



AISHA STEEL MILLS LIMITED

CIRCULAR u/s 86(3) OF THE COMPANIES ORDINANCE, 1984

**FOR OFFERING OF NEW SHARES IN RESPECT OF 20% RIGHT SHARES
ANNOUNCED BY THE BOARD OF DIRECTORS OF THE COMPANY
IN ITS MEETING HELD ON APRIL 29, 2017
AT ARIF HABIB CENTRE, 23, M.T. KHAN ROAD, KARACHI**

AISHA STEEL MILLS LIMITED

Registered Office: Arif Habib Centre, 23, M.T.Khan Road, Karachi

Registrar: Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi-74400. Tel. (92-21) 111-111-500

The Companies Ordinance, 1984

Section 86(3)

**Circular to be sent to members along with the Notice
Offering new shares**

PART I: ISSUER

a) Company Profile and History:

i	Name of the Company:	Aisha Steel Mills Limited
ii	Incorporation date:	30 th May 2005
iii	Date of commencement of business:	26 th September 2005
iv	Status (i.e. whether public or private, If listed name of stock exchanges where listed):	Public – Listed on Pakistan Stock Exchange
v	Registration/CUIN #:	0050559

b) Profile of Management and Sponsors:

i	Brief description of profile of directors:	Annexure – A
ii	No. of directorships held:	Annexure – A

c) Address of the Issuer:

i	Registered office:	Arif Habib Centre, 23, M. T. Khan Road, Karachi-74000, Pakistan
ii	Website Address:	http://www.aishasteel.com

d) Name of the Auditor:

A.F. Ferguson & Co., Chartered Accountants

e) Existing Capital indicating classes of shares, if any:

i	Authorized capital (amount, number of shares and price per share):	Rs. 9,000,000,000 divided into 900,000,000 (Ordinary / Preference) shares of Rs. 10 each.
ii	Paid up capital (amount, number of shares and price per share)	Rs. 6,855,631,930 divided into 685,563,193 ordinary shares (ASL) of Rs. 10 each; and Rs. 444,183,070 divided into 44,418,307 preference shares (ASLPS) of Rs. 10 each; and Rs. 29,115,830 divided into 2,911,583 preference shares (ASLCPS) of Rs. 10 each.

f) Particulars regarding Holding Company, if any: N/A

g) Particulars regarding Subsidiary Company, if any: N/A

h) Financial highlights of the Company for preceding three years:

Year ended	Jul-Mar 2017	2015-16	2014-15	2013-14
Sales / Revenue	10,774,482,000	9,634,297,000	9,491,748,000	9,259,027,000
Gross Profit	1,678,725,000	980,263,000	40,326,000	58,767,000
Profit / before Interest, Taxation, Depreciation & Amortization	1,790,377,090	1,191,010,000	242,136,000	1,234,081,000
Profit / (Loss) after Taxation	971,645,000	(154,891,000)	(1,210,822,000)	(346,667,000)
Accumulated Loss	(1,907,275,000)	(2,883,771,000)	(2,737,365,000)	(1,532,979,000)
Total Assets	15,590,654,000	15,352,275,000	15,336,862,000	16,280,209,000
Total Liabilities	10,892,319,000	12,696,932,000	12,526,114,000	13,746,387,000
Net Equity	4,698,335,000	2,655,343,000	2,810,748,000	2,533,822,000
Earnings / Loss per share	2.05	(1.43)	(4.97)	(1.62)
Dividend	NIL	NIL	NIL	NIL
Bonus	NIL	NIL	NIL	NIL
Right	NIL	NIL	50% (Preference Shares)	NIL

i) Financial Highlights of consolidated financial statements same as (h) above, if any: N/A

j) Major Related party transactions:

Transactions with related parties for the nine months period ended on March 31, 2017 are as follows:

RELATIONSHIP	NATURE OF TRANSACTION	RUPEES
Associated Companies:		
	Purchase of Raw Material	3,004,937,000
	Purchase of construction material	917,000
	Finance facility utilized	1,473,000,000
	Repayment of finance facility	2,020,494,000
	Markup on finance facilities paid	55,834,000
	Cancellation of preference shares	564,855,000
	Ordinary shares issued against conversion of Cumulative Preference Shares (ASLCPS)	1,290,694,000
Other Related Parties:		
	Finance facilities utilized	851,000,000
	Repayment of Finance Facility utilized	531,000,000
Key Management Compensation:		
	Salaries and other employee benefits	8,750,000
	Post retirement benefits	205,000

k) Details of issue of capital in previous five years:

