

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 سسٹم تمام تنظیمی سطحوں پر خطرات کے توازن کے لیے متوازن انداز کو فروغ دینے کے لیے بنایا گیا ہے۔ نظام ابتدائی مراحل میں مواقع اور خطرات کی شناخت اور تجزیہ، ان کی پیمائش اور خطرات کے انتظام اور نگرانی کے لیے مناسب آلات کے استعمال کے لیے تیار ہے۔



## مقامی مارکیٹ کا شیئر

2018-19 میں توسیع کے بعد ASML کے مقامی مارکیٹ کے شیئر میں اضافہ ہوا۔ درج ذیل اعداد ASML اور ممتاز مقامی پروڈیوسر کے مارکیٹ شیئر اور درآمدات ظاہر کرتے ہیں۔



ASML کا مقامی مارکیٹ کا مجموعی شیئر 2018-19 میں 16% سے بڑھ کر 2020-21 میں 37% تک جا پہنچا جس نے ASML کو اس کے بڑے مد مقابل کے برابر کر دیا۔

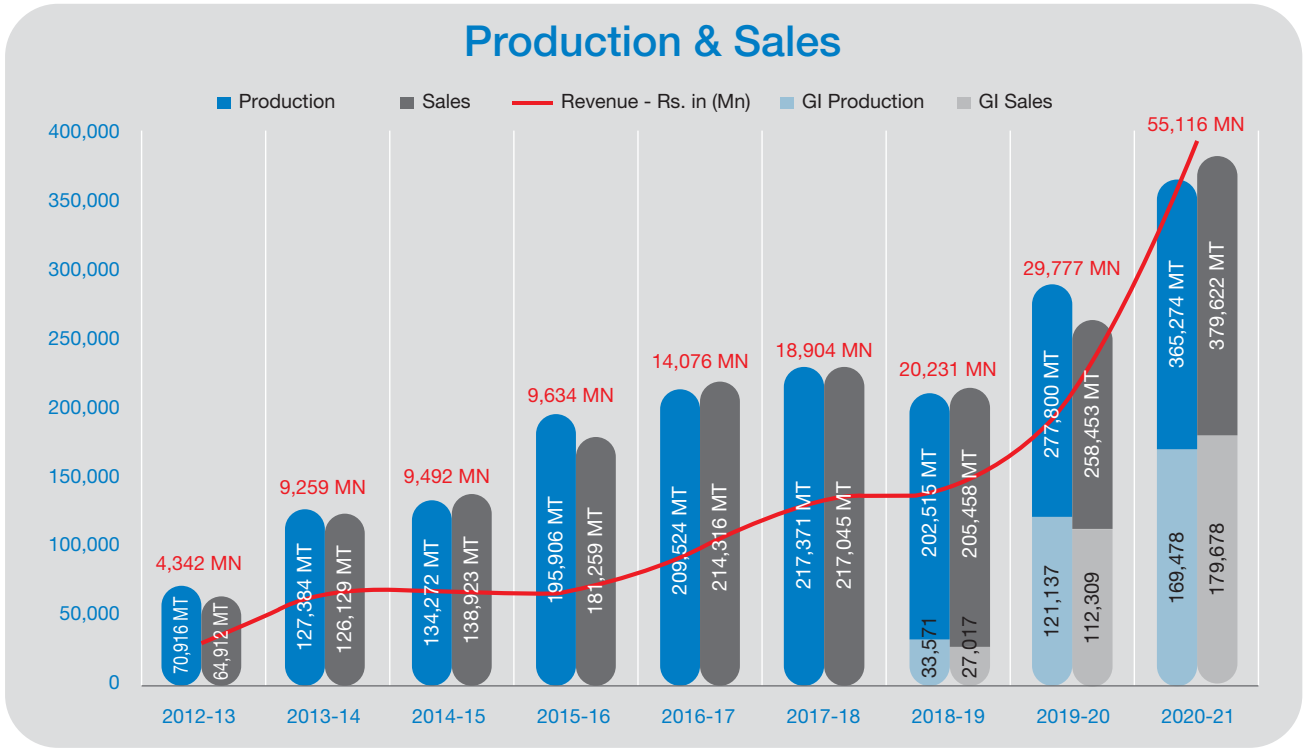
## مالیاتی اشارے

مالیاتی اشارے ظاہر کرتے ہیں کہ COVID نے ASML کے دوران سست روی کے بعد معیشت کی بحالی سے بھرپور فائدہ اٹھایا۔ بین الاقوامی HRC کی قیمتوں میں اضافے کے زحمان نے انونٹری پر منافع کمانے میں مدد دی۔ گزشتہ سال کے 7.95% مجموعی منافع (Gross Profit) کے مقابلے میں رواں سال منافع بڑھ کر 20.29% ہو گیا۔ گزشتہ سال کے پاکستانی روپے 1,343 ملین نقصان کے مقابلے میں ٹیکس سے پہلے کا منافع پاکستانی روپے میں 8,588 ملین ہو گیا۔ درج ذیل ٹیبل گزشتہ مالی سال کا موازنہ پیش کرتا ہے۔

2020	2021	تفصیل
2,366	11,185	مجموعی منافع
2,005	10,590	آپریٹنگ منافع
