



Annual  
Report

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19

We  
see the  
future  
in steel

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## Cover Story

Great heights are achieved with vision, perseverance, steadfastness, focus and persistence. Aisha Steel, under its visionary leadership and determined team, is fully equipped and well poised for its journey to glory. No matter how cloudy the weather be, we are head still, and clearly, **We see the future in steel.**



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# Company Overview

**First comes thought; then organization of that thought, into ideas and plans; then transformation of those plans into reality. The beginning, as you will observe, is in your imagination.**

**Napoleon Hill**





## Vision

To be a world class manufacturer of flat steel.

## Mission

To become an efficient producer of flat steel while serving interests of all stakeholders.



# Company Information

## Board of Directors

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

## Audit Committee

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

## Human Resource & Remuneration Committee

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

## Chief Financial Officer

Umair Noor Muhammad

## Company Secretary

Manzoor Raza

## Head of Internal Audit

Muhammad Shahid

## Registered Office

Arif Habib Centre, 23 - M. T. Khan Road,  
Karachi - Pakistan - 74000  
Tel: (+92 21) 32470217

## 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@cdcsrsl.com  
Website: www.cdcsrsl.com

## Legal Advisor

Ahmed & Qazi  
Khalid Anwer & Co.  
Akhund Forbes  
Mohsin Tayeb Aly & Co.  
Lex Firma

## 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)

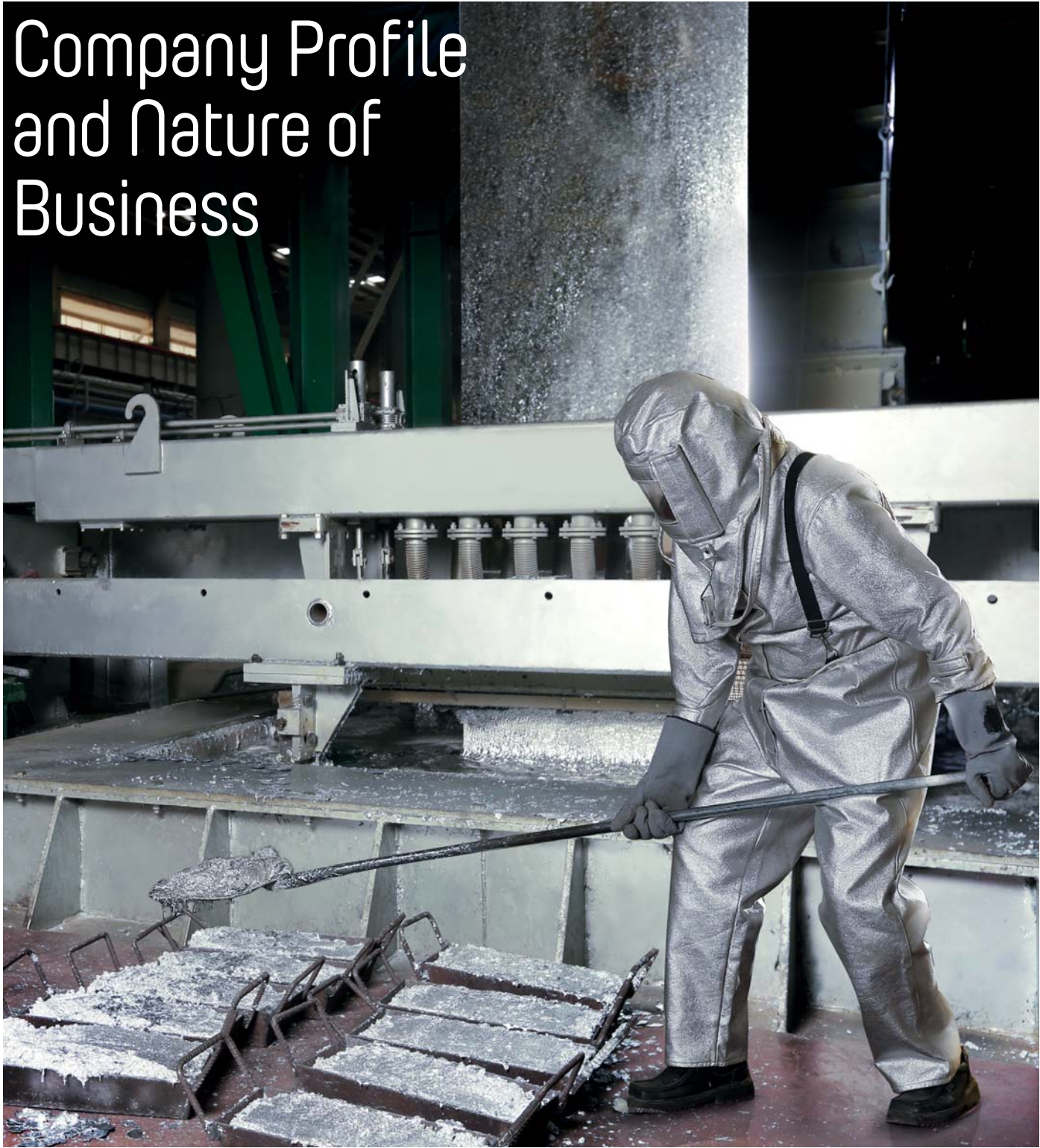








# Company Profile and Nature of Business



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 coils (CRC) and hot dipped galvanized coils (HDGC).

## NATURE OF BUSINESS

ASML is one of the major producers of flat steel products i.e. CRC and HDGC in Pakistan. It is a state-of-the-art steel rolling complex with the name-plate capacity of 700,000 tons per annum.



## Product

### a. Cold Rolled Coils

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 sheets, 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

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's products comprises of CRC and HDGC end users. Our products are sold to customer's through a network of dealers. Sales are also made directly to the end users manufacturing various engineering goods.

According to "Flat Steel Product – Sector Update" issued by VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company Limited) in February 2019, ASML was market leader during 2018 with 33% share in CRC segment. During 2019, quantity sold by the Company decreased marginally by 5.48% due to slow-down in business activities which prevailed throughout the financial year. However, the Company has managed to maintain its market share.

Complete report can be accessed at  
<https://s3-us-west-2.amazonaws.com/backupsqvis/docs/FlatSteel201902.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 pickled HRC is rolled into thin gauges, at room temperature, by applying hydraulic force through set of roles. Cold rolled steel possesses better surface, enhanced strength and better dimensional accuracy compared to HRC. The output from this mill can be sold as “Full Hard CRC” or further processed into “Annealed CRC”.

### 3. Batch Annealing Furnace

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

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



## SIGNIFICANT FACTORS AFFECTING EXTERNAL ENVIRONMENT

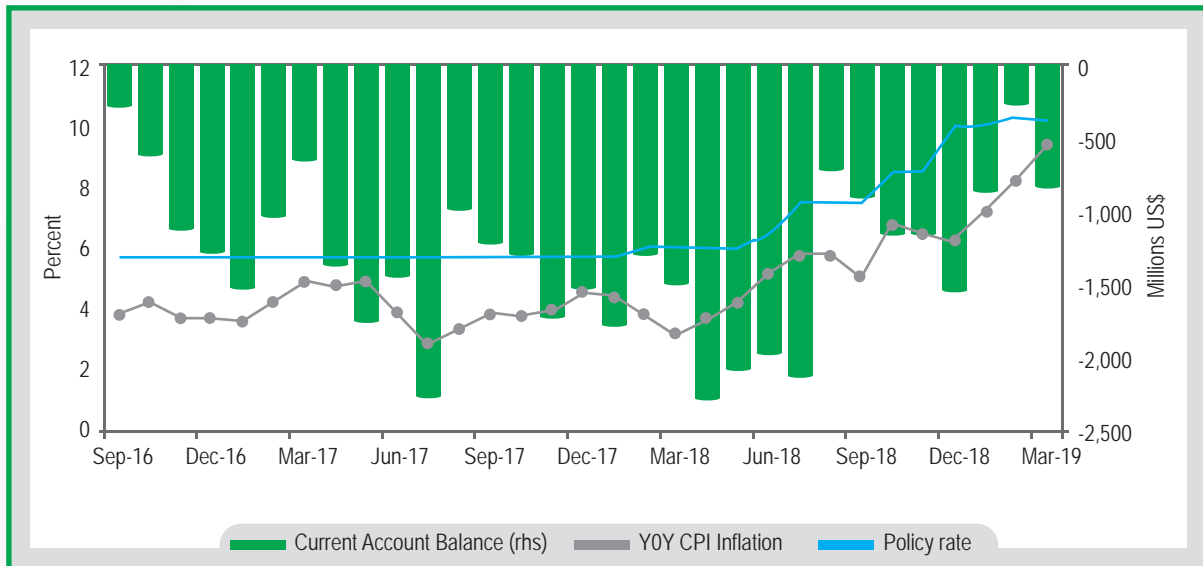
### Macro-Economic Factors Affecting Business

In the FY 2018-19, Pakistan's economy witnessed an acute arrest, hitting a muted growth rate of 3.29% against target of 6.2%. The target was based upon sectoral growth projections of agriculture, industry and services sectors which grew by 0.85%, 1.4% and 4.7% respectively, against the targeted growth of 3.8%, 7.6% and 6.5% respectively. Rising fiscal and external account deficit is the principal challenge along with other macro-economic challenges, faced by the government. To address the macro-economic instability, the government introduced economic and structural reform measure and made adjustments which include monetary tightening, exchange rate adjustments, expenditure control and enhancement of regulatory duties on non-essential imports.

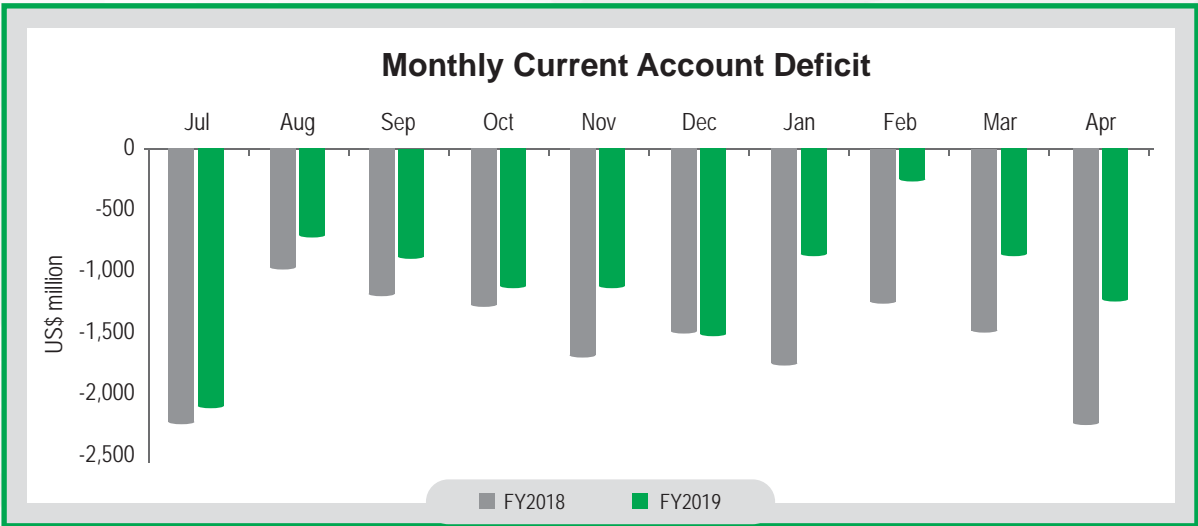
Average inflation during FY 2018-19 has been recorded at 7.0%, compared to 5.2% recorded in FY 2017-18. Other inflationary indicators like Sensitive Price Index (SPI), Wholesale Price Index (WPI), and Core Inflation were recorded at 4.0%, 11.7%, and 8.1%, respectively.

An overview of fiscal performance exhibited decrease in revenues and increase in expenditures compared to targets, increasing the fiscal deficit to 6.5% of GDP in FY 2018. During the first nine months of FY 2018-19, total revenue registered zero growth while growth in expenditures was 8.7%. Fall in revenue was primarily due to 1.8% increase in tax revenues and 16.7% decrease in non-tax revenues.

Monetary policy was tightened by 650 bps to 12.25% to curb excessive aggregate demand and ensure near term stability. The exchange rate depreciated against the USD by 32% since end June 2018.



Macro-economic adjustment policies implemented by Government, to address the issue of prevailing economic instability have brought some degree of stability. Pakistan's Balance of Payment position has improved in FY 2018-19 due to current account deficit declining by 26.9%. Import of goods and services declined by 4.9% and 18.58%, respectively. Exports declined by 1.9% which is a sign of concern. The trade deficit has decreased by USD 1.879 billion which is 7.28%. Foreign exchange reserves fell to USD 15.722 billion, as compared to USD 17.519 billion during the previous year.



Education is covered as one of the key goals of Sustainable Development Goals (SDGs). Under PSDP 2018-19, Government allocated Rs. 30.961 billion for development projects for universities. Till March 2019, total enrolments at national level increased to 50.616 million, increasing by 5.31% from 2016-2017.

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 220,829, 22,595 dentists and 108,474 nurses bringing the current ratio of one doctor for 963 persons, 9,413 persons per dentist and availability of one hospital bed for 1,608 person. The number under each establishment has a rising trend.





The population growth rate at 2.4% as depicted by the census 2017 is very high, which depicts that the efforts directed to curb high population growth rate achieved a little success only. The census also shows that population is swiftly moving towards urban centers, due to better availability of socio-economic facilities.

Pakistan, like other countries, has environmental challenges, and has experienced several adverse climate impacts over the years and adaptation to these impacts is necessary for socio-economic development. The Prime Minister has constituted “Prime Minister’s Committee on Climate Change” to provide high level strategic guidance and a platform for coordinated efforts towards this cause. Federal Forestry Board (FFB) has been revived to rehabilitate forests and forest cover in Pakistan. The government has launched Ten Billion Trees Tsunami Program (TBTP) to revive forestry and improve watershed management and soil conservation. It has also introduced climate budget coding and expenditure tracking system which will promote transparency in public investments.

At global front, US-China trade war dominated the business scene keeping the market under stress. China steel export prices set the tone for global steel markets. China is not only the biggest producer but also the largest steel exporter globally. The HRC prices gradually declined from US\$ 570 per ton to US\$ 480 FOB China from July to December 2018, a decline of about 16%. The CRC prices are typically US\$ 70 higher compared to HRC prices and follow the same trend as that of HRC. In the January-June 2019 period, however, the prices recovered to US\$ 525, FOB China.

\*Economic data has been collected from “Pakistan Economic Survey 2018-19”.

### Flat Steel Sector

During the year, the total market size of CRC was around 700,000 tons and HDGC market size was around 600,000 tons, making it a total demand of around 1.3 million tons.

### 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 various foreign countries, including China and Japan, and transactions are denominated in foreign currency. Bills payable and foreign creditors, included under trade and other payables, and are mainly exposed to foreign currency risk. Other than HRC all major raw materials are procured locally. Further, export sales are made under advance LC arrangement, therefore, no foreign currency risk exists on receivables.

As at June 30, 2019, 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. 14.18 million (2018: Rs. 37.86 million) mainly as a result of foreign exchange losses / gains on translation of US Dollar denominated as 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.

## Micro Factors Affecting Business

### **Business Model**

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 successful commissioning of its production facilities, which was announced in the fourth quarter of the current financial year, has increased its 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 relationship with its suppliers. We have a competent procurement team which is well versed in acquiring necessary raw material and other stores and spares at optimum rates.

### **Raw Material**

The raw material mainly consists of HRC, which are imported mainly from Japan, Taiwan and China. 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, various Zinc Alloys are also imported.

### **Significant changes from prior year**

There are no major changes in organizational overview. However, during the year, macro-economic challenges on the domestic front resulted in tightening of monetary policy, reduced developmental spending and adjustments in currency hampering the economic activity. Though affected by the tough prevailing external conditions, ASML is well positioned to realize the market opportunities. Further, in the last quarter of the current financial year, the Company has successfully commissioned the expansion of its existing production facilities, increasing its overall capacity of 700,000 tons. With this, the Company anticipates gaining further competitive advantage and increase of market share.







# Code of Business Conduct and Ethical Principles

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

## 1. HUMAN RESOURCE

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

## 2. COMPLIANCE WITH LAWS AND REGULATIONS

Every director and employee of ASML shall adhere to all applicable laws and regulations, including those related to corporate governance.

## 3. CONFLICT OF INTEREST

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

## 4. BOOKS AND RECORDS

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

## 5. FAIR AND ETHICAL CONDUCT

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

## 6. WORK PLACE HARASSMENT

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

## 7. CONFIDENTIALITY

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

## 8. POLITICAL CONTRIBUTIONS AND ACTIVITIES

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

## 9. HEALTH AND SAFETY

Every employee is encouraged to take reasonable care to ensure his health and safety and of 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 ensure 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.

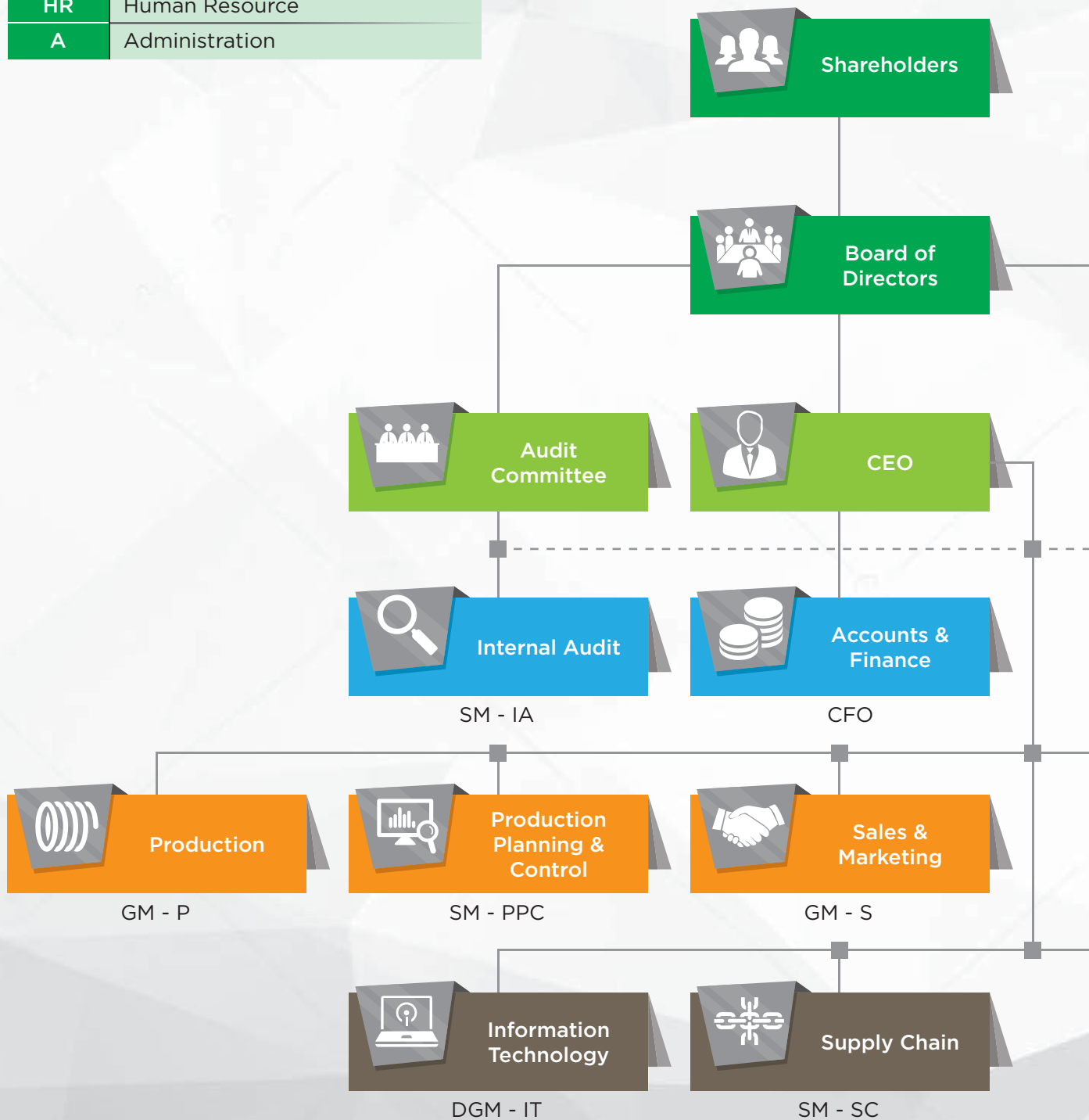
## 12. NON-RETALIATION POLICY

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.

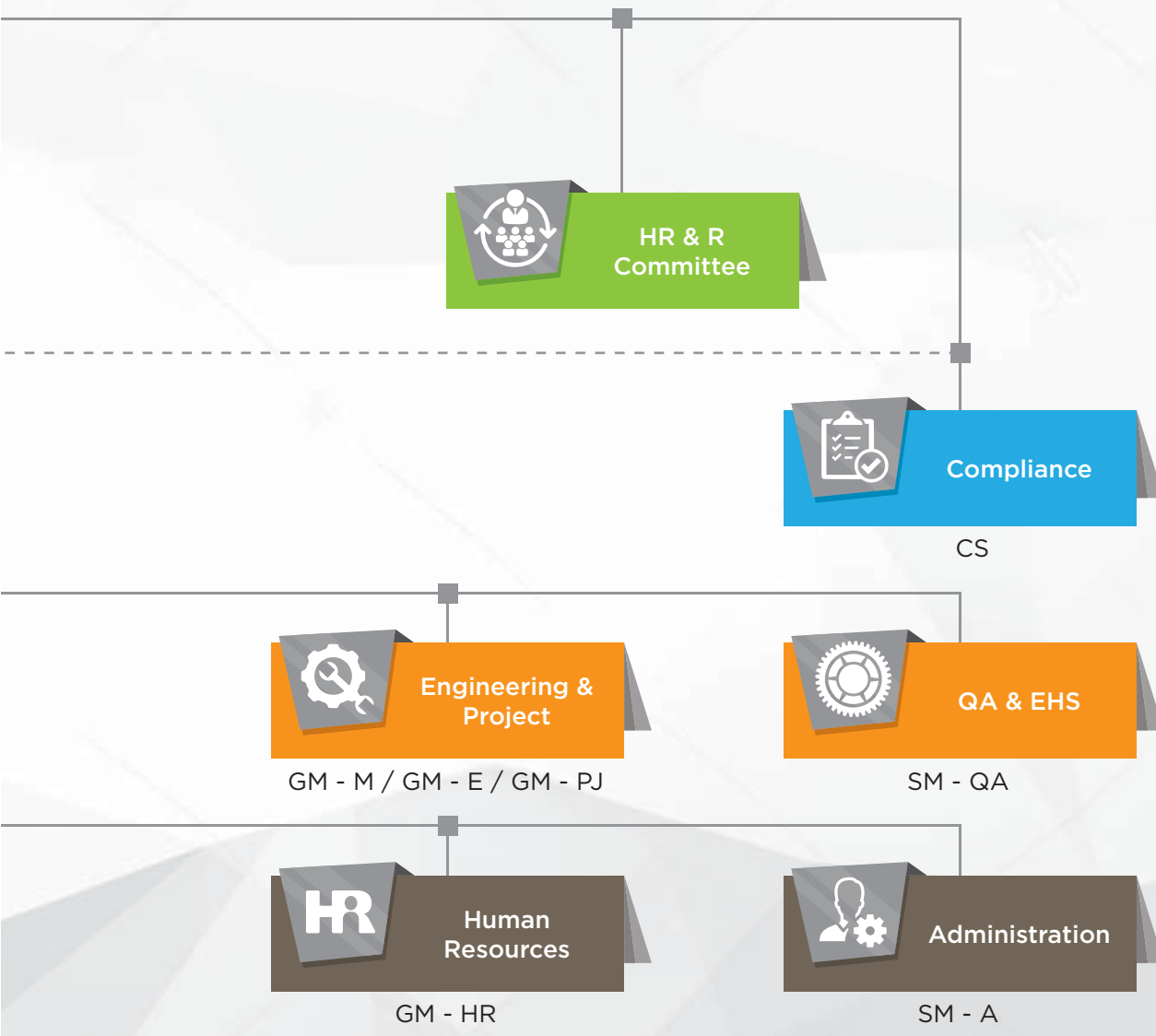


# Organizational Chart

	Direct Reporting Line
	Administrative Reporting Line
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>GM</b>	General Manager
<b>DGM</b>	Deputy General Manager
<b>SM</b>	Senior Manager
<b>IA</b>	Internal Audit
<b>HR</b>	Human Resource
<b>A</b>	Administration



S	Sales and Marketing
SC	Supply Chain
P	Production
PPC	Production Planning and Control
QA	Quality Assurance
EHS	Employee Health and Safety
M	Mechanical
E	Electrical
PJ	Projects
HR & R	Human Resource & Remuneration





# 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 trust of all our stakeholders by maintaining transparent environment based on ethical values and ensuring openness and honesty in all our dealings at all times.



## 2. DIVERSITY AND FAIRNESS

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



## 3. EXCELLENCE

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



## 4. TEAMWORK AND TEAM DEVELOPMENT

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



## 5. REGULATORY COMPLIANCE AND CORPORATE GOVERNANCE

The Company remains committed to high standards of corporate governance, while adhering to applicable laws and regulations, in full letter and spirit.



## 6. SHAREHOLDERS

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



## 7. CUSTOMERS

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



## 8. INGENUITY

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



# Critical Performance Indicators

## FINANCIAL

<b>Revenue</b>	<b>Loss Before Taxation</b>
(Rs. in million) Increased by 7.02%	(Rs. in million) Decreased by 121.50%
<b>20,231</b>	<b>412</b>
<b>Gross Profit</b>	<b>Profit After Taxation</b>
(Rs. in million) Decreased by 49.37%	(Rs. in million) Decreased by 80.22%
<b>1,678</b>	<b>254</b>
<b>EBITDA</b>	<b>Debt to Equity Ratio</b>
(Rs. in million) Decreased by 42.75%	(Ratio) Financial Year 2018 39:61
<b>1,960</b>	<b>47:53</b>
<b>Gross Profit Percentage</b>	<b>Price Earnings Ratio</b>
(Percentage) Decreased by 9.23%	(Ratio) Financial Year 2018 10.04
<b>8.30%</b>	<b>35.38</b>
<b>Shareholders' Equity</b>	<b>Earnings Per Share - Basic</b>
(Rs. in million) Increased by 3.01%	(Rupees) Financial Year 2018 1.57
<b>8,747</b>	<b>0.26</b>
<b>Total Assets</b>	<b>Break-up Value Per Share</b>
(Rs. in million) Increased by 60.24%	(Rupees) Increased by 12.06%
<b>32,731</b>	<b>11.43</b>

## NON-FINANCIAL

<b>Number of Employees</b>	<b>Average Number of Employees</b>
(Number) Increased by 49.59%	(Number) Increased by 41.36%
<b>727</b>	<b>622</b>
<b>Factory Employees</b>	<b>Average Number of Factory Employees</b>
(Number) Increased by 55.17%	(Number) Increased by 44.63%
<b>630</b>	<b>525</b>



## 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 over all profitability of the Company. ASML currently occupies a significant portion in domestic market of flat steel products and to maintain and grow its market share, gauging sales volume and sales price serves as a key factor.

Gross profit and gross profit percentage are critical because it indicates the efficiency of the management in using its direct material, direct labour and direct overhead cost in the production process. Further, it is also indicative of international pricing trends.

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 analyse the Company's financial health.

### Non-Financial

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. Dedicated Quality Control (QC) department ensures quality throughout the process from procurement to production to despatch.

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.

## CHANGE IN INDICATORS AND PERFORMANCE MEASURES

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.

Change in important indicators is as follows:

### Financial

#### **Revenue and Gross Profit**

Revenue has increased by Rs. 1.33 billion. The increase in revenue resulted primarily due to increase in sales price. Sales volume, however, during the year decreased by 5.48% as compared to the corresponding period (FY19: 205,456 tons | FY18: 217,370 tons). Uncertain economic policies coupled with sharp PKR devaluation, not only curtailed overall demand of flat steel but also hampered the buying capability. As a result, gross margin decreased to 8.30% in 2019 (2018: 17.53%), as lower demand did not allow the Company to pass on the impacts of PKR





devaluation and increase in input costs. Therefore, the Company recorded a gross profit of Rs. 1.68 billion against Rs. 3.31 billion recorded last year. The Company keeps track on its revenue and gross profit as it serves as a key driver of overall profitability of the Company. The aforementioned external factors are anticipated to improve in future and so is the Company's performance.

### **Financial Leverage**

The Company has included financial leverage as a key performance financial indicator. Debt to equity ratio has increased by 8.08% in 2019. Long-term loan including current maturity has increased by Rs. 2.32 billion, resulting from project financing obtained. Short-term borrowings have increased by Rs. 9.07 billion which is mainly due to financing of import of raw materials, as the Company has shifted from usance to sight model for procurement of imported raw



materials. Moreover, the Company has increased its inventory levels to meet up the production and sale requirements, which has also contributed in the said increase. The management keeps track on financial leverage of the Company and keeps it with in acceptable level. The anticipated growth in operations will improve the financial leverage of the Company.

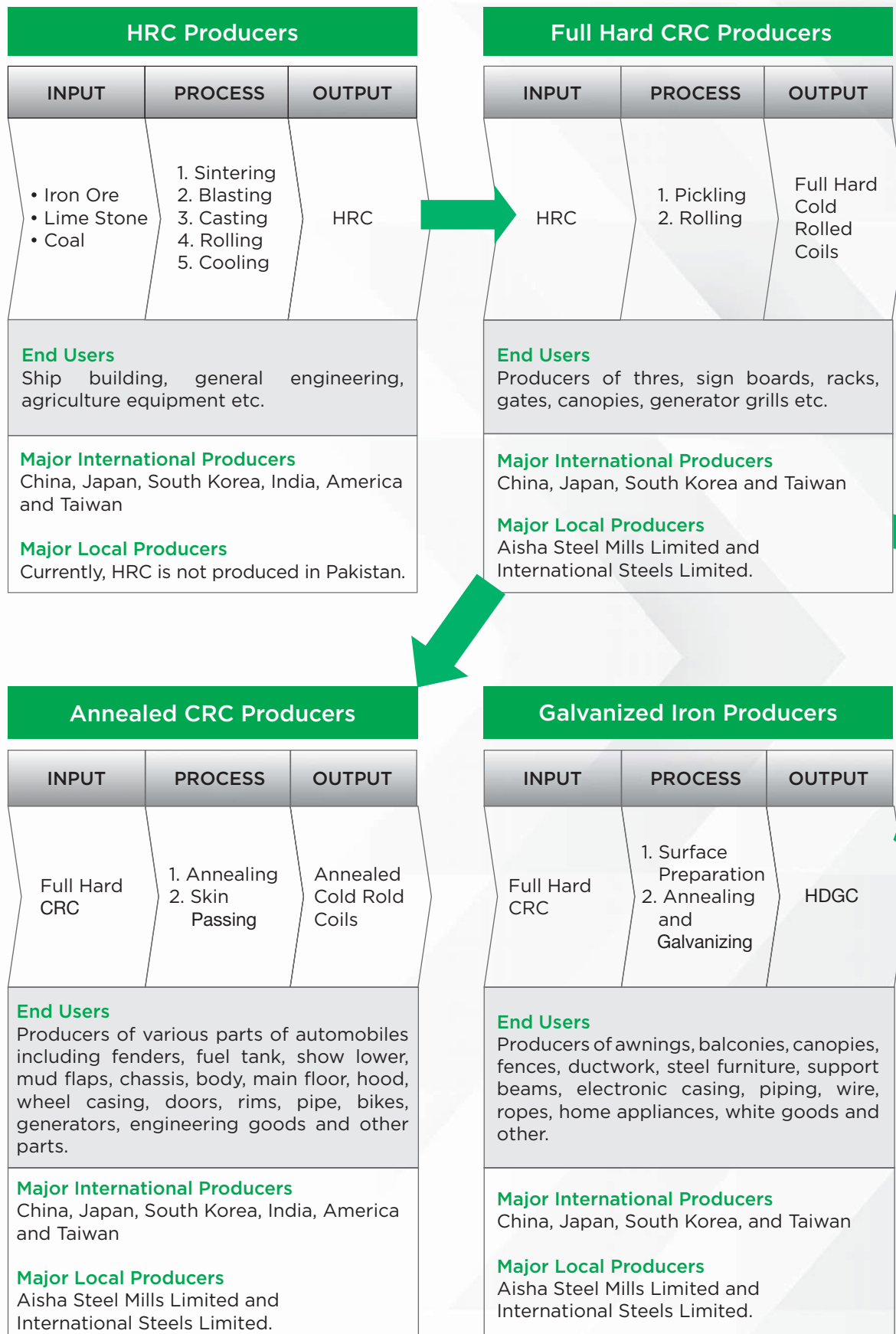
## Non-Financial

### *Human Capital*

The Company has expanded its existing production facilities, which required employment of new staff. As a result, employees head count has increased by almost 50% in the current year. (2019: 727 | 2018: 486). This is the major non-financial indicator, as the skilled human capital is essential for over all success of the Company.



# 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 °F. 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

### 1. Pickling

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

### 2. Rolling

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

### 3. Annealing

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

### 4. Skin Passing

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

## PRODUCTION PROCESS OF HDGC

### 1. Surface Preparation

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

### 2. Galvanizing

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



# Calendar of Notable Events

July 1, 2018 to June 30, 2019

Approval of Half Yearly Financial Statements for December 2018 by the Board

26<sup>th</sup>  
Feb

Awareness seminar at ASML on "The Family & Diabetes" in collaboration with Liaquat National Hospital

16<sup>th</sup>  
Nov

Approval of First Quarter Financial Statements of 2019 by the Board

26<sup>th</sup>  
Oct

14th Annual General Meeting

25<sup>th</sup>  
Oct

Learning & Fun Day at The Citizen Foundations - Koochi Goath

14<sup>th</sup>  
Sep

71st Independence day celebrations

14<sup>th</sup>  
Aug

Approval of Annual Financial Statements of Financial Year 2018 by the Board

31<sup>st</sup>  
July

Blood donation drive in collaboration with The Indus Hospital at ASML

28<sup>th</sup>  
July

In-house training on "Habits of Effectiveness"

16<sup>th</sup>/20<sup>th</sup>  
July





**09<sup>th</sup>**  
Mar

Celebration of Women's Day 2019 at ASML

**16<sup>th</sup>**  
Mar

3rd Interdepartmental ASML Night Cricket Tournament



**29<sup>th</sup>**  
Mar

2nd Annual Town Hall Meeting with CEO

**02<sup>nd</sup>**  
Apr

Students of NED University visit ASML

**24<sup>th</sup>**  
Apr

Approval of Third Quarter Financial Statements for March 2018 by the Board



**10<sup>th</sup>**  
May

Initiation of commercial operations of Continuous Galvanizing Line

**10<sup>th</sup>**  
Jun

Celebration of Eid at ASML



**26<sup>th</sup>**  
Jun

Initiation of commercial operations of new Push Pull Pickling Line, Rolling Mill, and Batch Annealing Furnaces.

**28<sup>th</sup>**  
Jun

Approval of Budget for financial year 2019 - 2020 by the Board



# Salient Policies in Place

## IT GOVERNANCE POLICY

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

### The IT Governance Policy consists of:

1. Providing an organized decision making process around IT investment decisions.
2. Reducing system down times and disruptions, including planning of system upgradations without affecting operations.
3. Ensuring availability, integrity, security, consistency and accuracy of data and communications.
4. Ensuring sufficiency of IT infrastructure and investment in IT hardware and software in line with 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 Blowing Policy are highlighted below:

- The complainants are ensured that he / she will not be subjected to any form of detrimental treatment as a result of any disclosure, where the disclosure is made in good faith. However, it should be noted that unfounded allegations made recklessly, maliciously or knowing that they were false can expose the complainant to disciplinary action.
- All disclosures are required to be made in writing.
- All whistle blowing disclosures made are treated as confidential and the identity of the whistle blower is protected at all stages in any internal matter or investigation.
- Disclosures made anonymously will also be accepted, however, the decision to take them up lies with the whistle blowing unit depending on their nature and urgency.
- For cases which are directly impacting the goodwill of the Company both in financial and non-financial terms, CEO will submit the report to the Audit Committee and Board of Directors. Both shall receive information on each report of concern and can ask for follow-up information on actions taken from CEO.

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

## CORPORATE SOCIAL & 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 carries out and in 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 will benefit the broader interests of the community that includes:

- Education
- Health
- Community Building

Credibility and reputation of the donee seeking assistance must be considered. (Details of CSR Activities carried during the year have been covered in Directors' Report.)

### Sustainability

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 make continuous sustainability efforts by educating and counselling employees regarding importance of environment preservation, and inculcating top-down approach and culture towards generating sustainability. We understand that sustainability is not performed periodically, but, it is inspired and spread via regular actions in daily life.

## HR MANAGEMENT AND SUCCESSION PLANNING

The HR management is one of the key pillars of the Company. 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 the Company's HRM policy are:

1. achieving 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 in 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 transfers and by offering retraining.
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, 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 a good corporate 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. ensure that emissions of hazardous materials from our factory are within tolerable limits.

### QUALITY MANAGEMENT

ASML is committed to produce prime quality CRC and HDGC. We assure quality at each stage of production process, focusing on customers' satisfaction, which is our utmost priority.

Quality management system leads us to 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 HRC.

#### Our Quality Management system includes:

Analysis of imported HRC by using testing methodology of visual dimensional, chemical and mechanical properties.

- Acid pickling process of HRC through HCL is carried out prior to cold rolling process by maintaining acid tanks concentrations, iron contents, temperature and line speed according to the 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 in 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.
- Continuous Hot Dipped Galvanizing line encompasses following features:
  - Degreasing section is an integral part of galvanizing line which is used for removal of oil, grease and foreign contaminants.
  - Horizontal continuous furnace having controlled inert atmosphere integrating with Zinc molten bath; fulfils the requirement of desired mechanical properties and good adhesion of coating.
  - XRF associates at downstream of Zinc Coating Cooling Chamber, this helps for online monitoring and controlling coating mass.
  - Stretcher leveller promotes good quality in term of flatness across the length; this process comprises heavy rolls which control sheet profile from waves or bends.
  - Passivation of Zinc coating is also continuous process which resists depositing oxide layer on coated surface of sheet; this anti-corrosive agent having two classifications one as chromate dry and other as anti-finger print. The system has another provision to protect surface of sheet from oxidation by oiling; the requirement facilitates meeting specific application and market demands.
- Optical Emission Spectrometer analysis, Cupping, hardness and tensile testing enhance the level of confidence for our processing of products which enable us to deliver best quality in the market.

### SAFETY OF RECORDS OF THE COMPANY

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

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

### CONFLICTS OF INTEREST POLICY

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

The policy is applicable to Directors as the Company believes that a Director owes certain fiduciary duties, including the duties of loyalty, diligence and 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 do 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 ASML, 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 are mentioned on the website <http://www.aishasteel.com/shareholder-information/>



### Investors' Grievances 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 made 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 appetite 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 37.1 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 37.2 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.



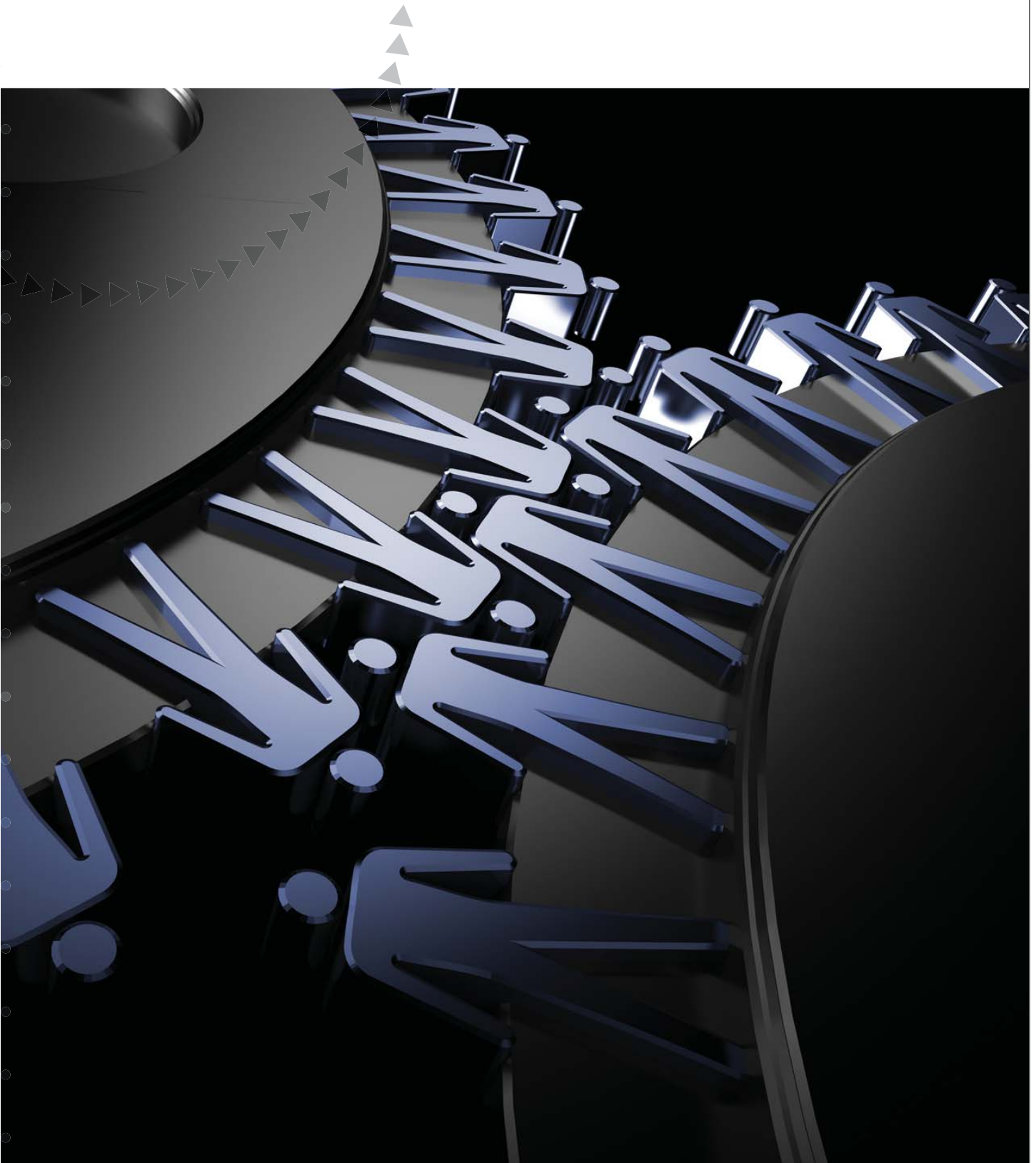


# Governance

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

Alan Mulally





“Have a vision. It is the ability to see the invisible. If you can see the invisible, you can achieve the impossible.”