Year	(i) Detail of issue of capital	(ii) Details of fund utilization
2011-12	23,429,388 ordinary shares (ASL) 357,058 preference shares (ASLPS)	Funds raised through issuance of shares were used in procurement, installation, erection and commissioning of plant and machinery of the Company
2012-13	Nil	N/A
2013-14	Nil	N/A
2014-15	171,910,029 preference shares (ASLCPS)	The injection of equity : - strengthen the eroded equity of the company - enabled the company to provide funding for expanding operations, future capital expenditure requirements and to make the company debt sustainable - reduced the borrowing / finance cost of short term funded facilities.
2015-16	Nil	N/A

PART II: ISSUE DETAILS

a)	Description of Issue: Amount of the proposed issue:	<ul style="list-style-type: none">• Total size of the Right Issue is Rs.2,345,257,856 comprising of 146,578,616 Ordinary shares to be issued @ Rs. 16/- each as right shares• Break Up of value of share is as follows:• Face value of Share Rs. 10/- each• Premium on each share @ Rs. 6 shall be Rs. 879,471,696/-																					
b)	Par Value:	Rs.10/-																					
c)	Basis of determination of price of right issue:	Price has been determined based on the average of closing price of Ordinary Shares of Aisha Steel Mills Limited (ASL) at Pakistan Stock Exchange from July 01, 2016 to March 31, 2017. The growth plans of the company already announced as well as the current market price of the security justifies the charge of premium.																					
d)	Proportion of new issue to existing shares with any condition applicable thereto:	20% right shares in proportion of 20 Ordinary Shares for every 100 Ordinary / Preference (ASL / ASLPS / ASLCPS) shares held. The Right Shares shall rank pari passu with the existing ordinary shares of the company.																					
e)	Date of meeting of Board of Directors (BoD) announcing right issue:	April 29, 2017																					
f)	Names of directors attending the Board Meeting:	<table><tr><td>1.</td><td>Mr. Arif Habib</td><td>Chairman</td></tr><tr><td>2.</td><td>Mr. Nasim Beg</td><td>Director</td></tr><tr><td>3.</td><td>Mr. Jawaid Iqbal</td><td>Director</td></tr><tr><td>4.</td><td>Mr. Kashif A. Habib</td><td>Director</td></tr><tr><td>5.</td><td>Mr. Bilal Asghar</td><td>Director</td></tr><tr><td>6.</td><td>Mr. Ahsan Ashraf</td><td>Director</td></tr><tr><td>7.</td><td>Dr. Munir Ahmed</td><td>Chief Executive</td></tr></table>	1.	Mr. Arif Habib	Chairman	2.	Mr. Nasim Beg	Director	3.	Mr. Jawaid Iqbal	Director	4.	Mr. Kashif A. Habib	Director	5.	Mr. Bilal Asghar	Director	6.	Mr. Ahsan Ashraf	Director	7.	Dr. Munir Ahmed	Chief Executive
1.	Mr. Arif Habib	Chairman																					
2.	Mr. Nasim Beg	Director																					
3.	Mr. Jawaid Iqbal	Director																					
4.	Mr. Kashif A. Habib	Director																					
5.	Mr. Bilal Asghar	Director																					
6.	Mr. Ahsan Ashraf	Director																					
7.	Dr. Munir Ahmed	Chief Executive																					

g) Primary purpose of issue (Description & Amount):

The primary purpose of right issue is to raise equity portion for the expansion of the production capacity. The overall expansion has total cost of Rs. 5.4 billion.

(i) Details of main projects/objects for which funds are raised through present right issue:

• Detail of project:	Expansion of the total production capacity to 700,000 MT per annum consisting of 450,000 MT CRC and 250,000 MT Galvanized (GI).
• Total Funds required for each project:	Total of Rs. 5,400,000,000
• Percentage finance through right issue:	40% of the project cost is being finance through right issue
• Percentage finance from other sources :	60% of the project cost is being finance through debt
• Time of completion of each project:	Planned completion time is eighteen months.