(1,343)	8,558	قبل از ٹیکس منافع / (نقصان)
(617)	6,368	بعد از ٹیکس منافع / (نقصان)
(0.89)	8.19	بنیادی
		نی شیئر منافع / (نقصان) روپیوں میں

## غیر مالیاتی کارکردگی

آپ کی کمپنی نے اپنے آپ کو، CRC اور GI کو انٹرنیشنل میں ایک 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 کیے ہیں۔ سال کے دوران، کمپنی نے اپنے ہیومن ریسورس لیپڈل کے لیے تکنیکی اور طرز عمل دونوں طرح کے مختلف تربیتی کورسز کیے۔ کمپنی تمام قانونی اور ریگولیٹری شرائط پر عمل کرتی ہے اور تمام اسٹیک ہولڈرز کے ساتھ مضبوط و مستحکم تعلقات کو برقرار رکھتی ہے۔



پیداوار، سیلز کی مقدار (ٹن) اور 2012-13 میں آپریشن کے آغاز کے بعد سے حاصل کیا گیا ریونیو۔

### مجموعی خلاصہ

FY 2019-20 Jul-June	FY 2020-21 Jul-June	
23,150	30,440	CRC اور GI کی اوسط ماہانہ پیداوار (ٹن میں)
21,538	31,635	CRC اور GI کی اوسط ماہانہ ترسیل (ٹن میں)
24,116	12,960	تیار مال کا اوسط ماہانہ اسٹاک (ٹن میں)
فروخت میں 47% اضافہ ہوا		پیداوار میں 31% اضافہ ہوا

# ڈائریکٹرز کی رپورٹ

## معزز ساتھی شیئر ہولڈرز

عائشہ اسٹیل ملز لمیٹڈ (ASML) کے ڈائریکٹران سال ختمہ 30 جون 2021 کے حوالے سے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ فنانشل اسٹیٹمنٹس بشمول آڈیٹرز رپورٹ اور اسٹیل مارکیٹ کا مختصر جائزہ اور کمپنی کی فنانشل اور آپریشنل کارکردگی پیش کرتے ہیں۔