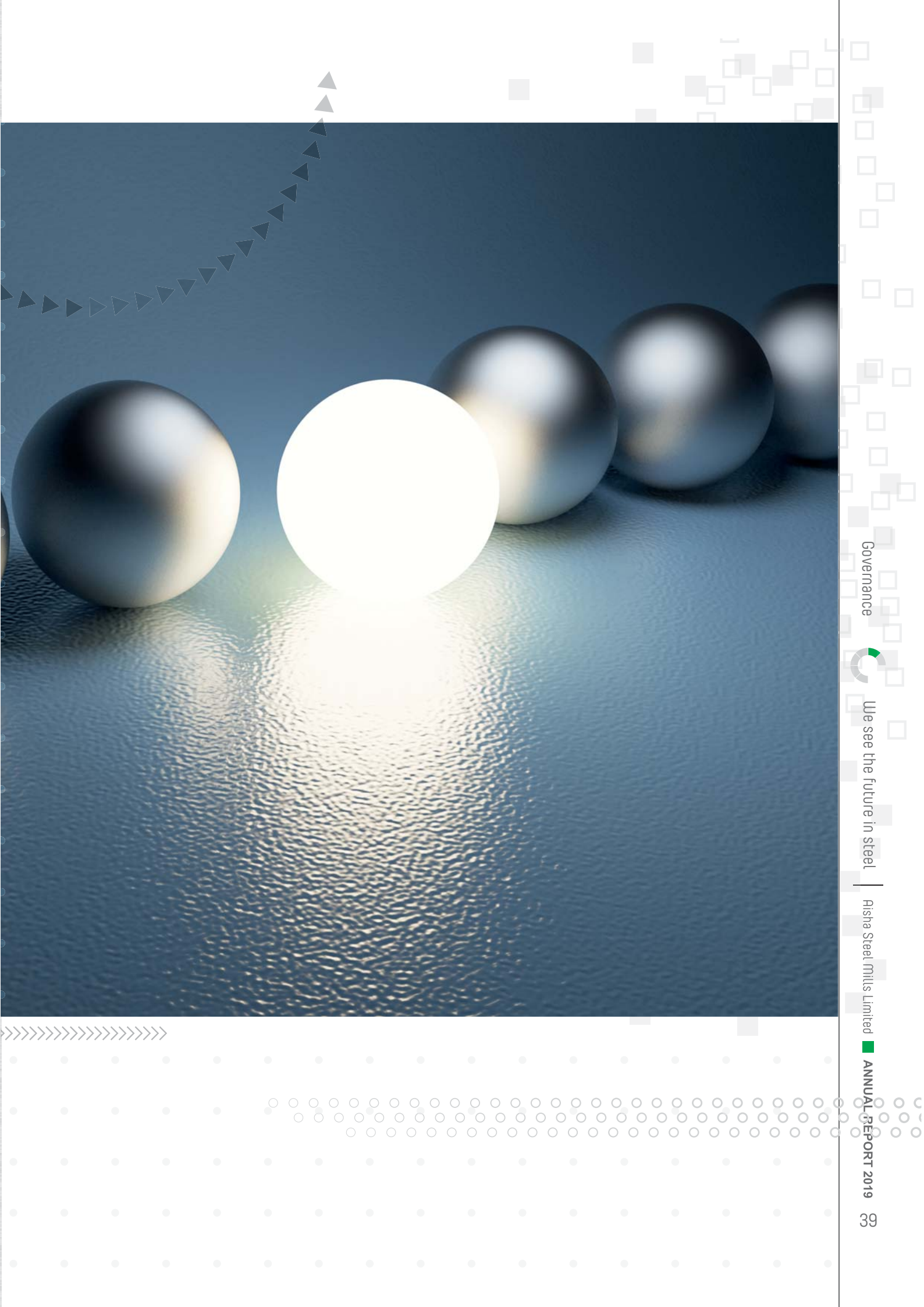
Shiv Khera





# Directors' Profile





Governance



We see the future in steel

Aisha Steel Mills Limited

ANNUAL REPORT 2019





**Mr. Arif Habib**  
Chairman

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

Mr. Arif Habib remained the elected President / Chairman of Pakistan Stock Exchange for six times in the past and was a Founding Member and Chairman of CDC Share Registrar Services Limited (Formerly Central Depository Company). He has served as a Member of the Privatisation Commission, Board of Investment, Tariff Reforms Commission and Securities & Exchange Ordinance Review Committee. Over the years he has been nominated on the Board of Directors of a number of companies by the Government of Pakistan.

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

## Major Corporate Responsibilities

### As Chief Executive Officer

- Arif Habib Corporation Limited

### As Chairman

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

### As Director

- Arif Habib Real Estate Services (Private) Limited
- Fatima Cement Limited
- International Builders and Developers (Private) Limited
- NCEL Building Management Limited
- Pakarab Energy Limited
- Pakistan Business Council
- Pakistan Engineering Company Limited
- Pakistan Opportunities Limited
- National Resources (Private) Limited
- Arif Habib Consultancy (Private) Limited
- Essa Textile & Commodities (Private) Limited

### As Honorary Trustee / Director

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





**Dr. Munir Ahmed**  
Chief Executive Officer



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

He holds 37 years of 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 honoured with Special Creativity award by National Science Foundation, USA, on the basis of "Exceptional Creativity" shown in his research work on surface modification. Last but not the least, his services were tributed with Sitara-e-Imtiaz by the Government of Pakistan for his contribution in the field of Metallurgy.





## Mr. Nasim Beg

Non-Executive Director

Mr. Nasim Beg is the Chief Executive Officer of Arif Habib Consultancy (Private) 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 modernization and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies.

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

His initiation to the financial services business was with the Abu 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).



### Major Corporate Responsibilities

#### As Chief Executive

- Arif Habib Consultancy (Private) Limited (Chief Executive)

#### As Director

- 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)
- Safemix Concrete Limited
- Silkbank Limited
- Pakarab Fertilizers Limited
- Pakistan Opportunities Limited



## Mr. Muhammad Ejaz

Non-Executive Director



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

Prior to joining Arif Habib Group, Mr. Ejaz has served at senior positions with both local and international banks. He was the Treasurer of Emirates NBD bank in Pakistan and served Faysal Bank Pakistan as Regional Head of Corporate Banking group. He also served Saudi-Pak Bank (now Silkbank) as Head of Corporate and Investment Banking. He also had short stints at Engro Chemical and American Express Bank.

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

He actively participates in the group's CSR initiatives especially those which render services in the fields of health and education with emphasis on female literacy.

### Major Corporate Responsibilities

#### As Chief Executive

- Arif Habib Dolmen REIT Management Limited

#### As Director

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





## Mr. Kashif Habib

Non- Executive Director

Mr. Kashif 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 diverse sectors serving clients spanning the Financial, Manufacturing and Servicing industries.

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



### Major Corporate Responsibilities

#### As Chief Executive

- Power Cement Limited

#### As Director

- Fatima Fertilizer Company Limited
- Arif Habib Corporation Limited
- Arif Habib Equity (Private) Limited
- Arif Habib Foundation
- Arif Habib Real Estate Services (Private) Limited
- Black Gold Power Limited
- Fatimafert Limited
- Fatima Cement Limited
- Fatima Packaging Limited
- Memon Health and Education Foundation
- Nooriabad Spinning Mills (Private) Limited
- Pakarab Fertilizers Limited
- Rotocast Engineering Company (Private) Limited
- Siddiqsons Energy Limited
- AHA Trading House (Private) Limited
- Essa Textile and Commodities (Private) Limited
- Safe Mix Concrete 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 (Private) Limited which invests into listed equities.

### Major Corporate Responsibilities

#### As Director

- Lucky Cement Limited



## Mr. Ahsan Ashraf

Independent and Non-Executive Director

Mr. Ahsan Ashraf is a seasoned Corporate and Investment Banker. He holds an MBA degree from IBA-Karachi and is a CFA charter holder awarded by CFA Institute (USA). He brings over a decade and a half-long work experience in the field of Corporate Banking, Advisory, Project Finance, Syndications, Debt & Equity Capital Markets and Mergers & Acquisitions.

He has a proven track record of leading and forming winning teams and successfully turning around segments into high yielding profitable strategic business units. Presently, serving as the Country Head Investment Banking as well as Head Wholesale Banking South, he has been instrumental in playing his due role in the transformation of the bank as one of the major players of the industry. His deep knowledge of the corporate sector, strong clientele, regulatory relationships and broad banking experience, drive the continued strengthening of the bank's foot stamp in the largest market of the country. He has excellent credentials and deep experience built on a reputation for clear strategic insights, strong analytical skills and great team building skills. His vision is to continually leverage his robust professional experience to build, drive and deliver business plans incorporating strong financial control environment.





## Mr. Rashid Ali Khan

Independent and 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.

### Major Corporate Responsibilities

#### As Chairman

- Nayatel Limited
- Micronet Limited

#### As Trustee

- Mianwali Development Trust
- Insaf Welfare Trust

#### As Director

- Bank of Khyber
- NRSP Micro-Finance Bank Limited
- Pakistan Engineering Company Limited
- Sukh Chayn Real Estate Development
- Hayatabad Medical Complex
- Elementary Education Foundation
- Kurmung Zor - Home for Street Children



## Ms. Tayyaba Rasheed

Independent and Non-Executive Director



Ms. Tayyaba Rasheed CFA, FRM is EVP Head of Investment Banking Group at Faysal Bank Limited. She is highly qualified with more than 16 years of diversified corporate and investment banking experience, a proven successful career in Investment Banking, Corporate Banking and Corporate Finance with 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 deals and is focused on delivering results across the board. Under her leadership, key mandates of Sukuk, Commercial Papers and TFCs, Structured and Project Finance for reputable and diversified base of various corporate clients were originated and closed. She has worked in senior position at CIBG NBP and Bank Alfalah where she started her career as Management Trainee Officer.

She holds an MBA degree from IBA and is a CFA, FRM charter holder. She holds JAIBP to her credit from Institute of Bankers Pakistan. She successfully completed NIBAF certification and underwent a thorough Islamic Finance training program. She has also completed the Directors Training Program and is now a certified Independent Director.

### Major Corporate Responsibilities

- Unity Foods Limited
- Arif Habib Dolmen REIT Management Limited
- DHA Cogen Limited (Director)





# 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, 2019** together with Auditors' Report thereon and a brief overview of macro environment, and financial and operational performance of the Company.

## MACROECONOMIC, LOCAL AND GLOBAL ENVIRONMENT

“Challenging and Volatile” appropriately summarize the local macro and global operating environment for the year under review. Locally, we witnessed political regime change after a chaotic and uncertain period, re-entry of the country in the IMF program and major macroeconomic adjustments. Interest rates increased by 575 bps, PKR exchange rate vis-à-vis USD depreciated by 32%, current account adjustment reduced the growth to half. Our segment of interest such as automobile are specially effected as depicted in the shrinkage of Large Scale Manufacturing by 3.64%.

Globally, US-China trade war dominated the business scene keeping the market under stress. China steel export prices set the tone for global steel markets. China is not only the biggest producer but also the largest steel exporter globally. The HRC prices gradually declined from US\$ 570 per ton to US\$ 480 FOB China from July to December 2018, a decline of about 16%. The CRC (Cold Rolled Coil) prices are typically US\$ 70 higher compared to HRC prices and follow the same trend as that of HRC. In the January-June 2019 period, however, the prices recovered to US\$ 525, FOB China. The above trend influenced local market sentiments and sales in the second half of the year were better compared to the first.

Local market is faced with additional challenges and uncertainty due to the prevailing political environment and introduction of new business processes by FBR to document the economy. The market is carefully watching the developments and traders are keeping a low profile. Business activities are likely to remain slow till a clear direction emerges. Recent macroeconomic changes have substantially increased the cost of doing business.

## COMPANY'S PERFORMANCE HIGHLIGHTS

Your Company's focus and performance during a challenging period reflects the faith and commitment of the sponsors and the management on the prospects of the industry. The year 2018-19 marks the transformation of ASML from a medium size flat cold rolling set up to a state of the art, large scale, cold rolling and galvanizing complex. The Cold Rolled Coils (CRC) production capacity has increased from 220,000 to 700,000 tons per year, out of which 250,000 tons can be processed in the continuous galvanizing line (CGL). Since the pickling and rolling lines have already built in additional capacities of 150,000 tons, the future expansion can be achieved with relatively smaller investment in the finishing line taking ASML capacity to 850,000 tons per annum within a short span of time. ASML has become one of the largest private sector investments in the value added flat-rolling steel industry in Pakistan. The complex houses new equipment acquired from leading manufacturers from Japan, Germany, Austria and China.

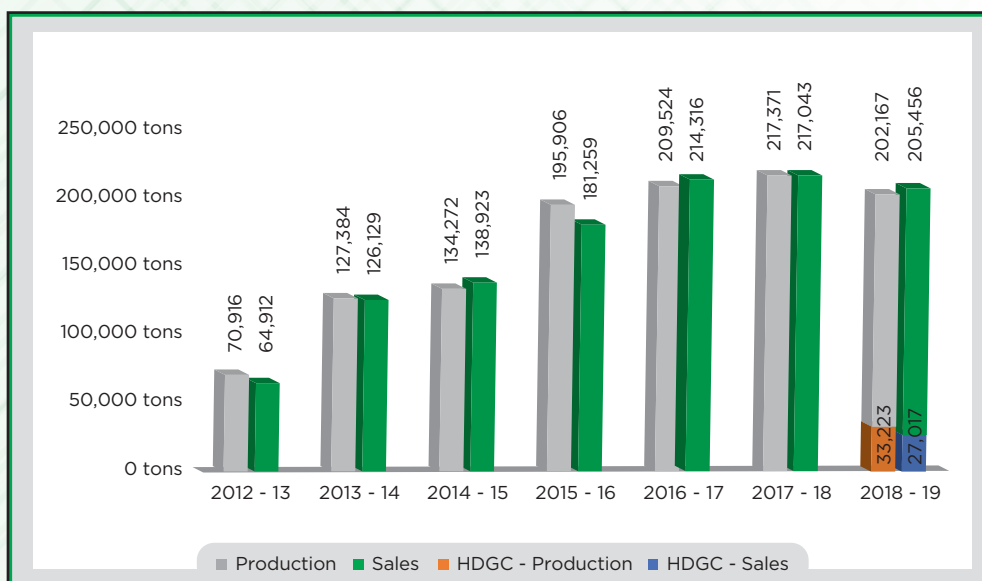
## PRINCIPAL ACTIVITIES

ASML produces CRC and HDGC (Hot-dipped Galvanized Coil) 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 HDGC products are consumed in various applications, including building accessories, pipes, electrical appliances etc.



## OVERVIEW OF OPERATIONAL PERFORMANCE

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



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

Owing to the macro challenges as stated above, the production and sales dropped in 2018-19. A comparison between 2017-18 and 2018-19 is depicted in the table below:

	2019	2018
Average monthly CRC and HDGC production (tons)	16,847	18,114
Average monthly CRC and HDGC despatch (tons)	17,121	18,087
Average monthly Finished goods Stock (tons)	18,425	6,798

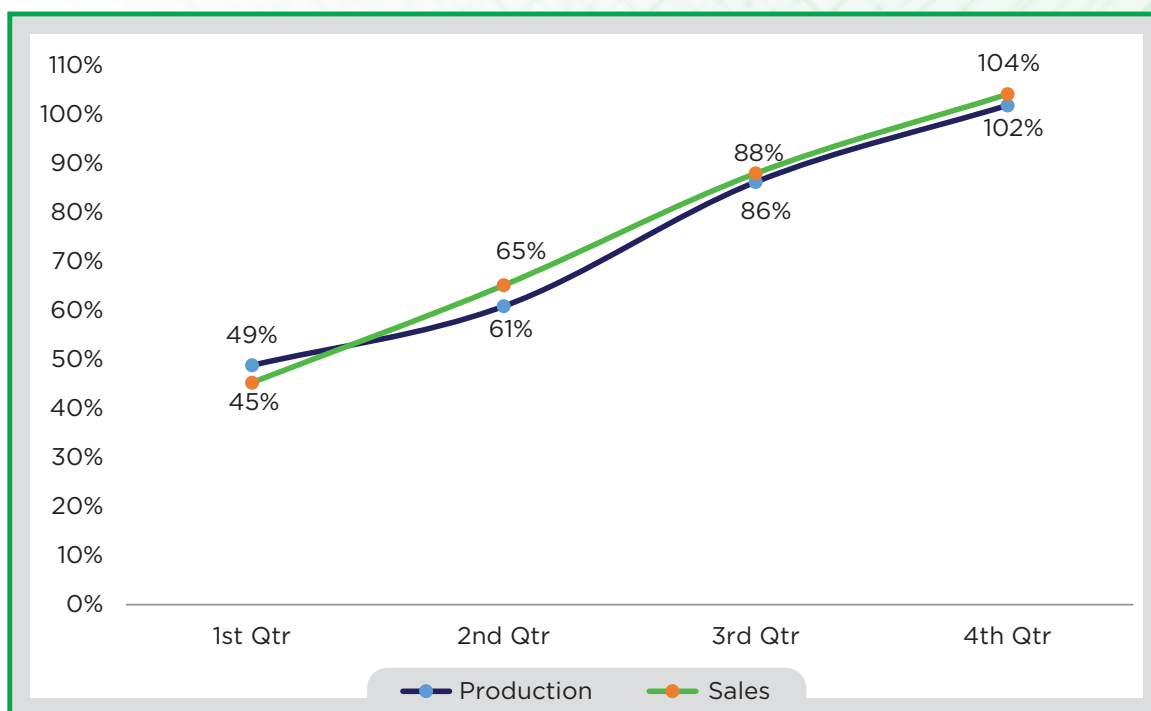
**Production decreased by 7%**

**Sales decreased by 5%**

The production and sales figures achieved in 2018-19, when compared to the average budgeted quantity of 22,642 tons/month, for both production and sales, fell short by about 26% and 24%, respectively.

The impact of the challenging macro situation was more pronounced in the first and second quarter of the financial year 2018-19. The situation improved, relatively, in the last two quarters. The sales increased reaching 88% and 104% of the quarterly budgeted targets. The production also improved reaching 86% and 102% in the third and the last quarter in reference to the budgeted quantities. The finished goods inventory, however, remained on the higher side averaging above 18,000 tons. The same is clearly stipulated in the following graph.





% Production and % Sales target achieved vs budgeted quantities per quarter

The galvanizing line was commissioned in April 2019. It produced around 30,000 tons of HDGC in the last quarter. The new CRM (Cold Rolling Milling) became operational in the last week of the financial year 2018-19. The enhanced production capacity will be reflected in the ongoing financial year.

### Financial Review and Results

The financial indicators in 2018-19 show substantial decline in comparison to 2017-18, see the table below. The gross profit decreased to 8.29% compared to 17.53% achieved last year. The loss before tax was Rs. 412 million compared to a profit of Rs. 1,916 million in the previous year. Due to the on-going trade war between America and China, several countries were looking for dumping grounds and Pakistan being a possible destination, the selling prices were kept in check to discourage further imports. Despite all this and tough local business environment, the Company earned a profit after tax of Rs. 254 million as compared to profit after tax of Rs. 1,284 million posted last year.

Description	2018-19	2017-18
	Rs. in million	
Gross profit	1,678	3,314
Profit from operations	1,453	2,995
(Loss) / Profit before tax	(412)	1,916
Profit after tax	254	1,284
Earnings per share in Rupees		
- Basic	0.26	1.57
- Diluted	N/A	1.54

Due to the toughening operating environment the board has not considered any distribution during the year.

### Non-Financial Performance

Your company has established itself as the lead quality producer. It has proven systems, procedures and 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 achieve highest customer service and satisfaction standards in the industry. During the year, the Company conducted various training courses, both technical and behavioural for its human resource capital. Company adheres to all legal and regulatory stipulations and maintains strong relationship with all the stakeholders.

### **The Expansion Project**

The completion of the expansion project is the much awaited game changer the Company was looking forward to. After the successful completion of individual trial operating periods, Company has declared June 26, 2019 as the COD (Commercial Operation Date) of the Chinese Push Pull Pickling Line (PPPL), German Rolling Mill (CCM) and Austrian Batch Annealing Furnace (BAF). Earlier, the Company had declared May 10, 2019 as COD for the Continuous Galvanizing Line (CGL).

The complete erection was achieved within the stipulated time line of 18 months. Due to rapid devaluation of Rupee against major foreign currencies, the equipment and services cost increased substantially. The rise in local steel and copper items prices, in particular, increased local portion of the project cost.

### **Improvements in the Existing Operations**

Continuous improvements are being made in the existing setup to further improve the productivity as well as the quality. The new state of the art roll grinders acquired from Germany are now fully functional. This has helped in the production of thin-gauge high quality CRC needed for high-end white goods and automotive industries.

The expansion to 700,000 tons per year will further optimize the cost of production due to economies of scale. The addition of galvanizing line opens up new market segments. ASML has become the second largest producer of flat steel products and is expected to play an important role in meeting large portion of flat steel requirement of the country.

### **Future Outlook**

With enhanced capacity and wider and diversified product line, your company is fully geared to realize the future growth opportunities. Company's revenues are likely to treble in the ongoing year.

Since both the large local producers have substantially increased their respective capacities, it would prove to be a stronger hedge against the risk of dumping and imports. Local demand has been quite robust and the sector is likely to be a prime beneficiary as soon as the growth momentum returns. Competitive currency would not only support export initiative but would also contribute to the processing margins. It is hoped that global prices and primary margins would remain firm.

### **Changes in Nature of Business**

There has been no change in the nature of the business of the Company during the year except for the post-expansion production capability of HDGC.

### **Raw Material Procurement**

Procurement of quality HRC at the right price is of vital significance in CRC / HDGC 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.

### **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 analyse 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 of risk, ensuring credit / receipt of clean funds from the buyers / dealers and continuously assessing the capacity of the counter-party. In addition, the Company has played a continuing role through its representatives in the development of sector on both ends of manufacturers' and customers' awareness and simplification of customs and tariff matters.

In order to minimize and manage operational risk, the starting point has always been an in depth analysis before making investment in inventory procurement. Supplementing that with hiring qualified and experienced professionals, applying budgetary and other internal controls, continuing review of performance of the procurement, production, sales and corporate governance segments and taking corrective measures as and when needed.

The detailed Qualitative Reports and Quantitative analysis on Risk management is presented in note number 40 to the annexed audited financial statements.

### **Principal Risk Factors and Mitigants**

<b>Risk</b>	<b>Criticality</b>	<b>Mitigants</b>
<b>Business Risk / Off-take Risk</b> Decrease in demand for products may have an adverse impact on the business.	Medium	After expansion of both major producers, the local manufacturing capacity exceeds local demand of both CRC and HDGC. However, demand is expected to increase due to multiple factors including economic growth of the country, rising population leading to increased consumption of finished steel goods and change in consumption patterns as a result of increased affluence. In the mean-time export options are available.
<b>Foreign Exchange Risk</b> Adverse foreign exchange movement can increase the price of input and reduce profitability.	Medium	Foreign exchange risk is contained to a minimum level as the product will act as an import substitute. The price of finished goods, namely CRC, is linked to prices in the international market, which are quoted in USD, thus protecting the Company from any adverse exchange fluctuations.
<b>Dumping Risk</b> Traders/ Investors import CRC when the price differential increases.	Medium	CRC 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.
<b>Work Equipment Operational Risk</b> Risk of injuries during machinery operations.	Medium	Risk is mitigated by acquisition of state of the art plant and 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.
<b>Credit Risk</b> There is a risk that Company may not recover trade debts.	Low	More than 90% of sales are made against advances received. Further, credit is extended only to reliable customers for a period of less than a month.



### Materiality Approach Adopted

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

### Corporate Social Responsibility (CSR)

ASML is fully committed to its social responsibilities and obligations. We are striving each day, for being thoughtful about global environment by adhering to core concerns like human health and education for the less privileged.

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.

During 2018-19 our initiatives comprised of:

#### Environment, Health and Safety (EHS)

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 and strict compliance is made to ensure that employees follow the regulations not as a mundane routine but as a habit. For this purpose, training sessions are regularly conducted.

ASML team carried out a blood donation drive in collaboration with The Indus Hospital at ASML premises. The activity was in line with our commitment to contribute towards the society where we operate.

Poverty and hunger are one of the core problems against which our organization is donating. As per the World Food Program (WFP), around 44% of Pakistanis face food scarcity. To help the less privileged areas around our facility, ASML distributes fresh meat on a regular basis.

To create awareness on diabetes, a seminar was organized in collaboration with Liaquat National Hospital in which Dr. Ali Asghar guided about the signs and early diagnosis of diabetes and on making a healthy life style.

#### 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 Researches, Conferences, Trade Fairs, Workshops and other events.

Further, during the year, ASML organized a Learning and Fun Day at TCF, Koochi Goth Campus, in which employees volunteered to spend a day with students and conducted healthy activities. A committee is also formed to raise funds and donations for TCF Schools. During the year, the Company initiated various recruitment drives to attract youngsters who have completed diploma in relevant fields by holding on-campus recruitment drives at different technical institutes. Associates having DAE qualification (Diploma in Associate Engineering) are inducted for a 2 year training program in various departments. Further, during the year, ASML carried out an official plant visit for the students from NED University to help them understand the production process. The orientation session was followed by interactive open discussion with relevant General Managers.

#### Sporting and Other Activities

ASML nurtures an energetic and proactive behaviour among the employees and puts faith in inculcating national pride. Various activities were organized for employees during the year including Independence Day celebrations, Eid get together, and inter-departmental cricket tournaments.

#### 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 as Retirement Benefit

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 create a diverse work culture. In adherence of this fact a celebration was held to cheer the women working in ASML on International Women's Day. 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. 5.37 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 3.1.3 to the annexed audited financial statements. Preparation of accounts and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, 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 and that there has been no material departure from the best practices of corporate governance as detailed in the applicable rules and regulations.

During the year, Ms. Tayyaba Rasheed has obtained certification of Director Education from Institute of Cost and Management Accountants of Pakistan (ICMAP). Six Directors had already completed the directors' training / education program earlier whereas two Directors were already exempt from attending the directors training program as per criteria approved under Code of Corporate Governance.

It has always been the Company's endeavour to excel through better Corporate Governance and fair and transparent practices, many of which have already been in place even before they were mandated by law.



### Composition of Board / Committees

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

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

### Changes in Board Composition and Election of Directors

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

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

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

Furthermore, it is informed to all above concerned persons to deliver written notices to the Company Secretary, to immediately inform in writing, any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and CDC statement within 2 days of such transaction. There has been no trading in Company's shares by any "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 approved 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.

### **Pattern of Shareholding**

The ordinary and preference shares of the Company are listed on Pakistan Stock Exchange. There were 11,081 (2018: 10,813) ordinary shareholders and 2,786 (2018: 2,870) preference shareholders of the Company as of June 30, 2019. The detailed pattern of shareholding and categories of shareholding of the Company including shares held by Directors and Executives, if any, are annexed as Annexure-III.

Pursuant to a special resolution approved in the Annual General Meeting held on October 27, 2016, the Company had filed a petition in Honourable High Court of Sindh in 2016-17 for cancellation of 66,768,583 Ordinary Shares owned by one of the shareholders of the Company namely "Metal One Corporation Japan". The honourable High Court of Sindh in its Order dated June 25, 2018 had allowed the petition and the minutes passed in above referred AGM for reduction of paid-up capital. During the current financial year, SECP had registered and recorded the Order of the Court for reduction of Company's paid-up capital by cancellation of 66,768,583 ordinary shares of the Company.

### **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 106) and graphic representation of the important statistics is presented on (Page Number 120).

### **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 26, 2019 and being eligible, have offered themselves for reappointment for the year ending on June 30, 2020. 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, 2020 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 26, 2019.

### **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 have been duly complied with.

### **Post Balance Sheet Events - Subsequent Events**

Due to the toughening operating environment the board has not considered any distribution during the year.

### **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 37 to the annexed audited financial statements.

### **Acknowledgement**

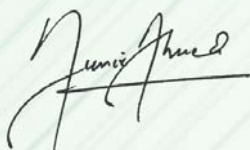
The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust



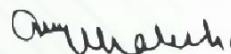
reposed by our Business Partners, Bankers and Financial Institutions. We thank the Ministry of Finance, Ministry of Industries and Production, Ministry of Commerce, the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, National Tariff Commission, the Competition Commission of 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 results of an organization are greatly reflective of the efforts put in by the people who work for and with the Company. The Directors fully recognize the collective contribution made by the management and employees of the Company and look forward for their continued and active involvement after successful completion of expansion project. 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: August 31, 2019



## ANNEXURE I

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

From July 01, 2018 to June 30, 2019

Name	Designation	Shares bought	Shares sold	Remarks
Mr. Arif Habib	Chairman	-	-	-
Dr. Munir Ahmed	CEO	-	-	-
Mr. Nasim Beg	Director	-	-	-
Mr. Ahsan Ashraf	Director	-	-	-
Mr. Kashif Habib	Director	-	-	-
Mr. Muhammad Ejaz	Director	-	-	-
Mr. Jawaid Iqbal	Director	-	-	-
Mr. Rashid Ali Khan	Director	-	-	-
Ms. Tayyaba Rasheed	Director	-	-	-
Mr. Umair Noor	CFO	-	-	-
Mr. Manzoor Raza	Company Secretary	-	-	-

## ANNEXURE II

### Statement showing attendance at Board Meetings

From July 01, 2018 to June 30, 2019

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted
Mr. Arif Habib	Chairman	5	5	5	-
Dr. Munir Ahmed	CEO	5	5	5	-
Mr. Nasim Beg	Member	5	5	4	1
Mr. Ahsan Ashraf	Member	5	5	4	1
Mr. Kashif Habib	Member	5	5	4	1
Mr. Muhammad Ejaz	Member	5	5	4	1
Mr. Jawaid Iqbal	Member	5	5	5	-
Mr. Rashid Ali Khan	Member	5	5	5	-
Ms. Tayyaba Rasheed	Member	5	5	5	-

### Statement showing attendance at Audit Committee Meetings

From July 01, 2018 to June 30, 2019

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

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

From July 01, 2018 to June 30, 2019

Name of Directors	Designation	Total	Eligible to attend	Attended	Leaves granted
Mr. Rashid Ali Khan	Chairman	1	1	1	-
Mr. Arif Habib	Member	1	1	1	-
Mr. Muhammad Ejaz	Member	1	1	1	-
Mr. Jawaid Iqbal	Member	1	1	-	1



## ANNEXURE III

### Pattern of Shareholding (Symbol: ASL)

#### Categories of Shareholders as at June 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	12	150,115,898	19.61
Associated Companies, undertakings and related parties	12	350,128,881	45.74
Executives	-	-	-
Public Sector Companies and Corporations,	1	327,6000	0.43
Banks, Development Finance Institutions, Non-Banking Finance Companies,			
Insurance Companies, Takaful, Modarabas and Pension Funds	12	101,851,328	13.30
Mutual Funds	8	5,204,888	0.68
Others	109	17,785,488	2.32
General Public - Local	10,920	136,743,820	17.86
General Public - Foreign	7	423,000	0.06
<b>Total</b>	<b>11,081</b>	<b>765,529,303</b>	<b>100</b>

### Pattern of Shareholding (Symbol: ASL)

#### Categories of Shareholders as at June 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their Spouse(s) and Minor Children</b>			
Mr. Arif Habib	4	150,109,606	19.61
Mr. Kashif Habib	1	5,039	0
Mr. Jawaid Iqbal	1	500	0
Mr. Nasim Beg / Zari Beg	2	401	0
Ms. Tayyaba Rasheed	1	150	0
Mr. Rashid Ali Khan	1	100	0
Dr. Munir Ahmed	1	100	0
Mr. Muhammad Ejaz	1	2	0
<b>Associated Companies, Undertakings and Related Parties</b>			
Mr. Arif Habib Equity (Private) Limited	4	261,659,611	34.18
Mr. Arif Habib Corporation Limited	3	88,242,116	11.53
Mr. Arif Habib Limited	1	200,000	0.03
Mr. Aba Ali Habib	1	25,000	0
Mr. Arif Habib Commodities (Private) Limited	1	1,500	0
Mr. Abdus Samad	1	650	0
Ms. Nida Ahsan	1	4	0
<b>Executives</b>			
	-	-	-
<b>Public Sector Companies and Corporations</b>			
	1	3,276,000	0.43
<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds</b>			
	12	101,851,328	13.30

Continued on next page.



Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Mutual Funds</b>			
Golden Arrow Selected Stocks Fund Limited	1	2,511,000	0.33
CDC - Trustee AKD Opportunity Fund	1	1,750,000	0.23
MCBFSL - Trustee AKD Islamic Stock Fund	1	250,000	0.03
CDC - Trustee National Investment (Unit) Trust	1	172,388	0.02
CDC - Trustee Faysal MTS Fund - MT	1	166,000	0.02
CDC - Trustee First Capital Mutual Fund	1	150,000	0.02
CDC - Trustee NIT-Equity Market Opportunity Fund	1	121,000	0.02
CDC - Trustee First Habib Income Fund - MT	1	84,500	0.01
<b>Others</b>	<b>109</b>	<b>17,785,488</b>	<b>2.32</b>
<b>General Public</b>			
a. Local	109,20	136,743,820	17.86
b. Foreign	7	423,000	0.06
<b>Total</b>	<b>11,081</b>	<b>765,529,303</b>	<b>100</b>

Shareholders Holding 5% or More	Shares Held	Percentage
Arif Habib Equity (Private) Limited	261,659,611	34.18
Mr. Arif Habib	150,109,606	19.61
Arif Habib Corporation Limited	88,242,116	11.53
Jubilee Life Insurance Company Limited	61,155,000	7.99

### Pattern of Shareholding (Symbol: ASL)

As at June 30, 2019

No. of Shareholders	Shareholdings' Slab			Total Shares Held
10,909	1	to	150,000	85,948,599
4	150,001	to	155,000	608,000
1	155,001	to	160,000	155,500
2	160,001	to	165,000	326,500
3	165,001	to	170,000	506,000
9	170,001	to	175,000	1,559,888
4	175,001	to	180,000	706,600
1	180,001	to	185,000	182,000
1	185,001	to	195,000	195,000
14	195,001	to	200,000	2,796,500
36	200,001	to	300,000	9,149,500
34	300,001	to	500,000	12,879,360
15	500,001	to	700,000	8,866,000
14	700,001	to	1,000,000	11,886,400
17	1,000,001	to	2,000,000	24,485,856
6	2,000,001	to	7,500,000	21,359,160
4	7,500,001	to	20,000,000	59,883,216
4	20,000,001	to	61,155,000	165,826,048
1	61,155,001	to	78,945,000	78,944,280
1	78,945,001	to	127,545,000	127,541,392
1	127,545,001	to	151,725,000	151,723,504
<b>11,081</b>				<b>765,529,303</b>

## Pattern of Shareholding (Symbol: ASLPS)

### Categories of Shareholders as at June 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	5	14,667,767	33.07
Associated Companies, undertakings and related parties	5	26,177,994	59.02
Executives	-	-	-
Public Sector Companies and Corporations	2	321,780	0.73
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	7	210,493	0.47
Mutual Funds	4	510,185	1.15
Others	55	1,161,261	2.62
General Public - Local	2,613	1,307,575	2.95
General Public - Foreign	1	2	0.00
<b>Total</b>	<b>2,692</b>	<b>44,357,057</b>	<b>100.00</b>

## Pattern of Shareholding (Symbol: ASLPS)

### Categories of Shareholders as at June 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their Spouse(s) and Minor Children</b>			
Mr. Arif Habib	1	14,662,542	33.06
Mr. Kashif Habib	1	3,208	0.01
Mr. Nasim Beg / Ms. Zari Beg	2	2,006	0
Mr. Muhammad Ejaz	1	11	0
<b>Associated Companies, Undertakings and Related Parties</b>			
Arif Habib Corporation Limited	1	16,990,000	38.3
Arif Habib Equity (Private) Limited	1	8,874,965	20.01
Arif Habib Limited	1	313,000	0.71
Ms. Nida Ahsan	1	24	0
Mr. Muhammad Shahzad	1	5	0
<b>Executives</b>			
<b>Public Sector Companies and Corporations</b>			
<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds</b>			
<b>Mutual Funds</b>			
CDC - Trustee PICIC Investment Fund	1	130,000	0.29
CDC - Trustee PICIC Growth Fund	1	257,327	0.58
CDC - Trustee National Investment (Unit) Trust	1	121,208	0.27
Prudential Stocks Fund Limited (03360)	1	1,650	0.00
<b>Others</b>	<b>55</b>	<b>1,161,261</b>	<b>2.62</b>
<b>General Public</b>			
a. Local	2,613	1,307,575	2.95
b. Foreign	1	2	0.00
<b>Total</b>	<b>2,692</b>	<b>44,357,057</b>	<b>100.00</b>



Shareholders Holding 5% or More	Shares Held	Percentage
Arif Habib Corporation Limited	16,990,000	38.30
Mr. Arif Habib	14,662,542	33.06
Arif Habib Equity (Private) Limited	8,874,965	20.01

#### Pattern of Shareholding (Symbol: ASLPS)

##### Categories of Shareholders as at June 30, 2019

No. of Shareholders	Shareholdings' Slab	Total Shares Held
2,689	1 to 660,000	3,829,550
1	660,001 to 8,875,000	8,874,965
1	8,875,001 to 14,665,000	14,662,542
1	14,665,001 to 16,990,000	16,990,000
<b>2,692</b>		<b>44,357,057</b>

#### Pattern of Shareholding (Symbol: ASLCPS)

##### Categories of Shareholders as at June 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	-	-	-
Associated Companies, undertakings and related parties	1	250	0.01
Executives	-	-	-
Public Sector Companies and Corporations	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	-	-	-
Mutual Funds	2	2,693,663	93.85
Others	2	663	0.02
General Public - Local	89	175,507	6.12
General Public - Foreign	-	-	-
<b>Total</b>	<b>94</b>	<b>2,870,083</b>	<b>100.00</b>



Pattern of Shareholding (Symbol: ASLCPS)

Categories of Shareholders as at June 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their Spouse(s) and Minor Children	-	-	-
<b>Associated Companies, Undertakings and Related Parties</b>			
Abdus Samad	1	250	0.01
<b>Executives</b>			
	-	-	-
<b>Public Sector Companies and Corporations</b>			
	-	-	-
<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds</b>			
	-	-	-
<b>Mutual Funds</b>			
CDC - Trustee PICIC Growth Fund	1	1,628,663	56.75
CDC - Trustee PICIC Investment Fund	1	1,065,000	37.11
<b>Others</b>			
	2	663	0.02
<b>General Public</b>			
a. Local	89	175,507	6.12
b. Foreign	-	-	-
<b>Total</b>	<b>94</b>	<b>2,870,083</b>	<b>100.00</b>

**Shareholders Holding 5% or More**

CDC - Trustee PICIC Growth Fund	1,628,663	56.75
CDC - Trustee PICIC Investment Fund	1,065,000	37.11

Pattern of Shareholding (Symbol: ASLCPS)

Categories of Shareholders as at June 30, 2019

No. of Shareholders	Shareholdings' Slab		Total Shares Held
92	1	to 85000	176,420
1	85,001	to 1,065,000	1,065,000
1	1,065,001	to 1,630,000	1,628,663
<b>94</b>			<b>2,870,083</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 are circulated to all directors, which is formally filled by the directors and is submitted anonymously to the Board. The main criteria for the Board's and its committees' evaluation are as follows:

### COMPOSITION OF BOARD

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

### STRUCTURE AND COMMITTEES

The Board has formed adequate number of committees to streamline delegation of certain key responsibilities.

Charter of the committees has been designed with due care and diligence to ensure effective internal control system, reporting of significant matters and transactions and effective communication with the Board. The agendas of committee meetings are flexible to address important issues and provide

useful recommendations. Board committee meetings are held at appropriate intervals and their recommendations are placed before the Board on timely basis. Presence of quorum is ensured in every meeting of the Board and its committees.

### VISION, MISSION, PLANNING AND OVERSIGHT

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

### BOARD'S EFFECTIVENESS

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

### EVALUATION OF CHAIRMAN'S PERFORMANCE

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



# From the Desk of Chairman

Pakistan is a country of 210 million people having a developing economy, depending significantly on textiles, agriculture, and food production. Recent years have, however, witnessed inclination towards technological diversification. Being a developing economy with ample prospects to achieve rapid industrial and economic growth, it has the potential for increased demand for steel products. Insufficient use of steel acts as a natural barrier to growth for nearly all sectors of the economy. Accordingly, planning for steel production is a critical part of overall development planning in the country.

Aisha Steel Mills Limited is an important member of Arif Habib Group and has lots of potential for growth. The Company was established in 2005 with an entrepreneurial spirit, and is now able to place itself as one of the lead players in the steel industry. Since its inception, the Company has seen various phases of ups and downs due to macroeconomic conditions and cyclical nature of industry. During the year under review, the Company exhibited mixed performance. Macroeconomic challenges on the domestic front resulted in tightening of monetary policy, reduced developmental spending and adjustments in currency, hampering the economic activity. Though affected by the tough prevailing conditions, your Company is well positioned to realize the market opportunities.

Simultaneously, realizing the needs of the country, we have furthered ourselves through expanding the capacity, range of products and services to satisfy the expected demand. Now, the Company is all set to deliver with a state of the art equipment and expert team with proven potentials, under the able management team and oversight of the Board of Directors.

Our source of success is our long-term relationship with our customers, suppliers, employees and associates. We strive to not only meet customers' expectations, as they have grown accustomed to a standard of excellence from us, but exceed them in every way. I am confident that the Company will be able to bank on the experiences it earned during its learning curve, and translate the potential and opportunities carved by way of expansion project. I would like to express my immense gratitude for the significant contribution made by employees, fellow Directors and other stakeholders for their efforts, guidance and support.



**Arif Habib**

Chairman

Karachi: August 31, 2019





## 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 ASML has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company in an effective and efficient manner.

The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 and the Code of Corporate Governance (the Code).

The Board during the year ended June 30, 2019 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 Directors' 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.



# Chairman's Review of CEO's Performance

Primary responsibilities of CEO include making major corporate decisions, managing the overall operations and resources of the Company, acting as the main point of communication between the Board of Directors (the Board) and corporate operations, and being the public face of the Company. CEO is empowered by the Board to efficiently run the organization, leading it towards progression and contributing value to its stakeholders.

The year under review was the fifth year of Dr. Munir Ahmed as CEO of the Company. The year left behind both opportunities and challenges to deal with. On one hand it was a period of economic and political uncertainty, while on the other, the Company was able to materialize a platform to better its market share through diversification in products and increment in capacity. The completion of expansion project was achieved during the year under review. Many challenges were faced by the CEO, Dr. Munir, particularly cost overruns, mainly due to sharp PKR devaluation vis-a-vis Euro and USD, and under-estimation of construction costs. These were handled with the support of sponsors.

For financial year 2019 - 20, the prime target is to effectively achieve the budgeted targets of revenue and sales. Another challenge is to achieve maximum capacity utilization while optimizing the costs and minimizing potential problems at the outset, to make Aisha Steel Mills Limited a successful and self-sustainable company.

We expect that the Chief Executive will meet these challenges during the financial year 2019-20 and under his leadership, ASML remains committed to the highest standards of corporate governance, with accountability and transparency being key guiding principles in all business activities conducted.