(ii) Expected benefits to accrue from proposed right issue including financial projections for five years (description & amount):

Expected Benefits:

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

Financial Projections (Consolidated)

Particulars	2018	2019	2020	2021	2022
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales (In millions)	18,483	38,645	53,560	66,301	69,554
Net Profits (In millions)	991	2,063	2,589	3,880	5,042
EPS (Rs.)	1.21	2.52	3.17	4.75	6.17
Share Capital (Rs.)	8,171,927,870	8,171,927,870	8,171,927,870	8,171,927,870	8,171,927,870

Note :

- Financial projections mentioned hereinabove are the outcome of how the Board assesses the underlying business environment and macro-economic conditions of the country. However, the Company or its directors cannot accept any liability for any investment decisions by any person on the basis of the above projections.
- Share Capital is based on the assumption that all Convertible Preference Shares are converted into Ordinary Shares. Further assumption is that the petition filed by the company for Reduction of Share Capital has been approved by the Court.

h) Has the market value remained below par during preceding six months: No

i) Financial effects arising from right issue:

i) Changes in Share Capital:

	Before Right Issue		After Right Issue	
	No. of shares	Amount at par (PKR)	No. of shares	Amount at par (PKR)
Ordinary Shares (ASL)	685,563,193	6,855,631,930	832,141,809	8,321,418,090
Preference Shares (ASLPS)	44,418,307	444,183,070	44,418,307	444,183,070
Preference Shares (ASLCPS)	2,911,583	29,115,830	2,911,583	29,115,830
Total	732,893,083	7,328,930,830	879,471,699	8,794,716,990

	Before Right Issue	After Right Issue
* Net assets per share (PKR)	6.85	7.18
* Gearing Ratio	58:42	54:46
* Calculated based on numbers as of March 31, 2017		

j) Total expenses to the issue:

Particulars	PKR in Million (Approximately)
Bankers Commission	6
Underwriters Commission	9.7
Other Expenses	10

PART III: RISKS AND RISK MITIGATING FACTORS

a) Description of major risks and Company's effort to mitigate them.

(i) *Risks relating to the Project for which Right Issue is announced*

Following are risks which are considered to be associated with right issue, however, they are not to be considered material due to the reasons mentioned against them.

1. Investment Risk

Right Issue is being made @ Rs. 16/- each which is notably less than the current share price in the market. Hence, there is no major investment risk associated with the right issue.

2. Operational Risk

There is no major operational risk associated with the manufacturing facility as the Company is going for the acquisition of the most state of the art technology supplied by renowned suppliers in the world.

3. Market/Demand Risk

All actual and forecasted data suggest a positive outlook of the flat steel industry and no dearth in demand is expected due to multiple factors.

(ii) Risks relating to the subscription /under-subscription of Right Issue

In order to cover the risks associated with Right Issue the Sponsors' have undertaken to subscribe their equity portion of Rs. 1.39 billion. Additionally, underwriting for public portion amounting to Rs.0.96 billion has been procured.

(iii) Material Contingences and Description of Major Court Case

There is no change in the status of material contingencies and major court cases as reported in audited financial statements for the year ended June 30, 2016 except as following on recognition of deferred tax asset on minimum tax paid by the Company (also disclosed in the condensed interim financial statements for the nine months period ended March 31, 2017):

"In case of another company the Divisional Bench of Sindh High Court in its decision dated May 07, 2013 on carry forward of minimum tax in cases of taxable loss for the year has held by interpreting Section 113(2)(c) of Income Tax Ordinance, 2001 that the benefit of carry forward of minimum tax paid by a company is only available if there is tax paid in a particular year which is less than minimum tax payable. Accordingly, if no tax is paid / payable by the company due to taxable loss the right to carry forward the minimum tax does not arise. However, the management based on the advice of its tax advisor is of the view that said order will not be maintained for the tax years 2013 to 2016 and for the period ended March 31, 2017."

(iv) Material Commitments

Commitments in respect of Irrevocable Letter of Credits for capital expenditure and Rentals under Ijarah arrangements amounts to Rs. 400.11 million and Rs. 6.78 million as on March 31, 2017 (also disclosed in the condensed interim financial statements for the nine months period ended March 31, 2017).

