



29th April 2017

The General Manager

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Subject: **DECLARATION OF RIGHT ISSUE OF SHARES**

Dear Sir,

This is to inform that the Board of Directors of our company in their adjourned meeting held on 29th April 2017 at 11:00 a.m. at Arif Habib Centre, 23 M.T Khan Road, Karachi has decided to issue 20% Right Shares (146,578,204 ordinary shares of face value of Rs.10/- each, in case Preference Shares (ASLCPS) as on 27th April 2017 are not converted till the date of book closure) OR (upto 147,326,893 ordinary shares of face value of Rs.10/- each, in case and to the extent Preference Shares (ASLCPS) as on 27th April 2017 are converted till the date of book closure) at a premium of Rs.6.00 per share in proportion of 20 shares for every 100 ordinary / preference (ASL, ASLPS, ASLCPS) shares of Aisha Steel Mills Limited.

Owing to the convertible nature of Preference Shares of Aisha Steel Mills Limited (ASLCPS) into Ordinary Shares of Aisha Steel Mills Limited (ASL), the number of Right shares to be issued may be subject to minor adjustment by the time of book closure of the company.

In this respect, we are enclosing herewith following documents as required for the purpose of Right Shares.

1. The Statement regarding purpose of right issue, benefit to the Company, use of funds, the financial plan and financial projections for five years duly signed by all the directors who were present in the meeting - Annexure - I
2. Board of Directors' resolution for the issue of Right Shares - Annexure-II

Interest to underwrite the public portion of Rs. 0.96 billion has already been intimated by Summit Bank, MCB Bank, Concordia Securities (Pvt.) Ltd. and RFJ Equity (Pvt.) Ltd.

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Website : www.aishasteel.com, Email: info@aishasteel.com

Factory :

DSU-45, Pakistan Steel, Down Stream
Industrial Estate, Bin Qasim, Karachi, Pakistan.
Tel : (+92 21) 3474 0160-7, Fax: (+92 21) 3474 0151



The above entitlement of Right Shares will be offered to the ordinary / preference shareholders (ASL, ASLPS, ASLCPS) of Aisha Steel Mills Limited whose names will appear in the Register of Members on 15th May 2017.

The Share Transfer Books of the Company will be closed from 16th May 2017 to 22nd May 2017 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Central Depository Company Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi at the close of the business on Monday, 15th May 2017 will be treated in time for the purpose of above entitlement to the transferees.

Yours Sincerely,

Manzoor Raza
Company Secretary

Encl: as above

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**STATEMENT OF PURPOSE OF RIGHT ISSUE,
BENEFITS, USE OF FUNDS, FINANCIAL PLAN AND FINANCIAL PROJECTIONS
AS REQUIRED UNDER THE COMPANIES (ISSUE OF CAPITAL) RULES, 1996**

| | | | | | | |
|-----------------------------------|---|---------------|---------------|---------------|---------------|---------------|
| 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. | | | | | |
| 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. | | | | | |
| 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. | | | | | |
| Financial Plan | <p>The proposed expansion includes setting up an exclusive GI Line together with state of the art German Rolling Mill which will not only cater production of GI but will also envisage increase in production of CRC. Leading suppliers from Europe will supply state of the art rolling mill and controlled atmosphere annealing equipment. Pickling and Galvanizing lines will be procured from highly experienced and well known suppliers from China.</p> <p>The overall expansion has total cost of Rs. 5.4 billion (inclusive of IDC, contingencies and buffer for exchange loss). Fresh equity will be issued for the project amounting to minimum Rs. 2.345 billion and maximum to Rs.2.357 billion; financing through debt will amount to Rs. 3.24 billion.</p> | | | | | |
| Financial Projections | | 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 | | | | |

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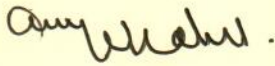
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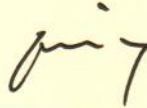
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Note:

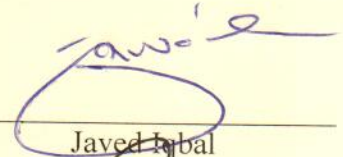
Financial projections mentioned hereinabove are the outcome of how the Board assesses the underlying business environment and macro-economic conditions of the country. However, the Company or its directors cannot accept any liability for any investment decisions by any person on the basis of the above projections.

SIGNED BY THE DIRECTORS WHO ATTENDED BOARD MEETING:

Arif Habib



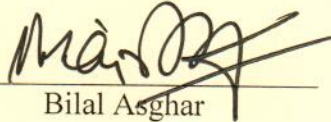
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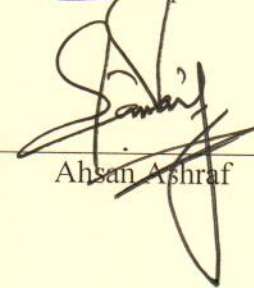
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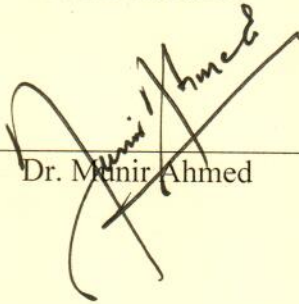
Kashif A. Habib



Bilal Asghar



Ahsan Ashraf



Dr. Munir Ahmed

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RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF AISHA STEEL MILLS LIMITED IN THEIR MEETING HELD ON 29TH APRIL 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.

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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.

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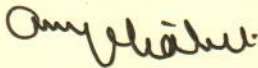
Further resolved that :

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.

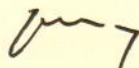
Further resolved that :

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.”

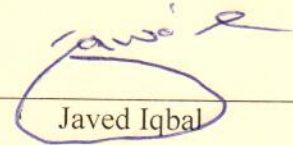
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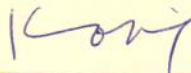
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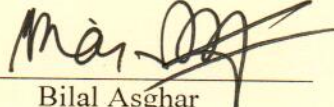
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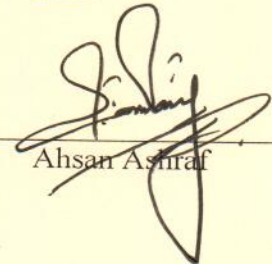
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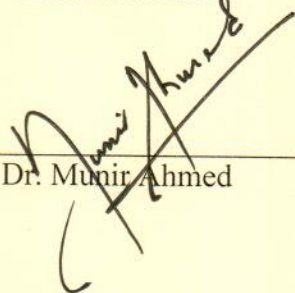
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