# CEO's Message



The year 2018-19 marks the transformation of ASML from a medium size flat cold rolling set up to a state of the art, large scale, cold rolling and galvanizing complex. The Cold Rolled Coils (CRC) production capacity has increased from 220,000 to 700,000 tons per year, out of which 250,000 tons can be processed in the continuous galvanizing line (CGL). Since the pickling and rolling lines have already built in additional capacities of 150,000 tons, the future expansion can be achieved with relatively smaller investment in the finishing line taking ASML capacity to 850,000 tons per annum within a short span of time. ASML has become one of the largest private sector investments in the value added flat rolling steel industry in Pakistan. The complex houses new equipment acquired from leading manufacturers from Japan, Germany, Austria and China. Your Company's focus on expansion reflects the faith and commitment of the sponsors and the management on the bright prospects of flat steel industry of the country.

On the current economic front, however, challenges remain both at international as well as domestic level. The on-going trade war between America and China has negatively influenced steel demand and prices. There is still no sign of consolatory steps leading to an amicable resolution of the same.

Locally, we have witnessed political regime change followed by slow-down in business activities. Re-entry of the country in the IMF program brought forth major macro-economic adjustments leading to further slow-down in the manufacturing sectors. The automobile sector in particularly was hit hard resulting in slow off take of CRC.

During the year, your company produced 202,167 tons CRC out of which 33,223

tons was galvanized. In total 205,456 tons was sold in 2019 including 27,017 tons of galvanized coils. The Company has recorded 8.29% of gross margin resulting in profit after tax of Rs. 254 million for the year.

The completion of the expansion project is the much awaited game changer the Company was looking forward to. I hope, the macro-economic conditions improve and growth regains momentum. The additional capacity with wider product mix, high quality standards and team ASML's commitment, has the potential to increase revenues several-folds and thus create value for all its stakeholders, our country, society-at-large, shareholders, sponsors, customers, and its employees.

I believe, the progress ASML has made, would not have been possible without the support and contributions of our shareholders, board of directors, employees, banks, and all other stakeholders. It is their continued trust, guidance and support that keeps us going. With collective team efforts of all our employees and active oversight of the Board, we are confident of making substantial progress in the year 2020.

**Dr. Munir Ahmed**  
Chief Executive Officer  
Karachi: August 31, 2019

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



# Forward Looking Statement

“Challenging, uncertain and volatile” appropriately summarize the local macro and global operating environment for the year under review. Locally, we witnessed political regime change after a chaotic and uncertain period, re-entry of the country in the IMF program and major macro-economic adjustments. Interest rates increased by 575 bps, PKR exchange rate vis-à-vis USD depreciated by 32%, current account adjustment reduced the growth to half. Our segment of interest such as automobile are specially effected as depicted in the shrinkage of Large Scale Manufacturing by 3.64%.

Globally, US-China trade war dominated the business scene keeping the market under stress. China steel export prices set the tone for global steel markets. China is not only the biggest producer but also the largest steel exporter globally. The HRC prices gradually declined from US\$ 570 per ton to US\$ 480 FOB China from July to December 2018, a decline of about 16%. The CRC prices are typically US\$ 70 higher compared to HRC prices and follow the same trend as that of HRC. In the January-June 2019 period, however, the prices recovered to US\$ 525, FOB China. The above trend influenced local market sentiments and sales in the second half of the year were better compared to the first.

Local market is faced with additional challenges and uncertainty due to the prevailing political environment and introduction of new documentation measures by FBR. The market is carefully watching the developments and traders are keeping a low profile. Business activities are likely to remain slow till a clear direction emerges. Recent macro-economic changes have substantially increased the cost of doing business.

With expansion project successfully going live during the year, ASML has increased its capacity to 700,000 tons, including 250,000 tons of HDGC. With enhanced capacity and wider and diversified product line, your Company is fully geared to realize the future growth opportunities. Company’s revenues are likely to multiply in the ongoing year.

Since both the large local producers have substantially increased their respective capacities, it would prove to be a stronger hedge against the risk of imports. Local demand has been quite robust and the sector is likely to be a prime beneficiary as soon as the growth momentum returns. 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.

Moving forward the outlook of the business of the Company looks healthy, and will further strengthen as soon as the growth momentum returns.

## FINANCIAL PROJECTIONS

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

The Company’s revenues are likely to multiply in the ongoing year. As mentioned above as well, 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 in future.

### 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.

### STATUS OF PROJECTS

The completion of the expansion project is the much awaited game changer, the Company was looking forward to. After the successful completion of individual trial operating periods, Company has declared June 26, 2019 as the COD (Commercial Operation Date) of the Chinese Push Pull Pickling Line (PPPL), German Rolling Mill (CCM) and Austrian Batch Annealing Furnace (BAF). Earlier, the Company had declared May 10, 2019 as COD for the Continuous Galvanizing Line (CGL). The complete erection was achieved within the stipulated time line of 18 months.

Continuous improvements are being made in the existing setup to further improve the productivity as well as the quality. The new state of the art roll grinders acquired from Germany are now fully functional. This has helped in the production of thin-gauge high quality CRC needed for high-end white goods and automotive industries.

The expansion to 700,000 tons per year will further optimize the cost of production due to economies of scale. The addition of galvanizing line opens up new market segments. ASML has become the second largest producer of flat steel products and is expected to play an important role in meeting large portion of flat steel requirement of the country.

### COMPANY'S PERFORMANCE AGAINST LAST YEAR'S PROJECTIONS

The production and sales figures achieved in 2018-19, when compared to the average budgeted quantity of 22,642 tons/month, for both production and sales, fell short by about 26% and 24%, respectively.

The impact of the challenging macro situation was more pronounced in the first and second quarter of the financial year 2018-19. The situation improved, relatively, in the last two quarters. The sales increased reaching 88% and 104% of the quarterly budgeted targets. The production also improved reaching 86% and 102% in the third and the last quarter in reference to the budgeted quantities.

The sudden devaluation of currency resulted higher exchange loss, which was passed on to the extent possible. Further, the operational costs remained mostly within projected levels.





# Board and Management Committees

Based on the listing requirements and to ensure good corporate governance for our stakeholders, various committees have been formed at both the Board and management level. All Board members except for Chief Executive Officer are non-executive directors.

## BOARD COMMITTEES

The Board is assisted by two Committees, namely the Audit Committee and the Human Resource & 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 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 2018 - 19, 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, 2018 to June 30, 2019

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. Jawaid Iqbal	Member	Independent and non-executive
Mr. Ejaz Ahmed	Member	Non-executive

The HR&R Committee comprises of four non-executive Directors, of which two Directors including the Chairman are independent directors. The Head of Human Resource Department has been appointed as the Secretary of the committee.

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

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

#### The Terms of Reference of the Committee Includes 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 the Company's objectives.

The committee meets at least once in a financial year on as required basis or when directed by the Board.

The Secretary sets the agenda, time, date and venue for the meeting in consultation with the chairman of the committee. Minutes of HR&R committee are circulated to the Board.

## Statement Showing Attendance at Human Resource and Remuneration Committee Meetings from July 01, 2018 to June 30, 2019

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



## MANAGEMENT COMMITTEES

### Management Executive Committee (MANCOM)

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

#### Following are members of MANCOM:

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

#### From Left to Right

##### Top Row

- Mr. Ghufraan Ahmed
- Mr. Amir Rasool
- Mr. Aminullah
- Mr. Muhammad Shahid
- Mr. S. G. D. Badar
- Mr. Farhatullah Siddiqui
- Mr. Ali Awan

##### Front Row

- Mr. Amir Nisar
- Mr. Asad Malik
- Mr. Khawar A. Siddiqui
- Dr. Munir Ahmed
- Mr. Umair Noor
- Ms. Hina Akhter
- Mr. Saadat Hussain



### 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 calibre 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. Ms. Hina Akhter, Head of Human Resource - Member
3. Mr. Umair Noor, CFO - Member
4. Mr. Amir Rasool, Head of Production - Member
5. Mr. Farhatullah Siddiqui, Head of Engineering - Member



# Additional Information

## LIQUIDITY AND CASH MANAGEMENT

During the year, the management 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, 2019, short-term borrowings of Rs. 14.11 billion and long-term finance of Rs. 7.67 billion are outstanding. The increase in debt is due to financing of expansion and diversification of production facilities, and increasing in stock levels in line with enhanced capacity of the Company. Currently, finance facilities of more than Rs. 1.25 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 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. In order to finance expansion project long-term loan of Rs. 2.69 billion was drawn during the year. Further, long-term loan of Rs. 500 million 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.

## ADEQUACY IN CAPITAL STRUCTURE

Equity of the Company increased by 3% to Rs. 8.75 billion, contributed by generation of capital reduction reserve and reduction in accumulated losses. Equity mainly comprises of ordinary share capital of Rs. 7.66 billion representing 765.53 million ordinary shares. Major shareholders of the Company are Arif Habib Equity (Private) Limited, Mr. Arif Habib and Arif Habib Corporation Limited owning 33.29%, 20.27% and 12.95% of share capital of the Company, respectively.

## OWNERSHIP STRUCTURE

As at June 30, 2019 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 59).

Name of Shareholder	% Owned
Arif Habib Equity (Private) Limited	33.29%
Mr. Arif Habib	20.27%
Arif Habib Corporation Limited	12.95%



## Group Companies and Operating Structure

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

Group Company	Relationship	Nature of Relationship
Arif Habib Corporation Limited	Associated Company	Mr. Arif Habib, Mr. Nasim Beg, Mr. Kashif Habib and Mr. Muhammad Ejaz are directors of both companies.
Power Cement Limited	Associated Company	Mr. Nasim Beg, Mr. Kashif Habib and Mr. Muhammad Ejaz are directors of both companies.
Arif Habib Consultancy (Private) Limited	Associated Company	Mr. Arif Habib and Mr. Nasim Beg are directors of both companies.
MCB-Arif Habib Savings and Investments Limited	Associated Company	Mr. Nasim Beg is director of both companies.
Fatima Fertilizer Company Limited	Associated Company	Mr. Arif Habib and Mr. Kashif Habib are directors of both companies.
Pakarab Fertilizers Limited	Associated Company	Mr. Arif Habib, Mr. Nasim Beg and Mr. Kashif Habib are directors of both companies.
Javedan Corporation Limited	Associated Company	Mr. Arif Habib is director of both companies.
Arif Habib Equity (Private) Limited	Associated Company	Mr. Arif Habib holds significant shares of Arif Habib Equity (Private) Limited. Further, Mr. Kashif Habib is director of both companies.
Sachal Energy Development (Private) Limited	Associated Company	Mr. Arif Habib and Mr. Muhammad Ejaz are directors of both companies.
Black Gold Power Limited	Associated Company	Mr. Arif Habib and Mr. Kashif Habib are directors of both companies.
Rotocast Engineering Company (Private) Limited	Associated Company	Mr. Kashif Habib is director 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 has successfully installed Continuous Galvanizing Line, Push Pull Pickling Line, Cold Rolling Mill and Batch Annealing Furnaces. The additional quantities achieved through expansion were available to the Company since June 26, 2019. Now the management is focused to achieve maximum capacity utilization, and increase 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 tap 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. Ahsan Ashraf and Ms. Tayyaba Rasheed as independent directors as they are not connected nor have any pecuniary or any other relationship with the Company, or any of its associated companies, or directors. They are reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest. Currently, 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, (CEO), 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**

CEO of the Company is an Executive Director, responsible for overall day-to-day operations of the Company. Roles and responsibilities of the CEO are 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 have 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 Habib	Certified	Pakistan Institute of Corporate Governance	2012
Dr. Munir Ahmed (Chief Executive)	Certified	Pakistan Institute of Corporate Governance	2017
Mr. Ahsan Ashraf	Certified	Institute of Business Administration	2016
Mr. Rashid Ali Khan	Certified	Pakistan Institute of Corporate Governance	2018
Mr. Muhammad Ejaz	Certified	Pakistan Institute of Corporate Governance	2014
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, and profitability are assessed. Further, capital expenditure requirements for upcoming year are budgeted and presented to board for approval.

During the year capital expenditure of Rs. 7.27 billion has been incurred. Major capital expenditure amounting to Rs. 6.03 billion has been incurred on the expansion project. Further, a new state of the art roll grinder was acquired from Germany. These capital expenditures have helped Company to increase its production capacity, diversify its product portfolio and has helped in the production of thin-gauge high quality CRC needed for high-end white goods and automotive industries.

## ISSUES RAISED IN LAST ANNUAL GENERAL MEETING

The Company's fourteenth AGM was held on October 25, 2018. 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.

Responding to a question raised by one of the shareholders, the CEO explained that the rapid devaluation of Rupee against major foreign currencies poses new challenge to the local manufacturers due to long lead time of raw material procurement. He emphasized that management understands that rapid decline of Rupee has to be managed carefully and is keeping close watch of the situation.

## COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Preparation and presentation of the financial statements is responsibility of the Management. The management of the Company believes in transparency in reporting and external communications, therefore, follows an unreserved compliance of accounting and reporting

standards applicable in Pakistan. These comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017.

### ADOPTION OF INTERNATIONAL INTEGRATED REPORTING FRAMEWORK <IR>

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

### COMPANY'S CREDIT RATING

In the year 2019, the Company was awarded rating of 'A-/A-2' (Single A Minus / A-Two) by VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company Limited). Rating Outlook was assigned as "Stable".

The rating report can be accessed at <http://jcrvis.com.pk/>



## Award and Recognition



Aisha Steel Mills Limited was awarded Certificate of Merit for Best Corporate Reports of 2018 in the Engineering and Autos sector 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). Mr. Umair Noor Muhammad, Chief Financial Officer of the Company received the Certificate of Merit from honourable Chairman of Pakistan Center for Philanthropy, Mr. Zafar A Khan.



# Stakeholders' Engagement

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

## SHAREHOLDERS

### Management of Engagement

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

### Process of Engagement

Annual General Meetings, 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 fourteenth AGM was held on October 25, 2018. 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.

Responding to a question raised by one of the shareholders, the CEO explained that the rapid devaluation of Rupee against major foreign currencies poses new challenge to the local manufacturers due to long lead time of raw material procurement. He emphasized that management understands that rapid decline of Rupee has to be managed carefully and is keeping close watch of the situation.

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

In order to develop understanding of the views of majority shareholders about the Company, the Board encourages presence of all Directors at the meetings of the Company.

### 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 resolve 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 rumour in the market.

### Summary of Analyst Briefing

On February 19, 2019, VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company) (VIS), operating as a 'Full Service' agency, providing independent rating services in Pakistan, duly approved by Securities & Exchange Commission Pakistan and State Bank of Pakistan, released sector wise updates, and published following for Flat Steel Sector:

*"Expansion announced by ASML also includes a galvanizing line which will represent around 36% of ASML's total installed capacity and facilitate in diversifying revenue streams. Operational dates for ASML's galvanizing and CRC line is expected in 3QFY19 and 4QFY19, respectively. ISL's expansion plan comprises a line for CRC only and not for galvanized coils. Siddiqsons Tin Plate Limited has also announced backward integration at its plant with planned CRC capacity installation of 200,000 MT, expected to come online by 4QFY20*

*Total demand for Flat Steel products (Cold Rolled and galvanized sheet) in the country is estimated in the range of 1.1m-1.3m MT. Demand for Flat Steel products is supported by widespread usage in terms of industries being catered by ISL and ASML including autos (motor cycles), consumer*



*durables, pipes and construction material. Overall demand for Flat Steel products has depicted healthy double digit growth over the last three years with sales increasing by 17% during FY18 and amounting to 1.29m MT (FY17: 1.1m MT). Within Flat Steel products, growth in sales of galvanized coils stood at 24% outpacing increase in sales of cold rolled coils (CRC) remaining at 11%. As per industry estimates, demand is projected to grow at around 10%, going forward.*

*With both local players operating at near full capacity, shortfall in supply in order to cater to growing demand was met through imports. Despite increased duty protection and full year impact of anti-dumping duty (ADD) imposed in 3QFY17, imports continued to be sizeable in FY18 and recorded an increase of 34% in FY18. Imports of CRC have primarily been from China, Ukraine and Russia.”*



Complete analysis can be read at (<http://jcrvis.com.pk/kc-sect.aspx>).

#### **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.

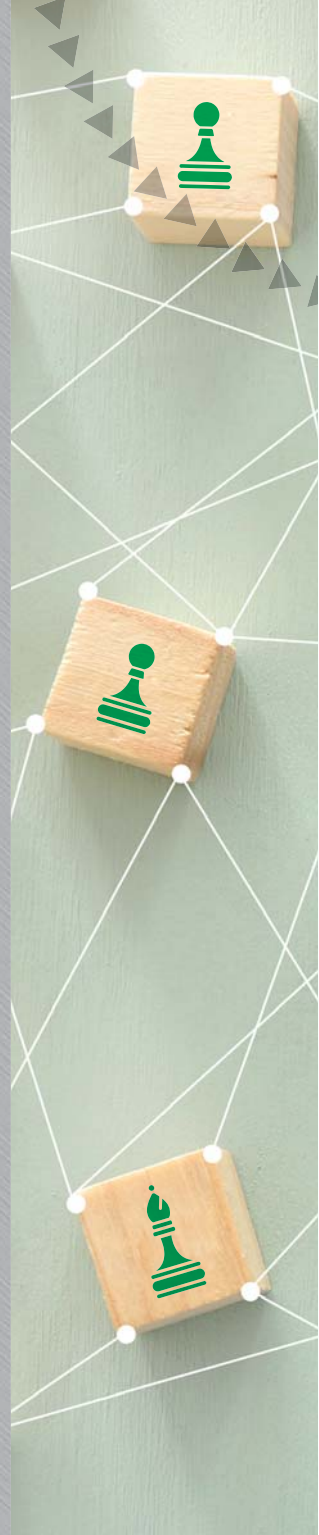


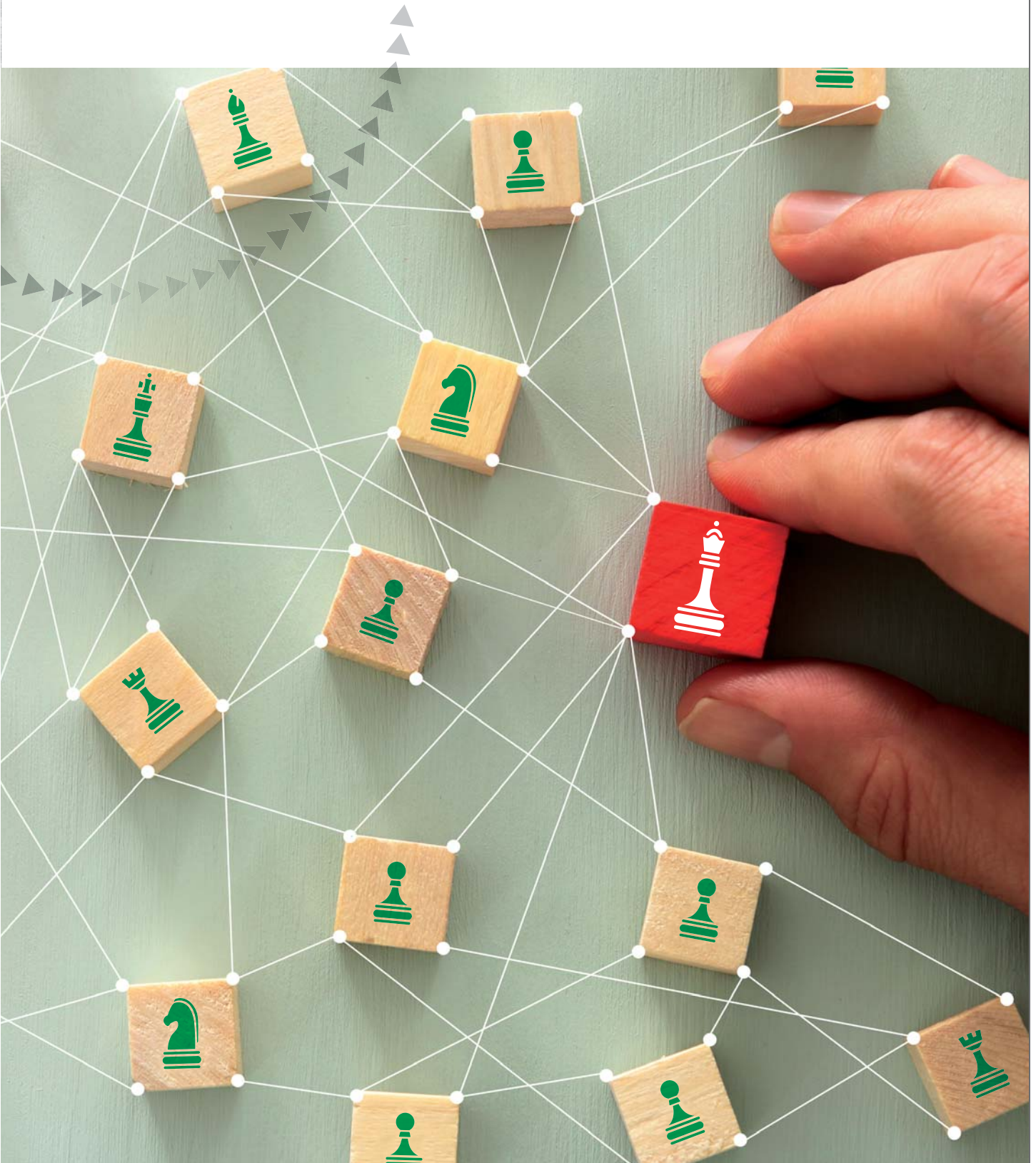


# Strategy, Risk & Opportunity

**“The biggest risk is not taking any risk. In a world that is changing really quickly, the only strategy that is guaranteed to fail is not taking risks.”**

**Mark Zuckerberg**





“Don't give up. Obstacles can be overcome through strategy and learning.”

Hidetaka Miyazaki



# Corporate Strategy

Our corporate strategy entails producing the highest quality of products benefiting 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 capital given the technologically advanced nature of ASML's plant and machinery.

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

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

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



# Strategic Objectives, Strategies, Resources and KPIs

## Objective 01: Enhance Operational Efficiencies

**Strategy** : Maximizing our capacity utilization, and analysing and eradicating operational inefficiencies via strong control placing strong control system and ethical values.

**KPIs Monitored** : Capacity utilization, Gross margin, Non-compliance of controls and ethical values

**Status** : This is an on-going process. However, operational efficiencies have improved during the year.

**Future Relevance of KPIs** : The KPI will remain relevant in the future as well.

**Opportunities and Threats** : Operational efficiencies and departmental synergies can always be further improved with focused operational evaluations, improved coordination and collective efforts.



Nature



Resources Allocated



Priority

## Objective 02: Increase Sales

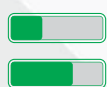
**Strategy** : Sales expansion through product diversification and reaching out to new global / local markets with improved product quality.

**KPIs Monitored** : Market share, sales volume, customer base, new market reached

**Status** : The market share and revenue of the Company has improved with each year. Further, new products have also been introduced. ASML has also begun to tap international markets.

**Future Relevance of KPIs** : The KPI will remain relevant in the future as well.

**Opportunities and Threats** : 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.



Nature



Resources Allocated



Priority



### 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, current account deficit and balance of payment.

**KPIs Monitored** : Total export sales, net value added locally, imports reduced.

**Status** : The Company has enhanced its export sales during the period. However, capacity has been enhanced to produce enough to meet 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.



Nature



Resources Allocated



Priority

### 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** : During the year the Company has started production and sales of HDGC. Further, new machine has 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.



Nature



Resources Allocated



Priority



## Objective 05: Optimize Costs

**Strategy** : Closely monitor and continuously improve our processes to ensure optimized utilization of resources and build in-house alternatives.

**KPIs Monitored** : Cost per unit of production, Gross margin, Net margin

**Status** : This is a process of continuous improvement. During the year the management has implemented several cost controls enabling savings in production and administrative costs.

**Future Relevance of KPIs** : The KPI will remain relevant in the future as well.

**Opportunities and Threats** : 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 and increase in government taxes that may affect the cost adversely.



Nature



Resources Allocated



Priority

## Objective 06: Ensure Health and Safety of People

**Strategy** : Ensure health friendly conditions for employees. While also maintaining safety of everyone in all dimensions of operations of the Company.

**KPIs Monitored** : Number of accidents, number of non-compliances of safety guidelines.

**Status** : Continuous emphasis to ensure compliance of safety guidelines. Each year safety drills are conducted to ensure that every one is equipped to cater the challenging situation.

**Future Relevance of KPIs** : The KPI will remain relevant in the future as well.

**Opportunities and Threats** : While safety is the first and foremost priority of ASML, strict emphasis with no tolerance policy is practiced to ensure compliance and safety. However, the risk of accident can only be reduced and cannot be eliminated.



Nature



Resources Allocated



Priority



## 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, CSR activities carried

**Status** : This is an ongoing process. However, ASML has strong compliance team consisting of qualified professionals to ensure that there is no non-compliance whatsoever.

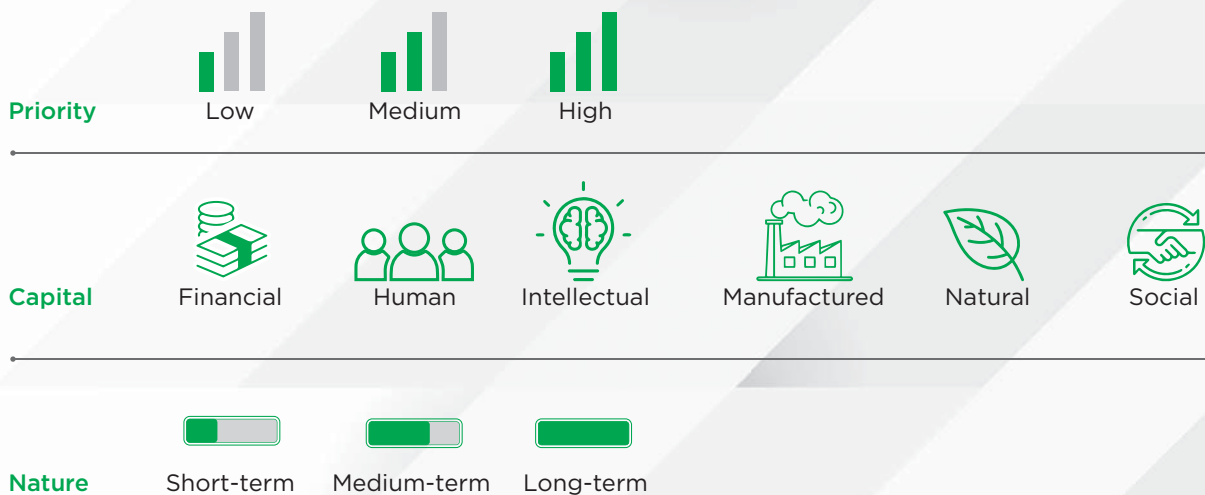
Further, during the year the Company carried various CSR activities which have been disclosed in the Directors' Report.

**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.



### Legends

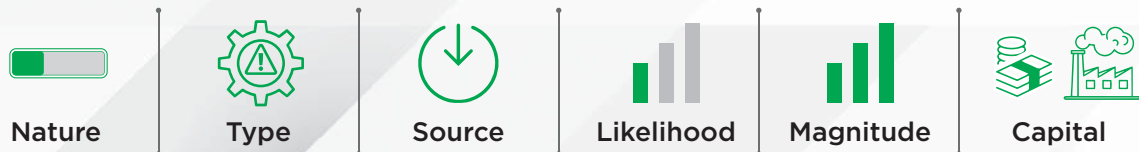


# Risk and Opportunity Report

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 envisaged 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 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



Nature



Type



Source



Likelihood



Magnitude



Capital

#### Objective

- Increase sales
- Contribute to growth of the Country

#### Mitigant Measures

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

#### Opportunities

The Company has moved application to National Tariff Commission for imposition of protective measures against dumping from Russia and Canada.

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



Nature



Type



Source



Likelihood



Magnitude



Capital

#### Objective

- Enhance operational efficiencies

#### 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



Nature



Type



Source



Likelihood



Magnitude



Capital

#### Objective

- Optimize costs

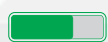
#### Mitigant Measures

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



Nature



Type



Source



Likelihood



Magnitude



Capital

#### 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 reverse can play significant role in lifting the local producers of flat steel.

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



Nature



Type



Source



Likelihood



Magnitude



Capital

#### 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



Nature



Type



Source



Likelihood



Magnitude



Capital

#### Objective

- Diversify products and services offered
- Enhance operational efficiencies

#### 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 ensure good credit rating and enable the Company to enter financing facilities at reduced rates.







**Key Risk 9: Decline in International Prices of CRC / HDGC, Forcing Local Price Fall**



**Objective**

- Increase sales
- Optimize costs

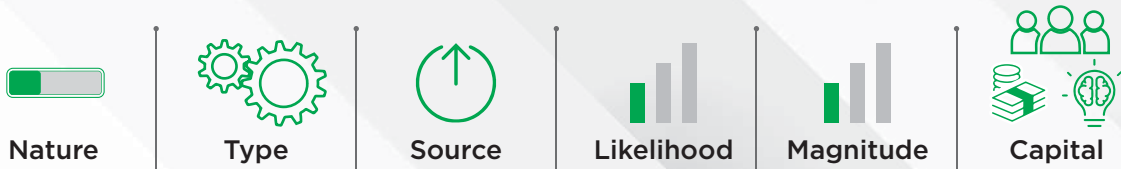
**Mitigant Measures**

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.

**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

**Mitigant Measures**

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

### Key Risk 12: IT Security Risk



Nature



Type



Source



Likelihood



Magnitude



Capital

#### Objective

- Enhance operational efficiencies

#### Mitigant Measures

Sufficient IT controls, firewalls, anti-viruses 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



Nature



Type



Source



Likelihood



Magnitude



Capital

#### 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



Nature



Type



Source



Likelihood



Magnitude



Capital

#### 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



Nature



Type



Source



Likelihood



Magnitude



Capital

### Objective

- Enhance operational efficiencies

### Mitigant Measures

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

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



Nature



Type



Source



Likelihood



Magnitude



Capital

### Objective

- Be a responsible corporate citizen
- Increase sales

### Mitigant Measures

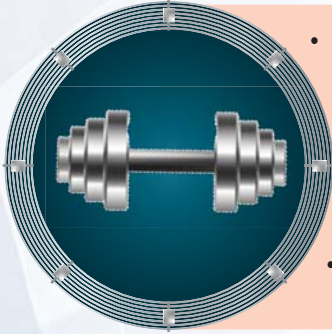
Highly qualified professionals are employed in compliance department along with network of reputed consultants. Further, training are conducted to keep employees up to date with latest changes in laws and regulations.

### Legends

<b>Rating</b>	Low	Medium	High				
<b>Magnitude</b>	Low	Medium	High				
<b>Likelihood</b>	Low	Medium	High				
<b>Source</b>	Internal	External					
<b>Capital</b>	Financial	Human	Intellectual	Manufactured	Natural	Social	
<b>Nature</b>	Short-term	Medium-term	Long-term				
<b>Type</b>	Business	Financial Risk	Political	Economic	Operational	Compliance	Reputational

# SWOT Analysis

## STRENGTHS



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

## WEAKNESS



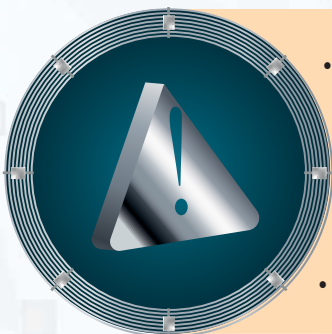
- Leveraged
- International market driven pricing.
- Dumping of CRC / HDGC in local market.

## OPPORTUNITIES



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

## THREATS



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





# Performance Analysis

March on. Do not tarry. To go forward is to move toward perfection. March on, and fear not the thorns, or the sharp stones on life's path.

Khalil Gibran





“Problems are only opportunities with thorns on them.”

Hugh Miller



# Analysis of Non-Financial and Financial Performance

## OVERVIEW OF NON-FINANCIAL PERFORMANCE

### Creating Value as a Manufacturer

ASML creates value for its customers and economy through producing best quality CRC and HDGC. Due to the state of the art technology, our quality gives us competitive edge over other producers and importers of CRC and HDGC. Further, we strive to not only meet customers' expectations, but to exceed them in every way. As a result, we have developed a strong customer base, ranging from large distributors of local markets to small end user customers. Our customers are immensely satisfied in using our products in industrial, engineering and manufacturing sectors as a premier raw material for further processing into a wide variety of value added products for domestic as well as export market. Dedicated quality control (QC) department, equipped with qualified and experienced professionals and state of the art quality testing equipment, ensures quality throughout the process from procurement to production to despatch.

ASML creates value for its suppliers as a successful business partner by maintaining a supplier base where relationships are beyond "solely commercial" towards strong business partnership. The Company ensures to pay its suppliers on timely basis.

### Creating Value as an Employer

Achieving success is hard, sustaining success is even harder. ASML values its human resource capital as an important asset directly effecting the long-term sustainability of the Company's success. ASML has a head count of 727 employees working at plant, head office and liaison offices. The head count has significantly increased in 2019 i.e. 50% on account of expansion of the Company's production facilities.

	UOM	2019	2018	2017	2019	2018
					% Variation	
Employee Benefits	Rs. in million	404	325	272	24%	19%
No. of Employee at period end	No.	727	486	407	50%	19%
Average Employees during the period	No.	622	440	406	41%	8%
Employee Turnover	%	8%	8%	12%	-	33%

### Employees by Age

18 to 30	335
30 to 50	353
>50	39
Total	727

### Employees by Gender

Male	718
Female	9
Total	727

ASML nurtures an energetic and proactive behaviour among the employees and puts faith in inculcating national pride. Various activities were organized for employees during the year including independence day celebrations, eid get together and inter-departmental cricket tournaments.

### Employee Benefits

Existing Company's policies provide below benefits:

- Life insurance
- Health care
- Retirement benefit
- Maternity leaves
- Subsidized food
- Pick and drop services

### Creating Value by Contributing to National Exchequer

ASML is fully aware of its responsibility as a corporate citizen and takes its contribution towards national economy seriously. Further, ASML has always discharged its obligations in a transparent, accurate and timely manner. Our contributions to National Exchequer in 2019, amounting to Rs. 5,374 million, increased by 17% as compared to last year.

	2019	2018
	Rs. in '000	
Sales tax	4,192,869	3,222,540
Custom Duty	836,802	687,856
Excise Duty	192,464	162,216
Income tax	152,139	539,692
	<u>5,374,274</u>	<u>4,612,304</u>

### Creating Value Through Education and Training

ASML believes that by imparting quality education to the masses, we can contribute to our society which in turn strengthens the economic growth of our Country. For this, ASML supports workshops and other events. During the year, ASML organized a Learning & Fun Day at The Citizen Foundation (TCF), Koochi Goth Campus, in which employees volunteered to spend a day with students and conducted healthy activities. A committee is also formed to raise funds and donations for TCF Schools. During the year, the Company initiated various recruitment drives to attract youngsters who have completed diploma in relevant fields by holding on-campus recruitment drives at different technical institutes. Associates having DAE qualification (Diploma in Associate Engineering) are inducted for a 2 year training program in various departments. Further, during the year, ASML carried out an official plant visit for the students from NED University to help them understand the production process. The orientation session was followed by interactive open discussion with relevant General Managers.

### Creating Value by Serving the Society

ASML team carried out a blood donation drive in collaboration with Indus Hospital at ASML premises in July 2018. 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.





## OVERVIEW OF FINANCIAL PERFORMANCE

Aisha Steel Mills Limited recorded net sales of Rs. 20.23 billion against sales of Rs. 18.90 billion in 2018. The increase in sales resulted primarily due to increase in sales price. Sales volume, however, during the year decreased by 5.48% as compared to that of the corresponding period (FY19: 205,456 tons | FY18: 217,370 tons). Uncertain economic policies coupled with sharp PKR devaluation, not only curtailed overall demand of flat steel but also hampered the buying capability. As a result, gross margin decreased to 8.30% in 2019 (2018: 17.5%), as lower demand did not allow the Company to pass on the impacts of PKR devaluation and increase in input costs. Therefore, the Company recorded a gross profit of Rs. 1.68 billion against Rs. 3.31 billion recorded last year.

Selling and distribution cost and Administrative expenses remained constant as a percentage of sale with no major variance was witnessed.

Last years' balance of other expenses represented WWF (2%) and WPPF (5%) charged during the period amounting to Rs. 39 million and Rs. 103 million, respectively. (June 2019: Rs. Nil and Rs. Nil, respectively). Current years' balance pertain to loss on disposal of fixed assets (June 2018: Rs. 1.5 million).

Other income increased by Rs. 16.36 million, mainly due to increase in sales of operational scrap.

Finance cost increased from Rs. 1,078.94 million to Rs. 1,865.31 million. The increase can be further bifurcated into increase in long-term finance cost by Rs. 56.03 million, increase in short-term finance cost by Rs. 619.41 million and increase in other finance cost by Rs. 110.93 million.

Increase in long-term finance cost is mainly due to increase in KIBOR rates i.e. from 6.92% (June 30, 2018) to 12.97% (June 30, 2019). This impact has been offset by reduction in amount of principal outstanding, due to repayment of Rs. 500 million since June 2018.

Short-term finance cost has increased primarily on account of increase in levels of borrowings. (FY19: 14.11 billion | FY18: 5.05 billion). Secondly, sharp increase in KIBOR rate during the period has also contributed in the overall increase.

Increase in other finance cost is on account of increased exchange losses incurred due to devaluation of PKR against other currencies. During the period PKR depreciated by 32% i.e. from Rs. 121.5/USD to Rs.160.05/USD.

Taxation income of Rs. 666.13 million has been recorded against expense of Rs. 631.60 million recorded last year. Carried forward losses and favourable tax credits u/s 65B, have resulted in taxation income in 2019.

Resultantly, profit after tax was reported amounting to Rs. 254 million, against Rs. 1,284 million recorded last year.

Earnings per share of the current year stands at Rs. 0.26 per share as against Rs. 1.57 recorded last year. Earnings per share have decreased mainly on account of lower sales margin which is attributable to lower sales volume, resulting from political uncertainty, significant PKR devaluation and hike in borrowing cost.

## COMPARISON AGAINST TARGET

Revenue during current year is 28% lower than the targeted revenue of Rs. 28.15 billion, while profit after tax of current year is 89% lower than targeted profit of Rs. 991 million. Lower profit after tax, as elaborated earlier, is on account of lower margins earned during the period as compared to targeted margins.



## SEGMENTAL REPORTING OF BUSINESS PERFORMANCE

The financial statements of the Company have been prepared on the basis of single reportable segment. The Company majorly operates locally and major sales comprise of sales made within Pakistan. As at June 30, 2019, all assets of the Company, other than raw material in transit of Rs. 1.39 billion, are located within Pakistan.

## SIGNIFICANT CHANGES IN FINANCIAL POSITION

Property, plant and equipment comprises of operating assets and major spare parts and stand-by equipment. Additions to operating assets amounted to Rs. 9.19 billion of which Rs. 8.32 billion pertains to additions to plant and machinery. Major additions to plant and machinery include costs transferred from capital work in progress amounting to Rs. 7.96 billion for expansion of current capacity of CRC and HDGC.

Deferred tax asset amounted to Rs. 1.34 billion as at June 30, 2019 as against Rs. 0.93 billion in the previous year. Increase in deferred tax asset is mainly due to recognition of deferred tax income on tax credit u/s 65B.

Stock-in-trade has increased by Rs. 2.61 billion. The increase mainly relates to increase in inventory levels to meet up the production and sale requirements.

Tax refunds due from Government - Sales tax has increased from Rs. 247.54 million in 2018 to Rs. 883.01 million in 2019, mainly due to additional input sales tax paid on property, plant and equipment procured for expansion and on imported raw material procured to meet the revised capacity of the Company.

Taxation - payments less provision has increased by Rs. 407.22 million, which pertains to advance tax paid amounting to Rs. 152.14 million, coupled with prior year tax charge of Rs. 255.08 million.

Long-term finance including current maturity has increased by Rs. 2.32 billion in 2019. During the year repayment of Rs. 0.5 billion has been made, while unwinding of Rs. 0.13 billion has been recorded. Moreover, drawdown of Rs. 2.70 billion, against the expansion project, has also been made.

Staff retirement benefits increased by Rs. 12.96 million during 2019. During the year provision of Rs. 20.16 million, on basis of external expert report, has been recorded. Further, payment of Rs. 5.18 million in respect of staff retirement has been made.

Accrued mark-up has increased by Rs. 615.58 million during 2019, on account of increase in accrued mark-up on long-term loans by Rs. 122.66 million and short-term borrowings by Rs. 492.92 million. The increased is mainly attributable to increase in borrowing levels coupled with increase in mark-up rate (3 Months KIBOR) (i.e. June 2019: 12.97% | June 2018: 6.92%).

Short-term borrowings have increased by Rs. 9.07 billion which is mainly due to financing of import of raw materials as the Company has shifted from usance to sight model for procurement of imported raw materials. Moreover, the Company has increased its inventory levels to meet up the production and sale requirements, which has also contributed in the said increase.

Company's net worth as at June 30, 2019 stood at Rs. 8,746.83 million with a breakup value of Rs. 11.43 per share. Details of contingencies and commitments are disclosed in the note no. 23 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 via further analysis along with graphical presentations to increase users' understandability.