(v) Any adverse issue reported by the auditor in their reports in previous years

The auditors have been expressing unqualified opinion on the Company's financial information.

b) Names of Underwriters

1. Summit Bank Limited
2. MCB Bank Limited
3. Concordia Securities (Pvt.) Limited
4. RFJ Equity (Pvt.) Limited

PART IV: ELIGIBILITY CRITERIA & ASSOCIATED MATTERS

a)	Eligible shareholders / investor:	The entitlement of Right Shares will be offered to all the ordinary / preference shareholders (ASL, ASLPS, ASLCPS) of Company whose names will appear in the Register of Members at the close of the business on May 15, 2017.
b)	Bankers to the Issue:	Summit Bank Limited
c)	Date by which offer to be accepted:	June 22, 2017
d)	Mode of acceptance:	Cash / Pay Order / Demand Draft
e)	Bank account details:	Title of Account : Aisha Steel Mills Limited – Right Shares Subscription Account Bank Account Number : 01-02-01-20311-714-160944 Branches : All branches nationwide
f)	Any material information having bearing on the issue:	None

PART V: ANY OTHER MATERIAL INFORMATION

Any information which has direct or indirect bearing on the investment decision: None

PART VI: ANNEXURES

- Annexure A – Particulars of Chief Executive/Directors and positions held by them in other Companies.
- Annexure B – Extract of Resolution passing the right issue.
- Annexure C – Certificate of Chief Executive Officer and Chief Financial Officer that the circular constitutes full and true disclosure of all material facts relating to the right issue and that the company will provide copies of financial statements on demand.

Directors or officers authorized by Directors:

1. **Name:** Dr. Munir Ahmed
Designation: Chief Executive Officer



2. **Name:** Umair Noor Muhammad
Designation: Chief Financial Officer



Date: May 18, 2017

ANNEXURE 'A'

Mr. Arif Habib – Chairman & Non-Executive Director

Mr. Arif Habib is the Chief Executive of Arif Habib Corporation Limited. He is also the Chairman of Pakarab Fertilizers Limited, Fatima Fertilizer Company Limited, Aisha Steel Mills Limited and Javedan Corporation Limited.

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

Mr. Habib participates with significant dedication in welfare activities of different organizations. To quote a few, he remains one of the trustees of Fatimid Foundation and Memon Health & Education Foundation as well as the director of Pakistan Centre for Philanthropy and Karachi Education Initiative.

Mr. Hasib Rehman – Non-Executive Director

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

MR. NASIM BEG – Non-Executive Director

Mr. Nasim Beg, a Fellow Member of the Institute of Chartered Accountants of Pakistan, is the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited along with being the Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him and which he headed as Chief Executive till June 2011. With over forty-five years of experience in the business world including industry and the financial services (in and outside the country), Mr. Nasim Beg is one of the most highly experienced professionals of the country.

Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of NIT, which he joined during its troubled period and played an instrumental role in its modernization and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies.

Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers. His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He has also been a member of the Prime Minister's Economic Advisory Council (EAC).

Mr. Bilal Asghar – Non-Executive Director

Mr. Bilal Asghar has been associated with the Banking industry since 22 years. He has enriched experience working with multi national and local banks covering Corporate and Investment Banking, SME & Commercial Banking, Special Assets Management, Islamic Banking, Transaction Banking, Consumer Finance and Retail Branch Distribution. In addition to his present assignment, he also represents on the Board of few companies. Mr. Bilal holds a Bachelor of Science Degree in Business Administration from University of Southern California, Los Angeles. He is also a Certified Director from Centre of Executive Education, IBA duly approved by SECP.

Mr. Ahsan Ashraf – Non-Executive Director

Mr. Ahsan Ashraf is a seasoned Corporate and Investment banking professional. He holds MBA degree from IBA-Karachi and is a CFA charter holder awarded by CFA institute (USA). He brings over a decade long work experience in the field of Corporate Banking, Syndications, Project finance and M&A. He has a proven track record of leading and forming winning teams and successfully turned around the business segments. Presently serving as a Regional Corporate Head at the Bank of Punjab, he has been instrumental in transforming the bank as one of the profitable entity. His deep knowledge of the corporate sector, strong clientele and regulatory relationships, and broad banking experience drive the continued strengthening of the bank's foot stamp in the largest market of the country. He is a strong finance professional, with excellent credentials and deep experience built on a reputation for clear strategic insights, strong analytical skills, and great team building skills. His vision is to continually leverage his robust professional experience to build/ drive/ deliver business plans incorporating strong financial control environment.

Mr. Kashif A. Habib – Non-Executive Director

Mr. Kashif A. Habib is the Chief Executive of Power Cement Limited. Being a member of the Institute of Chartered Accountants of Pakistan (ICAP) he completed his articleship from A.F. Ferguson & Co. (a member firm of Price Waterhouse Coopers), where he gained experience of a diverse sectors serving clients spanning the Financial, Manufacturing and Services industries.