## وسیع تر اقتصادی، معاشی اور عالمی ماحول

مالی سال 2020-21 کے دوران وبائی مرض COVID19 کے سبب معاشی سُست روی کے اثرات ویکسن کی دریافت کے فوری بعد بہتری کی جانب مائل ہونے لگے۔ صنعتی سرگرمیاں جو طویل عرصے سے محدود رہی تھیں، نئے مالی سال کی آمد کے ساتھ معیشت کے تقریباً تمام شعبوں میں از سر نو فعال ہو گئیں۔ اس کی بدولت اشیاء کی خرید و فروخت میں غیر معمولی تیزی دیکھنے میں آئی جو اس سے پہلے نہیں دیکھی گئی۔ اسٹیل کی صنعت اس سے مستثنیٰ نہیں تھی اور قیمتیں بڑھ کر آسمان سے جا لگیں اور اشیاء کی دستیابی مشکل سے مشکل تر ہوتی گئی۔ HRC پر انسز جو مالی سال کے آغاز میں تقریباً 1450 امریکی ڈالر فی ٹن تھیں جون 2021 میں 1100 امریکی ڈالر فی ٹن کے قریب پہنچ گئیں۔ مقامی مارکیٹ میں بھی تیزی کا رجحان پیدا ہوا اور CRC اور GI دونوں کی مانگ میں بہتری آئی۔ قیمتوں کے رجحان نے بین الاقوامی مارکیٹ کی پیروی کی اور مقامی صنعت کار خام مال کی قیمتوں میں بتدریج اضافہ کرنے میں کامیاب رہے۔ چونکہ بین الاقوامی مارکیٹ نے بھی اس صورتحال کو بھانپ لیا ہے لہذا قیمتوں میں بتدریج کمی متوقع ہے جبکہ مقامی مارکیٹ میں بھی یہی رجحان دیکھنے میں آئے گا۔ متحرک آٹو انڈسٹری اور تیز رفتار تعمیراتی شعبے میں مال کی کھپت کے مستحکم رہنے کی قوی امید ہے۔

امریکہ اور چین کے درمیان تجارتی جنگ اب بھی بڑی شد و مد سے جاری ہے۔ بین الاقوامی کاروباری ماحول نئی حقیقت سے ہم آہنگ ہو رہا ہے اور خود کو اس کے مطابق ڈھال رہا ہے۔ COVID کے نئے Variants کی دوبارہ آمد اور اس کا بروقت کنٹرول عالمی سطح پر مستقبل کی سمتوں کے تعین میں اہم کردار ادا کریگا۔

## اہم سرگرمیاں

ASML درآمد شدہ HRC سے CRC اور GI بین الاقوامی معیار کے مطابق تیار کرتا ہے۔ کمپنی کی مصنوعات کو آٹو موٹیو، صنعتی، انجینئرنگ اور مینوفیکچرنگ کے شعبوں میں گھریلو اور برآمدی منڈیوں کے لئے وسیع اقسام کی مصنوعات میں مزید پروسیسنگ کے لئے ایک اہم خام مال کے طور پر استعمال کیا جاتا ہے۔ GI مصنوعات مختلف اپیلی کیشنز میں استعمال ہوتی ہیں، بشمول تعمیراتی ساز و سامان، پائپ، برقی آلات وغیرہ۔

## کمپنی کی کارکردگی پر ایک نظر

سال 2020-21 میں حاصل کی گئی سیلز کی مقدار 379,622 ٹن تھی جبکہ گزشتہ سال کی سیلز 258,453 ٹن تھی جو کہ سیلز میں تقریباً 47% اضافہ ظاہر کرتی ہے۔ اس عرصے میں مجموعی پیداوار 277,800 ٹن کے مقابلے میں 365,274 ٹن رہی ہے جو لگ بھگ 31% اضافہ ظاہر کرتی ہے۔ استعمال کی مقدار تقریباً 52% فیصد تھی جبکہ گزشتہ سال یہ مقدار 40% ریکارڈ کی گئی۔ سال رواں کے دوران جو ریونیو جنریٹ ہوا وہ پاکستانی روپے میں 55.12 ارب روپے تھا جبکہ سال 2019-20 میں یہ ریونیو پاکستانی روپے میں 29.78 ارب روپے تھا جو 85% ظاہر کرتا ہے۔



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