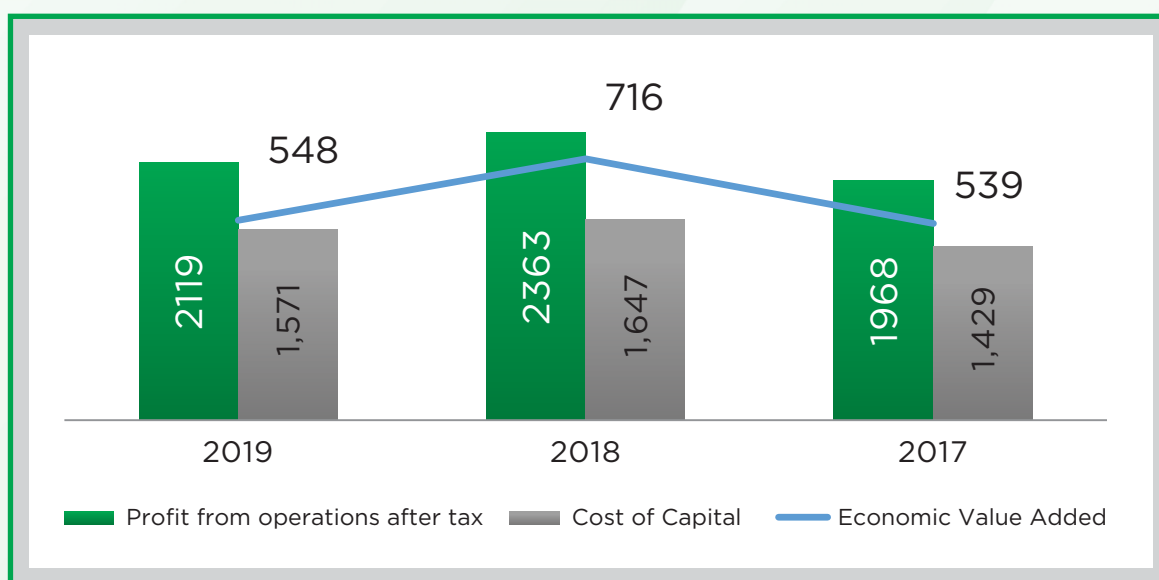
# Key Operational and Financial Data

Operation Summary	2019	2018	2017	2016	2015	2014
	Tons					
Production	202,164	217,370	209,524	195,906	134,272	127,384
Sales	205,456	217,043	214,316	181,259	138,923	126,129
Summary of Statement of Profit or Loss	2019	2018	2017	2016	2015	2014
	Rs. in million					
Revenue	20,231	18,904	14,076	9,634	9,492	9,259
Cost of sales	18,553	15,590	11,989	8,654	9,451	9,200
Gross profit	1,678	3,314	2,087	980	41	59
Profit / (loss) from operations	1,453	2,995	1,831	829	(115)	890
(Loss) / profit before taxation	(412)	1,916	882	(192)	(1,488)	(409)
Profit / (loss) for the year	254	1,284	1,020	(155)	(1,211)	(347)
Summary of Financial Position	2019	2018	2017	2016	2015	2014
	Rs. in million					
<b>Assets</b>						
Non-Current Assets	21,567	14,366	11,959	10,884	11,170	11,009
Current Assets	11,164	6,060	6,225	4,468	4,167	5,272
<b>Total Assets</b>	<b>32,731</b>	<b>20,426</b>	<b>18,184</b>	<b>15,352</b>	<b>15,337</b>	<b>16,281</b>
<b>Equity and Liabilities</b>						
Shareholders' Equity	8,747	8,491	6,700	2,655	2,811	2,535
Non-Current Liabilities	7,273	4,934	5,078	5,355	5,628	5,504
Current Liabilities	16,711	7,001	6,406	7,342	6,898	8,242
<b>Total Equities and Liabilities</b>	<b>32,731</b>	<b>20,426</b>	<b>18,184</b>	<b>15,352</b>	<b>15,337</b>	<b>16,281</b>



## ECONOMIC VALUE ADDED

	2019	2018	2017
	Rs. in million		
<b>Profit from operations after tax</b>	2,119	2,363	1,968
<b>Cost of capital</b>	(1,571)	(1,647)	(1,429)
<b>Economic value added</b>	<b>548</b>	<b>716</b>	<b>539</b>
Total assets	32,731	20,426	18,184
Less: Current liabilities	(16,711)	(7,001)	(6,406)
<b>Net capital invested</b>	<b>16,020</b>	<b>13,425</b>	<b>11,778</b>
<b>WACC</b>	<b>9.81%</b>	<b>12.27%</b>	<b>12.13%</b>
<b>Cost of capital</b>	<b>1,571</b>	<b>1,647</b>	<b>1,429</b>



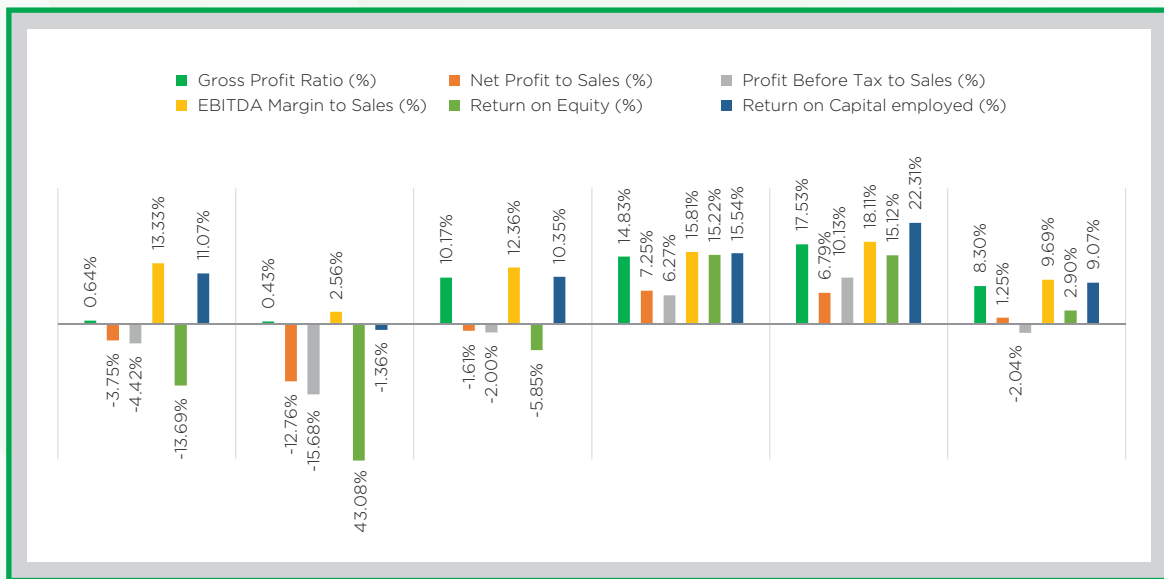
### Comments

Economic value added has decreased from last year mainly due to decrease in operating profit before tax. However, cost of capital of the Company has also decreased due to decrease in weighted average cost of capital (WACC) of the Company. WACC has reduced due to increase in debt based capital in comparison to comparative period.

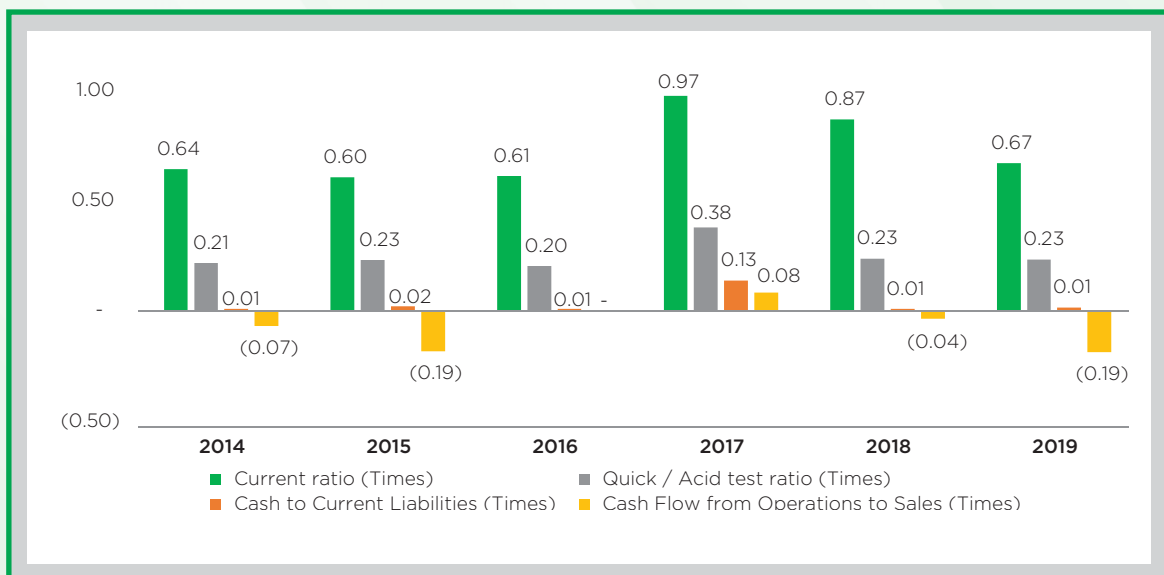


# Ratio Analysis

Profitability Ratios	Formula	2019	2018	2017	2016	2015	2014
Gross Profit Ratio (%)	Gross Profit or (Loss) / Net Sales	8.30%	17.53%	14.83%	10.17%	0.43%	0.64%
Net Profit to Sales (%)	Net Profit or (Loss) / Net Sales	1.25%	6.79%	7.25%	-1.61%	-12.76%	-3.75%
Profit Before Tax to Sales (%)	Profit or (Loss) Before Tax / Net Sales	-2.04%	10.13%	6.27%	-2.00%	-15.68%	-4.42%
EBITDA Margin to Sales (%)	EBITDA / Net Sales	9.69%	18.11%	15.81%	12.36%	2.56%	13.33%
Operating leverage ratio (Times)	Change in EBITDA / Change in Net Sales	(1.10)	0.25	0.23	6.68	(4.25)	0.24
Return on Equity (%)	Profit or (Loss) After Tax / Shareholder's equity	2.90%	15.12%	15.22%	-5.85%	-43.08%	-13.69%
Return on Capital employed (%)	EBIT / Capital employed	9.07%	22.31%	15.54%	10.35%	-1.36%	11.07%

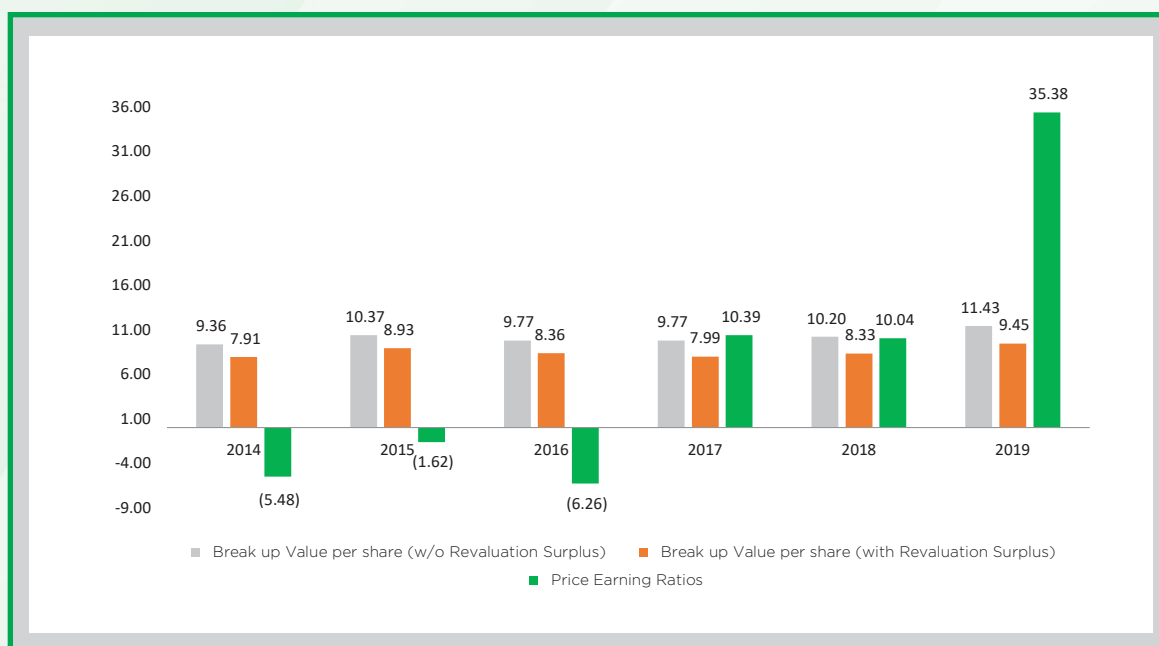
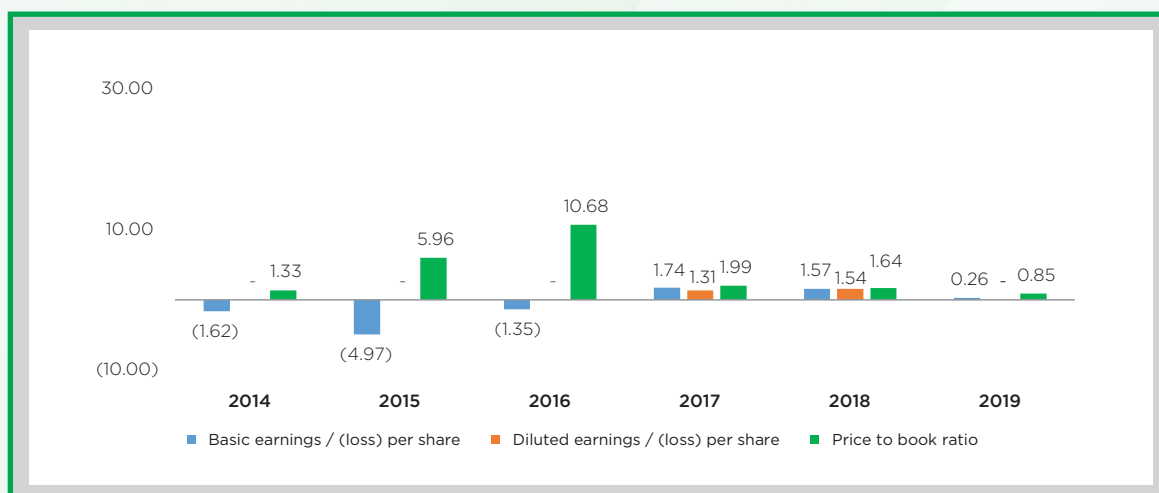


Liquidity Ratios	Formula	2019	2018	2017	2016	2015	2014
Current ratio (Times)	Current Assets / Current Liabilities	0.67	0.87	0.97	0.61	0.60	0.64
Quick / Acid test ratio (Times)	Liquid Assets / Current Liabilities	0.23	0.23	0.38	0.20	0.23	0.21
Cash to Current Liabilities (Times)	Cash and Bank / Current Liabilities	0.01	0.01	0.13	0.01	0.02	0.01
Cash Flow from Operations to Sales (Times)	Cash Flow from Operations / Net Sales	(0.19)	(0.04)	0.08	-	(0.19)	(0.07)

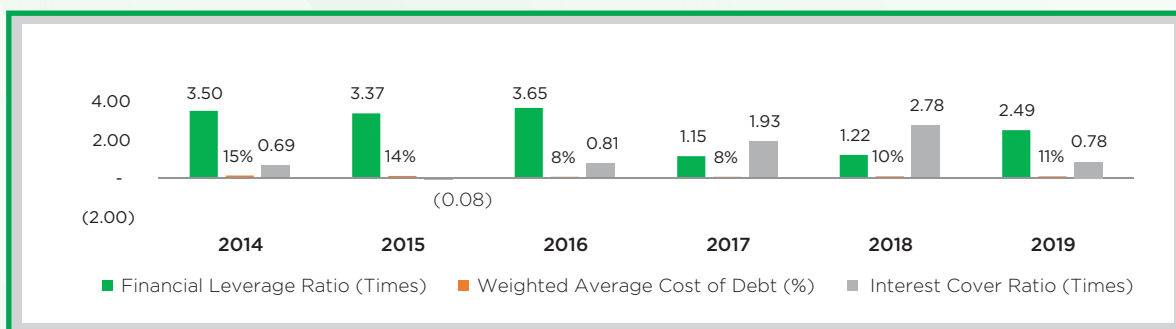


Investment / Market Ratios	Formula	2019	2018	2017	2016	2015	2014
Basic Earnings / (Loss) per Share (Rs. / Share)	Earnings Attributable to Ordinary Shareholders / Weighted Average Number of Shares	0.26	1.57	1.74	(1.35)	(4.97)	(1.62)
Diluted Earnings / (Loss) per Share (Rs. / Share) (N1)	Diluted Earnings Attributable to Ordinary Shareholders / Weighted Average Number of Shares	NA	1.54	1.31	NA	NA	NA
Price Earnings Ratios (Times)	Market Price / Basic Earnings or (Loss) per Share	35.38	10.04	10.39	(6.26)	(1.62)	(5.48)
Price to Book Value Ratio (Times)	Market Price / Book Value per Share	0.85	1.64	1.99	10.68	5.96	1.33
Dividend Yield Ratio	Total Annual Dividend / Market Price	Since no dividend has been paid, therefore, dividend yield ratio, dividend payout ratio and cash dividend per share ratio are not applicable.					
Dividend Payout Ratio	Total Annual Dividend / Annual Income						
Cash Dividend per Share	Cash Dividend per Share						
Break-up Value per Share (with Revaluation Surplus) (Rs. / Share)	Equity including surplus on revaluation of fixed assets / Number of shares	11.43	10.20	9.77	9.77	10.37	9.36
Break-up Value per Share (without Revaluation Surplus) (Rs. / Share)	Equity excluding surplus on revaluation of fixed assets / Number of shares	9.45	8.33	7.99	8.36	8.93	7.91
Free Cash Flows		(11,103)	(3,399)	3,051	(75)	(429)	(655)

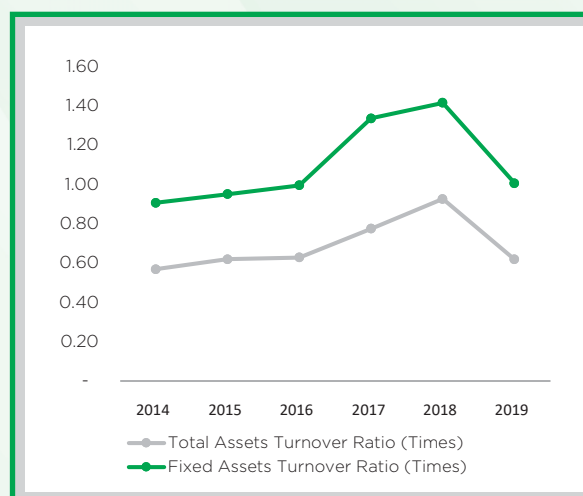
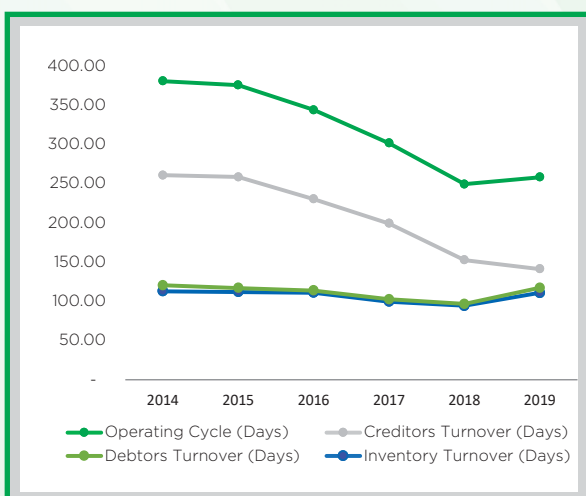
N1 - Due to losses dilution of earnings per share had anti-dilutive effect for financial year 2014, 2015, 2016 and 2019, therefore, the same has not been disclosed and presented.



Capital Structure Ratios	Formula	2019	2018	2017	2016	2015	2014
Financial Leverage Ratio (Times)	Total Debt/ Total Equity	2.49	1.22	1.15	3.65	3.37	3.50
Weighted Average Cost of Debt (%)	Total Interest / Total Debt	11%	10%	8%	8%	14%	15%
Debt to equity ratio	Total Long Term Debt / Equity	47:53	39:61	44:56	69:31	67:33	69:31
Interest Cover Ratio (Times)	Profit from Operations / Finance Cost	0.78	2.78	1.93	0.81	(0.08)	0.69
Market Value per share (Symbol: ASL)							
- High (Rs. / Share)		17.77	23.94	29.63	10.76	11.27	10.36
- Low (Rs. / Share)		7.45	14.85	7.65	6.80	6.15	7.50
- Closing (Rs. / Share)		9.20	15.77	20.34	7.73	8.42	8.60
Total Volume Traded (Number of shares in million)		413.82	1,276.43	2,670.00	44.14	32.00	16.84



Activity Ratios	Formula	2019	2018	2017	2016	2015	2014
Total Assets Turnover Ratio (Times)	Net Sales / Total Assets	0.62	0.93	0.77	0.63	0.62	0.57
Fixed Assets Turnover Ratio (Times)	Net Sales / Total Fixed Assets	1.00	1.41	1.34	0.99	0.95	0.91
Inventory Turnover	Cost of Goods Sold / Average Inventory	3.30	3.88	3.67	3.30	3.27	3.24
Inventory Turnover (Days)	Average Inventory / Cost of Goods Sold x 365	110.49	93.98	99.40	110.66	111.63	112.48
Debtors Turnover	Sales / Average Receivable	57.49	146.74	122.72	125.94	70.84	48.35
Debtors Turnover (Days)	Average Receivables / Sales x 365	6.35	2.49	2.97	2.90	5.15	7.55
Creditors Turnover	Cost of Goods Sold / Average Creditors	15.18	6.54	3.79	3.14	2.58	2.60
Creditors Turnover (Days)	Average Creditors / Cost of Goods Sold x 365	24.04	55.85	96.42	116.35	141.31	140.16
Operating Cycle (Days)	Days in Inventory + Days in Receivables	116.84	96.47	102.37	113.56	116.78	120.03



## COMMENTS ON RATIO ANALYSIS

### Profitability

Improving profitability and margins till 2018 faced downturn during 2019. This financial year not only brought up the toughest operational days for the Company but also kept management abreast of timely completion of the Expansion Project.

Decline in profitability and margins was mainly on account of lower sales volume resulting from political uncertainty, significant PKR devaluation and hike in borrowing cost. All these factors blocked the consumption side of the economy and also evaded the buying capacity of the consumer.

### Liquidity

Liquidity position of the Company has shown tremendous improvement till 2018 resulting from profits arising out of increased sales volume and better margins. However, during 2019, the Company faced liquidity crunch due to increase in inventory days. On the other hand, significant and sharp PKR devaluation ought to increase the working capital requirement of the Company. Moreover, due to increase in production capacity of the Company during 2019, the Company also had to increase its inventory levels to meet up the production and sale requirements.

### Investment

Investment ratios of the Company have improved over the years; however, 2019 accounted for as a financial year where political uncertainty clouded the business judgements and sentiments of the capital market. Overall market sentiment was bearish and KSE 100 index declined by 19% (June 29, 2019: 33,902 points | June 28, 2018: 41,911 points). Hence, the Company experienced significant reduction in market value and market capitalization. However, on the positive note, the breakup value per share of the Company is Rs. 11.43 per share which is 24% higher than the market price per share of the Company.

Hence, management believes that the current economic scenario is temporary and that the Company has great potential for the investors.

### Capital Structure

In line with other ratios, leverage and debt servicing indicators also improved in the recent years except during 2019. The deteriorating condition was on account of increase in working capital requirement due to sharp PKR devaluation of 32% (June 30, 2018: Rs. 121.6 / USD | June 30, 2019, Rs. 160.05 / USD) as well as due to the reason that inventory levels had to be increased in line with expanded capacity. Moreover, debt raised to finance the Expansion Project also added to the leverage and debt servicing of the Company.

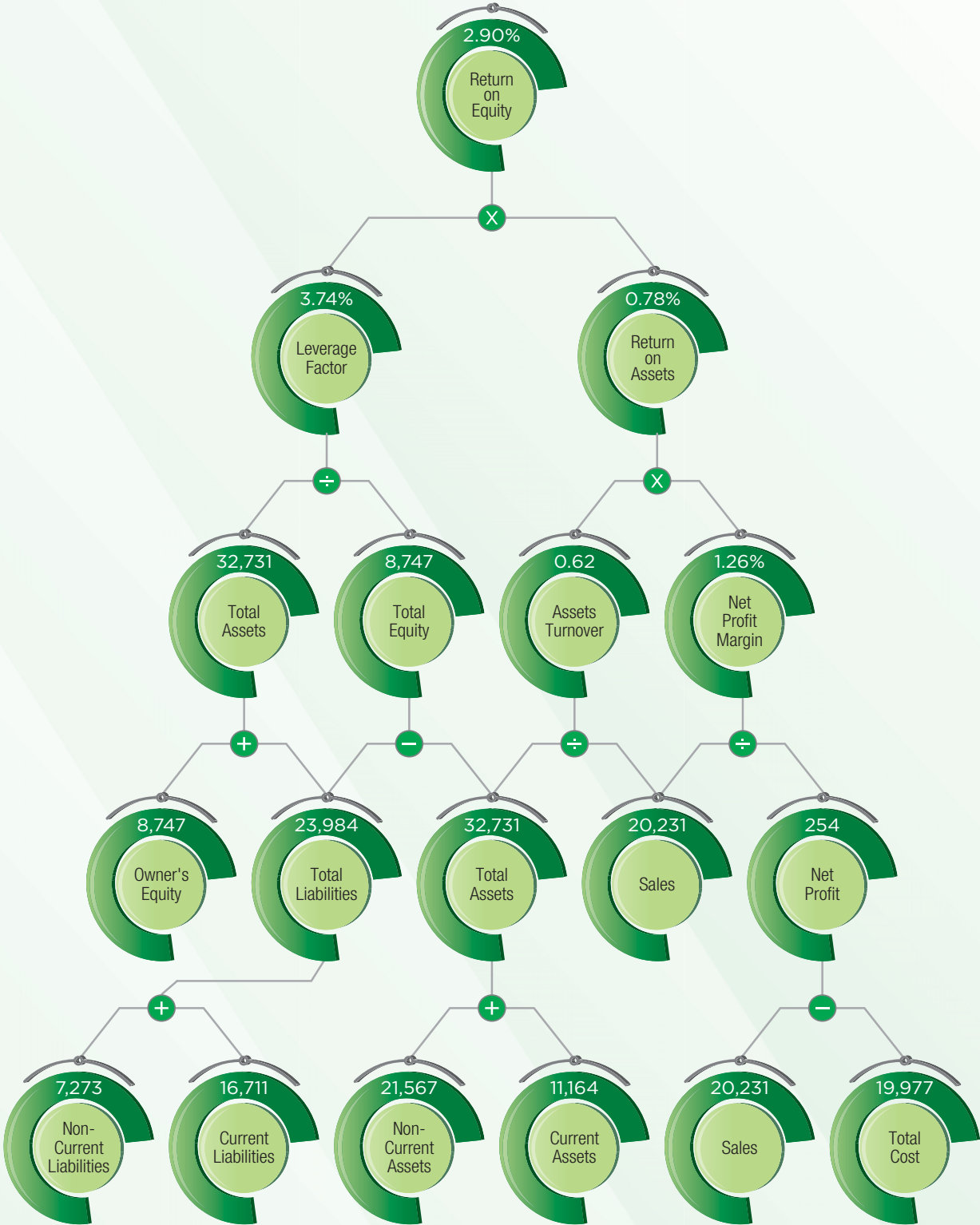
### Activity

Operational efficiencies together with focus on improved production cycle resulted in acute improvement in operating cycle of the Company from 120 days in 2014 to 96 days in 2018; however, 2019 embarked as a period of stress and endurance where borrowing cost was increasing and the Company had to carry high inventory on account of lower sale volume and the expanded capacity. Consequently, the operating cycle increased to 117 days. However, the management believes that operating cycle will improve in 2020 as the Company will have the expanded capacity to improve the operating parameters and that inventory levels will also be rationalized in line with overall demand of flat steel in the country.





# DuPont Analysis

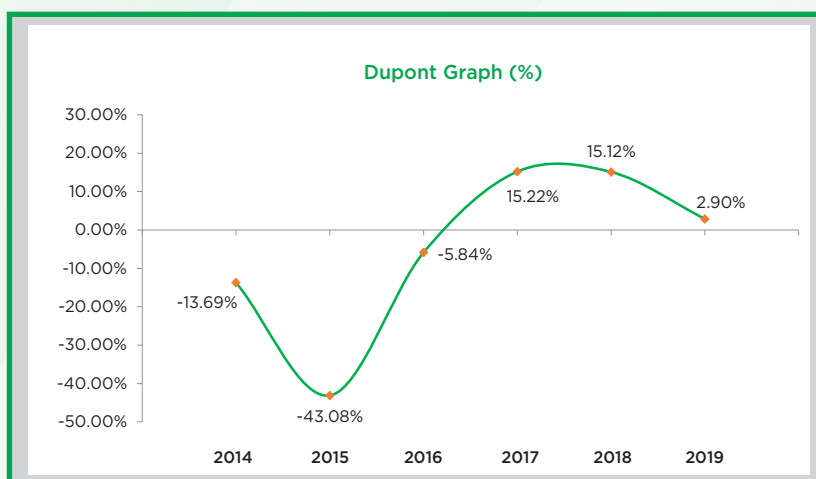


## DUPONT TREND ANALYSIS

Dupont Analysis (Rs. in Million)		2019	2018	2017	2016	2015	2014
A	Non-current Liabilities	7,273	4,934	5,078	5,355	5,628	5,504
B	Current Liabilities	16,711	7,001	6,406	7,342	6,898	8,242
<b>C = A+B</b>	<b>Total Liabilities</b>	<b>23,984</b>	<b>11,935</b>	<b>11,484</b>	<b>12,697</b>	<b>12,526</b>	<b>13,746</b>
D	Non-current Assets	21,567	14,366	11,959	10,884	11,170	11,009
E	Current Assets	11,164	6,060	6,225	4,468	4,167	5,272
<b>F = D + E</b>	<b>Total Assets</b>	<b>32,731</b>	<b>20,426</b>	<b>18,184</b>	<b>15,352</b>	<b>15,337</b>	<b>16,281</b>
<b>G = C - F</b>	<b>Owners' Equity</b>	<b>8,747</b>	<b>8,491</b>	<b>6,700</b>	<b>2,655</b>	<b>2,811</b>	<b>2,535</b>
H	Sales	20,231	18,904	14,076	9,634	9,492	9,259
I	Total Cost	19,977	17,620	13,056	9,789	10,703	9,606
<b>J = H - I</b>	<b>Net Profit / (Loss)</b>	<b>254</b>	<b>1,284</b>	<b>1,020</b>	<b>(155)</b>	<b>(1,211)</b>	<b>(347)</b>
<b>K = J / H</b>	<b>Net Profit / Loss Margin (%)</b>	<b>1.26%</b>	<b>6.79%</b>	<b>7.25%</b>	<b>-1.61%</b>	<b>-12.76%</b>	<b>-3.75%</b>
<b>L = H / F</b>	<b>Assets Turnover (Times)</b>	<b>0.62</b>	<b>0.93</b>	<b>0.77</b>	<b>0.63</b>	<b>0.62</b>	<b>0.57</b>
<b>M = F / G</b>	<b>Leverage Factor (Times)</b>	<b>3.74</b>	<b>2.41</b>	<b>2.71</b>	<b>5.78</b>	<b>5.46</b>	<b>6.42</b>
<b>N = K x L</b>	<b>Return on Assets (%)</b>	<b>0.78%</b>	<b>6.29%</b>	<b>5.61%</b>	<b>-1.01%</b>	<b>-7.90%</b>	<b>-2.13%</b>
<b>O = M x N</b>	<b>Return on Equity (%)</b>	<b>2.90%</b>	<b>15.12%</b>	<b>15.22%</b>	<b>-5.84%</b>	<b>-43.08%</b>	<b>-13.69%</b>

### Analysis

Improved net profit margin till 2018 faced downturn during 2019. Decline in profitability was mainly on account of lower sales volume resulting from political uncertainty, significant PKR devaluation and hike in borrowing cost. All these factors blocked the consumption side of the economy and also evaded the buying capacity of the consumer.



Asset Turnover has improved gradually year by year, which shows incremental approach to growth and focus to better utilization of resources each year. However, decline in asset turnover in the current year pertains to capital expenditure incurred on expansion of the Company's facilities, the commissioning of which was announced in the last quarter of the financial year.

Improving leverage factor over the years deteriorated in 2019. This was primarily on account of increased short-term borrowings which is in line with the increase in inventory levels together with higher working capital required for operational needs on account of significant PKR devaluation. Further, addition of a syndicate financing for the Expansion Project has also contributed to the increase in leverage factor in the current year.

### Conclusion

The overall DuPont analysis depicts rise in overall performance of the Company. From year 2014 to 2018, return on equity has increased to 2.90% from loss of 13.69%. During the year, return on equity has decreased which is on account of decrease in profit after tax.



# Horizontal Analysis

## STATEMENT OF FINANCIAL POSITION

	2019		2018		2017		2016		2015		2014	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
<b>Assets</b>												
Non-current assets	21,567	50%	14,366	20%	11,959	10%	10,884	-3%	11,170	1%	11,009	5%
Current assets	11,164	84%	6,060	-3%	6,225	39%	4,468	7%	4,167	-21%	5,272	36%
<b>Total assets</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>	<b>15,337</b>	<b>-6%</b>	<b>16,281</b>	<b>13%</b>
<b>Equity and liabilities</b>												
Shareholders' equity	8,747	3%	8,491	27%	6,700	152%	2,655	-6%	2,811	11%	2,535	13%
Non-current liabilities	7,273	47%	4,934	-3%	5,078	-5%	5,355	-5%	5,628	2%	5,504	8%
Current liabilities	16,711	139%	7,001	9%	6,406	-13%	7,342	6%	6,898	-16%	8,242	18%
	<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>	<b>15,337</b>	<b>-6%</b>	<b>16,281</b>	<b>13%</b>

## STATEMENT OF PROFIT OR LOSS

	2019		2018		2017		2016		2015		2014	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
Revenue	20,231	7%	18,904	34%	14,076	46%	9,634	1%	9,492	3%	9,259	113%
Cost of sales	(18,553)	19%	(15,590)	30%	(11,989)	39%	(8,654)	-8%	(9,451)	3%	(9,200)	109%
<b>Gross profit / (loss)</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>	<b>41</b>	<b>-31%</b>	<b>59</b>	<b>188%</b>
Selling and distribution cost	(25)	32%	(19)	0%	(19)	-5%	(20)	-47%	(38)	6%	(36)	-100%
Administrative expenses	(249)	30%	(192)	2%	(188)	20%	(157)	27%	(124)	-11%	(140)	-11%
Other expenses	(3)	-98%	(143)	120%	(65)	-100%	-	0%	-	0%	-	0%
Other income	52	49%	35	119%	16	-36%	25	317%	6	-99%	1,007	5,200%
<b>Profit / (Loss) from operations</b>	<b>1,453</b>	<b>-51%</b>	<b>2,995</b>	<b>63%</b>	<b>1,831</b>	<b>121%</b>	<b>829</b>	<b>-821%</b>	<b>(115)</b>	<b>-113%</b>	<b>890</b>	<b>497%</b>
Finance cost	(1,865)	73%	(1,079)	14%	(949)	-7%	(1,021)	-26%	(1,373)	6%	(1,299)	-46%
<b>(Loss)/Profit before taxation</b>	<b>(412)</b>	<b>-121%</b>	<b>1,917</b>	<b>117%</b>	<b>882</b>	<b>558%</b>	<b>(192)</b>	<b>87%</b>	<b>(1,488)</b>	<b>-264%</b>	<b>(409)</b>	<b>-63%</b>
Taxation	666	205%	(632)	558%	138	273%	37	-87%	277	347%	62	83%
<b>Profit / (Loss) for the year</b>	<b>254</b>	<b>-80%</b>	<b>1,285</b>	<b>26%</b>	<b>1,020</b>	<b>754%</b>	<b>(155)</b>	<b>87%</b>	<b>(1,211)</b>	<b>249%</b>	<b>(347)</b>	<b>53%</b>

## COMMENTS ON HORIZONTAL ANALYSIS

### Statement of Financial Position

The Company expanded its production capacity together with addition of galvanized steel to its product portfolio and hence resulted in significant increase in non-current assets. On the other hand, current assets have increased majorly on account of increase in inventory levels complementing the additional raw material required for the expanded capacity. Current assets have also increased due to increase in receivable in respect of sales tax and income tax due to payment of the said taxes at import stage for plant and machinery and raw materials.

Reduction in accumulated losses has contributed to increase in shareholders' equity. Whilst, the increase in non-current and current liabilities represent project financing for the Expansion Project and increased working capital required for higher inventory exposure.

### Profit or Loss

The Company has demonstrated steady growth in revenue every year. However, during 2019, gross margin was on the lower side on account of increase in input costs originating from PKR devaluation and inability to pass on the said burden further stressed the gross margin. On the other hand, doubling borrowing cost and mounting exchange loss turned the Company's performance into loss before tax. However, the Company utilized the benefit of tax credits arising out of the Expansion Project and posted profit after tax of Rs. 254 million for 2019.

# Vertical Analysis

## STATEMENT OF FINANCIAL POSITION

	2019		2018		2017		2016		2015		2014	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
<b>Assets</b>												
Non-current assets	21,567	66%	14,366	70%	11,959	66%	10,884	71%	11,170	73%	11,009	68%
Current assets	11,164	34%	6,060	30%	6,225	34%	4,468	29%	4,167	27%	5,272	32%
<b>Total assets</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>	<b>15,337</b>	<b>100%</b>	<b>16,281</b>	<b>100%</b>
<b>Equity and liabilities</b>												
Shareholders' equity	8,747	27%	8,491	42%	6,700	37%	2,655	17%	2,811	18%	2,535	16%
Non-current liabilities	7,273	22%	4,934	24%	5,078	28%	5,355	35%	5,628	37%	5,504	34%
Current liabilities	16,711	51%	7,001	34%	6,406	35%	7,342	48%	6,898	45%	8,242	51%
	<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>	<b>15,337</b>	<b>100%</b>	<b>16,281</b>	<b>100%</b>

## STATEMENT OF PROFIT OR LOSS

	2019		2018		2017		2016		2015		2014	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
Revenue	20,231	100%	18,904	100%	14,076	100%	9,634	100%	9,492	100%	9,259	100%
Cost of sales	(18,553)	-92%	(15,590)	-82%	(11,989)	-85%	(8,654)	-90%	(9,451)	100%	(9,200)	-99%
<b>Gross profit / (loss)</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>	<b>41</b>	<b>0%</b>	<b>59</b>	<b>1%</b>
Selling and distribution cost	(25)	0%	(19)	0%	(19)	0%	(20)	0%	(38)	0%	(36)	0%
Administrative expenses	(249)	-1%	(192)	-1%	(188)	-1%	(157)	-2%	(124)	-1%	(140)	-2%
Other expenses	(3)	0%	(143)	-1%	(65)	0%	-	0%	-	0%	-	0%
Other income	52	0%	35	0%	16	0%	25	0%	6	0%	1,007	11%
<b>Profit / (Loss) from operations</b>	<b>1,453</b>	<b>7%</b>	<b>2,995</b>	<b>16%</b>	<b>1,831</b>	<b>13%</b>	<b>829</b>	<b>9%</b>	<b>(115)</b>	<b>-1%</b>	<b>890</b>	<b>10%</b>
Finance cost	(1,865)	-9%	(1,079)	-6%	(949)	-7%	(1,021)	-11%	(1,373)	-14%	(1,299)	-14%
<b>(Loss) / Profit before taxation</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>	<b>(1,488)</b>	<b>-16%</b>	<b>(409)</b>	<b>-4%</b>
Taxation	666	3%	(632)	-3%	138	1%	37	0%	277	3%	62	1%
<b>Profit / (Loss) for the year</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>	<b>(1,211)</b>	<b>-13%</b>	<b>(347)</b>	<b>-4%</b>

## COMMENTS ON VERTICAL ANALYSIS

### Statement of Financial Position

Current assets have increased in continuation to the higher inventory levels required to meet the production requirements after expansion. Moreover, sales tax and income tax receivables have also increased due to the said taxes paid at import stage for import of plant and machinery for the Expansion Project and inventory required for the expanded capacity.

Non-current liabilities have increased in line with the increase in inventory levels together with higher working capital required for operational needs on account of significant PKR devaluation. Non-current liabilities have increased with the addition of a syndicate financing for the Expansion Project.

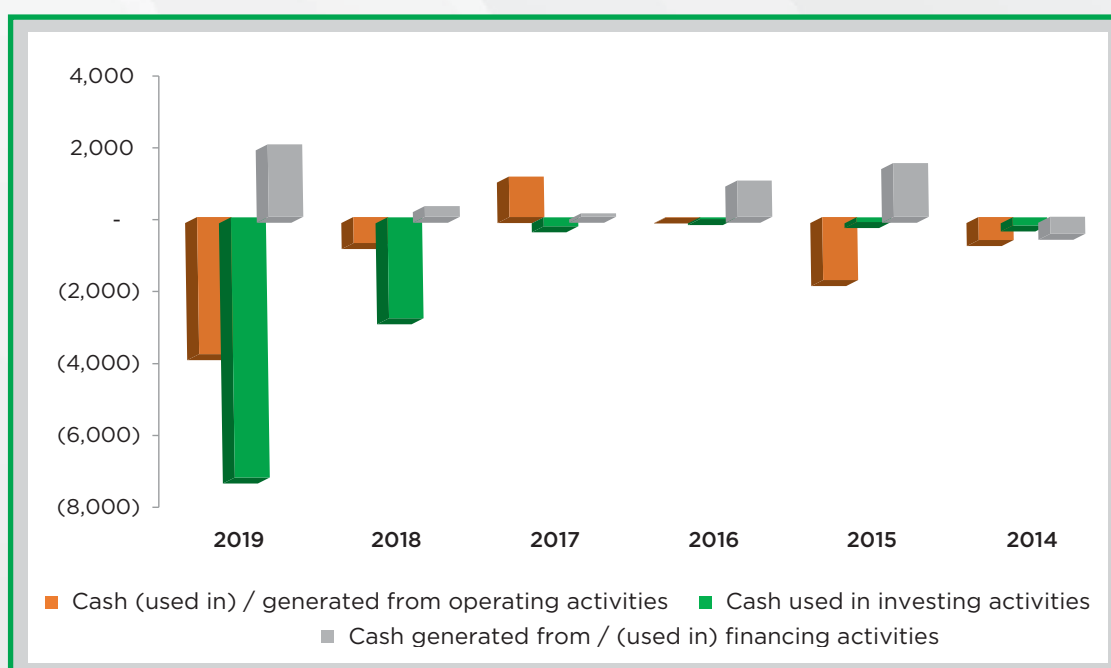
### Profit or Loss

Cost of sales has increased significantly due to higher input cost and inability to shift the impact of increase in cost to the consumers due to volatile and shrinking demand of flat steel resulting for slowdown of the overall economic activities and consumption. Finance cost also multiplied as mark-up rates doubled during the year.



# Summary of Cash Flow Statement

	2019	2018	2017	2016	2015	2014
	Rs. in million					
Cash (used in) / generated from operations	(2,899)	395	1,918	879	(650)	888
Income tax paid	(152)	(540)	(80)	(127)	28	(289)
Mark-up on loans paid	(756)	(583)	(703)	(764)	(1,145)	(1,252)
Return on bank deposits received	10	12	3	4	5	5
Staff retirement benefit paid	(5)	(6)	(8)	(8)	(4)	(6)
(Increase) / decrease in long-term loans and advances	(2)	(2)	-	-	-	2
(Increase) / decrease in long-term deposits	(29)	(1)	-	2	-	1
<b>Net cash (used in) / generated from operating activities</b>	<b>(3,833)</b>	<b>(725)</b>	<b>1,130</b>	<b>(14)</b>	<b>(1,766)</b>	<b>(651)</b>
Purchase of property, plant and equipment	(7,270)	(2,822)	(256)	(61)	(138)	(241)
Purchase of intangibles	-	-	-	-	(1)	-
Sale proceeds from disposal of property, plant and equipment and intangible assets	3	5	3	7	5	11
<b>Net cash used in investing activities</b>	<b>(7,267)</b>	<b>(2,818)</b>	<b>(253)</b>	<b>(54)</b>	<b>(134)</b>	<b>(230)</b>
Proceeds from issue of share capital	-	148	2,177	-	1,475	237
Long term loan obtained / (repaid) - net	2,193	(65)	(800)	(10)	(10)	(394)
Short-term borrowings obtained / (paid)	(175)	175	(1,288)	1,038	67	(317)
Repayment of sponsors' loan	-	-	-	(18)	(35)	-
Increase / (decrease) in liabilities against assets subject to finance leases	3	34	(2)	(3)	-	(4)
<b>Net cash generated from / (used in) financing activities</b>	<b>2,021</b>	<b>292</b>	<b>87</b>	<b>1,007</b>	<b>1,497</b>	<b>(478)</b>
Net (decrease) / increase in cash and cash equivalents	(9,079)	(3,251)	964	939	(403)	(1,359)
Cash and cash equivalents at beginning of the year	(4,824)	(1,573)	(2,537)	(3,476)	(3,073)	(1,714)
<b>Cash and cash equivalents at end of the year</b>	<b>(13,903)</b>	<b>(4,824)</b>	<b>(1,573)</b>	<b>(2,537)</b>	<b>(3,476)</b>	<b>(3,073)</b>



## COMMENTS ON CASH FLOW ANALYSIS

Cash flows from operating activities showed noteworthy improvement till 2018 resulting from profits arising out of increased sales volume and better margins. However, during 2019, the Company faced liquidity crunch due to increase in inventory days. Further, steep PKR devaluation ought to increase the working capital requirement of the Company. Moreover, due to increase in production capacity of the Company during 2019, the Company also had to increase its inventory levels to meet up the production and sale requirements. As a result, cash flows used in operations have significantly increased in 2019.