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

Mr. Jawaid Iqbal – Non-Executive Director

Mr. Javed Iqbal is a Chartered Financial Analyst and has a Masters degree in Business Administration. He was a senior corporate banker and worked at major banks at Pakistan for about two decades before retiring from banking and starting his own business. He has served on Board of Fatima Fertilizer, ABL Asset Management, HUBCO, Atlas Power and Cyan in the past.

Mr. Muhammad Ejaz – Non-Executive Director

Mr. Ejaz is the Chief Executive of Arif Habib Dolmen REIT Management Limited. He has over 20 years of experience in the fields of Treasury, Corporate Finance and Investment Banking. Mr. Ejaz has served in senior positions at leading local and international banks including Faysal Bank, Union Bank and Emirates NBD Bank.

He holds a Master's degree in Business Administration from the Institute of Business Administration where he is also a regular visiting faculty member. He is also a certified Financial Risk Manager.

Dr. Munir Ahmed – Chief Executive Officer

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

He holds 36 years rich experience in progressively senior positions. Prior joining Aisha Steel Mills he was associated with People Steel Mills as Managing Director and also heading EPRF (ENAR Petroleum Refining Facilities). He was associated with Peoples Steel Mills Ltd. for the last 15 years in different roles including General Manager (Project/BMR), General Manager (Operations), Director Operations and lastly as Managing Director.

Dr. Munir was 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 Ahmed contributed significantly in the field of Metallurgy and Material Engineering through his researches & publications. Till date he has published 45 articles in Journals and proceedings of International repute. He was also invited by University of Connecticut, USA in June 1989 as a Visiting Scientist to carry out research in the field of thin film superconductors. He was honored with Special Creativity award by National Science Foundation, USA, on the basis of "exceptional creativity" shown in research work on surface modification. He was also awarded Sitara-e-Imtiaz by the Govt. of Pakistan for his contribution in the field of Metallurgy.

S. No.	NAME	DIRECTORSHIPS IN OTHER COMPANIES	
1	Mr. Arif Habib	<ul style="list-style-type: none"> • Arif Habib Consultancy (Private) Limited • Arif Habib Corporation Limited • Arif Habib Foundation • Arif Habib Real Estate Services (Private) Limited • Black Gold Power Limited • Fatima Cement Limited • Fatima Fertilizer Company Limited • Fatimafert Limited • Fatimid Foundation • International Builders and Developers (Private) Limited • International Complex Projects Limited 	<ul style="list-style-type: none"> • Javedan Corporation Limited • Karachi Education Initiative • Karachi Sports Foundation • Memon Health and Education Foundation • NCEL Building Management Limited • Pakarab Energy Limited • Pakarab Fertilizers Limited • Pakistan Business Council • Pakistan Centre for Philanthropy • Pakistan Engineering Company Limited • Pakistan Opportunities Limited • Sachal Energy Development (Private) Limited
2	Mr. Hasib Rehman	<ul style="list-style-type: none"> • Universal Metal Corporation Japan • Japan Pakistan Association 	<ul style="list-style-type: none"> • UMC Pakistan (Private) Limited
3	Mr. Nasim Beg	<ul style="list-style-type: none"> • Arif Habib Consultancy (Private) Limited • Arif Habib Corporation Limited • Arif Habib Dolmen REIT Management Limited / Dolmen City REIT • MCB-Arif Habib Savings and Investments Limited 	<ul style="list-style-type: none"> • Pakarab Fertilizers Limited • Pakistan Opportunities Limited • Power Cement Limited • Safe Mix Concrete Limited • Silkbank Limited
4	Mr. Bilal Asghar	<ul style="list-style-type: none"> • Agritech Limited 	<ul style="list-style-type: none"> • DHA Cogen Limited
5	Mr. Ahsan Ashraf	NIL	
6	Mr. Kashif A. Habib	<ul style="list-style-type: none"> • Arif Habib Corporation Limited • Arif Habib Equity (Private) Limited • Arif Habib Foundation • Arif Habib Real Estate Services (Pvt.) Limited • Black Gold Power Limited • Bubber Sher (Pvt.) Limited • Fatima Fertilizer Company Limited • Fatimafert Limited • Javedan Corporation Limited 	<ul style="list-style-type: none"> • Nooriabad Spinning Mills (Private) Limited • Pakarab Fertilizers Limited • Power Cement Limited (Chief Executive) • Reliance Sacks Limited • REMMCO Builders & Developers Limited • Rotocast Engineering Company (Pvt.) Limited • Safemix Concrete Limited (Chief Executive)
7	Mr. Jawaid Iqbal	NIL	
8	Mr. Muhammad Ejaz	<ul style="list-style-type: none"> • Arif Habib Corporation Limited • Arif Habib Dolmen REIT Management Limited / Dolmen City REIT • Arif Habib Real Estate Services (Pvt.) Limited 	<ul style="list-style-type: none"> • Javedan Corporation Limited • Power Cement Limited • REMMCO Builders & Developers Limited • Sachal Energy Development (Pvt.) Limited
9	Dr. Munir Ahmed	NIL	