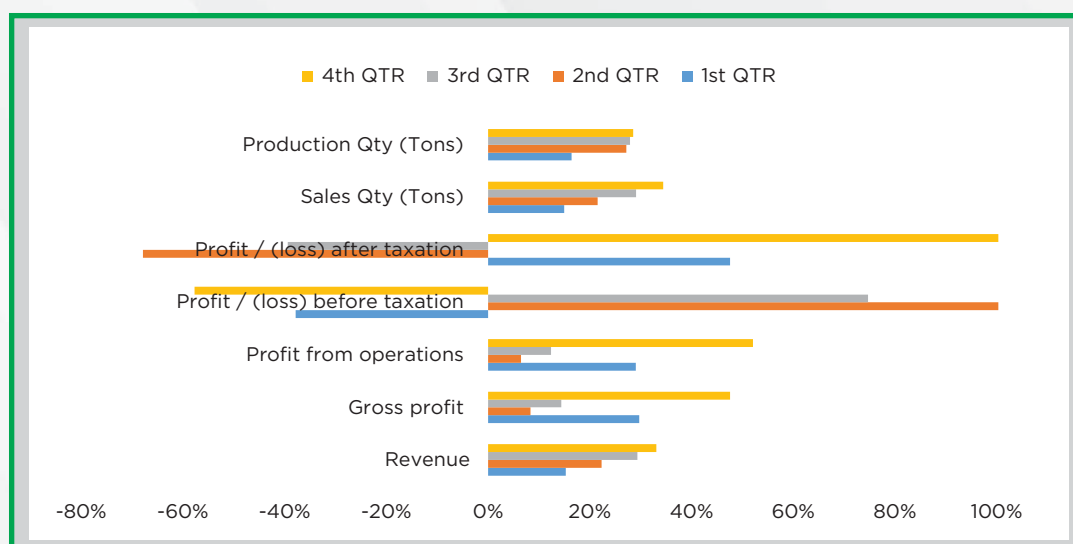
Net cash used in investing activities depicts cash utilization on account of fixed capital expenditure. In current year, significant increase in fixed capital expenditures mainly represent additions relating to Company's expansion of production facilities.

Cash flows from financing activities depends on net cash requirements of the Company. Major financing cash flows include receipts against long-term loan obtained for financing of expansion of Company's production facility.



# Results Reported in Interim Financial Statements and Final Accounts

FY 2019	1st QTR	2nd QTR	3rd QTR	4th QTR	FY 2019
Rs. In '000					
Revenue	3,090,754	4,509,680	5,941,531	6,688,832	20,230,797
Cost of sales	(2,592,065)	(4,369,766)	(5,700,093)	(5,890,607)	(18,552,531)
<b>Gross profit</b>	498,689	139,914	241,438	798,225	1,678,266
Selling and distribution cost	(5,121)	(6,014)	(5,900)	(8,035)	(25,070)
Administrative expenses	(62,424)	(66,008)	(65,248)	(55,666)	(249,346)
Other expenses	(11,793)	11,793	-	(2,684)	(2,684)
	(79,338)	(60,229)	(71,148)	(66,385)	(277,100)
Other income	2,668	14,486	9,716	24,841	51,711
<b>Profit from operations</b>	422,019	94,171	180,006	756,681	1,452,877
Finance cost	(265,896)	(592,882)	(488,005)	(518,523)	(1,865,306)
<b>Profit / (loss) before taxation</b>	156,123	(498,711)	(307,999)	238,158	(412,429)
Taxation	(35,401)	326,573	208,015	166,940	666,127
<b>Profit / (loss) after taxation</b>	120,722	(172,138)	(99,984)	405,098	253,698
Sales Quantity (Tons)	30,764	44,246	59,737	70,709	205,456
Production Quantity (Tons)	33,148	54,901	56,411	57,707	202,167



## QUARTERLY RESULTS ANALYSIS

### Quarter 1

Sales volume during the quarter decreased by 43% as compared to that of the corresponding period (Q1FY19: 30,764 tons | Q1FY18: 53,503 tons) evidencing the uncertainty in economic and political fronts of the country resulting from general elections and change of government. Consumption side of the economy was in the wait-and-see mode clearly depicting the unsettled temperament. Increasing mark-up rates (3 Months KIBOR) from 6.92% as on June 30, 2018 to 8.32% as on September 30, 2018 also contributed to overall slowdown of the economy.

Consequently, the Company had to adjust production levels evident through capacity utilization of 60% only in this quarter thereby gross margin reduced to 16% from 18% in the corresponding period last year. Moreover, due to lowering consumption side and reduction in demand of flat steel, the Company could not pass on the burden of increase in mark-up rate and PKR devaluation. Despite all the tough days, the Company earned profit after tax of Rs. 121 million.

### Quarter 2

Sales volume during the quarter decreased by 28% as compared to that of the corresponding period (Q2FY19: 44,246 tons | Q2FY18: 61,192 tons). Uncertain economic policies coupled with sharp PKR devaluation by 14% (June 30, 2018: Rs. 121.6 / USD | December 31, 2018: Rs. 139.1 / USD) not only curtailed overall demand of flat steel but also hampered the buying capability. Resultant was then obvious in decreased gross margin of 3% as lower demand did not allow the Company to pass on the impacts of PKR devaluation and increase in input costs. At last increase in mark-up rate (3 Months KIBOR) to 10.55% as on December 31, 2018 added to the pressure.

On one hand inventory exposure increased significantly due to lower sale volume and on the other hand impacts of 14% PKR devaluation and 52% higher mark-up rate significantly increased the carrying cost of the inventory, thereby, the Company posted loss after tax of Rs. 172 million after 11 quarters.

The Company was not only facing acute challenges of very tough business environment but also had to face fire-fighting scenario on daily basis to ensure timely completion of the Expansion Project.

### Quarter 3

Stable exchange and mark-up rate contributed towards improvement in overall economic environment thereby sale volume increased by 11% as compared to that of the corresponding period (Q3FY19: 59,737 tons | Q3FY18: 53,923 tons). Capacity utilization was impressive at 103% whereas gross margin earned was 4% only and could not improve much as market was highly price sensitive and once again the Company could not pass on the impacts of adverse movements in costs as discussed in previous quarters.

Management did not increase the price as a strategy as well to curtail imports of flat steel and to ensure that importers do not further bring in flat steel which has helped the local manufacturers to replace the imported flat steel with their product mix. All that resulted in loss after tax of Rs. 100 million.

Again the management was on their feet to complete the Expansion Project on time as 16% weakened PKR and 59% increased borrowing cost was seriously hurting the Company.

### Quarter 4

Fourth quarter was very eventful for the Company. During this quarter the Company diversified the product mix with the addition of galvanized steel (announced Commercial Operation Date (CoD) on May 10, 2019) and also increased its production capacity to 700,000 tons by announcing CoD of state of the art Cold Rolling Mill (CRM) on June 26, 2019. The most encouraging part of the Expansion Project was that the quality of galvanized steel was accepted and preferred by the market. Moreover, overall quality of rolled steel also evidenced improvement with the new CRM coming online.

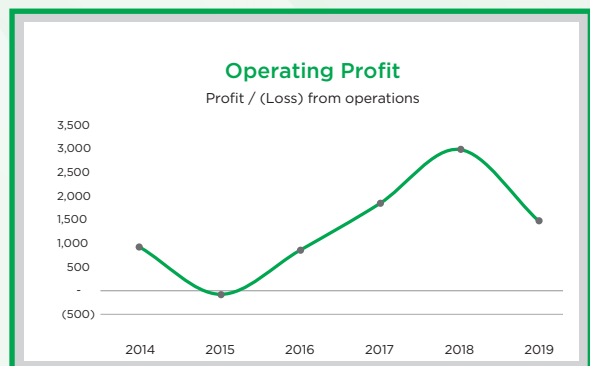
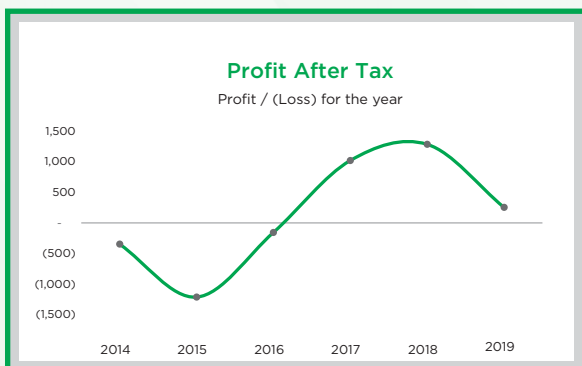
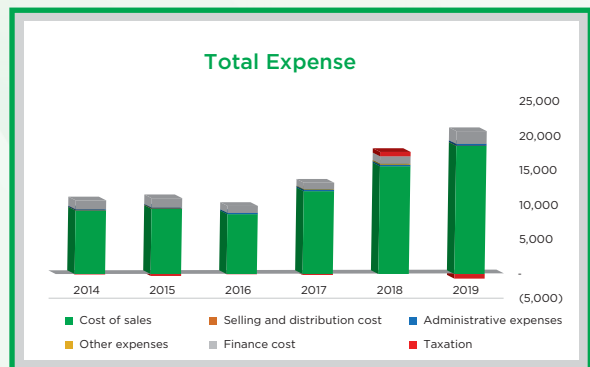
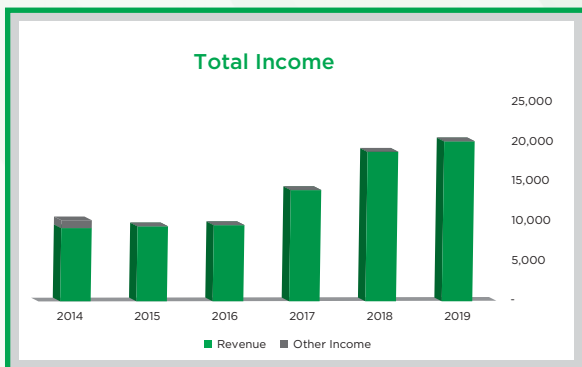
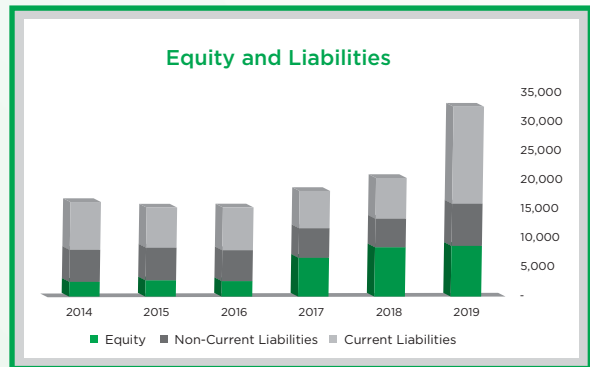
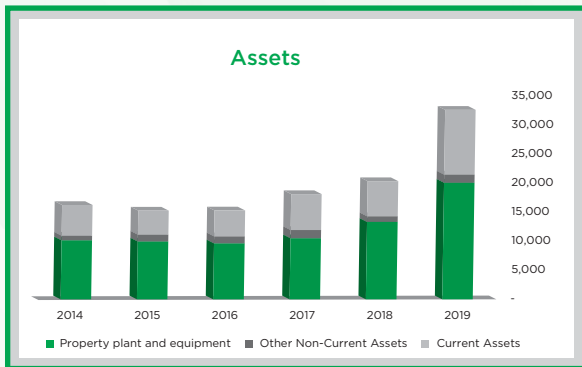
Economic conditions and consumption slowdown also reversed and sale volume increased by 45% as compared to that of the corresponding period (Q4FY19: 70,709 tons | Q4FY18: 48,752 tons). Capacity utilization was also impressive at 105% with gross margins increasing to 12%. In this quarter, Company earned profit after tax of Rs. 405 million.

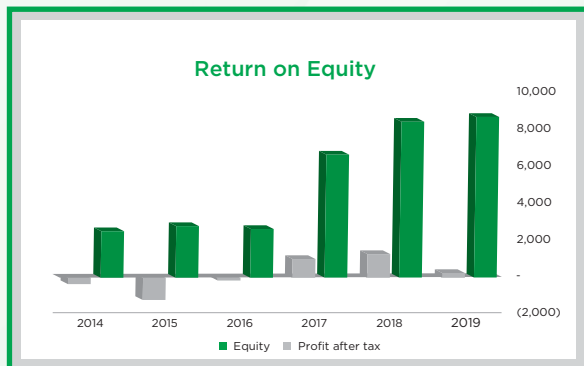
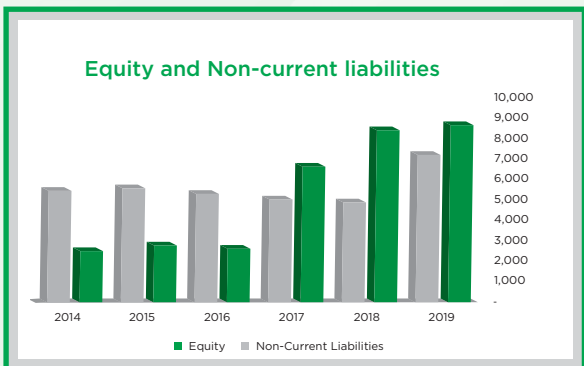
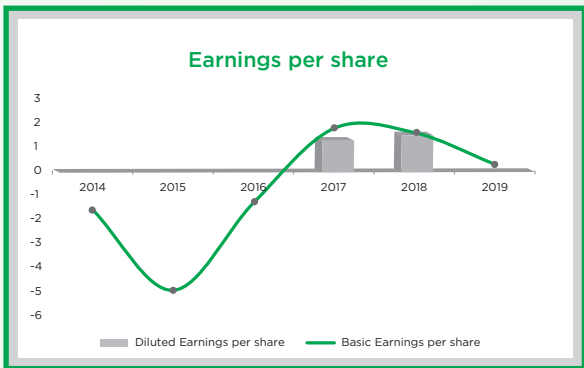
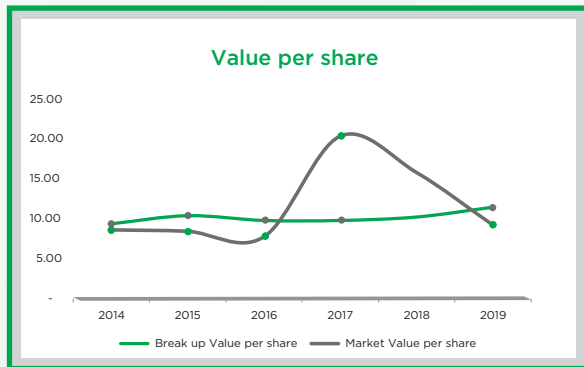
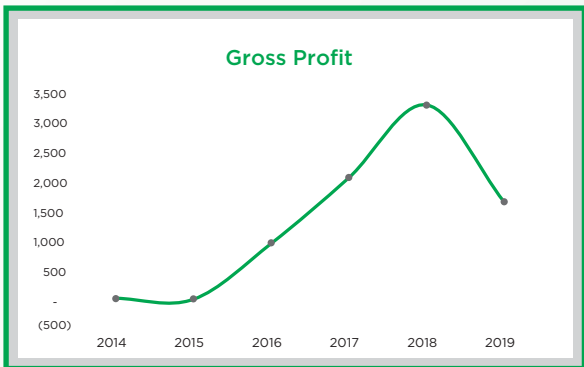
Despite impressive performance during the fourth quarter, once again sharp devaluation of PKR and hike in mark-up rate (3 Months KIBOR) to Rs. 160.05 / USD and 12.97% respectively (as on June 30, 2019) posted serious risks and challenges.

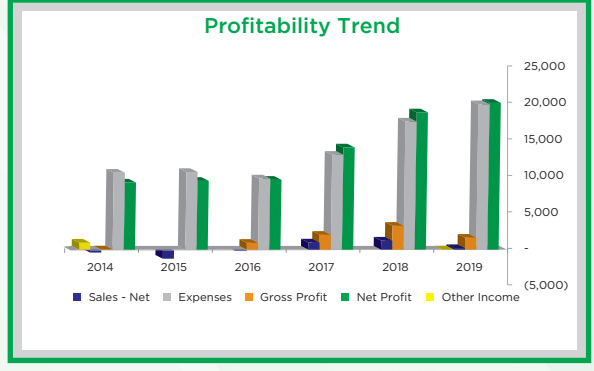
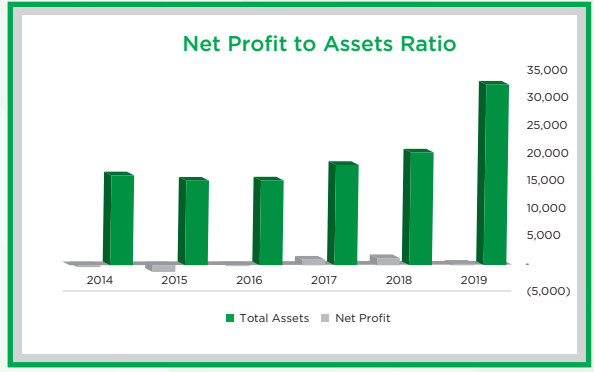
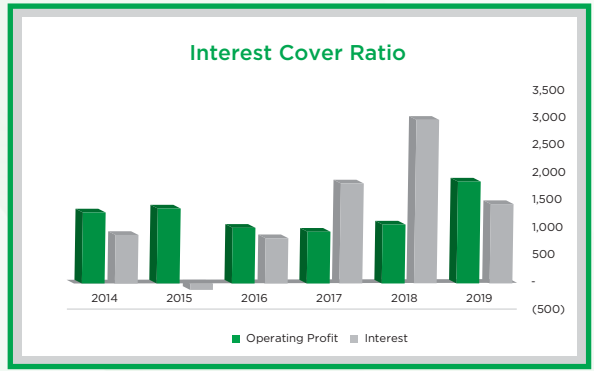




# Graphical Representation of ASML







# Cash Flow Statement - Direct Method

	2019	2018
	Rupees '000	
<b>CASH FLOWS FROM OPERATING ACTIVITES</b>		
Cash received from customers	19,737,501	18,950,739
Cash paid to suppliers / service providers and employees	(22,667,529)	(18,558,497)
Income tax paid	(152,139)	(539,692)
Mark-up on loans paid	(756,285)	(583,462)
Return on bank deposits received	10,266	11,627
Staff retirement benefits paid	(5,179)	(6,080)
Net cash used in operating activities	(3,833,365)	(725,365)
<b>CASH FLOWS FROM INVESTING ACTIVITES</b>		
Purchase of property, plant and equipment	(7,270,425)	(2,822,417)
Purchase of intangibles	(147)	-
Sale proceeds from disposal of property, plant and equipment	3,360	4,799
Net cash used in investing activities	(7,267,212)	(2,817,618)
<b>CASH FLOWS FROM FINANCING ACTIVITES</b>		
Proceeds from rights issue	-	147,545
Repayment of long-term finance	(502,560)	(250,000)
Long-term loan obtained	2,695,974	185,771
Short-term borrowings (paid) / obtained	(175,000)	175,000
Decrease in liabilities against assets subject to finance leases	3,376	33,649
Net cash generated from financing activities	2,021,790	291,965
Net decrease in cash and cash equivalents	(9,078,787)	(3,251,018)
Cash and cash equivalents at beginning of the year	(4,824,542)	(1,573,524)
Cash and cash equivalents at end of the year	(13,903,329)	(4,824,542)

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



# Share Price Sensitivity

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.

## DEVALUATION OF PAKISTANI RUPEE RESULTING IN INCREASE IN COST OF IMPORTED RAW MATERIAL

Being importer of HRC (raw material), devaluation of PKR means increase in cost of raw material. In short-term, this may impact the profitability of the Company, however, in longer run the impact is passed through which improves margins as well. In the current year, uncertain economic policies along with sharp PKR devaluation hampered the consumer's buying power. During the period, PKR depreciated by 32% i.e. from Rs. 121.49/USD to Rs.160.05/USD. This devaluation coupled with other factors, reduced the gross margin of the Company by 9.23% as compared to 2018, thus reducing the overall profitability of the Company. Generally, impact of devaluation is passed on; however, due to lowering demand, the impact was not passed on completely.

## 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 the uncertainty in economic and political fronts of the country resulting from general elections and change of government. Consumption side of the economy was in the wait-and-see mode clearly depicting the unsettled temperament. Such uncertainty has significantly affected our market share price.

## LAW AND ORDER SITUATION

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

## PLANT OPERATIONS AND EXPANSION

Operating plant at maximum capacity and minimum turbulence leads to reduced cost, and higher production. Issues at production negatively affect the performance, and may also affect its share price. Further commission of expansion, increase in capacity, and diversification of products may also affect the share price of the Company. Company, in the current year, has successfully expanded its production facilities, the commissioning of which was announced in the fourth quarter of the financial year. With this, the Company anticipates improvements in its performance, as well as the share price.

## SHIFT IN CONSUMERS' DEMAND DUE TO DUMPING OF CRC

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 situation was further aggravated with the dumping of Cold Rolled Coils (CRC) by Russia and Canada, which provided the local consumers with low-cost dumped CRC, thus resulted adversely on the demand of our 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. Negative impact of the factors like devaluation of PKR, change in government policies,



uncertain law and order situation, shift in consumers' demand due to dumping of CRC etc. is evident from the Company's share price and volume of trading. The same has been reflected in the table below.

Ordinary Shares (Symbol: ASL)				Preference Shares (Symbol: ASLPS)			
Year	Low (Rs.)	High (Rs.)	Volume	Year	Low (Rs.)	High (Rs.)	Volume
2018	14.85	23.94	1,276,431,500	2018	18.10	24.00	72,000
2019	7.45	17.77	413,820,500	2019	9.00	20.49	11,825,000

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

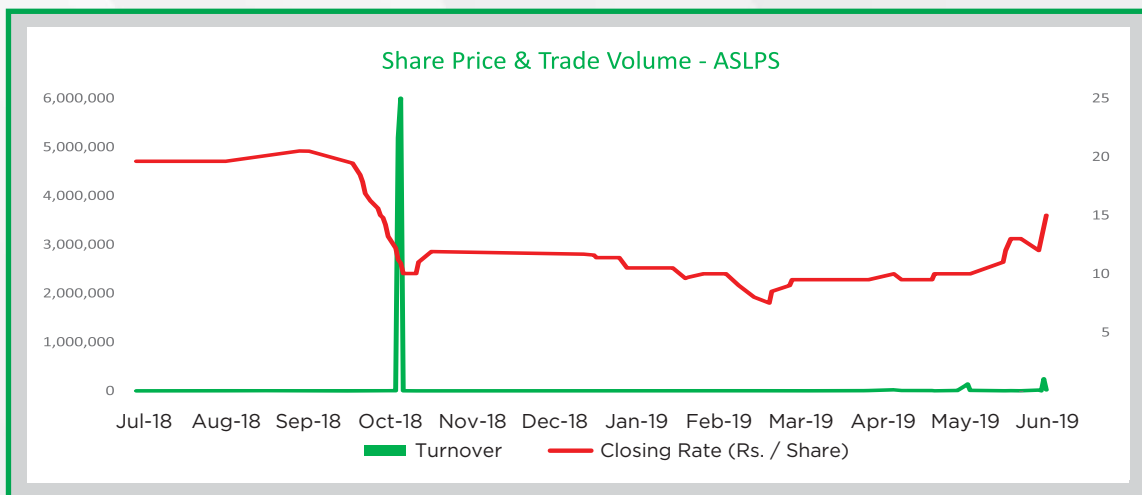
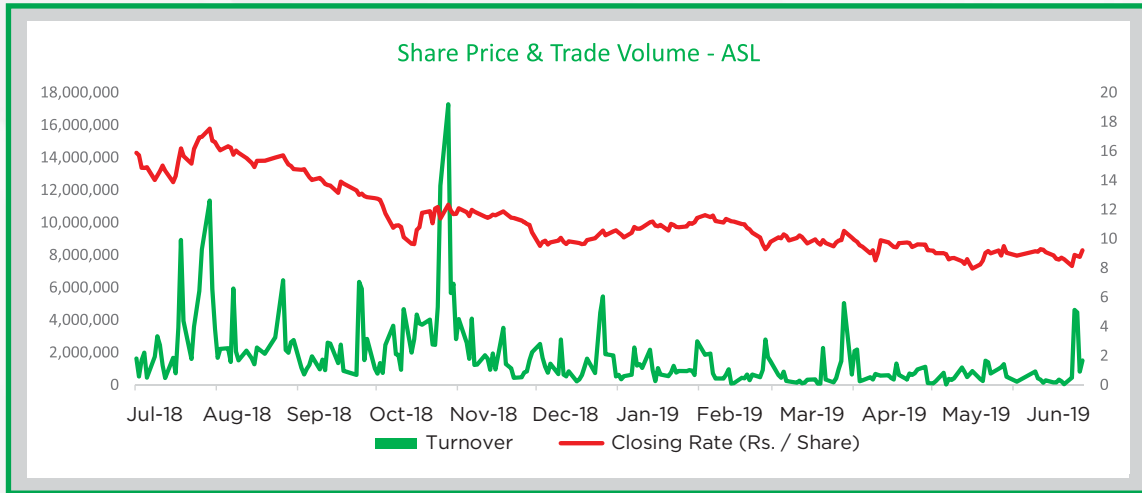
Key Factors	Impact on Net Profit After Tax	EPS (Rs.)
Selling Price (Increase or Decrease by 10%)	Lower or Higher by Rs. 1,436 million	1.88
Sales Volume (Increase or Decrease by 5%)	Lower or Higher by Rs. 1,310 million	1.73
Interest Rates (Increase or Decrease by 2%)	Lower or Higher by Rs. 218.25 million	0.29
Exchange Rate (Increase or Decrease by 5%)	Lower or Higher by Rs. 14.18 million	0.02

Price and volume data is as under:

Months	Ordinary Shares (Symbol: ASL)			Ordinary Shares (Symbol: ASLPS)		
	High	Low	Volume	High	Low	Volume
Jul-18	17.77	13.41	70,186,500	-	-	-
Aug-18	16.90	14.70	48,568,500	19.61	19.61	500
Sep-18	14.92	12.75	36,107,000	20.49	-	2,500
Oct-18	13.02	9.39	91,019,000	18.46	-	11,203,000
Nov-18	12.20	10.35	37,501,000	-	-	-
Dec-18	10.75	9.40	31,015,500	-	-	-
Jan-19	11.39	10.00	20,750,000	11.38	-	3,500
Feb-19	11.84	8.70	18,014,000	10.50	9.00	10,000
Mar-19	10.70	9.40	15,846,500	9.50	7.51	8,000
Apr-19	10.47	8.40	15,870,500	10.00	9.50	36,500
May-19	9.75	7.45	14,047,000	10.00	9.00	272,500
Jun-19	9.49	8.00	14,895,000	15.00	10.50	288,500
			<u>413,820,500</u>			<u>11,825,000</u>

There was no transaction in script ASLPCS.





# Statement of Value Addition and Distribution

## WEALTH CREATED

	2019		2018	
	Rs. In '000	%	Rs. In '000	%
Receipts from Customers	19,738	62%	18,951	83%
Other Receipts	55	0%	40	0%
Proceeds from issuance of right shares	-	0%	148	1%
Cash and Bank - Opening	46	0%	861	4%
Long-Term Loan Obtained - Net	2,696	9%	186	1%
Short-Term Loan Obtained - Net	9,067	29%	2,610	11%
	<b>31,602</b>	<b>100%</b>	<b>22,796</b>	<b>100%</b>

## WEALTH DISTRIBUTED

### To Employees

Salaries, Wages and Other Benefits	404	1%	325	1%
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### To Government

Income Tax, Sales Tax, Custom / Excise Duty	5,374	17%	4612	20%
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### To Providers of Capital

Repayment of borrowings	503	2%	250	1%
Finance Cost	756	2%	583	3%

### To Suppliers

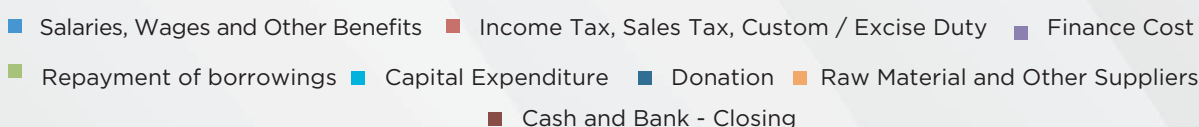
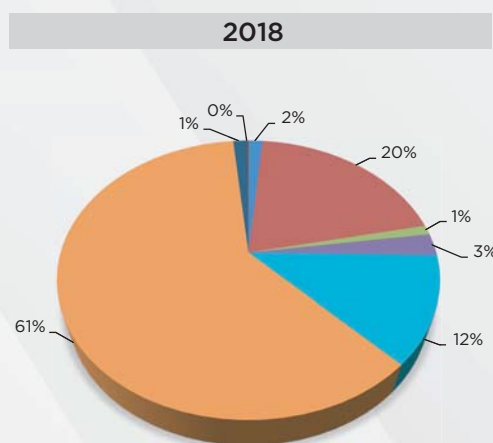
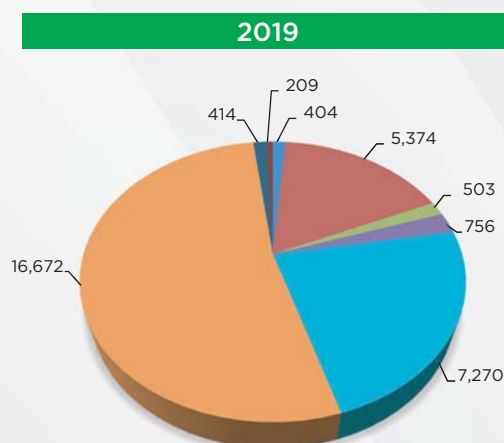
Capital Expenditure	7,270	23%	2822	12%
Raw Material and Other Suppliers	16,672	53%	13,850	61%

### To Society

Donation	414	1%	308	1%
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### Retained in Business

Cash & Bank - Closing	209	1%	46	0%
	<b>31,602</b>	<b>100%</b>	<b>22,796</b>	<b>100%</b>



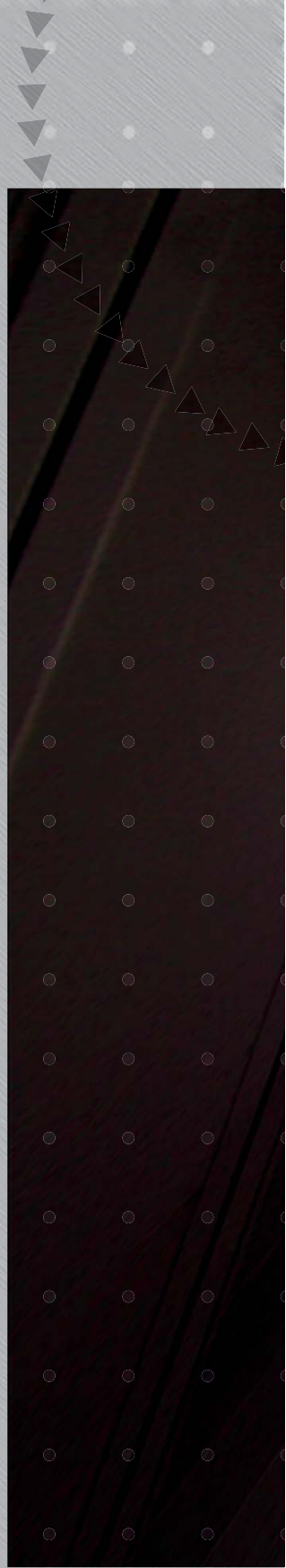




# Financial Statements

“The finest steel has to go through the hottest fire.”

Richard M. Nixon





“Persistence is to the character of man as carbon is to steel.”

Napoleon Hill



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Aisha Steels Mills Limited for the year ended June 30, 2019 to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017 where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2019.

Chartered Accountants  
Karachi

Dated: September 19, 2019

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)>

■ KARACHI ■ LAHORE ■ ISLAMABAD



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

For the Year Ended June 30, 2019

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

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

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

2. The composition of board is as follows:

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

- 3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies, where applicable).
- 4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. During the year, Ms. Tayyaba Rasheed has obtained certification of Director Education from Institute of Cost and Management Accountants of Pakistan (ICMAP). Six directors had already completed the directors' training / education program earlier whereas two directors were already exempt from attending the directors' training program as per criteria approved under Code of Corporate Governance.
- 10. No new appointments of CFO, Company Secretary or Head of Internal Audit were made during the year under review.





11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

a) Audit Committee:

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

b) HR and Remuneration Committee:

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee was as follows:
- 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.
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board

**DR. MUNIR AHMED**  
Chief Executive

**MR. ARIF HABIB**  
Chairman

# 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 2018-2019. 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, 2019 which were presided by the Chairman, Audit Committee.
2. The Chairman of audit committee is a Chartered Financial Analyst and has a Master degree in Business Administration lending sufficient financial and accounting insight to the proceedings of the Audit Committee.
3. The Company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the Pakistan Stock Exchange, Code of Corporate Governance, Company's code of conduct and values and the best practices of governance throughout the year.
4. The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed by the external auditors of the Company.
5. Appropriate accounting policies have been consistently applied. All core and other applicable International Financial Reporting Standards (IFRS) were followed in preparation of financial statement of the Company on a going concern assumption basis, for the financial year ended June 30, 2019 which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
6. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
7. The financial statements comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.
8. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board.
9. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) attended Audit Committee meetings on 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 the Company, along with maintenance of confidentiality of all business information.
18. The Chairman of audit committee attended AGM held on October 25, 2018 to answer questions on the audit committee's activities and matters within the scope of the audit committee's responsibilities.
19. All Directors have access to the Company Secretary. All direct and indirect trading and holdings of the Company's shares by Directors and Executives or their spouse were notified in writing to the Company Secretary along with the price, number of shares, form of share certificate and nature of transaction which were notified by the Company Secretary to the Board with in the stipulated time. All such holdings have been disclosed in the pattern of shareholdings. The annual secretarial compliance certificates are being filed regularly within stipulated time.
20. All members of the Board Audit Committee engaged in a formal process to self-evaluate the Committee's performance for the year ended June 30, 2019 through an online questionnaire. All members of the Board Audit Committee are satisfied with the overall performance of the Board.

## INTERNAL AUDIT

1. The internal control framework has been effectively implemented through an independent in-house internal audit function established by the Board which is independent of the external audit function.
2. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
3. Internal auditor independently reviews the risks and control processes operated by management. The Internal Auditor has carried out its duties under the charter approved by the Committee. It carries out independent audits in accordance with an internal audit plan which is approved with the Audit Committee before the start of the financial year.
4. The internal audit plan provides a high degree of financial and business segment wise coverage and devotes significant effort to the review of the risk management framework surrounding the major business risks.

5. Internal audit reports systems include recommendations to improve internal controls together with agreed management action plans to resolve the issues raised. Internal audit follows up the implementation of recommendations and reports progress to senior management and the Audit Committee.
6. The Audit Committee reviews the findings of the internal audits completed during the year, discussed corrective actions in the light of management responses, taking appropriate action or bringing the matters to the Board's attention where required. This has ensured the continual evaluation of controls and improved compliance.
7. The head of Internal Audit has direct access to the Chairman of the audit committee and the committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to management and the right to seek information and explanations.
8. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

### EXTERNAL AUDITORS

1. The statutory Auditors of the Company, M/s A. F. Ferguson & 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, 2019 and shall retire on the conclusion of the 15th 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 26, 2019 and have indicated their willingness to continue as auditors.
3. The Audit Committee has reviewed and discussed Audit observations and Draft Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on financial statements under the listing regulations and shall accordingly be discussed in the next Audit Committee Meeting.
4. The performance, cost and independence of the external auditor is reviewed annually by the Audit Committee. Based on the Committee's review of the performance of external auditor, the Committee has recommended to the Board that a resolution to reappoint M/s A. F. Ferguson & Co., Chartered Accountants for the year 2019-2020 be proposed at the forthcoming Annual General Meeting.

### Chairman - Audit Committee

Karachi: August 30, 2019







## 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, 2019, 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, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

##### Basis for Opinion

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

##### Key Audit Matters

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

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Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p><b>Deferred Tax</b></p> <p>(Refer note 9 to the financial statements)</p> <p>Under International Accounting Standard 12 “Income Taxes”, the Company is required to review recoverability of the deferred tax assets recognized in the statement of financial position at each reporting period.</p> <p>Recognition of deferred tax asset is dependent on management’s estimate of availability of sufficient future taxable profits against which carried forward losses and tax credits can be utilized. The future taxable profits are based on approved management’s projections. This estimation involves a degree of uncertainty and requires judgement in relation to the future cash flows and also involves assessment of timing of reversals of un-used tax losses and tax credits.</p> <p>The Company has booked deferred tax asset of Rs. 1.3 billion as at June 30, 2019 as disclosed in note 9 to the financial statements that mainly include carry forward losses, tax credit and alternative corporate tax. The recoverability of this benefit has been assessed based on the projected financial statements of the Company for future years. The determination of future taxable profit is based on certain key assumptions such as capacity utilization, gross margin percentage, inflation and interest rates (Karachi Interbank Offer Rate).</p> <p>Deferred tax asset valuation is considered a key audit matter because the amounts involved are material, the complexities of the calculation of future taxable profits, the evaluation of the impact of tax planning opportunities, and the inherent uncertainty involved in forecasting taxable profits available in future periods.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- obtained understanding of the Company’s process of preparing financial projections;</li> <li>- tested internal controls over management’s valuation of deferred tax assets;</li> <li>- obtained financial projections from management as approved by the Board of Directors;</li> <li>- involved tax specialists knowledgeable in Pakistan specific tax legislation and regulatory matters in testing management’s forecasted taxable income projections, including evaluation of available evidence related to management’s judgements for the amounts of deferred tax assets recognized;</li> <li>- reviewed management’s estimates of projected taxable income for reasonableness;</li> <li>- reviewed opinions obtained by Company from tax specialists and legal advisor to support Company’s judgement on recognition of tax credit under section 65B; 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>



Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
2.	<p><b>Capitalisation of property, plant and equipment</b></p> <p>(Refer note 5 to the financial statements)</p> <p>The Company has incurred significant capital expenditure during the year ended June 30, 2019, which primarily comprise of Rs. 6.77 billion as disclosed in note 5.2 to the financial statements.</p> <p>The incurrence of capital expenditure involves appropriateness of the Expansion Project costs and determining which costs meet the criteria for capitalisation under the accounting and reporting standards.</p> <p>This Expansion Project represents significant transaction during the year and involved management judgement relating to capitalisation of costs. The matter is therefore considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- assessed the design, implementation and operating effectiveness of key internal controls over the purchase and accounting of the assets comprising the Expansion Project;</li> <li>- tested the costs capitalised with the relevant underlying documentation;</li> <li>- verified the capitalisation of borrowing costs based on the relevant criteria and compared interest rates to loan agreements, recalculating the interest capitalisation rate and assessing the calculation of interest capitalised in Capital Work-in-Progress;</li> <li>- assessed the nature of capitalised costs to ensure whether assets capitalised meet the recognition criteria set out in IAS 16;</li> <li>- validated the existence of capitalised Expansion Project assets through physical verification on sample basis; 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 accounting and reporting standards as applicable in Pakistan and the requirements of the 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.

The 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.





A.F.FERGUSON & CO.