ANNEXURE 'B'

RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF AISHA STEEL MILLS LIMITED IN THEIR MEETING HELD ON APRIL 29, 2017 AT ITS REGISTERED OFFICE SITUATED AT ARIF HABIB CENTRE, 23, M.T. KHAN ROAD, KARACHI.

Resolved that:

The ordinary paid up share capital of Aisha Steel Mills Limited (the "Company") be and is hereby approved to be increased by:

- i- Rs.1,465,782,040, by issue of further 146,578,204 ordinary shares in case Preference Shares (ASLCPS) as on 27th April 2017 are not converted till the date of book closure;

OR

- ii- Upto Rs. 1,473,268,930 by issue of further 147,326,893 ordinary shares in case and to the extent Preference Shares (ASLCPS) as on 27th April 2017 are converted till the date of book closure

as Right Shares at Rs.16.00/- per share (inclusive of Rs.6.00/- as premium per share) and these Right Shares be and are hereby offered to the Company's existing ordinary and preference shareholders (ASL, ASLPS, ASLCPS) as provided under Section 86 of the Companies Ordinance, 1984 against payment of value of shares to the Company up to the closing date of Right's subscription as per Right Allotment letters to be issued and these shares shall rank pari-passu in all respect with the existing ordinary shares of the Company.

Further resolved that:

The following is the purpose of the Right issue, use of the proceeds of the Right Issue and its benefits to the Company and the risk factors associated with the Right issue:

Purpose of the Right Issue:

The purpose of the Right Shares is to raise equity portion for the expansion of the total production capacity of 700,000 MT per annum consisting of 450,000 MT CRC and 250,000 MT Galvanized (GI). Planned completion time is eighteen months.

Use of funds:

Funds generated through the Right Shares shall be used to finance the equity portion of the aforementioned expansion plan of Aisha Steel Mills Limited. The amount raised through the Right issue will be minimum of 2.345 billion. However, based on conversion status of preference shares on the book closure date, equity amount can go upto Rs.2.357 billion.

Benefits to the Company:

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

Risk Factors associated with the Right issue:

In order to cover the risks associated with Right Issue the Sponsors' have undertaken to subscribe their equity portion of Rs.1.39 billion. Additionally, underwriting for public portion amounting to Rs.0.96 billion has been procured.

Further resolved that:

The aforesaid offer shall be valid for payment up to such date as agreed with the Pakistan Stock Exchange.

Further resolved that:

The fractional entitlements will be consolidated in the name of the Company Secretary and sold on the Pakistan Stock Exchange. The proceeds of such sale will be distributed to the members in accordance with their entitlements.

Further resolved that:

The Chairman (singly) and Chief Executive and/or CFO and/or Company Secretary (Jointly – Any Two) be and are hereby authorized to appoint the Bankers to the Right Issue to collect the amount of subscription towards right shares.

Further resolved that:

The Chairman and / or Chief Executive and / or CFO and / or Company Secretary be and are hereby singly and severally authorized to appoint consultant / advisor for Right Issue, announce book closure dates or any change therein and to prepare the schedule for issue of right shares and to make any amendment in the said schedule and to take all necessary actions required by Securities and Exchange Commission of Pakistan/ Pakistan Stock Exchange Limited/ Central Depository Company of Pakistan Limited or any other authority and to take all necessary action as may be required in this regard.

Further resolved that:

Bank Accounts for the purpose of right subscription be opened and operated by the Chairman (singly) and Chief Executive and/or CFO and/or Company Secretary (Jointly – Any Two) and to transfer the proceeds from said accounts to the other bank account operated by the Company.

ANNEXURE 'C'

Certificate from Chief Executive Officer and Chief Financial Officer

We hereby certify that the that the circular constitutes full and true disclosure of all material facts relating to the right issue and that the company will provide copies of financial statements on demand.

For Aisha Steel Mills Limited



Dr. Munir Ahmed
Chief Executive Officer



Umair Noor Muhammad
Chief Financial Officer