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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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 04, 2019



# Statement of Financial Position

As at June 30, 2019

	Note	2019	2018
Rupees '000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	20,133,384	13,373,822
Intangibles	6	5,826	7,412
Long-term loans and advances	7	6,974	4,697
Long-term deposits	8	76,574	47,426
Deferred tax	9	1,343,955	932,904
		<u>21,566,713</u>	<u>14,366,261</u>
<b>Current assets</b>			
Stores and spares	10	379,561	112,006
Stock-in-trade	11	6,919,983	4,312,261
Trade debts	12	598,537	105,243
Advances, deposits and prepayments	13	937,592	405,930
Other receivables	14	144,500	145,834
Tax refunds due from Government - Sales tax		883,010	247,539
Taxation - payments less provision		1,092,365	685,149
Cash and bank balances	15	208,648	45,565
		<u>11,164,196</u>	<u>6,059,527</u>
<b>Total assets</b>		<u><b>32,730,909</b></u>	<u><b>20,425,788</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	16		
Ordinary shares		7,655,293	8,322,979
Cumulative preference shares		472,272	472,272
Difference on conversion of cumulative preference shares into ordinary shares		(1,313,789)	(1,313,789)
		<u>6,813,776</u>	<u>7,481,462</u>
Accumulated loss		(246,194)	(548,080)
Capital reduction reserve		667,686	-
Surplus on revaluation of fixed assets		1,511,560	1,557,724
		<u>8,746,828</u>	<u>8,491,106</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term finance	17	7,171,280	4,848,164
Liabilities against assets subject to finance leases	18	37,212	33,836
Staff retirement benefit	19	64,493	51,536
		<u>7,272,985</u>	<u>4,933,536</u>
<b>Current liabilities</b>			
Trade and other payables	20	1,233,907	1,209,923
Accrued mark-up	21	854,036	238,452
Short-term borrowings	22	14,111,977	5,045,107
Current maturity of long-term finance	17	500,000	500,000
Current maturity of liabilities against assets subject to finance leases	18	11,176	7,664
		<u>16,711,096</u>	<u>7,001,146</u>
<b>Total liabilities</b>		<u><b>23,984,081</b></u>	<u><b>11,934,682</b></u>
<b>Contingencies and commitments</b>	23		
<b>Total equity and liabilities</b>		<u><b>32,730,909</b></u>	<u><b>20,425,788</b></u>

The annexed notes 1 to 43 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, 2019

	Note	2019	2018
Rupees '000			
Revenue	24	20,230,797	18,903,907
Cost of sales	25	(18,552,531)	(15,589,753)
<b>Gross profit</b>		<b>1,678,266</b>	<b>3,314,154</b>
Selling and distribution cost	26	(25,070)	(19,128)
Administrative expenses	27	(249,346)	(192,255)
Other expenses	28	(2,684)	(143,595)
Other income	29	51,711	35,345
<b>Profit from operations</b>		<b>1,452,877</b>	<b>2,994,521</b>
Finance cost	30	(1,865,306)	(1,078,941)
<b>(Loss) / profit before taxation</b>		<b>(412,429)</b>	<b>1,915,580</b>
Taxation	31	666,127	(631,598)
<b>Profit for the year</b>		<b>253,698</b>	<b>1,283,982</b>
Other comprehensive income:			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of staff retirement benefit	19	2,024	(954)
Gain on revaluation of land and buildings		-	442,301
Impact of deferred tax		-	(82,241)
		-	360,060
<b>Other comprehensive income for the year</b>		<b>2,024</b>	<b>359,106</b>
<b>Total comprehensive income for the year</b>		<b>255,722</b>	<b>1,643,088</b>
Rupees			
Earnings per share			
- Basic	32.1	0.26	1.57
- Diluted	32.2		1.54

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Chief Financial Officer

  
Chief Executive

  
Director



# Statement of Cash Flows

For The Year Ended June 30, 2019

	Note	2019	2018
Rupees '000			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	33	(2,898,603)	395,343
Income tax paid		(152,139)	(539,692)
Mark-up on loans paid		(756,285)	(583,462)
Return on bank deposits received		10,266	11,627
Staff retirement benefit paid		(5,179)	(6,080)
Increase in long-term loans and advances		(2,277)	(2,024)
Increase in long-term deposits		(29,148)	(1,077)
<b>Net cash used in operating activities</b>		<b>(3,833,365)</b>	<b>(725,365)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(7,270,425)	(2,822,417)
Purchase of intangibles		(147)	-
Sale proceeds from disposal of property, plant and equipment		3,360	4,799
<b>Net cash used in investing activities</b>		<b>(7,267,212)</b>	<b>(2,817,618)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from rights issue - net		-	147,545
Repayment of long-term finance	17.1	(502,560)	(250,000)
Long-term loan obtained - net		2,695,974	185,771
Short-term borrowings (paid) / obtained		(175,000)	175,000
Increase in liabilities against assets subject to finance leases		3,376	33,649
<b>Net cash generated from financing activities</b>		<b>2,021,790</b>	<b>291,965</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(9,078,787)</b>	<b>(3,251,018)</b>
Cash and cash equivalents at beginning of the year		(4,824,542)	(1,573,524)
<b>Cash and cash equivalents at end of the year</b>	34	<b>(13,903,329)</b>	<b>(4,824,542)</b>

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

The annexed notes 1 to 43 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, 2019

	SHARE CAPITAL	RESERVES			SUBSCRIPTION MONEY AGAINST RIGHT ISSUE	TOTAL	
		Capital		Revenue			
		Share premium	Surplus on revaluation of fixed assets	Capital reduction reserve			Accumulated loss
Rupees '000							
<b>Balance as at July 1, 2017</b>	5,157,301	-	1,224,627	-	(1,858,071)	2,176,616	6,700,473
Incremental depreciation net of deferred tax transferred	-	-	(26,963)	-	26,963	-	-
<b>Total comprehensive income for the year ended June 30, 2018</b>							
- Profit for the year ended June 30, 2018	-	-	-	-	1,283,982	-	1,283,982
- Other comprehensive income for the year ended June 30, 2018	-	-	360,060	-	(954)	-	359,106
	-	-	360,060	-	1,283,028	-	1,643,088
Gross subscription money received	-	-	-	-	-	155,128	155,128
Issuance costs	-	-	-	-	-	(7,583)	(7,583)
Net subscription money	-	-	-	-	-	147,545	147,545
Issuance of right shares	1,465,787	858,374	-	-	-	(2,324,161)	-
Share premium set off - note 16.5	858,374	(858,374)	-	-	-	-	-
<b>Balance as at June 30, 2018</b>	7,481,462	-	1,557,724	-	(548,080)	-	8,491,106
Incremental depreciation net of deferred tax transferred	-	-	(46,164)	-	46,164	-	-
Share capital reduced - note 16.2	(667,686)	-	-	667,686	-	-	-
<b>Total comprehensive income for the year ended June 30, 2019</b>							
- Profit for the year ended June 30, 2019	-	-	-	-	253,698	-	253,698
- Other comprehensive income for the year ended June 30, 2019	-	-	-	-	2,024	-	2,024
	-	-	-	-	255,722	-	255,722
<b>Balance as at June 30, 2019</b>	<b>6,813,776</b>	<b>-</b>	<b>1,511,560</b>	<b>667,686</b>	<b>(246,194)</b>	<b>-</b>	<b>8,746,828</b>

The annexed notes 1 to 43 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, 2019

## 1. THE COMPANY AND ITS OPERATIONS

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

The Company has set up a cold rolling mill complex 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 coils and hot dipped galvanized coils.

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

- a) The Company capitalised plant and machinery and civil work in relation to expansion project amounting to Rs 8.77 billion during the year.
- b) The Company commenced commercial production of hot dipped galvanized coils during the year due to which it earned additional revenues of Rs 1.97 billion.
- c) The Company incurred exchange loss of Rs. 360 million due to devaluation of Pak Rupee.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of preparation

#### 3.1.1 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; 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.

#### 3.1.2 Critical accounting estimates and judgements

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

- (i) Taxation
- (ii) Surplus on revaluation of fixed assets



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

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

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

## 3.1.3 Changes in accounting standards and interpretations

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

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

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

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

The impact of changes laid down by these standards are detailed in note 4.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2018 are considered not to be relevant to 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 following is the new standard, that will be effective for the periods beginning on or after January 1, 2019 that may have an impact on the financial statements of the Company.

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

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



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## 3.2 Overall valuation policy

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

## 3.3 Property, plant and equipment

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

Depreciation is charged to 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 Company accounts for impairment, where indications exist, by reducing its carrying value to the assessed recoverable amount.

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

## 3.4 Intangibles

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

## 3.5 Stores and spares

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



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## 3.6 Stock-in-trade

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

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

## 3.7 Taxation

### Current

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

### Deferred

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

## 3.8 Borrowings and their cost

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

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

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

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

## 3.9 Derivative financial instruments and hedging activities

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



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

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

## 3.10 Finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Assets on finance lease are capitalised at the commencement of the lease term at the lower of fair value of leased assets and present value of minimum lease payments, each determined at the inception of lease. The corresponding lease obligations, net of finance charge, are included in non-current and current liabilities. Each lease payment is allocated between the liability and finance cost so as to produce a constant periodic rate of interest on the remaining balance of liability. The finance cost is charged to statement of profit or loss and is included under finance costs.

## 3.11 Trade and other payables

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

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

## 3.12 Provisions

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

## 3.13 Foreign currencies

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

## 3.14 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, 2019

## 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.

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

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



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## 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 and amount equal to life time ECLs.

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

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

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

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

## Derecognition

### i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments





# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

## ii) Financial liabilities

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

## Financial assets - policy upto June 30, 2018

Trade debts and other receivables were recognised initially at fair value plus directly attributable, if any and subsequently, at amortised cost less impairment if any. A provision for impairment of trade and other receivable was established when there was an objective evidence that the Company will not be able to collect all amounts due according to terms of receivables. Trade receivable considered irrecoverable were written off.

## 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.

### 3.15 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks on current, savings and deposit accounts with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and short-term running finance.

### 3.16 Staff retirement benefits - defined benefit plan

Defined benefit plans define an amount of 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.



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

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.

## 3.17 Ijarah

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

## 3.18 Revenue recognition

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

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

## 3.19 Investments

### Held to maturity investments

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

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



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## 4. Change in accounting policy

### i) IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from July 1, 2018 resulted in changes in accounting policies but did not result in any adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3.14 above. As the change in accounting policy did not result in adjustments therefore corresponding figures have not been restated.

### Classifications and remeasurement

On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassifications are as follows:

Financial assets - July 1, 2018	Note	Carrying amount as reported under IAS 39 July 1, 2018	Reclassification due to IFRS - 9	Remeasurement allowance: ECL	Carrying amount as reported under IFRS 9 July 1, 2018
Rupees '000					
Loans and advances		4,697	-	-	4,697
Deposits		47,426	-	-	47,426
Trade debtors	a, b	105,243	-	-	105,243
Other receivable		145,834	-	-	145,834
Cash and bank balances		45,565	-	-	45,565
		<u>348,765</u>	<u>-</u>	<u>-</u>	<u>348,765</u>

- (a) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The Company has determined that the application of IFRS 9's impairment requirement at July 1, 2018 results in no additional allowance for trade debtors.
- (b) the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss. However, during the year ended June 30, 2018 there was no provision for doubtful debts that could be reclassified to 'impairment loss on trade receivables' in the profit or loss account.



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at July 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
Rupees '000				
<b>Financial assets</b>				
Loans and advances	Loans and receivables	Amortised cost	4,697	4,697
Deposits	Loans and receivables	Amortised cost	47,426	47,426
Trade debtors	Loans and receivables	Amortised cost	105,243	105,243
Other receivable	Loans and receivables	Amortised cost	145,834	145,834
Cash and bank balances	Loans and receivables	Amortised cost	45,565	45,565
<b>Financial liabilities</b>				
Trade and other payables	Other financial liabilities	Other financial liabilities	1,209,923	1,209,923
Accrued mark-up	Other financial liabilities	Other financial liabilities	238,452	238,452
Short term borrowing	Other financial liabilities	Other financial liabilities	5,045,107	5,045,107
Long-term borrowing	Other financial liabilities	Other financial liabilities	4,848,164	4,848,164

There is no impact of these changes on the Company's statement of changes in equity.

	Note	2019	2018
Rupees '000			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	19,184,659	10,505,571
Capital work in progress - at cost	5.2	-	1,996,649
Major spare parts and stand-by equipment	5.3	948,725	871,602
		<u>20,133,384</u>	<u>13,373,822</u>



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## 5.1 Operating assets

	Leasehold land	Building and civil works on leasehold land	Plant and machinery - note 5.1.2	Electrical equipments	Office equipments	Furniture and fixtures	Motor vehicles		TOTAL
							Owned	Held under finance lease	
Rupees '000									
<b>Net carrying value basis</b>									
<b>Year ended June 30, 2019</b>									
Opening net book value (NBV)	1,375,000	1,457,594	7,116,911	516,616	12,154	1,429	921	24,946	10,505,571
Additions & transfers from CWIP (at cost) - note 5.1.1	-	731,857	8,316,340	87,125	20,297	1,868	49	33,441	9,190,977
Disposals (at NBV) - note 5.1.6	-	-	-	-	(168)	-	-	(5,916)	(6,084)
Amortisation / depreciation charge	(27,996)	(52,196)	(358,224)	(51,705)	(6,395)	(757)	(234)	(8,298)	(505,805)
<b>Closing net book value (NBV)</b>	<b>1,347,004</b>	<b>2,137,255</b>	<b>15,075,027</b>	<b>552,036</b>	<b>25,888</b>	<b>2,540</b>	<b>736</b>	<b>44,173</b>	<b>19,184,659</b>
<b>Gross carrying value basis</b>									
<b>At June 30, 2019</b>									
Cost or revalued amount	1,375,000	2,189,451	16,931,748	888,575	87,926	17,427	1,039	54,893	21,546,059
Accumulated depreciation	(27,996)	(52,196)	(1,856,721)	(336,539)	(62,038)	(14,887)	(303)	(10,720)	(2,361,400)
<b>Net book value (NBV)</b>	<b>1,347,004</b>	<b>2,137,255</b>	<b>15,075,027</b>	<b>552,036</b>	<b>25,888</b>	<b>2,540</b>	<b>736</b>	<b>44,173</b>	<b>19,184,659</b>
<b>Net carrying value basis</b>									
<b>Year ended June 30, 2018</b>									
Opening net book value (NBV)	1,250,000	1,195,737	6,984,333	558,973	13,008	2,150	-	5,686	10,009,887
Additions (at cost)	-	11,789	430,851	7,500	5,498	-	6,231	24,985	486,854
Revaluation - note 5.1.3	149,937	292,364	-	-	-	-	-	-	442,301
Disposals (at NBV)	-	-	-	-	(47)	-	(5,285)	(912)	(6,244)
Amortisation / depreciation charge	(24,937)	(42,296)	(298,273)	(49,857)	(6,305)	(721)	(25)	(4,813)	(427,227)
<b>Closing net book value (NBV)</b>	<b>1,375,000</b>	<b>1,457,594</b>	<b>7,116,911</b>	<b>516,616</b>	<b>12,154</b>	<b>1,429</b>	<b>921</b>	<b>24,946</b>	<b>10,505,571</b>
<b>Gross carrying value basis</b>									
<b>At June 30, 2018</b>									
Cost or revalued amount	1,375,000	1,457,594	8,615,408	801,450	68,031	15,559	990	31,586	12,365,618
Accumulated depreciation	-	-	(1,498,497)	(284,834)	(55,877)	(14,130)	(69)	(6,640)	(1,860,047)
<b>Net book value (NBV)</b>	<b>1,375,000</b>	<b>1,457,594</b>	<b>7,116,911</b>	<b>516,616</b>	<b>12,154</b>	<b>1,429</b>	<b>921</b>	<b>24,946</b>	<b>10,505,571</b>
<b>Useful lives in years</b>	<b>60</b>	<b>20 - 33</b>	<b>3 - 33</b>	<b>10 - 33</b>	<b>3 - 5</b>	<b>5</b>	<b>5</b>	<b>5</b>	

**5.1.1** These include costs transferred from capital work in progress amounting to Rs. 8.77 billion (2018: Rs. 17.35 million) - note 5.2.

**5.1.2** These include capitalisation of Compact Cold Roll Mill (CCRM) and Continuous Galvanizing Line (CGL) during the year amounting to Rs. 7.96 billion for expansion of current capacity of Cold Rolled Coil and Galvanized Iron production line.

**5.1.3** 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, 2018 resulting in a surplus of Rs. 442.30 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). The Company did not carry out valuation as there was no significant change in fair value of the assets.

Had there been no revaluation, the net book values of leasehold land and buildings on leasehold land as at June 30, 2019 would have been Rs. 194.69 million (2018: Rs. 204.52 million) and Rs. 1,609.46 million (2018: Rs. 911.63 million) respectively.

# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

**5.1.4** Forced sales value of leasehold land and building on leasehold land as determined on June 30, 2018 was Rs. 1.17 billion and Rs. 1.16 billion respectively.

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

Location	Usage of 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	50	242,000

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain / (loss)	Mode of disposal	Particulars of purchaser
Rupees '000							
Motor Vehicle	1,708	512	1,196	1,228	32	Company Policy	Ms. Hina Akhtar (Employee)
Motor Vehicle	1,894	789	1,105	337	(768)	Company Policy	Mr. Munir Ahmed - Chief Executive Officer
Motor Vehicle	5,457	2,092	3,365	1,283	(2,082)	Company Policy	Mr. Munir Ahmed - Chief Executive Officer

## 5.2 Capital work in progress

	2019				2018			
	Balance as at July 1, 2018	Additions during the year	Transfers	Balance as at June 30, 2019	Balance as at July 1, 2017	Additions during the year	Transfers	Balance as at June 30, 2018
Rupees '000								
<b>Expansion Project - note 5.2.2</b>								
Civil works & prefabricated building	304,540	1,555,999	(1,860,539)	-	-	304,540	-	304,540
Plant and machinery	893,256	4,473,735	(5,366,991)	-	-	893,256	-	893,256
Advances to suppliers	701,333	-	(701,333)	-	-	701,333	-	701,333
Others - note 5.2.1	91,823	745,406	(837,229)	-	-	91,823	-	91,823
	1,990,952	6,775,140	(8,766,092)	-	-	1,990,952	-	1,990,952
<b>Others</b>								
Civil works & prefabricated building	-	-	-	-	5,512	-	(5,512)	-
Plant and machinery	1,055	759	(1,814)	-	3,670	1,055	(3,670)	1,055
Advances to suppliers	4,642	-	(4,642)	-	3,539	9,277	(8,174)	4,642
	5,697	759	(6,456)	-	12,721	10,332	(17,356)	5,697
<b>Total</b>	1,996,649	6,775,899	(8,772,548)	-	12,721	2,001,284	(17,356)	1,996,649

**5.2.1** This includes directly attributable expenditure for the development, construction and operation of the Expansion Project. Further, borrowing costs amounting to Rs. 285.78 million (2018: Rs. 1.48 million) were capitalised at the internal rate of return of 16.41% per annum on specific borrowings obtained for financing the Expansion Project.

**5.2.2** Transfers to operating assets include Rs. 7,048 million (2018: Rs. 1,440 million) in relation to Cold Rolled Coils production line and Rs. 1,718 million (2018: Rs. 551 million) in relation to Galvanized Iron production line.



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

	2019	2018
	Rupees '000	
<b>5.3 Major spare parts and stand-by equipment</b>		
Balance at beginning of the year	871,602	519,967
Additions during the year	316,192	532,868
Transfers made during the year	(239,069)	(181,233)
Balance at end of the year	948,725	871,602
<b>6. INTANGIBLES</b>		
<b>Gross carrying value basis</b>		
Cost	20,767	20,620
Additions during the year	147	-
Accumulated amortisation	(15,088)	(13,208)
Net book value	5,826	7,412
<b>Net carrying value basis</b>		
Opening net book value	7,412	9,143
Additions during the year	147	-
Amortisation for the year	(1,733)	(1,731)
Closing net book value	5,826	7,412

**6.1** Amortisation is charged at the rate of 10% to 33.33% (2018: 10% to 33.33%) per annum.

## **7. LONG-TERM LOANS AND ADVANCES - considered good**

	2019	2018
	Rupees '000	
<b>Loans</b>		
- Due from executives	2,580	1,199
- Due from employees	3,841	2,931
<b>Advances</b>		
- Due from executives	137	137
- Due from employees	416	430
	6,974	4,697

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

	2019			2018		
	Executives	Employees	Total	Executives	Employees	Total
	Rupees '000					
Balance at July 1	1,336	3,361	4,697	799	1,874	2,673
Disbursements	2,939	4,714	7,653	1,047	2,931	3,978
Repayments	(1,558)	(3,818)	(5,376)	(510)	(1,444)	(1,954)
Balance as at June 30	2,717	4,257	6,974	1,336	3,361	4,697



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

- 7.2** Loans to employees have been given to meet their contingency needs in accordance with the Company's policy and are repayable within a period of four to five years. Advances to employees have been given to facilitate purchase of shares of the Company allotted to employees at the time of listing of the Company.
- 7.3** The maximum aggregate amount of loans and advances due from executives and employees at the end of any month during the year was Rs. 3 million (2018: Rs. 3.3 million).
- 7.4** Long-term loans and advances due from a single executive or employee does not exceed Rs. 1 million as at June 30, 2019.
- 7.5** Long-term loans and advances have been carried at cost as the effect of carrying these balances at amortised cost is not considered to be material for these financial statements.

	2019	2018
	Rupees '000	
<b>8. LONG-TERM DEPOSITS</b>		
<b>Security deposits:</b>		
- Energy, power and fuel sector	61,666	32,586
- Financial institutions, banking and leasing companies	9,926	8,883
- Hotels and clubs	2,005	2,000
- Steel sector	2,260	2,260
- Others	717	1,697
	<u>76,574</u>	<u>47,426</u>
<b>9. DEFERRED TAX</b>		
<b>Debit balances arising in respect of:</b>		
- carried forward losses - note 9.1	3,072,392	2,603,252
- tax credit under section 65B of Income Tax Ordinance, 2001-note 9.1	600,628	-
- minimum tax - note 9.1 & 9.2	221,379	27,720
- alternative corporate tax - note 9.1	149,970	149,970
- provision for staff retirement benefit	20,337	14,945
- liability against assets subject to finance lease	859	-
<b>Credit balances arising in respect of:</b>		
- property, plant and equipment	(2,563,064)	(1,661,311)
- surplus on revaluation of fixed assets	(153,295)	(158,563)
- long-term finance	(5,222)	(42,209)
- liability against assets subject to finance lease	-	(875)
- intangibles	(29)	(25)
	<u>1,343,955</u>	<u>932,904</u>





# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

**9.1** The Company's tax losses amount to Rs. 11.59 billion (2018: Rs. 8.98 billion) as at June 30, 2019. The management carries periodic assessment to assess the benefit of these losses as the Company would be able to set off the profit earned in future years against these carried forward losses. Based on the assessment, management has recognised deferred tax debit balance amounting to Rs. 3.36 billion (2018: Rs. 2.60 billion) including an amount of Rs. 2.99 billion (2018: Rs. 2.25 billion) on unabsorbed tax depreciation, amortisation and initial allowance of Rs. 10.31 billion (2018: Rs. 7.77 billion). Further the Company has also recognised deferred tax asset on tax credit, minimum tax and alternative corporate tax. The amounts 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.

**9.2** The Company has recognised deferred tax asset on minimum tax paid in tax years 2013 to 2016 and tax year 2019 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 computed on its current year taxable income. 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.

	2019	2018
	Rupees '000	
<b>10. STORES AND SPARES</b>		
Stores	312,167	81,343
Spares	67,394	30,663
	379,561	112,006
<b>11. STOCK-IN-TRADE</b>		
Raw material [including in transit Rs. 1,393 million (2018: Rs. 758 million)]	4,897,937	2,528,435
Work in process	718,171	396,844
Finished goods [including coil end sheets Rs. 24.89 million (2018: Rs. 59.14 million)]	1,288,734	1,381,704
Packing and other materials	15,141	5,278
	6,919,983	4,312,261



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

	2019	2018
Rupees '000		
<b>12. TRADE DEBTS - Considered good</b>		
The age analysis of trade debts is as follows:		
Not yet due	598,537	105,243
1 to 180 days	-	-
	598,537	105,243
<b>13. ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
Advances - considered good		
- executives	3,284	1,619
- other employees	1,377	769
- suppliers and others	701,035	176,862
Receivable from Government - note 13.2	213,486	213,486
Prepayments	18,410	13,194
	937,592	405,930

**13.1** Advances due from a single executive or employee do not exceed Rs. 1 million as at June 30, 2019.

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

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

The amounts in respect of customs duty and sales tax have been paid by the Company under protest on the basis of assessment by the Collector of Customs. During 2015, the Company imported HRC from China under customs SRO 659(I)2007 dated June 30, 2007 and filed goods declaration under HS code 7225.3000, being alloy steel, which was subject to nil customs duty. However, the Collector of Customs assessed these imports under HS code 7208.3890, being non-alloy steel, which was subject to 5% customs duty under the said SRO.

The Company, in line with the practice adopted by other importers, filed petition in the High Court of Sindh against Custom Authorities for every import it made and obtained an interim order for release of goods by paying 50% of the custom duty to the Collector of Customs and remaining 50% amount to the Nazir of the High Court of Sindh through a pay order or by depositing post dated cheques for the same. As at June 30, 2019, post dated cheques deposited with the Nazir of the High Court of Sindh amount to Rs. 16.16 million in respect of custom duty and Rs. 2.75 million in respect of sales tax thereon.



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

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

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

	2019	2018
	Rupees '000	
<b>14. OTHER RECEIVABLES</b>		
Receivable from Etimaad Engineering (Private) Limited - note 14.1	138,485	138,485
Margin on import letters of credit	1,134	298
Others	4,881	7,051
	144,500	145,834

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

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

However, for an early resolution of this dispute, the Company filed a Suit before the Honourable High Court for appointment of an Arbitrator in terms of the contract and under section 20 of Arbitration Act, 1940. Accordingly, the Honourable High Court upheld the Company's contention and disposed of the said Suit and the matter was referred to the Arbitrator appointed with the consent of both parties.

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



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

During year ended June 30, 2015, the sole Arbitrator passed the Award dated September 25, 2014, in favour of Etimaad, whereby all claims of the Company 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 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 defence and the appeal is likely to be dismissed and no loss is likely to arise.

	2019	2018
	Rupees '000	
<b>15. CASH AND BANK BALANCES</b>		
With banks on		
- Current accounts	169,851	36,407
- PLS savings accounts - note 15.1	38,332	8,759
Cash in hand	465	399
	208,648	45,565

- 15.1** At June 30, 2019 the rates of mark up on PLS savings accounts ranged from 6.17% to 8.75% (2018: 3.20% to 6.00%) per annum.



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## 16. SHARE CAPITAL

Authorised share capital

2019	2018		2019	2018
(Number of shares)			Rupees '000	
1,100,000,000	900,000,000	Ordinary and Cumulative Preference Shares of Rs. 10 each	11,000,000	9,000,000

The authorised capital of the Company was increased in the Annual General Meeting of the Company held on October 25, 2018.

Issued, subscribed and paid-up capital Ordinary shares

2019	2018		2019	2018
832,297,886	685,603,943	Ordinary Shares of Rs. 10 each Opening	8,322,979	6,856,039
-	146,578,616	Shares issued as right shares	-	1,465,786
(66,768,583)	-	Reduction in share capital- note 16.2	(667,686)	-
-	20,500	Cumulative Preference Shares (PSX Symbol - ASLPS) of Rs. 10 each converted to Ordinary Shares of Rs. 10 each during the year - note 16.3	-	205
-	94,827	Cumulative Preference Shares (PSX Symbol - ASLCPS) of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the year - note 16.4	-	949
765,529,303	832,297,886	Ordinary shares of Rs. 10 each Closing	7,655,293	8,322,979

Cumulative Preference Shares (PSX Symbol - ASLPS)

2019	2018		2019	2018
44,357,057	44,377,557	Cumulative Preference Shares of Rs. 10 each Opening	443,571	443,776
-	(20,500)	Cumulative Preference Shares of Rs. 10 each converted to Ordinary Shares of Rs. 10 each during the year - note 16.3	-	(205)
44,357,057	44,357,057	Cumulative Preference Shares of Rs. 10 each Closing	443,571	443,571

Cumulative Preference Shares (PSX Symbol - ASLCPS)

2019	2018		2019	2018
(Number of shares)				
2,870,083	2,911,583	Cumulative Preference Shares of Rs. 10 each Opening	28,701	29,116
-	(41,500)	Cumulative Preference Shares of Rs. 10 each converted to 2.285 Ordinary Shares of Rs. 10 each during the year - note 16.4	-	(415)
2,870,083	2,870,083	Cumulative Preference Shares of Rs. 10 each Closing	28,701	28,701

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

472,272	472,272
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# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

- 16.1** 508,951,372 (2018: 539,389,308) Ordinary Shares, 23,539,524 'ASLPS' (2018: 23,548,732) and Nil 'ASLCPS' (2018: Nil) Cumulative Preference Shares of Rs. 10 each as at June 30, 2019 are held by related parties.
- 16.2** Pursuant to Share Purchase Agreement executed on March 31, 2016 between the Arif Habib Group [consisting of Mr. Arif Habib, Arif Habib Corporation Limited and Arif Habib Equity (Private) Limited] and Metal One Corporation (Japan) (the Seller), it 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.

### **16.3 Cumulative Preference Shares - ASLPS**

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

The rate of dividend on 44,357,057 (2018: 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 Shareholder.

As at June 30, 2019 the undeclared cumulative dividend on Cumulative Preference Shares (ASLPS) amounted to Rs. 656 million (2018: Rs. 619.54 million).



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## 16.4 Cumulative Preference Shares - ASLCPS

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

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

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

As at June 30, 2019 the undeclared cumulative dividend on Cumulative Preference Shares (ASLCPS) amounted to Rs. 301 million (2018: Rs. 298.17 million).

- ## 16.5
- The Board of Directors in their meeting held on February 12, 2018 resolved to set off share premium amounting to Rs. 858.37 million against difference on conversion of cumulative preference shares (PSX Symbol - ASLCPS) into Ordinary Shares.



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

	Note	2019	2018
Rupees '000			
<b>17. LONG-TERM FINANCE - secured</b>			
Opening	17.2		
- long-term finance		4,661,991	5,032,184
- current maturity of long-term finance		500,000	250,000
		<u>5,161,991</u>	<u>5,282,184</u>
Impact of unwinding - finance cost		75,924	129,807
Amount repaid		(502,560)	(250,000)
		<u>4,735,355</u>	<u>5,161,991</u>
Less: Current maturity shown under current liabilities		(500,000)	(500,000)
		<u>4,235,355</u>	<u>4,661,991</u>
<b>Expansion Project</b>			
Opening			
- Syndicate Term Finance (STF)		110,493	-
- Musharaka facility		75,680	-
		<u>186,173</u>	<u>-</u>
- Amount received during the year in STF	17.3	1,590,243	146,000
- Amount received during the year in Musharaka Facility	17.4	1,105,731	100,000
		<u>2,695,974</u>	<u>246,000</u>
Arrangement fee paid		-	(60,229)
Impact of unwinding - finance cost		53,778	402
		<u>2,935,925</u>	<u>186,173</u>
		<u>7,171,280</u>	<u>4,848,164</u>

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

	2019	2018
Rupees '000		
Balance as at July 1	5,016,004	5,020,004
Disbursements during the year	2,695,974	246,000
Repayment	(502,560)	(250,000)
Balance as at June 30	<u>7,209,418</u>	<u>5,016,004</u>





# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

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

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

The Company entered into restructuring agreement with the lenders on January 19, 2014. As per the terms of agreement, the above mentioned facilities and the corresponding accrued mark-up thereon (frozen mark-up) amounting to Rs. 222.28 million have been restructured as one syndicate loan. Repayment of principal amounting to Rs. 503 million were made in the current year and subsequently, ten unequal semi-annual installments have to be paid, which are as follows:

- Rs. 250 million each for the next one year.
- Rs. 375 million each for the next three and a half years.
- Rs. 1.62 billion as the last installment on January 19, 2024.

Based on the agreement, the restructured facility carries mark-up at the rate of six months KIBOR on the outstanding amount excluding frozen mark-up. 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 is recognised as unwinding finance cost.

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. 455.92 million (2018: Rs. 201.3 million).



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

- 17.3** This represents draw down from STF facility for Expansion Project. In 2018, the Company entered into STF agreement with various banks amounting to Rs 1.925 billion to finance the Expansion Project. STF is repayable in 10 consecutive semi-annual installments payable in arrears from December 2020 to June 2025. STF carries mark up at 6 months KIBOR plus 1.9% per annum to be determined on semi-annual basis. It is secured against pari passu charge on all present and future Company's fixed assets, accounts receivable, interest in any insurance claim and the rights and benefits under the Expansion Project Documents.
- 17.4** This represents draw down from Musharaka facility for Expansion Project. In 2018 the Company entered into Musharaka agreement with various banks, under Islamic mode of financing, amounting to Rs 1.315 billion to finance the Expansion Project. It is repayable in 10 consecutive semi-annual installments in arrears from December 2020 to June 2025. The Musharaka facility is subject to 6 months KIBOR prevailing one day before the first Musharaka contribution date, plus a margin of 1.9% per annum to be determined on semi-annual basis. It is secured against pari passu charge on all present and future Company's fixed assets, accounts receivable, interest in any insurance claim and the rights and benefits under the Expansion Project Documents.
- 17.5** Further, corporate and personal guarantees have been provided by related parties for due payment of all or any amounts required to satisfy Project Cost Overruns for the above STF facility and Musharaka facility.
- 17.6** The facilities for opening letters of credit and guarantees as at June 30, 2019 amounted to Rs. 4.13 billion (2018: Rs. 3.23 billion) of which the amount remained unutilised at year end was Rs. 1.25 billion (2018: Rs. 1.44 billion). Corporate and personal guarantees provided by related parties against LC facility amounted to Rs. 4.1 billion (2018: Rs. 4.1 billion) out of which the amount remained unutilised at year end was Rs. 4.1 billion (2018: Rs. 4.1 billion).

	2019	2018
	Rupees '000	
<b>18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES</b>		
Payable during:		
2018-19	-	9,895
2019-20	14,301	7,905
2020-21	12,170	7,630
2021-22	9,499	7,338
2022-23	5,734	14,482
2023-24	13,387	-
Minimum lease payments - note 18.1	55,091	47,250
Less: Finance charge not due	(6,703)	(5,750)
Less: Current portion shown under current liabilities	48,388	41,500
	(11,176)	(7,664)
	37,212	33,836
<b>Present value of finance lease liabilities</b>		
Not later than one year	11,176	7,664
Later than one year and not later than 5 years	37,212	33,836
	48,388	41,500



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

**18.1** These represent liabilities for vehicles acquired under lease arrangements. Finance charge ranging from 8.12% to 14.95% (2018: 8.06% to 9.02%) per annum have been used as discounting factor.

## 19. STAFF RETIREMENT BENEFIT - Gratuity

**19.1** As stated in note 3.16, the Company operates an unfunded gratuity scheme for all its permanent employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to a minimum qualifying period of service under the scheme. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation of the scheme was carried out as at June 30, 2019.

	2019	2018
	Rupees '000	
<b>19.2 Statement of financial position reconciliation</b>		
Present value of defined benefit obligation	64,493	51,536
<b>19.3 Movement in the present value of defined benefit obligation</b>		
Obligation as at July 1	51,536	40,876
Current service cost	16,179	12,857
Interest expense	3,981	2,929
Remeasurements	(2,024)	954
Benefits paid	(5,179)	(6,080)
Obligation as at June 30	64,493	51,536
<b>19.4 Expense recognised in profit or loss account</b>		
Current service cost	16,179	12,857
Interest cost	3,981	2,929
	20,160	15,786
<b>19.5 Remeasurement recognised in other comprehensive income</b>		
Experience losses	(2,024)	954
<b>19.6 Net recognised liability</b>		
Balance as at July 1	51,536	40,876
Expense for the year	20,160	15,786
Benefits paid	(5,179)	(6,080)
Remeasurement recognised in other comprehensive income	(2,024)	954
Balance as at June 30	64,493	51,536



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

	2019	2018
<b>19.7 Actuarial assumptions</b>		
Discount rate used for year end obligation	14.25%	9.00%
Expected rate of increase in salaries	13.25%	8.00%
Retirement age (years)	60	60

**19.8** Mortality was assumed to be SLIC (2001-2005) set back one year (2018: SLIC 2001-2005 set back one year).

## 19.9 Sensitivity analysis for actuarial assumptions

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	(Rupees in thousand)		
Discount rate at June 30	1%	(5,380)	6,342
Future salary increases	1%	5,411	(4,678)

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

**19.11** The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

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

## 19.13 Historical information for the four years is as follows:

	2019	2018	2017	2016
Present value of the defined benefit obligation	64,493	51,536	40,876	30,965
Experience adjustments - (gain) / loss	(2,024)	954	4,975	2,939

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



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019



	2019	2018
	Rupees '000	
<b>20. TRADE AND OTHER PAYABLES</b>		
Creditors	275,045	112,108
Bills payable	283,588	757,193
Accrued liabilities	152,410	219,499
Retention money	329,296	133
Advance from dealers	158,230	95,461
Security deposit from dealers	11,500	8,000
Withholding tax	23,838	17,529
	1,233,907	1,209,923

## 21. ACCRUED MARK-UP

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

	2019	2018
	Rupees '000	

## 22. SHORT-TERM BORROWINGS

Secured:

Short-term running finance - note 22.1

14,111,977	4,870,107
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Unsecured:

Short-term finance facilities - note 22.3

-	175,000
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14,111,977	5,045,107
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**22.1** The lender wise balances of short-term loan and running finance facilities obtained by the Company are as follows:

	2019	2018
	Rupees '000	
National Bank of Pakistan	1,832,735	643,225
Bank Islami Pakistan Limited	570,254	524,082
Summit Bank Limited	466,853	429,634
Askari Bank Limited	779,170	689,460
The Bank of Punjab	780,538	367,073
Sindh Bank Limited	500,071	405,844
Habib Metropolitan Bank Limited	5,233,233	822,086
MCB Bank Limited	516,998	297,567
JS Bank Limited	680,739	691,136
Habib Bank Limited	1,402,487	-
United Bank Limited	348,899	-
Dubai Islamic Bank Limited	1,000,000	-
	14,111,977	4,870,107

# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

**22.2** Facilities for running finance available from above banks amount to Rs. 14.44 billion (2018: Rs. 5.36 billion). The rates of mark-up range between 1 month KIBOR plus 0.75% to 6 months KIBOR plus 1.75% (2018: 1 month KIBOR plus 1% to 3 months KIBOR plus 3%) per annum. The balance is secured against ranking hypothecation charge over plant, machinery and equipment and parri passu charge over the current assets and fixed assets of the Company.

**22.3** The short-term finance facilities of a running finance nature for working capital financing from two related parties are also available with a maximum limit of Rs. 2 billion (2018: Rs. 2 billion) and Rs. 4 billion respectively. The facilities carry mark-up at the rate of 3 months KIBOR plus 3% per annum.

## **23. CONTINGENCIES AND COMMITMENTS**

### **23.1 CONTINGENCIES**

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

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

**23.1.3** The Finance Act, 2017 introduced section 5A which imposes tax on every public company at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. The Company has not distributed any dividend to date. The Company has filed a petition in the High Court of Sindh challenging the applicability of the above. The High Court of Sindh has granted stay order to the Company in this regard. The Company, based on the advice of its consultant, believes that it is not exposed to any tax liability in this respect.

### **23.2 COMMITMENTS**

**23.2.1** Commitments for capital expenditure outstanding as at June 30, 2019 amounted to Rs. 295.69 million (2018: Rs. 554.3 million).

**23.2.2** No commitments were outstanding for expansion project as at June 30, 2019 (2018: Rs. 3.42 billion).



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

**23.2.3** Commitments for rentals under ijarah arrangements amounted to Rs. 1.2 million (2018: Rs. 3 million) payable as follows:

Note	2019	2018
Rupees '000		
Not later than 1 year	864	1,235
Later than 1 year but not later than 5 years	407	1,735
	<u>1,271</u>	<u>2,970</u>

## 24. REVENUE

Gross revenue	24,173,410	22,347,447
Less: Sales tax	(3,630,198)	(3,222,540)
Rebates and discounts	(38,099)	(4,529)
Dealers commission	(274,316)	(216,471)
Net revenue - note 24.1	<u>20,230,797</u>	<u>18,903,907</u>

**24.1** This includes sale of coil end sheets - scrap net of sales tax amounting to Rs. 826.9 million (2018: Rs. 572.95 million) and revenue from toll manufacturing services amounting to Rs. 0.67 million (2018: Rs. Nil).

**24.2** During the year, sales to one dealer accounts for more than 9% of net revenue amounting to Rs. 1.86 billion (2018: Rs 2.24 billion).

**24.3** 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.



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

	2019	2018
Rupees '000		
<b>25. COST OF SALES</b>		
Raw material consumed	16,673,290	14,626,168
Salaries, wages and benefits - note 25.1	285,289	226,308
Utilities	455,067	418,491
Depreciation	499,820	423,122
Stores, spares and consumables	584,571	227,388
Packing charges	125,490	109,589
Repairs and maintenance	55,045	44,903
Travelling and conveyance	50,739	35,953
Insurance	16,459	16,891
Material handling charges	6,899	8,978
Security charges	8,679	6,045
Consultancy charges	1,874	2,070
Rent, rates and taxes	2,664	2,585
Communication	1,196	1,454
Ujrah payments	-	526
Others	13,806	5,650
	18,780,888	16,156,121
Work in process - opening	396,844	132,970
	19,177,732	16,289,091
Work in process - closing	(718,171)	(396,844)
Cost of goods manufactured	18,459,561	15,892,247
Finished goods - opening	1,381,704	1,079,210
Finished goods - closing	(1,288,734)	(1,381,704)
	92,970	(302,494)
	18,552,531	15,589,753

**25.1** Salaries, wages and benefits include Rs. 15.12 million (2018: Rs. 11.84 million) in respect of defined benefit plan.

	2019	2018
Rupees '000		
<b>26. SELLING AND DISTRIBUTION COST</b>		
Salaries and benefits - note 26.1	17,467	14,863
Rent, rates and taxes	764	696
Travelling and conveyance	1,236	1,444
Utilities	257	209
Insurance	370	321
Communication	1,682	601
Depreciation and amortisation	386	292
Printing, stationery and office supplies	213	123
Others	2,695	579
	25,070	19,128

**26.1** Salaries and benefits include Rs. 1.01 million (2018: Rs. 0.2 million) in respect of defined benefit plan.





# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

	2019	2018
Rupees '000		
<b>27. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances and benefits - note 27.1	100,882	83,638
Rent, rates and taxes	14,516	13,227
Depreciation and amortisation	7,332	5,544
Repairs and maintenance	26,967	19,862
Travelling and conveyance	24,259	15,621
Utilities	4,879	3,962
Communication and information technology	13,336	16,995
Printing and stationery	4,038	2,332
Insurance	7,020	6,104
Legal and professional charges	30,925	9,081
Auditors' remuneration - note 27.2	2,800	3,107
Ujrah payments	804	447
Security charges	3,359	2,477
Others	8,229	9,858
	249,346	192,255

**27.1** Salaries, allowances and benefits include Rs. 4.03 million (2018: Rs. 3.75 million) in respect of defined benefit plan.

	2019	2018
Rupees '000		
<b>27.2 Auditors' remuneration</b>		
Audit fee	1,750	1,250
Fee for half year audit and other certifications	725	1,559
Out-of-pocket expenses	325	298
	2,800	3,107
<b>28. OTHER EXPENSES</b>		
Workers' Welfare Fund	-	39,263
Workers' Profits Participation Fund	-	102,887
Loss on disposal of property, plant and equipment	2,684	1,445
	2,684	143,595
<b>29. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Return on PLS savings accounts	10,266	11,627
Scrap sales	41,445	23,718
	51,711	35,345



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

	2019	2018
	Rupees '000	
<b>30. FINANCE COST</b>		
Mark-up expense:		
- long-term finance	481,336	371,423
- Impact of unwinding on long term finance	75,924	129,807
- short-term borrowings	920,058	292,968
Guarantee commission	877	797
Finance lease charges	2,525	1,737
Exchange loss	360,333	249,403
Bank and other charges	24,253	32,806
	1,865,306	1,078,941
<b>31. TAXATION</b>		
Current		
- for the year	-	289,443
- prior year	(255,076)	(802)
Deferred	(411,051)	342,957
	(666,127)	631,598
<b>31.1 Reconciliation between tax expense and accounting profit</b>		
Accounting (loss) / profit before tax	(412,429)	1,915,580
Tax at applicable tax rate of 29% (2018: 30%)	(119,604)	574,674
Tax effect of permanent differences	294,889	7,481
Tax credit	(822,008)	(43,085)
Effect of change in tax rate	-	32,880
Minimum tax	221,379	-
Prior year reversal	(255,076)	(802)
Others	14,293	60,450
	(666,127)	631,598



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

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

Tax year	Provision for taxation	Tax assessed
	Rupees '000	
2018	-	-
2017	118,946	118,946
2016	-	-
	2019	2018
	Rupees '000	

## 32. EARNINGS PER SHARE

### 32.1 BASIC

Profit after taxation attributable to ordinary shareholders	253,698	1,283,982
Adjustment for cumulative preference share dividend	(55,975)	(55,024)
Profit after taxation for calculation of basic earnings per share	<u>197,723</u>	<u>1,228,958</u>
Weighted average number of ordinary shares outstanding at year end (in thousand)	<u>765,529</u>	<u>784,880</u>
	Rupees	Rupees
Basic earnings per share	<u>0.26</u>	<u>1.57</u>

### 32.1.1 Reconciliation of weighted average number of shares:

Number of shares as on July 01, 2018	832,298	685,604
Reduction in share capital	(66,769)	-
Right shares issued during the year	-	146,579
Adjustment for cash element in right shares	-	(44,281)
Shares issued against conversion of preference shares	-	115
Adjustment for timing factor	-	(3,137)
	<u>765,529</u>	<u>784,880</u>

### 32.2 DILUTED

Diluted earnings per share has not been presented for year ended June 30, 2019 as it has anti-dilutive effect on earnings per share.

The effect of dividend of Cumulative Preference Shares (ASLPS and ASLCPS) is not accounted for in calculation of weighted average number of potential ordinary shares.



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

	2019	2018
	Rupees '000	
<b>33. CASH GENERATED FROM OPERATIONS</b>		
(Loss) / profit before taxation	(412,429)	1,915,580
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation and amortisation	507,538	428,958
Finance lease charges	2,525	1,737
Mark up charges	1,425,647	664,391
Unwinding of long term finance	75,924	129,807
Provision for staff retirement benefits	20,160	15,786
Return on PLS savings accounts	(10,266)	(11,627)
Loss on disposal of fixed assets	2,684	1,445
	2,024,212	1,230,497
<b>Profit before working capital changes</b>	1,611,783	3,146,077
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(267,555)	(15,708)
Stock-in-trade	(2,607,722)	(596,299)
Trade debts	(493,294)	46,832
Advances, deposits and prepayments	(531,662)	119,745
Other receivables	1,334	(6,073)
Tax refunds due from Government - Sales tax	(635,471)	52,223
	(4,534,370)	(399,280)
<b>Increase in current liabilities</b>		
Trade and other payables	23,984	(2,351,454)
	(4,510,386)	(2,750,734)
<b>Cash (used in) / generated from operations</b>	(2,898,603)	395,343



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

	Note	2019	2018
Rupees '000			
<b>34. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		208,648	45,565
Short-term borrowings		(14,111,977)	(4,870,107)
		<u>(13,903,329)</u>	<u>(4,824,542)</u>
<b>35. CASH FLOW STATEMENT - Direct method</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers		19,737,501	18,950,739
Cash paid to suppliers / service providers and employees		(22,667,529)	(18,558,497)
Income tax paid		(152,139)	(539,692)
Mark-up on loans paid		(756,285)	(583,462)
Return on bank deposits received		10,266	11,627
Staff retirement benefits paid		(5,179)	(6,080)
Net cash used in operating activities		<u>(3,833,365)</u>	<u>(725,365)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(7,270,425)	(2,822,417)
Purchase of intangibles		(147)	-
Sale proceeds from disposal of property, plant and equipment		3,360	4,799
Net cash used in investing activities		<u>(7,267,212)</u>	<u>(2,817,618)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from rights issue		-	147,545
Repayment of long-term finance		(502,560)	(250,000)
Long term loan obtained		2,695,974	185,771
Short-term borrowings (paid) / obtained		(175,000)	175,000
Decrease in liabilities against assets subject to finance leases		3,376	33,649
Net cash generated from financing activities		<u>2,021,790</u>	<u>291,965</u>
Net decrease in cash and cash equivalents		<u>(9,078,787)</u>	<u>(3,251,018)</u>
Cash and cash equivalents at beginning of the year		(4,824,542)	(1,573,524)
Cash and cash equivalents at end of the year - note 34		<u>(13,903,329)</u>	<u>(4,824,542)</u>



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## 36. RESULTS OF OPERATIONS

The Company qualifies for tax credit under section 65E of the Income Tax Ordinance 2001 for its investment in property, plant and equipment relating to production of Galvanized Iron being financed through equity. The results of operations of Cold Rolled Coil and Hot Dipped Galvanized Coils are as follows:

	2019			Total
	Cold Rolled Coils	Hot Dipped Galvanized Coils	Internal Transfers	
Rupees '000				
Revenue	20,054,007	1,967,845	(1,791,055)	20,230,797
Cost of Sales	(18,620,084)	(1,723,502)	1,791,055	(18,552,531)
<b>Gross profit</b>	<b>1,433,923</b>	<b>244,343</b>	-	<b>1,678,266</b>
Selling and distribution cost	(22,631)	(2,439)	-	(25,070)
Administrative expenses	(225,092)	(24,254)	-	(249,346)
Other expenses	(2,684)	-	-	(2,684)
Other income	46,681	5,030	-	51,711
<b>Operating profit from segment</b>	<b>1,230,197</b>	<b>222,680</b>	-	<b>1,452,877</b>
Finance Cost	(1,865,306)	-	-	(1,865,306)
<b>Profit before tax</b>	<b>(635,109)</b>	<b>222,680</b>	-	<b>(412,429)</b>
Taxation	666,127	-	-	666,127
<b>Profit after tax</b>	<b>31,018</b>	<b>222,680</b>	-	<b>253,698</b>

## 37. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Name of company	Nature of transaction	2019	2018
			Rupees '000	
<b>Associated companies</b>	Arif Habib Corporation Limited	- Finance facility utilised	1,927,000	175,000
		- Repayment of finance facility	2,120,956	-
		- Markup on finance facilities	103,589	21,669
		- Markup on finance facilities paid	74,340	23,392
		- Guarantee commission	3,843	2,332
		- Guarantee commission paid	3,723	1,999
	Arif Habib Equity (Pvt.) Limited	- Finance facility utilised	410,000	-
		- Repayment of finance facility	410,000	-
		- Markup on finance facilities	5,626	-
		- Markup on finance facilities paid	5,626	-
	Power Cement Limited	- Purchase of construction material	110	636
		- Payment made against purchase of construction material	171	709
		- Sale of asset	1,970	46
	Rotocast Engineering Co. (Private) Limited	- Rent and maintenance	8,350	7,489
		- Rent and maintenance paid	8,350	7,489
Javedan Corporation Limited	- Expenses against sponsorship	500	500	
	- Payment of expenses against sponsorship	1,000	-	



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

Relationship	Name of company	Nature of transaction	2019	2018	
Rupees '000					
<b>Other related parties</b>	Mr. Arif Habib	- Finance facility utilised	3,680,000	-	
		- Repayment of finance facility	3,680,000	-	
		- Markup on finance facility	304,462	-	
	Silk Bank Limited	- Bank charges paid	74	11,924	
		- Repayment of finance facility	28,435	-	
		- Markup on finance facility	26,222	18,856	
<b>Key management personnel</b>	Chief Executive Officer, Chief Financial Officer & Company Secretary	- Salaries and other employee benefits	17,113	15,414	
		Chief Financial Officer & Company Secretary	- Post retirement benefits	471	438
		Non-Executive Director	- Meeting and other expenses	865	352
	Chief Executive Officer	- Sale of assets	4,470	-	

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

S. No.	Company Name	Basis of relationship	Aggregate % of Shareholding
1)	Mr. Arif Habib	Shareholder	20%
2)	Arif Habib Corporation Limited	Shareholder Common Directorship	13%
3)	Arif Habib Equity (Pvt.) Limited	Shareholder Common Directorship	33%
4)	Power Cement Limited	Group Company Common Directorship	N/A
5)	Rotocast Engineering Co. (Private) Limited	Group Company	N/A
6)	Javedan Corporation Limited	Group Company Common Directorship	N/A
7)	Silk Bank Limited	Common Directorship	N/A

**37.3** The status of outstanding balances with related parties as at June 30, 2019 is included in the respective notes to the financial statements. These are settled in the ordinary course of business.



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## 38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

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

	Chief Executive		Executives	
	2019	2018	2019	2018
	<b>Rupees '000</b>			
Managerial remuneration	8,890	6,490	89,669	63,795
Retirement benefits	-	-	5,198	4,497
Reimbursable expenses	-	-	7,127	4,583
Lease rentals	3,600	3,204	7,928	5,124
	<u>12,490</u>	<u>9,694</u>	<u>109,922</u>	<u>77,999</u>
Number of persons	<u>1</u>	<u>1</u>	<u>25</u>	<u>22</u>

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

**38.2** In addition to above, an amount of Rs. 0.87 million (2018: Rs 0.35 million) was paid to a non-executive director for attending Board of Directors meetings and other expenses.

## 39. NUMBER OF EMPLOYEES

**39.1.** Number of employees at June 30

	2019	2018
- Permanent	526	417
- Contractual	201	69
	<u>727</u>	<u>486</u>

**39.1.1.** This includes 630 (2018: 406) number of factory employees.

**39.2.** Average number of employees during the year

	2019	2018
- Permanent	490	397
- Contractual	132	43
	<u>622</u>	<u>440</u>

**39.2.1.** This includes 525 (2018: 363) number of factory employees.





# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## 40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 40.1 Financial risk factors

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

### 40.2 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>2019</b>							
<b>FINANCIAL ASSETS</b>							
<b>Loans and receivables</b>							
Deposits	-	-	-	-	76,574	76,574	76,574
Loans to employees	-	-	-	-	6,974	6,974	6,974
Trade debtors	-	-	-	598,537	-	598,537	598,537
Other receivables	-	-	-	144,500	-	144,500	144,500
Cash and bank balances	38,332	-	38,332	170,316	-	170,316	208,648
	<u>38,332</u>	<u>-</u>	<u>38,332</u>	<u>913,353</u>	<u>83,548</u>	<u>996,901</u>	<u>1,035,233</u>
<b>FINANCIAL LIABILITIES</b>							
<b>At amortised cost</b>							
Long-term finance	500,000	7,171,280	7,671,280	-	-	-	7,671,280
Short-term finance	14,111,977	-	14,111,977	-	-	-	14,111,977
Liabilities against assets subject to finance leases	11,176	37,212	48,388	-	-	-	48,388
Trade and other payables	-	-	-	1,233,907	-	1,233,907	1,233,907
Accrued mark-up	-	-	-	854,036	-	854,036	854,036
	<u>14,623,153</u>	<u>7,208,492</u>	<u>21,831,645</u>	<u>2,087,943</u>	<u>-</u>	<u>2,087,943</u>	<u>23,919,588</u>
<b>2018</b>							
<b>FINANCIAL ASSETS</b>							
<b>Loans and receivables</b>							
Deposits	-	-	-	-	47,426	47,426	47,426
Loans to employees	-	-	-	-	4,697	4,697	4,697
Trade debtors	-	-	-	105,243	-	105,243	105,243
Other receivables	-	-	-	145,834	-	145,834	145,834
Cash and bank balances	8,759	-	8,759	36,806	-	36,806	45,565
	<u>8,759</u>	<u>-</u>	<u>8,759</u>	<u>287,883</u>	<u>52,123</u>	<u>340,006</u>	<u>348,765</u>
<b>FINANCIAL LIABILITIES</b>							
<b>At amortised cost</b>							
Long-term finance	500,000	4,848,164	5,348,164	-	-	-	5,348,164
Short-term finance	5,045,107	-	5,045,107	-	-	-	5,045,107
Liabilities against assets subject to finance leases	7,664	33,836	41,500	-	-	-	41,500
Trade and other payables	-	-	-	1,209,923	-	1,209,923	1,209,923
Accrued mark-up	-	-	-	238,452	-	238,452	238,452
	<u>5,552,771</u>	<u>4,882,000</u>	<u>10,434,771</u>	<u>1,448,375</u>	<u>-</u>	<u>1,448,375</u>	<u>11,883,146</u>

# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## a) Market Risk

### i. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As per market practice, Company borrowings are on variable interest rate have not exposing the Company to interest rate risk.

At June 30, 2019, the Company has variable interest bearing financial liabilities of Rs. 22 billion (2018: Rs. 10.43 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, loss before tax for the year would have been lower / higher by Rs. 218.25 million (2018: profit for the year lower / higher Rs. 208.7 million), mainly as a result of lower / higher interest expense on floating rate borrowings.

### ii. Foreign exchange risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. At June 30, 2019 trade and other payables exposed to foreign currency risk amount to Rs. 0.28 billion (2018: Rs. 0.76 billion). Further, as at June 30, 2019, the Company has exposure against open letters of credit of Rs. 0.29 billion (2018: Rs. 0.76 billion) denominated in foreign currencies.

As at June 30, 2019, 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. 14.18 million (2018: Rs. 37.86 million) mainly as a result of foreign exchange gains / losses on translation of US Dollar denominated as financial assets or liabilities.

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

The following table summarises the financial currency exposure as on June 30, 2019 and 2018 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, 2019 - (Rupees in billion)	0.23	0.18	0.21	0.23	0.23	0.25	0.28
June 30, 2018 - (Rupees in billion)	0.76	0.61	0.68	0.75	0.77	0.84	0.91



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 1.04 billion (2018: Rs 348.77 million), the financial assets exposed to the credit risk amount to Rs. 813.97 million (2018: Rs. 291.15 million). The carrying values of financial assets which are neither past due nor impaired are as under:

	2019	2018
	Rupees '000	
Deposits	76,574	47,426
Other receivables	6,015	7,349
Loans to employees	6,974	4,697
Trade debts	598,537	105,243
Cash and bank balances	208,648	45,565
	<b>896,748</b>	<b>210,280</b>

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

	Ratings		Rating Agency	2019	2018
	Short term	Long term		Rupees '000	
K-Electric Limited	A1+	AA	PACRA	61,480	33,000
Pakistan State Oil Company Limited	A1+	AA	PACRA	2,190	1,590
Others	-	-	-	18,919	20,185
				<b>82,589</b>	<b>54,775</b>

Other receivables also include an amount of Rs. 138.5 million (2018: Rs. 138.5 million) receivable from Etimaad Engineering (Private) Limited, which is past due and is considered good.

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

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



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

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

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

	Rating		Rating agency	2019	2018
	Short term	Long term		Rupees '000	
Allied Bank Limited	A1+	AAA	PACRA	13,256	220
Askari Bank Limited	A1+	AA+	PACRA	3,517	306
Bank Alfalah Limited	A1+	AA+	PACRA	67,949	4,028
Bank Al-Habib Limited	A1+	AA+	PACRA	16,936	15,290
Bank Islami Pakistan Limited	A1	A+	PACRA	246	2,970
Habib Bank Limited	A-1+	AAA	JCR-VIS	12,334	276
Faysal Bank Limited	A1+	AA	PACRA	471	445
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	-	29
JS Bank Limited	A1+	AA-	PACRA	1,213	74
MCB Bank Limited	A1+	AAA	PACRA	7,499	157
Meezan Bank Limited	A-1+	AA+	JCR-VIS	65,569	10,501
National Bank of Pakistan	A-1+	AAA	PACRA	1,830	5,006
Silk Bank Limited	A-2	A-	JCR-VIS	2,915	1,277
Sindh Bank Limited	A-1	A+	JCR-VIS	332	576
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2,499	805
Summit Bank Limited	A-3	BBB-	JCR-VIS	112	111
The Bank of Khyber	A-1	A	PACRA	657	2,561
Dubai Islamic Bank Limited	A1+	AA	JCR-VIS	475	334
The Bank of Punjab	A1+	AA	PACRA	10,365	200



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## c) Liquidity risk

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

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

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

## d) Fair values of the financial instruments

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

## 41. CAPITAL RISK MANAGEMENT

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

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

The debt to capital ratios at June 30, 2019 and at June 30, 2018 were as follows:

	2019	2018
	Rupees '000	
Total borrowings	21,783,257	10,393,271
Cash and bank	(208,648)	(45,565)
Net debt	21,574,609	10,347,706
Equity	8,746,828	8,491,106
Total capital	30,321,437	18,838,812
Debt to capital ratio	0.71	0.55



# Notes to and Forming Part of the Financial Statements

For The Year Ended June 30, 2019

## 42. CAPACITY AND PRODUCTION - in tons

	2019	2018
The production capacity at the year end was as follows:		
Hot Dipped Galvanized Coils	250,000	-
Cold Rolled Coils	450,000	220,000
	700,000	220,000
Available capacity during the year:	220,667	220,000
The actual production for the year was:		
Hot Dipped Galvanized Coils	33,223	-
Cold Rolled Coils	168,944	217,370
	202,167	217,370

- 42.1** The production capacity utilisation during the year has remained at 92% (2018: 99%). The Company operated the plant considering the market demand and supply of the product.

## 43. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue by the Board of Directors of the Company on August 31, 2019.



Chief Financial Officer



Chief Executive



Director





# Other Information

Optimism is the faith that leads to achievement. Nothing can be done without hope and confidence.

Hellen Keller





“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's 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's 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's Registered Office. For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

### Contact Persons

Mr. Manzoor Raza Tel: (021) 32467456  
Email: manzoor.raza@aishasteel.com

Mr. Mohsin Rajab Ali  
Tel: (021) 111-111-500  
Email: mohsin\_rajabali@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 19, 2019 to October 26, 2019 (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 Friday, October 18, 2019 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 at General Meeting of the Company can appoint another person as his/ her proxy to attend and vote at the meeting. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy.

### Web Presence

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



### Shareholding Pattern

The shareholding pattern of the equity share capital of the Company as on June 30, 2019 along with categories of shareholders are given on page 59 to 63.

# Notice of Fifteenth Annual General Meeting

Notice is hereby given that the Fifteenth Annual General Meeting of the Shareholders of Aisha Steel Mills Limited (“the Company”) will be held on Saturday, October 26, 2019 at 09:45 a.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi to transact the following business:

## Ordinary Business

- 1) To confirm minutes of Fourteenth Annual General Meeting held on October 25, 2018.
- 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, 2019.
- 3) To appoint the Auditors for the year ending June 30, 2020 and fix their remuneration. The Board of Directors have recommended for reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants as external auditors.

## Any Other Business

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

Karachi: October 04, 2019

By order of the Board  
**Manzoor Raza**  
Company Secretary

## Notes

1. Share transfer books of the Company will remain closed from October 19, 2019 to October 26, 2019 (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 Friday, October 18, 2019 will be treated in time for the determination of entitlement of shareholders to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint another person as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
3. Procedure including the guidelines as laid down in Circular No. I - Reference No. 3 (5-A) Misc / ARO / LES / 96 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan:
  - (i) Members, proxies or nominees shall authenticate their identity by showing their original national identity card or original passport and bring their folio numbers at the time of attending the meeting.
  - (ii) In the case of corporate entity, Board of Directors’ resolution / power of attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
  - (iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
  - (iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - (v) In the case of proxy by a corporate entity, Board of Directors resolution / power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.
4. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.



## Important

### **Notice to Shareholders for provision of CNIC and other details**

The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99- B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details.

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

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

### **E-Voting**

Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

### **Provision of Video Link Facility**

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

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

### **Distribution of Annual Report**

The audited financial statements of the Company for the year ended June 30, 2019 have been made available on the Company's website (<http://www.aishasteel.com/>) in addition to annual and quarterly financial statements for the prior years.

Further, Annual Report of the Company for the year ended June 30, 2019 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/>).



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



# Glossary

<b>AGM</b>	Annual General Meeting
<b>ASML</b>	Aisha Steel Mills Limited
<b>ASTM</b>	American Society for Testing and Materials
<b>ATIR</b>	Appellate Tribunal Inland Revenue
<b>ATL</b>	Active Tax Payer List
<b>BAC</b>	Board Audit Committee
<b>BCP</b>	Business Continuity Planning
<b>Board / BOD</b>	Board of Directors
<b>CCG</b>	Code of Corporate Governance
<b>CDC</b>	Central Depository Company
<b>CEO</b>	Chief Executive Officer
<b>CFA</b>	Chartered Financial Analyst
<b>CFO</b>	Chief Financial Officer
<b>CIBG</b>	Corporate & Investment Banking Group
<b>CIR</b>	Commissioner Inland Revenue
<b>CIT</b>	Commissioner Income Tax
<b>CPEC</b>	China Pakistan Economic Corridor
<b>CRC</b>	Cold Rolled Coil
<b>CSR</b>	Corporate Social Responsibility
<b>CWIP</b>	Capital Work in Progress
<b>EBIT</b>	Earnings before Interest and Taxation
<b>EBITDA</b>	Earnings before Interest, Taxation, Depreciation and Amortization
<b>EC</b>	Executive Committee
<b>EPS</b>	Earning Per Share
<b>EVP</b>	Executive Vice President
<b>FAST</b>	National University of Computer and Emerging Sciences
<b>FBR</b>	Federal Board of Revenue
<b>FRM</b>	Financial Risk Manager
<b>FTR</b>	Final Tax Regime
<b>FY</b>	Fiscal Year
<b>GDP</b>	Gross Domestic Product
<b>GIDC</b>	Gas Infrastructure Development Cess
<b>GoP</b>	Government of Pakistan
<b>HCL</b>	Hydrochloric acid
<b>HDGC</b>	Hot Dipped Galvanized Coil
<b>HoD</b>	Head of Department
<b>HR</b>	Human Resource
<b>HR &amp; R</b>	Human Resources & Remuneration
<b>HRC</b>	Hot Rolled Coil
<b>HSE</b>	Health, Safety and Environment
<b>HVAC</b>	Heating, Ventilation and Air Conditioning
<b>IAS</b>	International Accounting Standards
<b>IBA</b>	Institute of Business Administration
<b>IBP</b>	The Institute of Bankers Pakistan
<b>ICAP</b>	Institute of Chartered Accountants of Pakistan
<b>ICMAP</b>	Institute of Cost and Management Accountants of Pakistan
<b>IFAC</b>	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>JAIBP</b>	Junior Associateship of Institute of Bankers Pakistan
<b>JCR - VIS</b>	Japanese Credit Rating - Vital Information Services (Pvt.) Limited.
<b>JIS</b>	Japanese Industrial Standards
<b>JV</b>	Joint Ventures
<b>KE</b>	Karachi Electric
<b>KIBOR</b>	Karachi Interbank Offer Rate
<b>LIBOR</b>	London Interbank Offered Rate
<b>LTU</b>	Large Taxpayers Unit
<b>MBA</b>	Master in Business Administration
<b>MC</b>	Management Committee
<b>MOC</b>	Metal One Corporation Limited
<b>MoM</b>	Month on Month
<b>MT</b>	Metric Ton(s)
<b>NBD</b>	National Bank of Dubai
<b>NBV</b>	Net Book Value
<b>NEPRA</b>	National Electric Power Regulatory Authority
<b>NIBAF</b>	National Institute of Banking and Finance
<b>NOC</b>	No Objection Certificate
<b>NRV</b>	Net Realizable Value
<b>OECD</b>	Organization for Economic Cooperation and Development
<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>SPCC</b>	Skin Pass Cold Reduced Carbon
<b>SPCD</b>	Skin Pass Cold Reduced Carbon Dull Sheet
<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

15<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 Fifteenth Annual General Meeting of the Company to be held on Saturday, October 26, 2019  
and/or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

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 Shakra-e-Faisal, Karachi, not later than 48 hours before the meeting duly signed and stamped and witnessed by the two persons with their signatures, name, address and CNIC number given on the form.
4. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
5. In case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy Form.



# پراکسی فارم

پندرہواں سالانہ جنرل اجلاس

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

میں مسٹی / مسماة \_\_\_\_\_ ساکن \_\_\_\_\_ ضلع \_\_\_\_\_ بحیثیت ممبر عائشہ اسمیل 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 26 اکتوبر، 2019 بروز ہفتہ منعقد ہو رہا ہے میں اور ان کے کسی ملتی شدہ اجلاس میں ووٹ ڈالے۔

دستخط: \_\_\_\_\_ بروز/بتاریخ \_\_\_\_\_ 2019

گواہان:

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

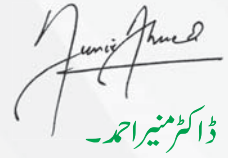
دستخط ۵ روپے  
ریونیو اسٹیٹ

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 رجسٹر کے دفتر (ایم/ایس) سی ڈی سی شیئرز رجسٹرار سرویز لمیٹڈ، سی ڈی سی ہاؤس، 99-B، ایس، ایم، سی، ایچ، ایس، شاہراہ فیصل، کراچی، میں اجلاس سے کم از کم 48 گھنٹے قبل وصول ہونا لازمی ہے۔ فارم میں تمام مطلوبہ معلومات، رکن کے دستخط اور مہر، نیز دو گواہان کی بنیادی معلومات یعنی نام پتے، دستخط اور شناختی کارڈ نمبر کا اندراج ضروری ہے۔
- انفرادی رکن کی صورت میں اصل اوزار پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- پراکسی کے کارپوریٹ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد، پاور آف اٹارنی، شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول، پراکسی فارم کے ساتھ منسلک کرنا ضروری ہے۔

توسیعی منصوبے کی تکمیل یکم چینجر ہے جس کا کمپنی کو شدت سے انتظار رہا ہے۔ میں امید کرتا ہوں کہ مجموعی معاشی حالات میں بہتری آئے گی اور نموا ایک بار پھر زور پکڑے گی۔ پروڈکٹس کے وسیع تر امتزاج، کوالٹی کے اعلیٰ معیار اور ٹیم عائنشہ کے جذبے اور لگن کے ساتھ ہم آمدنی میں کئی گنا اضافے اور اس طرح اپنے تمام اسٹیک ہولڈرز، اپنے ملک، مجموعی معاشرے، شیئر ہولڈرز، اسپانسرز، صارفین اور اپنے ملازمین کے لیے قدر میں اضافے کی صلاحیت رکھتے ہیں۔

مجھے یقین ہے کہ عائشہ اسٹیل ملز لمیٹڈ نے جو پیشرفت کی ہے، وہ ہمارے شیئر ہولڈرز، بورڈ آف ڈائریکٹرز، ملازمین، بیٹکوں اور دیگر تمام اسٹیک ہولڈرز کے تعاون اور شراکت کے بغیر ممکن نہیں تھی۔ یہ ان کا مسلسل اعتماد، رہنمائی اور مدد ہے جو ہماری مسلسل سبقت کا باعث ہے۔ اپنے تمام ملازمین کی اجتماعی ٹیم کی کاوشوں اور بورڈ کی فعال نگرانی کے ساتھ، ہم سال 2020 میں خاطر خواہ ترقی کرنے کے لیے پڑ اعتماد ہیں۔

  
ڈاکٹر منیر احمد۔

چیف ایگزیکٹو آفیسر

کراچی: 31 اگست، 2019۔



کاروباری توقعات، کارکردگی، حکمت عملی اور امکانات کے بارے میں سی ای او کی پریزنٹیشنز تک  
<http://www.aishasteel.com/financial-reports-2/> پر رسائی حاصل کی جاسکتی ہے۔



## چیف ایگزیکٹو آفیسر کا پیغام

سال 2018-19 کا اثنا سٹیل ملز لمیٹڈ کی ایک درمیانے درجے کے فلیٹ کولڈ رولنگ سیٹ اپ سے ایک جدید ترین، بڑے حجم کے، کولڈ رولنگ اور گیلوانائزنگ کمپلیکس میں تبدیلی کا سال ہے۔ کولڈ رولڈ کولنز (سی آر سی) کی پیداواری گنجائش 220,000 سے بڑھ کر 700,000 میٹرک ٹن سالانہ ہوگئی ہے، جس میں سے 250,000 ٹن کوکنٹی نیوس گیلوانائزنگ لائن (CGL) میں استعمال کیا جاسکتا ہے۔ کولڈ رولڈ کولنز (سی آر سی) کی پیداواری گنجائش 220,000 سے بڑھ کر 700,000 میٹرک ٹن سالانہ ہوگئی ہے، جس میں سے 250,000 ٹن کوکنٹی نیوس گیلوانائزنگ لائن (CGL) میں پروسیس کیا جاسکتا ہے۔ چونکہ پککنگ (Pickling) اور رولنگ (Rolling) لائنوں میں پہلے ہی ڈیڑھ لاکھ ٹن اضافی گنجائشیں موجود ہیں، لہذا مستقبل میں نسبتاً مختصر سرمایہ کاری کے ساتھ فنشنگ لائن میں توسیع کی جاسکتی ہے جس سے ASML کی گنجائش مختصر مدت میں 850,000 ٹن سالانہ ہو سکتی ہے۔ ASML پاکستان میں ویلویو ایڈڈ فلیٹ رولنگ اسٹیل انڈسٹری میں نجی شعبے کی سب سے بڑی سرمایہ کاریوں میں سے ایک بن چکی ہے۔ اس کمپلیکس میں جاپان، جرمنی، آسٹریا اور چین سے تعلق رکھنے والے معروف مینوفیکچررز سے حاصل کردہ نئے آلات موجود ہیں۔ آپ کی کمپنی کی توسیع پر توجہ ملک کی فلیٹ اسٹیل انڈسٹری کے روشن امکانات پر اسپانسرز اور منیجمنٹ کے اعتماد اور عزم کی عکاسی کرتی ہے۔

موجودہ بین الاقوامی اور مقامی سطح معاشی طور پر مشکلات سے دوچار ہے۔ امریکہ اور چین کے درمیان جاری تجارتی جنگ نے اسٹیل کی طلب اور قیمت کو منفی طور پر متاثر کیا ہے۔ اب تک ایسے کسی تسلی بخش اقدامات کے شواہد موجود نہیں جو اس معاملے کے حل کی طرف جاتے ہوں۔

مقامی طور پر، ہم نے سیاسی حکومت میں تبدیلی دیکھی ہے جس کے بعد سے کاروباری سرگرمیاں سست روی کا شکار ہیں۔ آئی ایم ایف پروگرام میں پاکستان کے دوبارہ داخلے سے بڑے معاشی ایڈجسٹمنٹ سامنے آئی جس کے نتیجے میں پیداواری سیکٹر میں مزید سست روی کا سامنا کرنا پڑا۔ خاص طور پر آٹوموبائل سیکٹر سخت متاثر ہوا جس کے نتیجے میں سی آر سی کی فروخت کی رفتار کم ہوگئی۔

ملک کی آئی ایم ایف پروگرام میں دوبارہ شمولیت بڑی مجموعی معاشی (Macroeconomic) ایڈجسٹمنٹس سامنے لائی جس کے نتیجے میں مینوفیکچرنگ کے شعبوں میں مزید مندی آئی۔ آٹوموبائل انڈسٹری خصوصاً سخت متاثر ہوئی جس کا نتیجہ CRC کی فروخت میں سست روی کی صورت میں سامنے آیا۔

اس سال کے دوران آپ کی کمپنی نے 202,167 ٹن ہی آر سی تیار کیا جس میں سے 33,223 ٹن کی جست کاری کی گئی۔ 2019 میں مجموعی طور پر 205,456 ٹن کی فروخت ہوئی جس میں 27,017 ٹن جست کاری شدہ کوالنڈر شامل ہیں۔ کمپنی نے 8.29 فی صد منافع ریکارڈ کیا ہے جس کا نتیجہ سال کے لئے 254 ملین روپے بعد از ٹیکس منافع کی شکل میں سامنے آیا۔



## چیرمین کا پیغام

اکیس کروڑ عوام کا وطن پاکستان ترقی پذیر معیشت کا حامل ملک ہے جس کا ٹیکسٹائل، زراعت اور غذائی پیداوار پر نمایاں انحصار ہے۔ تاہم حالیہ برسوں میں تکنیکی تنوع کی طرف جھکاؤ دیکھنے میں آیا ہے۔ تیز رفتار صنعتی اور معاشی ترقی حاصل کرنے کے وافر مواقع کی حامل ترقی پذیر معیشت کی حیثیت سے اس میں اسٹیل کی مصنوعات کی طلب میں اضافہ کی صلاحیت موجود ہے۔ اسٹیل کا ناکافی استعمال معیشت کے لگ بھگ تمام شعبوں کی نمو میں ایک قدرتی رکاوٹ کا کردار ادا کرتا ہے۔ لہذا اسٹیل کی پیداوار کے لیے منصوبہ سازی ملک میں ترقی کی مجموعی منصوبہ سازی کا ایک اہم حصہ ہے۔

عائشہ اسٹیل ملز لمیٹڈ عارف حبیب گروپ کا ایک اہم رکن ہے اور نمو کے زبردست امکانات رکھتا ہے۔ کمپنی 2005 میں ایک کاروباری جذبے کے ساتھ قائم کی گئی تھی، اور اب وہ خود کو اسٹیل انڈسٹری کے ممتاز ارکان کی صف میں شامل کرنے کے قابل ہے۔ قیام کے بعد سے، کمپنی نے مجموعی معاشی (Macroeconomic) حالات اور صنعت کی گردشی نوعیت کی وجہ سے اتار چڑھاؤ کے مختلف مراحل دیکھے ہیں۔ زیر جائزہ سال کے دوران، کمپنی نے ملی جلی کارکردگی کا مظاہرہ کیا۔ ملکی محاذ پر مجموعی معاشی مشکلات کے نتیجے میں مالیاتی پالیسی میں سختی، ترقیاتی اخراجات میں کمی اور کرنسی میں ایڈجسٹمنٹ نے معاشی سرگرمیوں میں رکاوٹ پیدا کی۔ آپ کی کمپنی موجودہ مشکل حالات سے متاثر ہونے کے باوجود، مارکیٹ کے مواقع سے استفادہ حاصل کرنے کے لیے تیار ہے۔

اس کے ساتھ ساتھ، ملک کی ضروریات کا ادراک کرتے ہوئے ہم نے متوقع طلب پوری کرنے کے لیے اپنی گنجائش، مصنوعات کی اقسام اور خدمات میں توسیع کے ذریعے خود کو آگے بڑھایا ہے۔ کمپنی لائق انتظامی ٹیم اور بورڈ آف ڈائریکٹرز کی نگرانی میں اب جدید ترین آلات اور ثابت شدہ صلاحیتوں کی حامل ایکسپرٹ ٹیم کے ذریعے نتائج دکھانے کے لیے پوری طرح تیار ہے۔

ہمارے خریداروں، سپلائرز، ملازمین اور وابستگان کے ساتھ طویل مدتی تعلق ہماری کامیابی کا ذریعہ ہے۔ ہم نہ صرف اپنے خریداروں کی توقعات پر، جو ہماری طرف سے اعلیٰ ترین معیار کے عادی ہو چکے ہیں، پورا اترنے بلکہ ہر اعتبار سے بڑھ چڑھ کر کارکردگی دکھانے کے لیے کوشاں ہیں۔ مجھے پورا اعتماد ہے کہ کمپنی اپنے سیکھنے کے دور میں حاصل کیے گئے تجربات سے بھرپور استفادے کے قابل ہوگی اور توسیعی منصوبے کے ذریعہ اخذ کردہ صلاحیتوں اور مواقع کو نتائج کی شکل دے گی۔ میں ملازمین کی نمایاں خدمات اور ساتھی ڈائریکٹرز اور دیگر اسٹیک ہولڈرز کی جانب سے ان کی کاوشوں، رہنمائی اور تعاون کے لئے بھرپور اظہار تشکر کرنا چاہتا ہوں۔

عارف حبیب  
چیرمین

کراچی: 31 اگست، 2019



## بیلنس شیٹ کے بعد کے واقعات

سخت کاروباری ماحول کی وجہ سے بورڈ نے سال کے دوران کسی بھی تقسیم پر غور نہیں کیا ہے۔

## متعلقہ پارٹیوں سے لین دین

لسٹنگ ریگولیشنز کے تقاضوں کی تعمیل کے لئے، کمپنی نے متعلقہ پارٹیوں سے تمام لین دین کو آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزہ اور منظوری کے لئے پیش کیا۔ اس لین دین کو آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے اپنے متعلقہ اجلاسوں میں منظور کر لیا ہے۔ متعلقہ پارٹیوں سے لین دین کی تفصیلات آڈٹ شدہ مالیاتی گوشواروں سے منسلک نوٹ 37 میں فراہم کی گئی ہیں۔

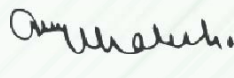
## اعتراف

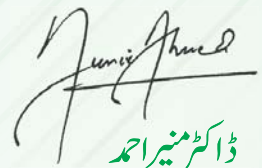
ڈائریکٹرز کمپنی کے شراکت داروں کے لگاتار اعتماد اور سرپرستی کے لئے ان کے شکر گزار ہیں۔ ہم اپنے کاروباری شراکت داروں، بینکروں اور مالیاتی اداروں کی طرف سے ہم سے پر کیے گئے اعتماد اور بھروسے کے لئے اپنا خراج تحسین اور شکریہ ریکارڈ پر لانا چاہتے ہیں۔ ہم وزارت خزانہ، وزارت صنعت و پیداوار، وزارت تجارت، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، نیشنل ٹیریف کمیشن، مسابقتی کمیشن آف پاکستان، سنٹرل ڈپازٹری کمپنی آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ سے بھی ان کی مسلسل مدد اور رہنمائی کے لئے اظہارِ تشکر کرتے ہیں جو کمپنی کو موجودہ شکل دینے میں بہت مددگار ثابت ہوئی ہے۔

کسی ادارے کے کاروباری نتائج کمپنی کے لیے اور اس کے ہمراہ کام کرنے والے لوگوں کی کاوشوں کی زبردست عکاسی کرتے ہیں۔ ڈائریکٹرز کمپنی کی انتظامیہ اور ملازمین کی طرف سے کی گئی اجتماعی کاوشوں کا مکمل اعتراف کرتے ہیں اور توسیعی پروجیکٹ کی کامیاب تکمیل کے بعد ان کی مسلسل اور فعال شمولیت کی توقع رکھتے ہیں۔

ہم اہم معاملات میں انتظامیہ کی معاونت اور رہنمائی میں آڈٹ کمیٹی اور دیگر کمیٹیوں کی قابل قدر خدمات اور فعال کردار کو بھی سراہتے ہیں۔

برائے و منجانب بورڈ

  
جناب عارف حبیب  
چیئر مین

  
ڈاکٹر منیر احمد  
چیف ایگزیکٹو

کراچی: 31 اگست 2019

## شیئر ہولڈنگ کا پیٹرن

کمپنی کے عام اور ترجیحی شیئرز پاکستان اسٹاک ایکسچینج میں درج ہیں۔ 30 جون، 2019 تک کمپنی کے عام شیئر ہولڈرز کی تعداد 11,081 (2018: 10,813) اور ترجیحی شیئر ہولڈرز کی تعداد 2,786 (2018: 2,870) تھی۔ شیئر ہولڈنگ کا پیٹرن اور کمپنی کی شیئر ہولڈنگ کی کیٹیگریز بشمول ڈائریکٹرز اور ایگزیکٹوز کی تفصیلات بطور ضمیمہ سوم (Annexure-III) منسلک ہیں۔

27 اکتوبر، 2016 کو منعقدہ سالانہ جنرل اجلاس میں منظور شدہ خصوصی قرارداد کے تحت، کمپنی نے 2016-17 میں کمپنی کے ”میٹل ون کارپوریشن جاپان“ نامی ایک شیئر ہولڈر کی زیر ملکیت 66,768,583 عام شیئرز کی منسوخی کے لیے عزت مآب ہائی کورٹ آف سندھ میں درخواست دائر کی تھی۔ سندھ کی معزز ہائیکورٹ نے اپنے حکم بتاریخ 25 جون، 2018 میں اس درخواست کو منظور کر لیا تھا اور ادا شدہ سرمائے میں کمی کے لیے مذکورہ بالا سالانہ اجلاس عام میں منظور کی گئی کارروائی کی اجازت دے دی تھی۔ رواں مالی سال کے دوران، SECP نے کمپنی کے 66,768,583 عام شیئرز کی منسوخی کے ذریعے کمپنی کے ادا شدہ سرمائے میں کمی کے لئے عدالت کا حکم رجسٹرڈ اور ریکارڈ کیا تھا۔

## مالیاتی اور کاروباری جھلکیاں

کلیدی کاروباری اور مالی اعداد و شمار کا خلاصہ ”کلیدی کاروباری اور مالیاتی اعداد و شمار اور ان کا تجزیہ“ (صفحہ نمبر 106) کے عنوان کے تحت پیش کیا گیا ہے اور اہم اعداد و شمار کی گراف کی شکل میں عکاسی (صفحہ نمبر 120) پیش کی گئی ہے۔

## آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے تقاضے کے مطابق، آڈٹ کمیٹی بورڈ کے ذریعے منظور شدہ اپنی ٹرمز آف ریفرنس کے مطابق کام کرتی رہی۔

## آڈیٹر

موجودہ بیرونی آڈیٹر میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، 26 اکتوبر، 2019 کو سالانہ جنرل اجلاس کے اختتام پر ریٹائر ہونے کے اور اہل ہونے کے بنیاد پر، انہوں نے 30 جون، 2020 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی طرف سے تسلی بخش ریٹنگ کے حامل ہیں جو ان کے کوالٹی کنٹرول ریویو پروگرام کے تحت درکار ہے۔ جیسا کہ آڈٹ کمیٹی کی تجویز کے مطابق بورڈ 30 جون، 2020 کو اختتام پذیر ہونے والے مالی سال کے لیے میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی باہمی متفقہ فیس پر دوبارہ تقرری کی سفارش کرتا ہے۔ 26 اکتوبر 2019 کو منعقدہ آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز سے اس پر عمل درآمد کی منظوری طلب کی جائے گی۔

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

اس سال کے دوران، کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سکریٹری اور کمپنی کے دیگر ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے شیئرز کا کوئی لین دین نہیں کیا گیا جیسا کہ ضمیمہ 1 میں بھی درج ہے۔

مزید برآں، مندرجہ بالا تمام متعلقہ افراد کو مطلع کیا جاتا ہے کہ وہ اپنے یا اپنی/اپنے شریک حیات کی طرف سے کمپنی کے شیئرز کے کسی لین دین کی صورت میں کمپنی سکریٹری کو فوراً تحریری اطلاع بھیجیں اور ایسے لین دین کے دوران کے اندر شیئرز کی قیمت، شیئرز کی تعداد اور سی ڈی سی اسٹینٹ کا تحریری ریکارڈ پیش کریں۔ کمپنی کے کسی بھی "ایگزیکٹو" کی طرف سے کمپنی کے شیئرز کا کوئی لین دین نہیں کیا گیا ہے، جو کمپنی کے سی ای او، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ، کمپنی سکریٹری اور ایسے دیگر ملازمین ہیں جنہیں ڈائریکٹرز کی طرف سے سالانہ رپورٹس میں انکشاف کے لئے قائم کردہ حد پر ہونے کی بنا پر کمپنی میں جنرل منیجر کے طور پر نامزد کیا گیا ہے نے کمپنی کے شیئرز کا کوئی لین دین نہیں کیا ہے۔

## بورڈ مینٹنز میں حاضری

ان افراد کے نام جو مالی سال کے دوران کمپنی کے ڈائریکٹر تھے اور بورڈ اور کمیٹی (کمیٹیز) کی مینٹنز میں ان کی حاضری ظاہر کرنے والا ایک بیان بطور ضمیمہ دوم (Annexure-II) منسلک کیا گیا ہے۔

## ڈائریکٹرز کے معاوضے کی پالیسی

وہ نان ایگزیکٹو ڈائریکٹرز بشمول عائشہ اسٹیل ملز لمیٹڈ کے آزاد ڈائریکٹرز جو کسی گروپ کمپنی میں سینئر ایگزیکٹو یا انتظامی عہدہ یا ڈائریکٹر شپ نہیں رکھتے ہیں، بورڈ آف ڈائریکٹرز کی مینٹنگ یا بورڈ کی کسی بھی ذیلی کمیٹی کی مینٹنگ میں شرکت کے لئے اس شرح سے مینٹنگ فیس کا طلب کر سکتے ہیں جس کی بورڈ آف ڈائریکٹرز کی طرف سے وقتاً فوقتاً منظوری دی جاتی ہے۔

کسی بھی ڈائریکٹر کو اسے تفویض شدہ اضافی خدمات کی انجام دہی کے عوض معاوضے کی ادائیگی کا فیصلہ بورڈ آف ڈائریکٹرز کی طرف سے مارکیٹ کے مروجہ معیار اور کام کے دائرہ کار کی بنیاد پر کیا جائے گا اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کی طرف سے اجازت کے مطابق ہوگا۔ معاوضے کی سطح بھی مناسب اور ذمہ داری اور مہارت کے درجے کے مطابق ہوگی۔ تاہم، کسی آزاد ڈائریکٹر کے لیے، اس کی سطح ایسی نہیں ہوگی کہ اسے اسکی آزاد حیثیت پر سمجھوتا سمجھا جاسکے۔

جہاں عائشہ اسٹیل ملز لمیٹڈ کے کسی بھی ایگزیکٹو ڈائریکٹر کو دیگر کمپنیوں میں بطور ڈائریکٹر تعینات کیا گیا ہے، وہ فوری بعد ہونے والے بورڈ اجلاس میں اپنی تقرری کے بارے میں بورڈ کو تحریری طور پر آگاہ کرے گا۔ مزید یہ کہ ایگزیکٹو ڈائریکٹر کسی بھی دوسری کمپنی میں اس کی ڈائریکٹر شپ کی وجہ سے حاصل ہونے والی کوئی بھی فیس بشرط بورڈ کی منظوری، اپنے پاس رکھ سکتا ہے۔



سال کے دوران، محترمہ طیبہ رشید نے انسٹی ٹیوٹ آف کوسٹ اینڈ مینجمنٹ اکاؤنٹنٹس آف پاکستان (ICMAP) سے ڈائریکٹر ایجوکیشن کی سند حاصل کر لی ہے۔ چھ ڈائریکٹرز پہلے ہی ڈائریکٹرز کی تربیت/تعلیم کا پروگرام مکمل کر چکے تھے جبکہ دو ڈائریکٹرز کو پہلے ہی کوڈ آف کارپوریٹ گورننس کے تحت منظور شدہ معیار کے مطابق ڈائریکٹرز کے تربیتی پروگرام میں شرکت سے استثنیٰ حاصل تھا۔

کمپنی کی ہمیشہ سے کوشش رہی ہے کہ وہ بہتر کارپوریٹ گورننس اور منصفانہ اور شفاف طرز عمل کے ذریعے بہترین کارکردگی یقینی بنائے، جن میں سے بہت سے قانون کی طرف سے لازمی قرار پانے سے پہلے ہی لاگو کیے جا چکے ہیں۔

## بورڈ/کمٹیوں کی تشکیل۔

موجودہ نو ڈائریکٹرز میں سے، آٹھ ڈائریکٹرز مرد ہیں جبکہ ایک ڈائریکٹر خاتون ہیں۔ موجودہ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی ساخت مندرجہ ذیل ہے۔

بورڈ آف ڈائریکٹرز	کمٹیگری	آڈٹ کمیٹی	افراد کی وسائل اور مشاہرہ کمیٹی
جناب جاوید اقبال	آزاد	چیئر مین	ممبر
محترمہ طیبہ رشید	آزاد	ممبر	-
جناب احسن اشرف	آزاد	-	-
جناب راشد علی خان	آزاد	-	چیئر مین
جناب عارف حبیب (چیئر مین)	نان ایگزیکٹیو	-	ممبر
جناب نسیم بیگ	نان ایگزیکٹیو	ممبر	-
جناب کاشف حبیب	نان ایگزیکٹیو	ممبر	-
جناب محمد اعجاز	نان ایگزیکٹیو	-	ممبر
ڈاکٹر منیر احمد (چیف ایگزیکٹیو)	ایگزیکٹیو	-	-

## بورڈ کی ساخت میں تبدیلیاں اور ڈائریکٹرز کا انتخاب

کمپنیز ایکٹ، 2017 کی دفعہ 159 کی شقوں کے مطابق، اکتوبر 2014 کو منعقدہ سالانہ جنرل میٹنگ میں منتخب ہونے والے نو ڈائریکٹرز کی تین سال کی مدت اکتوبر 2017 میں مکمل ہوئی تھی۔ کمپنی نے 28 اکتوبر 2017 کو منعقدہ اپنے سالانہ اجلاس عام میں 31 اکتوبر، 2017 سے شروع ہونے والی تین سالہ مدت کے لیے خدمات کی انجام دہی کے لیے نو ڈائریکٹرز کا انتخاب کیا۔ ڈائریکٹرز کے انتخاب کے بعد، عارضی طور پر ایک خالی جگہ پیدا ہوئی۔ مسٹر بلال اصغر نے استعفیٰ دے دیا تھا اور ان کی جگہ محترمہ طیبہ رشید کو نومبر 2017 میں چنا گیا۔





## مساوی مواقع پیش کرنے والی آجر اور خصوصی افراد کا روزگار

آپ کی کمپنی مساوی مواقع پیش کرنے والی آجر ہونے پر فخر محسوس کرتی ہے اور صنف، نسل، مذہب یا کسی بھی دوسرے تعلق سے قطع نظر میرٹ پر ملازمت کے مواقع فراہم کرتی ہے۔ ASML متنوع ورک کلچر بنانے کے لئے پرعزم ہے۔ اس حقیقت کی پاسداری کرتے ہوئے خواتین کے عالمی دن پر ASML میں کام کرنے والی خواتین کی خوشنودی کے لئے ایک جشن کا انعقاد کیا گیا۔ مساوات کے علاوہ، آپ کی کمپنی خصوصی ضرورتوں والے افراد کو بھی روزگار کے مواقع فراہم کرتی ہے۔

## قومی خزانے میں حصہ ملانا

آپ کی کمپنی قومی معیشت میں اپنا حصہ ملانے کو سنجیدگی سے لیتی ہے اور ہمیشہ شفاف، درست اور بروقت طریقہ سے اپنی ذمہ داریوں کو نبھاتی ہے۔ کمپنی نے سال کے دوران 5.4 ارب روپے سے زائد حصے پر مشتمل انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز ڈیوٹی قومی خزانے میں جمع کرائی ہے۔

## کاروباری نظم و نسق (کارپوریٹ گورننس)

یہ کمپنی پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ اس کا بورڈ اور انتظامیہ لسٹڈ کمپنیوں کے لئے تجویز کردہ ضابطہ کارپوریٹ گورننس کی پاسداری کے لئے پرعزم ہیں اور اپنی ذمہ داریوں سے واقف ہیں اور مالیاتی اور غیر مالیاتی معلومات کی درستگی، جامعیت اور شفافیت کو بڑھانے کے لیے کاروباری سرگرمیوں اور کارکردگی کی نگرانی کرتے ہیں۔

بورڈ یہ بیان کرنا چاہتا ہے کہ کمپنی کے حساب کتاب کے کھاتے مناسب انداز میں برقرار رکھے گئے ہیں اور اکاؤنٹنگ کے نئے معیارات اور موجودہ معیارات میں ترمیم کے سوا حساب کتاب کی مناسب پالیسیاں اپنائی گئی ہیں اور مستقل طور پر ان کا اطلاق کیا گیا ہے جیسا کہ آڈٹ شدہ مالی گوشواروں سے منسلک نوٹ 3.1.3 میں بیان کیا گیا ہے۔ اکاؤنٹس کی تیاری اور حساب کتاب کے تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔ مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے جو پاکستان میں لاگو ہوتے ہیں۔ اندرونی کنٹرولز کا نظام، جس میں مالیاتی کنٹرولز بھی شامل ہیں ڈیزائن میں مستحکم ہیں اور ان پر موثر انداز میں عمل درآمد اور نگرانی کی جا رہی ہے۔ کمپنی کے مالیاتی گوشوارے اس کے امور کی کیفیت، اس کے آپریشن، نقد بہاؤ (کیش فلوز) اور ایکویٹی میں تبدیلیوں کے نتائج درست انداز میں پیش کرتے ہیں۔ کسی بھی ٹیکسز، ڈیوٹیز، محصولات یا چارجز کی مد میں کوئی بڑی ادائیگی واجب الادا نہیں ہے۔

بورڈ بذریعہ ہذا توثیق کرتا ہے کہ کمپنی کے ایک فعال ادارے حیثیت سے کام جاری رکھنے کی صلاحیت کے بارے میں کوئی شک نہیں ہے اور یہ کہ کاروباری نظم و نسق (کارپوریٹ گورننس) کے وضع کردہ کوآرڈینیشن سے کوئی روگردانی نہیں کی گئی ہے جیسا کہ قابل اطلاق قواعد و ضوابط میں تفصیل سے درج ہے۔



ASML میں، ہم سمجھتے ہیں کہ عوام کو معیاری تعلیم دے کر، ہم اپنے معاشرے میں اپنی ذمہ داری سے عہدہ برآ ہو سکتے ہیں جس کے نتیجے میں ہمارے ملک کی معاشی نمو مضبوط ہوتی ہے۔ ASML تحقیقات، کانفرنسز، تجارتی میلے، ورکشاپس اور دیگر تقریبات اسپانسر کرتی ہے۔

مزید برآں، سال کے دوران ASML نے TCF کو ہی گوٹھ کیمپس میں ایک لرننگ اینڈ فن ڈے کا اہتمام کیا جس میں ملازمین نے رضا کارانہ طور پر طلباء کے ساتھ پورا دن گزارا اور صحت مندانہ سرگرمیوں کا اہتمام کیا۔ TCF اسکولوں کے لئے فنڈز اور عطیات جمع کرنے کے لئے ایک کمیٹی بھی تشکیل دی گئی ہے۔ سال کے دوران، کمپنی نے مختلف ٹیکنیکل ادارے کے کیمپس میں بھرتی مہم چلاتے ہوئے متعلقہ شعبوں میں ڈپلوما مکمل کرنے والے نوجوانوں کو راغب کرنے کے لئے مختلف بھرتی مہموں کا آغاز کیا۔ DAE کوالیفیکیشن رکھنے والے ایسوسی ایٹس (ایسوسی ایٹ انجینئرنگ میں ڈپلوما) مختلف شعبوں میں 2 سالہ تربیتی پروگرام کے لئے شامل کیے جاتے ہیں۔ علاوہ ازیں سال کے دوران، ASML نے این ای ڈی یونیورسٹی کے طلباء کو پیداواری عمل کو سمجھنے میں مدد دینے کے لئے پلانٹ کا باضابطہ دورہ کرایا۔ واقفیت نشست کے بعد جی ایم اور شعبہ پیداوار کے مینجرز نے بلا تکلف باہمی تبادلہ خیال کیا۔

## کھیل اور دیگر سرگرمیاں

ASML ملازمین کے درمیان ایک پُر جوش اور فعال طرز عمل کو فروغ دیتی ہے اور ان میں قومی فخر کو راسخ کرنے پر یقین رکھتی ہے۔ سال کے دوران ملازمین کے لئے مختلف سرگرمیاں منعقد کی گئیں جن میں یوم آزادی کی تقریبات، عید ملن، اور شعبہ جاتی کرکٹ ٹورنامنٹس شامل تھے۔

## صنعتی تعلقات

آپ کی کمپنی ایک مساوی، منصفانہ اور میرٹ پر مبنی ماحول مہیا کرنے پر یقین رکھتی ہے۔ ہمارا ماننا ہے کہ اگر ملازمین کے ساتھ منصفانہ اور احترام آمیز سلوک رکھا جائے تو اس کے نتیجے میں افرادی قوت کی زبردست حوصلہ افزائی ہوگی جس کا نتیجہ پُر امن اور لگاتار کاروباری سرگرمیوں کی شکل میں ظاہر ہوتا ہے۔ ہم آنے والے برسوں میں اس طرز عمل کو برقرار رکھنے کا ارادہ رکھتے ہیں۔

## بطور ریٹائرمنٹ بینیفٹ گریجویٹ اسکیم

کمپنی نے ایک منصوبہ تیار کیا ہے جو اس کے ملازمین کو ریٹائرمنٹ پر مالی فوائد فراہم کرتا ہے۔ اس میں مستقل ملازمین کے لئے بنا کٹوتی اور بلا ادائیگی گریجویٹ اسکیم شامل ہے۔

## بالفاظ اہمیت لائحہ عمل اختیار کیا گیا ہے

بورڈ آف ڈائریکٹرز کمپنی کے تمام اہمیت کے حامل معاملات پر کڑی نگرانی رکھتے ہیں۔ عام طور پر، ان معاملات کو اہمیت کا حامل سمجھا جاتا ہے جن سے، انفرادی طور پر یا مجموعی طور پر توقع کی جاتی ہے کہ وہ کمپنی کی کارکردگی اور منافع کمانے کی اہلیت پر نمایاں اثرات مرتب کریں گے۔

## کاروباری سماجی ذمہ داری (CSR)

ASML اپنی سماجی ذمہ داریوں اور فرائض کی انجام دہی کے لئے پوری طرح پرعزم ہے۔ ہم کم وسائل والے افراد کے لیے انسانی صحت اور تعلیم جیسی بنیادی ضروریات کی فراہمی کی ذمہ داری سے وابستہ رہنے کے ذریعے عالمی ماحول کے بارے میں عقل و فہم کے ساتھ ہر روز کوشاں ہیں۔

ASML ماحولیاتی تبدیلی کے اثرات کم کرنے اور وسائل کے باکفایت استعمال پر توجہ مرکوز رکھتے ہوئے ماحولیاتی کارکردگی کے حوالے سے پاکستان کی اسٹیل انڈسٹری کے لیے مثالی معیار قائم کرنے کی خواہشمند ہے۔ ہم نے معاشرے کے لیے اپنے حصے کی ذمہ داری نبھانے اور دنیا کو رہنے کے لئے ایک بہتر مقام بنانے کے لئے بھرپور جدوجہد کی ہے۔

2019-20 کے دوران ہمارے اقدامات درج ذیل پر مشتمل ہیں:

## ماحولیات، صحت اور حفاظت

ایک ذمہ دار کاروباری شہری کی حیثیت سے، ASML ماحولیات، صحت اور حفاظت سے متعلق (EHS) پالیسی کے اعلیٰ ترین معیاروں پر عمل پیرا رہنے کا عہد کرتی ہے اور یہ کمپنی کی اولین ترجیحات میں سے ایک ہے اور اس بات کو یقینی بنانے کے لئے ضوابط کی سخت تعمیل یقینی بنائی جاتی ہے تاکہ ملازمین ایک بیزارکن معمول کے طور پر نہیں بلکہ ایک عادت کے طور پر ضوابط پر عمل کریں۔ اس مقصد کے لیے باقاعدگی سے تربیتی نشستیں منعقد کی جاتی ہیں۔

ASML کی ٹیم نے جولائی 2018 میں ASML کے احاطے میں انڈس اسپتال کے تعاون سے خون عطیہ کرنے کی مہم چلائی۔ یہ سرگرمی اس معاشرے میں اپنی ذمہ داری نبھانے کے ہمارے عزم کے مطابق تھی، جس معاشرے میں ہم کام کرتے ہیں۔

غربت اور فاقہ کشی ان بنیادی مسائل میں سے ایک ہے جن سے مقابلے کے لیے ہمارا ادارہ عطیہ دے رہا ہے۔ ورلڈ فوڈ پروگرام (WFP) کے مطابق، تقریباً 44% پاکستانیوں کو غذائی قلت کا سامنا ہے۔ ہماری فیسیلیٹی کے آس پاس کم وسائل کے حامل علاقوں کی مدد کے لئے، ASML کی طرف سے مستقل بنیاد پر تازہ گوشت تقسیم کیا جاتا ہے۔

ذیابیطیس سے متعلق آگاہی پیدا کرنے کے لئے، لیاقت نیشنل اسپتال کے اشتراک سے ایک سیمینار کا انعقاد کیا گیا جس میں ڈاکٹر علی اصغر نے ذیابیطیس کی علامات اور جلد تشخیص اور صحت مند طرز زندگی اپنانے کے بارے میں رہنمائی فراہم کی۔

خطرہ	سنگینی کی نوعیت	تخفیفی عوامل
کاروباری خطرہ / خارجی خطرہ مصنوعات کی طلب میں کمی کا کاروبار پر منفی اثر پڑ سکتا ہے۔	اوسط	دونوں بڑے پروڈیوسروں کی طرف سے توسیع کے بعد، مقامی مینوفیکچرنگ کی گنجائش CRC اور GI دونوں کی طلب سے زیادہ ہے۔ تاہم، متعدد عوامل کی وجہ سے طلب میں اضافہ متوقع ہے جس میں ملک کی معاشی نمو، بڑھتی ہوئی آبادی، اسٹیل کے تیار سامان کی کھپت میں اضافہ اور افزائش کے نتیجے میں کھپت کے انداز میں تبدیلی کا باعث ہے۔ اس میں برآمد کے مواقع دستیاب ہیں۔
زر مبادلہ سے متعلق خطرہ زر مبادلہ میں منفی نقل و حرکت خام مال کی قیمت میں اضافہ اور منافع کم کر سکتی ہے۔	اوسط	زر مبادلہ کا خطرہ کم سے کم سطح تک محدود رکھا جاتا ہے، کیونکہ پروڈکٹ درآمدی متبادل کے طور پر کام کرے گی۔ تیار شدہ اشیا کی قیمت، یعنی CRC، بین الاقوامی مارکیٹ میں قیمتوں سے منسلک ہے، جس کی کوٹیشن ڈالر میں ہوتی ہیں، اس طرح یہ کمپنی کو کسی بھی زر مبادلہ میں کسی منفی تبدیلی سے بچاتا ہے۔
ڈمپنگ کا خطرہ جب قیمت میں فرق بڑھ جاتا ہے تو تاجر / سرمایہ کار CRC درآمد کرتے ہیں۔	اوسط	مارکیٹ پر مبنی قیمتوں کے تعین کی پالیسی اپناتے ہوئے CRC اپورٹ رسک 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 خطرہ کو کم کرے گا۔
آلات کار کے مصروف عمل ہونے سے متعلق خطرہ مشینری چلنے کے دوران زخمی ہونے کا خطرہ۔	اوسط	جدید ترین پلانٹ اور مشینری کے حصول، معیاری آپریٹرز کی خدمات حاصل کرنے اور آزمودہ اور جانچ شدہ نظاموں کے نفاذ سے خطرے کو کم کیا جاتا ہے۔ حفاظتی ڈیزائنز، کنٹرول اور طے شدہ پروٹوکول لاگو ہیں۔ پلانٹ کی باقاعدگی سے دیکھ بھال اور عملے کی تربیت کی جاتی ہے۔
قرض کا خطرہ خطرہ ہے کہ کمپنی تجارتی قرضوں کی وصولی نہ کر پائے۔	کم	90 فیصد سے زیادہ فروخت پیشگی رقوم کے عوض ہوتی ہے۔ مزید برآں، صرف قابل اعتماد گاہکوں کو ایک ماہ سے بھی کم مدت کے لئے کریڈٹ پیش کیا جاتا ہے۔

## خام مال کی خریداری

مناسب قیمت پر ہاٹ رولڈ کوائل (HRC) کی معیاری خریداری سے کولڈ رولڈ کوائل (CRC) / ایچ ڈی جی سی (HDGC) کاروبار میں کلیدی اہمیت کی حامل ہے۔ کمپنی کی اعلیٰ انتظامیہ ہاٹ رولڈ کوائل (HRC) کی خریداری میں براہ راست شامل ہے اور زیادہ سے زیادہ مناسب قیمت پر بروقت دستیابی کو یقینی بنانے کی ہر ممکن کوشش کر رہی ہے۔ کمپنی کے خریداری کے ذرائع کو متنوع بنانے کی تمام تر کوششیں جاری ہیں۔

## خطرات کی روک تھام (رسک مینجمنٹ)

ادارہ خطروں کی روک تھام کی دانش مندانہ حکمت عملی پر عمل پیرا ہے۔ بورڈ نے رسک مینجمنٹ پالیسی تیار کی ہے اور باقاعدگی سے ان تمام اہم خطرات کا جائزہ لیتی ہے جو کمپنی کو درپیش ہیں۔ رسک مینجمنٹ سسٹم کو تمام تنظیمی سطحوں پر خطرات کی طرف متوازن لائحہ عمل کو فروغ دینے کے لئے ڈیزائن کیا گیا ہے۔ ابتدائی مرحلے میں مواقع اور خطرات، ان کی پیمائش اور خطرات کی روک تھام اور نگرانی کے لئے موزوں آلات کے استعمال کی شناخت اور تجزیے کے لئے یہ نظام تیار کیا گیا ہے۔

کمپنی کا اہم کاروبار جو پیداوار سے متعلق ہے، اس نے اپنا رسک مینجمنٹ سسٹم تشکیل دیا ہے جس میں پیداوار اور فروخت کی حکمت عملی دونوں شامل ہیں۔ خام مال کی خریداری کے ساتھ شروع کرتے ہوئے، کمپنی نے ہمیشہ معیار پر توجہ دینے کے ساتھ ذرائع میں تنوع کی پالیسی پر عمل کیا ہے، جس نے اپنے فیصلوں کی بنیاد پر وڈ کٹ کے امتزاج کے تقاضوں، صارفین کی طلب اور مارکیٹ کے تجزیہ پر رکھی ہے۔

اسٹاک کے انتخاب اور انویسٹری کی سطحوں کے سلسلے میں احتیاط برتتے ہوئے، ارتکاز کے خطرے سے گریز سے بچتے ہوئے، خریدار ڈیلروں سے کریڈٹ / کلین فنڈز کی وصولی کو یقینی بناتے ہوئے اور حریف پارٹی کی صلاحیت کا مسلسل جائزہ لے کر کمپنی اپنے خطرات کے لیے بندوبست کرتی ہے۔ اس کے علاوہ، کمپنی نے اپنے نمائندوں کے ذریعہ مینیجنگ پیکرز اور صارفین دونوں کو باخبر رکھنے اور کسٹم اور ٹیرف کے معاملات کو آسان بنانے کے شعبوں کی ترقی میں لگا تار کردار ادا کیا ہے۔

آپریشنل رسک کو کم سے کم کرنے اور ان کی روک تھام کے لئے، انویسٹری خریداری میں سرمایہ کاری کرنے سے پہلے نقطہ آغاز سے ہمیشہ گہرائی سے تجزیہ کیا جاتا رہا ہے۔ قابل اور تجربہ کار پیشہ ور افراد کی خدمات حاصل کرنے، تخمینہ کاری اور دیگر داخلی کنٹرولز کے اطلاق، خریداری، پیداوار، فروخت اور کارپوریٹ گورننس کے شعبوں کی کارکردگی کا جائزہ جاری رکھنے اور جب ضرورت ہو اصلاحی اقدامات اٹھانے کے ذریعے اسے معاونت فراہم کی جاتی رہی ہے۔ رسک مینجمنٹ کے بارے میں بالحاظ معیار تفصیلی رپورٹس اور مقداری تجزیہ آڈٹ شدہ مالی گوشواروں سے منسلک نوٹ نمبر 40 میں پیش کیا گیا ہے۔

## توسیعی منصوبہ

کمپنی گیم چیئر توسیعی منصوبے کی تکمیل کی طویل عرصے سے منتظر تھی۔ انفرادی آزمائشی آپریٹنگ مدت کی کامیابی سے تکمیل کے بعد، کمپنی نے 26 جون، 2019 کو چینی پش پل پکٹنگ لائن (PPPL)، جرمن رولنگ مل (CCM) اور آسٹریا پیچ اینیلنگ فرنس (BAF) کی COD (تجارتی آغاز کار کی تاریخ) قرار دیا ہے۔ اس سے قبل، کمپنی نے 10 مئی، 2019 کو مسلسل گیلوانائزنگ لائن (CGL) کے لئے COD (تجارتی آغاز کار کی تاریخ) کے طور پر اعلان کیا تھا۔

مکمل تعمیر کا کام 18 ماہ کی مقررہ ٹائم لائن کے اندر مکمل کیا گیا تھا۔ بڑی غیر ملکی کرنسیوں کے مقابلہ میں روپے کی قدر میں تیزی سے کمی کی وجہ سے، آلات اور خدمات کی لاگت میں خاطر خواہ اضافہ ہوا۔ مقامی اسٹیل اور تانبے کی قیمتوں میں اضافے سے، خاص طور پر، منصوبے کی لاگت کے مقامی حصے میں اضافہ ہوا۔

## موجودہ آپریشنز میں بہتری

پیداواریت کے ساتھ ساتھ معیار میں مزید بہتری لانے کے لئے موجودہ سیٹ اپ میں مستقل بہتری لائی جا رہی ہے۔ جرمنی سے حاصل کردہ جدید ترین رول گرائنڈرز اب مکمل طور پر فعال ہیں۔ اس سے اعلیٰ درجے کے وائٹ گڈز اور آٹوموٹیو صنعتوں کے لئے درکار سٹیل گینج کے اعلیٰ معیار کے CRC کی پیداوار میں مدد ملی ہے۔

700,000 سالانہ پیداوار کی توسیع کفایتی پیمانے کی وجہ سے پیداوار کی لاگت کو مزید بہتر بنائے گی۔ گیلوانائزنگ لائن میں اضافے سے مارکیٹ کے نئے شعبے کھلتے ہیں۔ ASML فلیٹ اسٹیل مصنوعات کی دوسری سب سے بڑی پروڈیوسر بن گئی ہے اور توقع کی جاتی ہے کہ فلیٹ اسٹیل کی ضرورت کے بڑے حصے کو پورا کرنے میں اہم کردار ادا کرے گی۔

## مستقبل کا نظارہ

اضافہ شدہ گنجائش اور وسیع تر اور متنوع پروڈکٹ لائن کے ساتھ، آپ کی کمپنی مستقبل میں ترقی کے مواقع سے فائدہ اٹھانے کے لئے پوری طرح تیار ہے۔ جاری سال میں کمپنی کی آمدنی تین گنا ہونے کا امکان ہے۔

چونکہ دونوں بڑے مقامی پروڈیوسرز نے اپنی اپنی صلاحیتوں میں خاطر خواہ اضافہ کیا ہے، لہذا یہ ڈمپنگ اور درآمدات کے خطرے کے خلاف ایک مضبوط رکاوٹ ثابت ہوگی۔ مقامی طلب کافی مضبوط رہی ہے اور امکان ہے کہ جیسے ہی ترقی کی رفتار میں دوبارہ تیزی آئے گی اس شعبے کو نمائندہ فائدہ ہوگا۔ مسابقتی کرنسی نہ صرف برآمدی پیش رفت میں معاونت کرے گی بلکہ پروسیسنگ کی مد میں منافع جات میں بھی حصہ دار بنے گی۔ امید ہے کہ عالمی قیمتیں اور بنیادی منافع جات مستحکم رہیں گے۔

## کاروبار کی نوعیت میں تبدیلیاں

سال کے دوران کمپنی کے کاروبار کی نوعیت میں کوئی تبدیلی نہیں ہوئی ہے ماسوائے پیچ ڈی جی سی (HDGC) کی پیداواری صلاحیت بعد ازاں توسیع کے۔

## مالیاتی جائزہ اور نتائج

2018-19 کے مالیاتی اشارے 2017-18 کے مقابلے میں خاطر خواہ کمی کا مظاہرہ کرتے ہیں، نیچے دیے گئے جدول کو دیکھیں۔ مجموعی منافع گذشتہ سال حاصل ہونے والے 17.5% کے مقابلے میں کم ہو کر 8.3% رہ گیا۔ پچھلے سال میں 1,916 ملین روپے کے منافع کے مقابلے میں قبل از ٹیکس نقصان 412 ملین روپے رہا۔ امریکہ اور چین کے مابین جاری تجارتی جنگ کی وجہ سے، متعدد ممالک ڈمپنگ گراؤنڈز کی تلاش میں تھے اور پاکستان کے ایک ممکنہ منزل ہونے کی وجہ سے، مزید درآمدات کی حوصلہ شکنی کے لئے فروخت کی قیمتوں کو قابو میں رکھا گیا تھا۔ اس ساری صورت حال اور مشکل مقامی کاروباری ماحول کے باوجود، کمپنی نے پچھلے سال درج کرائے گئے 1,284 ملین روپے کے بعد از ٹیکس منافع کے مقابلے میں 254 ملین روپے کے بعد از ٹیکس منافع کمایا۔

2017-18	2018-19	تفصیل
ملین روپے		
3,314	1,678	مجموعی منافع
2,995	1,453	آپریشنز سے منافع
1,916	(412)	قبل از ٹیکس (نقصان) / منافع
1,284	254	بعد از ٹیکس منافع
نی شیئر / آمدنی، روپوں میں		
1.57	0.26	بنیادی
1.54	N/A	تحلیل شدہ (Diluted)

کٹھن ہوتے حالات کار کی وجہ سے بورڈ نے سال کے دوران منافع کی کسی تقسیم پر غور نہیں کیا۔

## غیر مالیاتی کارکردگی

آپ کی کمپنی نے خود کو لیڈ کوالٹی پروڈیوسر کے طور پر مستحکم کیا ہے۔ اس عالمی معیار کی سہولت کو کامیابی کے ساتھ چلانے کے لیے یہ آزمودہ نظام، طریقہ کار اور ایک تجربہ کار انتظامی ٹیم کی حامل ہے۔ معیار اور پیداواری صلاحیت میں مستقل بہتری بنیادی عملی فلسفہ ہے۔ ہم نے صنعت میں کسٹمر سروس اور اطمینان کے بلند ترین معیارات کو متعین اور حاصل کیا ہے۔ سال کے دوران، کمپنی نے اپنے انسانی وسائل کے اثاثے کے لئے تکنیکی اور طرز عمل دونوں طرح کے ٹریننگ کورسز کروائے۔ کمپنی تمام قانونی اور انتظامی شرائط کی پاسداری کرتی ہے اور تمام شرائط داروں کے ساتھ مضبوط تعلقات برقرار رکھتی ہے۔

جیسا کہ مذکورہ بالا میں بیان ہوا ہے مجموعی چیلنجوں بھرے حالات کی وجہ سے، 2018-19 میں پیداوار اور فروخت میں کمی ہوئی۔ نیچے دیئے گئے جدول میں 2017-18 اور 2018-19 کے درمیان موازنہ پیش کیا گیا ہے:

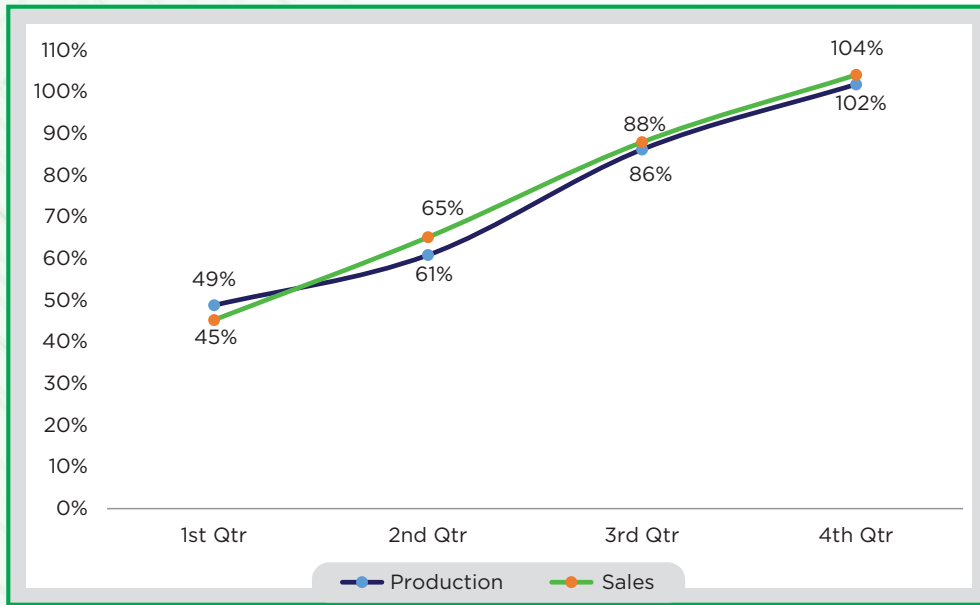
2018	2019	
18,114	16,847	CRC اور HDGC کی اوسط ماہانہ پیداوار (ٹن میں)
18,087	17,121	CRC اور HDGC کی اوسط ماہانہ ترسیل (ٹن میں)
6,798	18,425	تیار مال کا اوسط ماہانہ اسٹاک (ٹن میں)

فروخت میں 5% کمی ہوئی

پیداوار میں 7% کمی ہوئی

پیداوار اور فروخت کے یہ اعداد و شمار 2018-19 میں حاصل ہوئے، جب 22,642 ٹن ماہانہ تخمینہ شدہ اوسط مقدار کے مقابلے میں پیداوار اور فروخت دونوں میں، بالترتیب تقریباً 26% اور 24% کمی ہوئی۔

مجموعی چیلنجوں بھرے حالات کے اثرات مالی سال 2018-19 کی پہلی اور دوسری سہ ماہی میں زیادہ واضح ہوئے۔ آخری دو سہ ماہیوں میں صورتحال نسبتاً بہتر ہوئی۔ فروخت بڑھ کر تخمینہ شدہ سہ ماہی اہداف کے 88% اور 104% تک پہنچ گئی۔ پیداوار میں بھی بہتری ہوئی اور تیسری اور آخری سہ ماہی میں تخمینہ شدہ مقدار کے حوالے سے 86% اور 102% تک پہنچ گئی۔ تاہم تیار سامان کی انویٹری زیادتی کی طرف اوسطاً 18,000 ٹن سے زائد رہی۔ مندرجہ ذیل گراف میں واضح طور پر اس کی وضاحت کی گئی ہے۔



فی سہ ماہی تخمینہ شدہ مقداروں کے مقابلے میں حاصل کردہ فیصد پیداوار اور فیصد فروخت ہدف

گیلونائزنگ لائن اپریل 2019 میں شروع کی گئی تھی۔ اس نے آخری سہ ماہی میں تقریباً 30,000 HDGC پیدا کیا۔ نئی CRM (کولڈ رولنگ ملنگ) نے مالی سال 2018-19 کے آخری ہفتے میں کام شروع کیا۔ بڑھتی ہوئی پیداواری صلاحیت کی عکاسی جاری مالی سال میں ہوگی۔



## کمپنی کی کارکردگی کی جھلکیاں

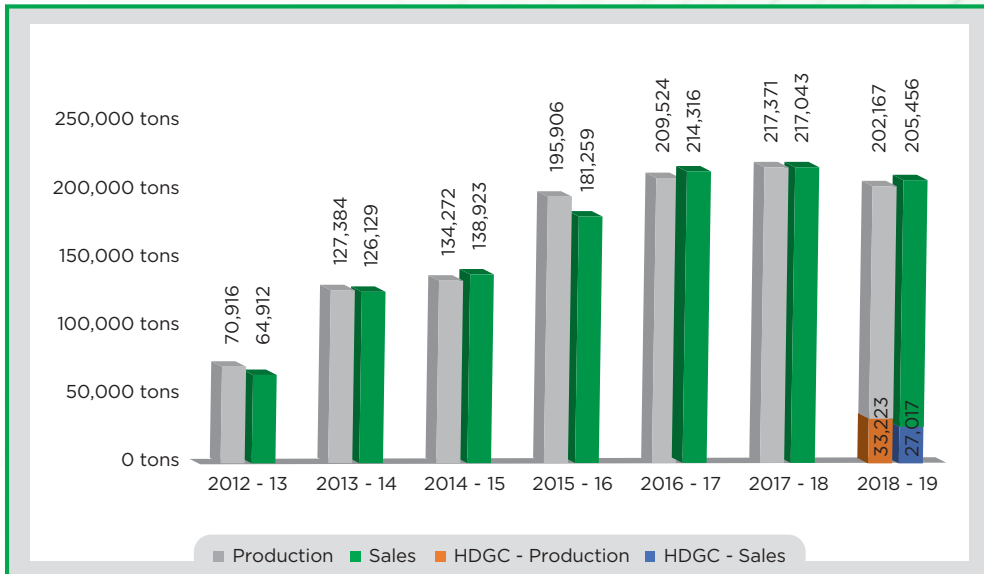
ایک چیلنج بھرے دور کے دوران آپ کی کمپنی کی یکسوئی اور کارکردگی انڈسٹری کے امکانات پر کمپنی کے سرپرست اور انتظامیہ کے اعتماد اور عزم کی عکاسی کرتی ہے۔ سال 2018-19 عائنہ اسٹیل ملز لمیٹڈ کی ایک درمیانے درجے کے فلیٹ کولڈ رولنگ سیٹ اپ سے ایک جدید ترین، بڑے حجم کے، کولڈ رولنگ اور گیلوانائزنگ کمپلیکس میں تبدیلی کا سال ہے۔ کولڈ رولڈ کونلز (سی آر سی) کی پیداواری گنجائش 220,000 سے بڑھ کر 700,000 میٹرک ٹن سالانہ ہو گئی ہے، جس میں سے 250,000 ٹن کو لگا تار گیلوانائزنگ لائن (CGL) میں پروسیس کیا جاسکتا ہے۔ چونکہ پیکلنگ (Pickling) اور رولنگ لائنوں نے پہلے ہی 150,000 ٹن اضافی گنجائشیں تشکیل دے رکھی ہیں، لہذا مستقبل میں نسبتاً مختصر سرمایہ کاری کے ساتھ فنشنگ لائن میں توسیع کی جاسکتی ہے جس سے ASML کی گنجائش مختصر مدت میں 850,000 ٹن سالانہ ہو سکتی ہے۔ ASML پاکستان میں ویلیو ایڈڈ فلیٹ رولنگ اسٹیل انڈسٹری میں نجی شعبے کی سب سے بڑی سرمایہ کاریوں میں سے ایک بن چکی ہے۔ اس کمپلیکس میں جاپان، جرمنی، آسٹریا اور چین سے تعلق رکھنے والے معروف مینوفیکچررز سے حاصل کردہ نئے آلات موجود ہیں۔

## اہم سرگرمیاں

ASML درآمد شدہ ہاٹ رولڈ کونلز (HRC) سے بین الاقوامی معیار کی سی آر سی اور ایچ ڈی جی سی (ہاٹ ڈپڈ گیلوانائزڈ کوائل HDGC) تیار کرتی ہے۔ کمپنی کی مصنوعات کو آٹوموٹیو، انجینئرنگ صنعت اور مینوفیکچرنگ کے شعبوں میں ایک اہم خام مال کے طور پر مقامی اور برآمدی منڈیوں کے لئے وسیع پیمانے پر ویلیو ایڈڈ مصنوعات بنانے کے لئے استعمال کیا جاتا ہے۔ ایچ ڈی جی سی (HDGC) مصنوعات مختلف ایپلیکیشنز میں استعمال ہوتی ہیں، جن میں عمارت کا سامان، پائپ، بجلی کے آلات وغیرہ شامل ہیں۔

## کاروباری کارکردگی کا جائزہ

مندرجہ ذیل گراف میں دکھایا گیا ہے کہ ASML کی سرگرمیوں نے گذشتہ برسوں میں قوت اور استحکام حاصل کیا ہے۔



2012-13 میں کام شروع ہونے کے بعد سے حاصل کی گئی پیداوار اور فروخت کی مقدار (ٹن میں)۔

## ڈائریکٹرز رپورٹ

عزیز ساتھی شیئر ہولڈرز!

عائشہ اسٹیل ملز لمیٹڈ (ASML) کے ڈائریکٹرز بذریعہ ہڈ 30 جون 2019 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ کے ہمراہ آڈٹ شدہ مالیاتی گوشوارے مع ان پراڈیٹرز کی رپورٹ اور کمپنی کے مجموعی حالات، اور مالیاتی اور کاروباری کارکردگی کا مختصر جائزہ پیش کرتے ہیں۔

### مجموعی معاشی، ملکی اور عالمی ماحول

’چیلنجوں اور اتار چڑھاؤ سے بھرپور‘ کوزیر جائزہ سال کے مجموعی مقامی اور عالمی کاروباری ماحول کا مناسب خلاصہ قرار دیا جاسکتا ہے۔ ملکی سطح پر ہم نے افراتفری اور بے یقینی کے دور کے بعد سیاسی حکومت کی تبدیلی، ملک کی آئی ایم ایف پروگرام میں دوبارہ شمولیت اور بڑے مجموعی معاشی (Macroeconomic) ردوبدل کا مشاہدہ کیا۔ سود کی شرحوں میں 575 بنیادی پوائنٹس کا اضافہ اور ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں %32 کمی نے کرنٹ اکاؤنٹ کی مد میں مطابقت سے نمونہ کر کے نصف کر دی۔ ہماری دل چسپی کے شعبے مثلاً آٹوموبائل خصوصاً متاثر ہوئے ہیں جس کی عکاسی لارج اسکیل مینوفیکچرنگ میں %3.64 تک کمی سے ہوتی ہے۔

عالمی سطح پر امریکا اور چین کی تجارتی جنگ کاروباری منظر نامے پر چھائی رہی جس نے مارکیٹ کو دباؤ میں رکھا۔ چین کی اسٹیل کی برآمدی قیمتیں اسٹیل کی عالمی مارکیٹوں کے رجحان کا تعین کرتی ہیں۔ چین عالمی سطح پر اسٹیل کا صرف سب سے بڑا تیار کنندہ ہی نہیں، بلکہ سب سے بڑا برآمد کنندہ بھی ہے۔ جولائی تا دسمبر 2018، HRC کی FOB چین سے قیمتیں رفتہ رفتہ 570 امریکی ڈالر فی ٹن سے کم ہو کر 480 امریکی ڈالر تک پہنچ گئیں، جو تقریباً %16 کمی ہے۔ CRC (کولڈ رولڈ کوائل) کی قیمتیں عام طور پر HRC (ہاٹ رولڈ کوائل) کی قیمتوں کے مقابلے میں 70 امریکی ڈالر زیادہ ہوتی ہیں اور ان میں بھی HRC والا رجحان رہا۔ جنوری تا جون 2019 کی مدت میں FOB چین قیمتیں 525 امریکی ڈالر تک بحال ہو گئیں۔ مندرجہ بالا رجحان مقامی مارکیٹ کے جذبات پر بھی اثر انداز ہوا اور سال کے دوسرے نصف حصے میں فروخت پہلے حصے کے مقابلے میں بہتر رہی۔

موجودہ سیاسی ماحول اور معیشت کو دستاویزی شکل دینے کے لئے ایف بی آر کے ذریعہ نئے کاروباری طریق کار متعارف کروانے کی وجہ سے مقامی مارکیٹ کو اضافی چیلنجوں اور غیر یقینی صورتحال کا سامنا کرنا پڑ رہا ہے۔ مارکیٹ پیشرفت کو بغور دیکھ رہی ہے اور تاجروں نے محتاط روی اختیار کر رکھی ہے۔ واضح سمت سامنے آنے تک کاروباری سرگرمیاں سست رہنے کا امکان ہے۔ حالیہ معاشی تبدیلیوں نے کاروبار کرنے کی لاگت میں خاطر خواہ اضافہ کیا ہے۔





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